

**ARIHANT**  
SUPERSTRUCTURES LTD.  

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CONTINUING STABILITY

Annual Report 2010-11



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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Ashok Chhajjer	:	Chairman & Managing Director
Mr. Nimish Shah	:	Whole Time Director
Mr. Dinesh Babel	:	Director
Mr. Anant Karweer	:	Director
Mr. Virendra Mital	:	Director
Mr. Varaprasad Atluri	:	Director

### **AUDIT COMMITTEE**

Mr. Dinesh Babel	:	Chairman
Mr. Virendra Mital	:	Member
Mr. Varaprasad Atluri	:	Member
Mr. Manoj Kumar Dhariwal	:	Secretary

### **SHAREHOLDERS GRIEVANCE COMMITTEE**

Mr. Virendra Mital	:	Chairman
Mr. Anant Karweer	:	Member
Mr. Dinesh Babel	:	Member
Mr. Manoj Kumar Dhariwal	:	Secretary

### **COMPANY SECRETARY**

Manoj Kumar Dhariwal

### **AUDITORS**

M/s. T. N. Gala & Associates, Chartered Accountants, Mumbai

### **BANKER**

The Federal Bank Ltd.

### **REGISTRAR & SHARE TRANSFER AGENT**

**Adroit Corporate Services Pvt Ltd,**  
19, Jaferbhoy Industrial Estate, 1st Floor,  
Makwana Road, Marol Naka, Mumbai 400059

### **ARIHANT SUPERSTRUCTURES LIMITED**

**Regd. Office:** 302, Persipolis Building, Plot No. 74,  
Sector-17, Vashi, Navi Mumbai –400703, Maharashtra, India,  
Phones: 022 – 41 11 3333 Fax: 022-27882946

## NOTICE

**NOTICE IS HEREBY GIVEN THAT** the Twenty – Eighth Annual General Meeting of the Members of **Arihant Superstructures Limited** will be held on Wednesday, 03<sup>rd</sup> August, 2011 at 5 p.m. at Hotel Royal Orchid Central Grazia, Plot No. 67, L-3, Sector-19, Palm Beach Road, Vashi, Navi Mumbai-400705, Maharashtra, India to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as on 31<sup>st</sup> March 2011 and Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Dinesh Babel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Varaprasad Atluri, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. T. N. Gala & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors.

### **SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and the Articles of Association of the Company and subject to such approvals and permission as may be required, if any, approval of the shareholders be and is hereby accorded to increase the remuneration payable to Mr. Ashok B. Chhajjer, as the Managing Director of the Company with effect from 1<sup>st</sup> April, 2011, as set out in the explanatory statement of the notice of the ensuing Annual General Meeting, and within the limits prescribed in the Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** in the event of absence or inadequacy of net profit in any Financial Year the remuneration payable to Mr. Ashok Chhajjer shall be governed by provisions of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and the Articles of Association of the Company and subject to such approvals and permission as may be required, if any, approval of the shareholders be and is hereby accorded to increase the remuneration payable to Mr. Nimish Shah, as the Whole Time Director of the Company with effect from 1<sup>st</sup> April, 2011, as set out in the explanatory statement of the notice of the ensuing Annual General Meeting, and within the limits prescribed in the Schedule XIII to the Companies Act, 1956.

**FURTHER RESOLVED THAT** in the event of absence or inadequacy of net profit in any Financial Year the remuneration payable to Mr. Nimish Shah shall be governed by provisions of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof.”

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

### **ALTERATION IN THE ARTICLES OF ASSOCIATION**

**“RESOLVED THAT** pursuant to the provisions of Section 31 of the Companies Act, 1956 read with the Section 53 of the Companies Act, 1956 in consonance with Section 2, 4, 5 and 81 of the Information Technology Act, 2000 and the Circular No. 17/2011 and 18/2011 issued by the Ministry of Corporate Affairs and other provisions of Sections, Rules, Regulations issued by any Statutory Authority, thereof, the Article No. 183 of the Articles of Association of the Company, be and is hereby altered to insert the following clause 183 (4) after the existing Article 183(3) in the Articles of Association:

**183 (4): Where the Circulars, Notifications, Rules issued by the Ministry of Corporate Affairs and the provisions of the Companies Act, 1956 read with the Information Technology Act, 2000 provide for the company to issue and serve notices, including copies of the Balance Sheet, Auditors Report, Notice and Directors Report under Section 219 and any other document through the electronic mode, subject to the terms and conditions as specified by the Ministry of Corporate Affairs or any Statutory Authority in this regard, the Company shall have the option of sending the documents/ notices by e-mail by giving the members the advance opportunity to register their e-mail address and the changes therein with the company from time to time.**

**FURTHER RESOLVED THAT** the Board of Directors, be and are hereby authorized to make the necessary alterations in the Articles of Association, and set up such facility and mechanism for registering the email address with the Company or with the Registrar & Transfer Agent, as may be necessary, for the purpose of compliance with the relevant circulars and notifications issued by the Ministry of Corporate Affairs, in this regard and to delegate this authority to such other person or persons as may be deemed necessary for the successful implementation of the electronic mode of service of documents and to ensure the necessary compliance."

**By Order of the Board of Directors**

**Date: 05<sup>th</sup> May, 2011**  
**Place: Navi Mumbai**

**Sd/-**  
**(Manoj Kumar Dhariwal)**  
**Company Secretary**

## NOTES

1. Details, as required under clause 49(G) of Listing Agreement, in respect of the Directors, seeking re – appointment is appended.
2. **A member entitled to attend and vote at the Annual General Meeting (“Meeting”) is entitled to appoint one or more proxies to attend and vote instead of himself only on a poll and a proxy need not be a member. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting. Proxy Form is attached and forms part of this annual report.**
3. The Explanatory Statement as required u/s Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of the notice.
4. Corporate Members are requested to send a duly certified copy of the Board/ Governing Body Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 27<sup>th</sup> July, 2011 to Tuesday, 02<sup>nd</sup> August, 2011 (both days inclusive), for determining the eligibility for payment of Dividend, if declared at the Meeting.
6. The dividend, if declared at the Meeting, will be payable, on or before 01<sup>st</sup> September, 2011 to those Members or their Mandates:
  - (a) Whose names appear at the end of business hours on 26<sup>th</sup> July, 2011 (last trading day before book closure) in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in dematerialised form; AND
  - (b) Whose names appear as Members on the Company's Register of Members after giving effect to valid share transfer requests in physical form lodged with Registrar & Share Transfer Agent (RTA) of the Company on 26<sup>th</sup> July, 2011.
7. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agents of the Company, **Adroit Corporate Services Pvt Ltd**, 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai 400059.
8. Members who hold shares in physical form are requested to notify promptly any change in their addresses to the Registrar and Transfer Agents (RTA) of the Company at the above address always quote their folio Numbers in all correspondence with the Company & RTA. In respect of holding in electronic mode, members are requested to notify any changes in addresses, bank details to their respective depository participants.
9. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading benefits is permitted only in dematerialized form, electronic transfer, saving in stamp duty, prevention of forgery, etc.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, between 1400-1600 hrs. up to the date of the meeting.
11. There is no unclaimed or unpaid dividend lying with the Company, which requires an effect of transferring the same to the Investor and Education Protection Fund (IEPF) of the Central Government.
12. Members are requested:
  - (a) To bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting;
  - (b) To quote their Folio No./DP Id and Client Id in all correspondence;
  - (c) To note that no gift or gift coupons will be distributed at the meeting.
13. The Company has designated an exclusive email ID called **investor@asl.net.in** for redressal of shareholders' complaints/grievances. In case you have any complaints/grievances; please write to us at. **investor@asl.net.in**
14. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance, so as to enable the Company to keep the necessary information ready.

**By Order of the Board of Directors**

Sd/-

**(Manoj Kumar Dhariwal)**  
Company Secretary

**Date: 05<sup>th</sup> May, 2011**  
**Place: Navi Mumbai**

**Details of the Directors seeking re-appointment at the 28<sup>th</sup> Annual General Meeting (AGM)  
(In pursuance of Clause 49 of the Listing Agreement)**

<b>Name of the Director</b>	Mr. Dinesh Babel	Mr. Varaprasad Atluri
<b>Date of Birth</b>	23.07.1943	19.03.1966
<b>Date of Appointment</b>	23rd April 2010 as an Additional Director. The appointment was ratified through the Postal Ballot, the result of which was declared on 5th June 2010	20 <sup>th</sup> June 2010 as an Additional Director. The appointment was ratified in the 27 <sup>th</sup> AGM of the Company held on 17 <sup>th</sup> September, 2010
<b>Qualifications</b>	Chartered Accountant & Bachelor of Law	B. Sc. (Chemistry) & holding PGDip in industrial chemistry
<b>Expertise</b>	Enriched experience in the field of Management Finance, Taxation, Audit and Costing.	Industrial chemical (including construction chemicals)
<b>Directorship in other Companies</b>	Money Matters Financial Services Ltd	Concrete Additives & Chemicals Pvt Ltd
<b>Committee Positions in Arihant Superstructures Limited</b>	(i) Audit Committee – Chairman (ii) Shareholders Grievance Committee – Member (iii) Remuneration Committee-Member (iv) Business Planing & Development Committee - Member	(i) Audit Committee – Member (ii) Share Transfer Committee-Member (iii) Executive Committee-Member
<b>Committee Positions in other Public Limited Companies</b>	Member of Audit, Shareholder Grievance and Remuneration Committee of Money Matters Financial Services Ltd	Nil
<b>Relation between Directors</b>	Nil	Nil
<b>Number of Shares held in Arihant Superstructures Limited</b>	Nil	Nil

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

**ITEM NO. 6: Revision in remuneration of Chairman and Managing Director**

Mr. Ashok B. Chhajer was appointed as the Managing Director of the Company with effect from 15<sup>th</sup> January, 2009 for a period of five years. Mr. Ashok B. Chhajer, 41 years, is a graduate in Bachelor of Science (B.Sc) from Mumbai University. Under the leadership of Mr. Chhajer, Arihant Superstructures Limited has made significant growth.

The Board of Directors at its meeting held on 05<sup>th</sup> May, 2011 has accepted the recommendation of the Remuneration Committee and has approved the increase in the remuneration of the Managing Director, subject to approval of the shareholders of the Company.

The total salary will increase from Rs. 1,20,000 per annum to Rs. 24,00,000/- per annum.

He will be entitled to all other benefits as per rules of the Company. The Total remuneration by way of Salary, perquisites and allowances payable to him will be aggregating to maximum Rs.24.00 lakhs per Annum.

He will also entitled for reimbursement of expenses incurred in the course of business of the Company, which will not be included in the abovementioned limit of remuneration.

In the event of loss or inadequacy of profits in any financial year Mr. Ashok Chhajer will be paid the remuneration as above, as the minimum remuneration subject to the stipulations contained in Schedule XIII to the Act.

The other terms and conditions of his appointment shall stand the same as has been decided by the Members at the time of his appointment.

The above details maybe considered to be an abstract for the Members under the provisions of Section 302 of the Act.



The details of Mr. Ashok Chhajer as required under Clause 49 of the Listing Agreement are as follows:

<b>Full Name</b>	Mr. Ashok B Chhajer
<b>Date of Birth</b>	11.09.1969
<b>Educational Qualifications</b>	B.Sc.
<b>Expertise</b>	Real Estate Business
<b>Previous Experience</b>	Real Estate, Edible oil refinery business & Cloth trading business
<b>Shareholding in the Company</b>	182,80,000 shares – (66.62%)
<b>Directorship/Chairmanship held in other Companies</b>	Arihant Abode Ltd – Director
	Arihant Vatika Realty Pvt. Ltd – Director
	Adeshwar Realty Pvt Ltd. – Director
	Arihant Universal Realty Pvt. Ltd – Director
	Adinath Realty Pvt Ltd – Director
	Arihant Paradise Realty Pvt Ltd. – Director
	Abhinandan Agrofarms Pvt. Ltd – Director
Arihant Dream Houses Pvt. Ltd – Director	
<b>Chairmanship/Membership of Committees in Public Companies</b>	Chairman – Share Transfer Committee and Executive Committee of Board of Directors in Arihant Superstructures Limited

No Director other than Mr. Ashok Chhajer may be deemed to be interested in the Resolution.

The Board of Directors recommend the above resolution to the members for their approval.

**ITEM NO. 7: Revision in remuneration of Nimish Shah, Whole Time Director**

Mr. Nimish Shah was appointed as the Whole Time Director of the Company with effect from 13<sup>th</sup> April, 2010 for a period of five years. Mr. Nimish Shah, 37 years, is a Bachelor of Engineering in Civil from Mumbai University. The Engineering Department of the Company has touched the new benchmarks under his leadership.

The Board of Directors at its meeting held on 05<sup>th</sup> May 2011 has accepted the recommendation of the Remuneration Committee and has approved the increase in the remuneration of the Whole Time Director, subject to approval of the shareholders of the Company.

The total salary will increase from Rs. 13,00,000/- per annum to Rs. 20,00,000/- per annum.

He will be entitled to all other benefits as per rules of the Company. The Total remuneration by way of Salary, perquisites and allowances payable to him will be aggregating to maximum Rs.20.00 lakhs per Annum.

Mr. Nimish Shah shall also be entitled to reimbursement of expenses incurred in the course of business of the Company, which will not be include in the abovementioned limit of remuneration

The other terms and conditions of his appointment shall stand the same as has been decided by the Members at the time of his appointment.

In the event of loss or inadequacy of profits in any financial year Mr. Nimish Shah will be paid remuneration as above, as the minimum remuneration subject to the stipulations contained in Schedule XIII to the Act.

The above details maybe considered to be an abstract for the Members under the provisions of Section 302 of the Act.

The details of Mr. Nimish Shah as required under Clause 49 of the Listing Agreement are as follows:

<b>Full Name</b>	Mr. Nimish Shah
<b>Date of Birth</b>	11. 04.1974
<b>Educational Qualifications</b>	B. E. (Civil)
<b>Expertise</b>	Real Estate
<b>Previous Experience</b>	Real Estate
<b>Shareholding in the Company</b>	NIL
<b>Directorship/Chairmanship held in other Companies</b>	NIL
<b>Chairmanship/Membership of Committees in Public Companies</b>	Member – Share Transfer Committee & Executive Committee in Arihant Superstructures Limited

No Director other than Mr. Nimish Shah may be deemed to be interested in the Resolution.

The Board of Directors recommend the above resolution to the members for their approval.

**ITEM NO. 8: ALTERATION IN ARTICLES OF ASSOCIATION:**

The Ministry of Corporate Affairs (MCA) has recently adopted a green initiative in corporate governance. Pursuant to the provisions of Section 2, 4, 5 and 81 of the Information Technology Act, 2000 along with the discontinuation of the "Certificate of Posting" by the Department of Posts, the MCA has vide its Circular No. 17/2011 and 18/2011 has permitted all companies to issue notices/ serve documents to its Members in the electronic mode on the e-mail addresses of the Members, as registered with the company.

The MCA states the following conditions to be fulfilled by the Company, in order to validate the service of notice/ documents in the electronic mode:

- Grant of advance opportunity to members to register and change their e-mail id with the company from time to time;
- Complete display of documents on company website and the advertisement of such to be issued in Advertisement;
- In case any member has not registered his mail id, procedure specified u/s 53 to be followed for sending documents;
- Physical copies to be made available to members insisting for the same.

As a good Corporate Governance and Environment friendly method, your company has decided to initiate the procedure for issuing Reports/ Notices and servicing of other documents to its Members through electronic mode.

A copy of details for registering email address by members with the company is attached to this Annual Report. Members are requested to register their e-mail address with company according to the instructions given in this copy.

The said resolution is recommended by the Board of Directors of the company for the approval of the members as a Special resolution.

None of the Directors of the Company are interested in the resolution.

**By Order of the Board of Directors**

**Date: 05<sup>th</sup> May, 2011**  
**Place: Navi Mumbai**

**Sd/-**  
**(Manoj Kumar Dhariwal)**  
**Company Secretary**

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 28<sup>th</sup> Annual Report of the Company for the Financial Year ending on 31<sup>st</sup> March 2011.

### **FINANCIAL RESULTS:**

(Rs. in Lacs)

Particulars	2010-2011 (standalone)	2009-2010 (standalone)	2010-2011 (Consolidated)	2009-2010 (Consolidated)
Sales and Other Income	10777.28	2706.47	11190.68	2792.08
Profit before interest, depreciation & tax	1267.72	295.57	1270.78	315.17
Interest	171.75	93.67	171.96	112.89
Depreciation	14.96	2.60	15.95	2.60
Profit/ (Loss) before Tax	1081.01	199.29	1082.87	199.68
Provision for Tax	(345.00)	(68.32)	(345.09)	(68.44)
Profit/ (Loss) after Tax	736.01	130.97	737.78	131.24
Prior Period Adjustments and Extraordinary Items	-	--	--	-
Profit/(Loss) for the year	736.01	130.97	737.78	131.24
Add: Balance of Profit and Loss Account	46.99	4.53	46.99	4.55
Profit available for Appropriation	783.00	135.50	784.77	135.79
<i>Less: Appropriation</i>				
Transfer to General Reserve	10.17	1.12	10.68	1.30
Proposed Equity Dividend	82.32	74.70	82.32	74.70
Tax on Proposed Equity Dividend	13.67	12.69	13.67	12.70
Share of Minority	--	--	.69	.10
Add: Excess Dividend Provision Written Off	.07	--	.07	--
<b>Balance of profit carried to Balance Sheet</b>	<b>676.91</b>	<b>46.99</b>	<b>677.48</b>	<b>46.99</b>

During the year under review, your company's total income has been registered Rs. 10,777.28 lacs in comparison of Rs. 2,706.47 lacs of Previous financial year. The profit after tax (PAT) has been registered Rs. 736.01 lacs in comparison of Rs. 130.97 lacs of Previous financial year.

### **RESERVES AND DIVIDEND:**

The Board of Directors has recommended a Final Dividend of Rs. 0.30 per equity share for the financial year ending on 31<sup>st</sup> March 2011.

In addition to the above, the Board proposes to transfer an amount of Rs. 10,17,390/- to the General Reserves Account, out of the amount available for appropriation

### **OPERATIONS REVIEW:**

#### **LAUNCHES IN CITY OF JODHPUR, RAJASTHAN:**

Over the years, Jodhpur has evolved into a major Business and Industrial center. The major industries are Textiles, Handicrafts, Gaur Gum (Agro products) which are on world map, steel utensils, etc. With the changing times, the thinking and lifestyle of the people has also changed and they have started adopting western culture as a part of their lives.

Jodhpur can be considered to be the only developed city in Western Rajasthan; providing urban living standards and good educational facilities at a shortest distance. These all will result in generating enormous employment opportunities in the areas in and around Jodhpur and thereby leading to more demand for planned residential projects in Jodhpur.

During the year, the Company has taken steps for increasing its pan India presence and in this connection, the Company has launched its three residential projects in Jodhpur city of Rajasthan the detail of which are as follows:

**PROJECT "ARIHANT ADITA"**

The project is situated at Pal Road, Gangana, Jodhpur (Rajasthan) and is just 1 km from the National Highway. This is first of its type high rise Residential project in Jodhpur. The project will provide the people of Jodhpur all state of the art facilities and amenities, forming part of the similar projects in Mumbai and other Metro cities only, which is till now only a dream to the people of Jodhpur. The project has amenities such as Swimming Pool, Badminton Court, Basket Ball Court, Kids Play Room, Amphitheatre, Garden Lawn, Steam Room, Gymnasium, etc. to name a few.

**PROJECT "ARIHANT AYATI"**

The project named as "Arihant Ayati" is situated at Devnagar, Jodhpur (Rajasthan). This Project is high rise residential project consisting 3 BHK Super Luxurious Flats having the Internal and External Amenities like swimming pool, Health Club with Gymnasium & stem room, Green concept at Top Terrace for cool temperature and External Texture with pure Acrylic Paint etc.

**PROJECT "ARIHANT AGRIMA"**

The company has got an Affordable Housing Project at Jodhpur named "Arihant Agrima". This project is on a Public Private Partnership with the "Jodhpur Development Authority (JDA)" Jodhpur, Rajasthan, won through Tender process.

**PROGRESS OF THE ONGOING PROJECTS OF THE COMPANY:**

**PROJECT "ARIHANT ABHILASHA"**

This residential project is situated at Plot No.10, Sector 35H, Kharghar, Navi Mumbai at a premium location near Central Park and Golf Course. The land has been conveyed in the name of Arihant Superstructures Limited by way of Tripartite Agreement. Construction of the 19 slabs out of total 20 slabs has been completed. Currently brickwork, flooring and fitting is running and project is expected to be completed fully within next 6 month.

**PROJECT "ARIHANT ARHAM"**

On this residential project at Panvel, the construction activities for 29 buildings have been started. Multiple contractors and agencies have been engaged and marketing strategies have been successfully designed. Currently on 5 building the work of flooring is running & on 12 building the plaster work has been completed. Lift installation work has been started on completed buildings.

**SUBSIDIARIES:**

During the year under review,

- (a) Adeshwar Realty Private Limited became a 100% subsidiary of the Company during the year. Adeshwar Realty Private Limited is in the business of realty and constructions;
- (b) Arihant Abode Limited and Arihant Vatika Realty Private Limited continued to be the subsidiaries of the Company.

All the subsidiary companies are non-material, non-listed subsidiary companies as defined under Clause 49 of the Listing Agreements entered into with the stock exchanges. A statement pursuant to Section 212(8) of the Companies Act, 1956 relating to the subsidiary companies is attached to the accounts. As required under Section 212, the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and Profit and Loss Account for the Financial year ending on that date along with reports of the Auditors' and Directors' thereon is annexed and form part of the Annual Report.

As required under the Listing Agreement with the Stock exchanges, a consolidated financial statement of the Company and all its subsidiaries are attached to the Balance Sheet. The consolidated Financial Statements are prepared in accordance with AS 21 and AS 23.

**LISTING:**

The Equity shares of the Company are listed at the Bombay Stock Exchange Limited (BSE). The Company has paid the applicable listing fees to the above stock exchanges up to date. The Company's Equity shares are also traded in the dematerialised segment for all investors and the Company has entered into agreements with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for custodial services.

During the year under review, your Company has made the necessary application with the National Stock Exchange (NSE) and is awaiting their approval for listing and trading of your company's shares on their Exchange.

**CHANGE IN ACCOUNTING POLICIES:**

Upto 31<sup>st</sup> March, 2010, the Company followed percentage Completion Method of accounting wherein it added the Estimated Gross Profit on direct Costs based on the percentage of work completed to arrive at the value of

Incomplete Projects (WIP) for the purpose of recognizing revenue for the year.

To line with norms generally followed in the industry and to make the financial Statement more comparable, from the financial year 2010-11, the Company has changed its method of its revenue recognition for incomplete projects/ under construction properties as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by the ICAI. Revenue for the the financial year 2010-11 onwards is recognized for the sold areas only, where at least 15 percent of the sale consideration has been realized as per agreement, on the basis of percentage of actual cost incurred thereon as against total estimated cost of project under execution subject to the actual cost exceeding 25 percent of total estimated cost of project. The incomplete projects (WIP) are valued at Cost.

**CASH FLOW STATEMENT:**

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended 31st March, 2011 is annexed hereto.

**BOARD OF DIRECTORS:**

Your Board of Directors comprise of eminent, experienced and reputed Individuals of the Industry. There have been changes in the composition of the Board of Directors from the previous Annual General Meeting, till the current one.

The **current composition** of the Board of Directors is as follows:

Sr. No	Name of the Director	Designation on the Board
1.	Mr. Ashok B. Chhajer	Chairman and Managing Director
2.	Mr. Nimish Shah	Whole-time Executive Director
3.	Mr. Varaprasad Atluri	Non-Executive Non Independent Director
4.	Mr. Virendra Kumar Mital	Non Executive Independent Director
5.	Mr. Dinesh Chandra Babel	Non Executive Independent Director
6.	Mr. Anant Karweer	Non Executive Independent Director

On account of the increased duties and scope of work of the Managing Director and Whole Time Director of the Company, the Board has recommended the increase in the remuneration of Mr. Ashok Chhajer and Mr. Nimish Shah as stated in the explanatory statement annexed to the notice of this Annual General Meeting. The proposed increase will continue to be within the limits prescribed in Companies Act, 1956. The proposed increase has been approved by the Remuneration Committee of the Board.

On account of the requirement of Section 255 and Articles of Association, Mr. Dinesh Babel and Mr. Varaprasad Atluri, are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible have offered themselves for re-appointment.

During the **period under review**, the composition of the Board underwent the following changes:

Mr. Anand Shah has been resigned from the directorship of the Company w.e.f. 05/01/2011. The Board would like to place on record it's appreciation towards the contribution and guidance received from Mr. Anand Shah during his tenure.

**COMMITTEE OF THE BOARD OF DIRECTORS:**

In pursuance of the Clause 49 of the Listing Agreement, the Company is required to have certain mandatory committees. In addition to those, the Company has certain non-mandatory Committee of the Board of Directors. The details of the Committees of Board of Directors as on 05.05.2011 are as follows:

Name of the Committee	Current Constitution of the Committee
Audit Committee	1. Mr. Dinesh Chandra Babel (Chairman)
	2. Mr. Virendra Kumar Mital
	3. Mr. Varaprasad Atluri
Remuneration Committee	1. Mr. Anant Karweer (Chairman)
	2. Mr. Dinesh Chandra Babel
	3. Mr. Virendra Mital
Shareholders Grievance Committee	1. Mr. Virendra Kumar Mital (Chairman)
	2. Mr. Anant Karweer
	3. Mr. Dinesh Chandra Babel

Name of the Committee	Current Constitution of the Committee	
Executive Committee (Non Mandatory Committee)	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Varaprasad Atluri
	3.	Mr. Nimish Shah
Share Transfer Committee	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Nimish shah
	3.	Mr. Varaprasad Atluri
Business Planning & Development Committee (Non Mandatory Committee)	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Anant Karweer
	3.	Mr. Dinesh Babel

The Company Secretary is the Secretary for all mandatory Committees.

During the year under review, the Executive Committee and Business Planning & Development Committee were constituted for the purpose to take decision related to day to day business.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2011, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

**AUDITORS AND AUDITORS REPORT:**

M/s T. N. Gala & Associates, Chartered Accountants, being the Statutory Auditors of the Company, retire at the conclusion of this Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The appointment has been recommended by the Audit Committee. The Board of Directors recommends their re-appointment.

The Company has received letter from them to the effect that their reappointment, if made, would be within the prescribed limits under section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for the reappointment with in the meaning of Section 226 of the Said Act.

The Notes on Accounts referred to in the Auditors' report are self-explanatory and do not call for any further comments.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of the Company conducts the audit on regular basis and the Audit Committee actively reviews internal audit reports and effectiveness of internal control systems.

Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

**FIXED DEPOSIT:**

The Company has not invited or accepted any fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

#### **UTILIZATION OF PROCEED OF RIGHT ISSUE & PREFERENTIAL ISSUE:**

The Company has raised Rs. 14.69 Crores by way of Right Issue in financial year 2009-10; as on 31st March, 2011 the whole amount has been utilized as per the object of the Right Issue.

The Company has raised Rs. 14.99 Crores by way of Preferential Issue in financial year 2010-11, as on 31st March, 2011 Rs. 12.78 Crores has been utilized as per the object of the preferential issue and balance Rs. 2.21 Crores has been kept in fixed deposit.

#### **CORPORATE GOVERNANCE AND REPORT THEREON:**

The Company is committed to maintain the highest standards of Corporate Governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed. The Company has implemented several best Corporate Governance practices as prevalent in the country. The Report on Corporate Governance as of 31st March 2011 as stipulated under Clause 49 of the Listing Agreement forms part of this Report.

The Management Discussion and Analysis Report, as required under Clause 49 of the Listing Agreement with the Stock Exchanges, form a part of Corporate Governance Report.

The requisite Certificate from, **M/s. D. A. Kamat & Co, Practising Company Secretaries**, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Annual Report.

#### **PARTICULARS OF EMPLOYEES:**

During the financial year 2010-11, no employee of the Company has been paid remuneration in excess of prescribed limit under section 217(2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees) Rules, 1975.

#### **INVESTORS' RELATION AND GRIEVANCES:**

Investors' relations have been cordial during the year. As a part of compliance, the Company has formed Shareholders' and Investors' Grievance Committee to deal with the issues relating to investors. There were no investors' grievances pending as on 31st March, 2011. A confirmation to this effect has been received from the Company's Registrar and Share Transfer Agent.

#### **ACCOUNTING STANDARDS AND CONSOLIDATED FINANCIAL STATEMENTS:**

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with Accounting Standards AS-21, and 23, issued by the Institute of Chartered Accountants of India, form part of the Annual Report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:**

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the **Annexure 'A'** forming part of this report.

#### **PERSONNEL:**

The Company is professionally managed and has very cordial relationship with all its employees. Highly qualified and experienced personnel from the field of engineering, finance and administration & sales assist the top level management. Your Directors wish to place on record their appreciation for the co-operation and support received from employees towards the growth and prosperity of your Company and look forward to their continued support.

#### **ACKNOWLEDGEMENTS:**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Creditors, Banks, Government Authorities, Customers and Shareholders during the year under review.

**For and on behalf of the Board of Directors**

**Place: Navi Mumbai**

**Date: 05<sup>th</sup> May, 2011**

**Sd/-  
Ashok B. Chhajjar  
Chairman & Managing Director**

## **ANNEXURE –‘A’**

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2011

### **1. Conservation of energy:**

Your Company consumes minimum energy and strives to reduce energy consumption in the buildings developed by the Company. Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continue to adhere to all regulatory requirements and guidelines. The construction team under the able guidance of expert engineers of the Company continuously strives and devises various means to conserve energy and identify methods for the optimum use of energy.

### **2. Research and Development:**

The Company has undertaken Research and Development activity in Development of Technology in the area of construction with an aim to construct with optimum cost, while maintaining highest standard of quality in our structures.

### **3. Technological absorption:**

Your Company has not imported any technology during the period under review. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

### **4. Foreign Exchange Earnings and Outgo:**

There was no foreign exchange earnings and outflow during the period under review.

**For and on behalf of the Board of Directors**

**Place: Navi Mumbai**  
**Date: 05<sup>th</sup> May, 2011**

**Sd/-**  
**Ashok B. Chhajer**  
**Chairman & Managing Director**



## **CORPORATE GOVERNANCE REPORT**

### **COMPANY'S PHILOSOPHY**

The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. It is believed that adherence to business ethics and commitments to corporate social responsibility have enabled the Company to achieve its goal of building India through maximizing value for all its stakeholders. By combining ethical values with the business acumen, strengthening of professional resources with national interests and core business with emerging business, the Company maintains its legendary status of respected Real Estate Development Company. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming India's most valuable Real Estate Company, while upholding the core values of excellence, integrity, responsibility, quality and customer services, which are fundamental to the Arihant. In this pursuit, the Company's philosophy is led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct. This enables customers and all stakeholders to be partners in the Company's growth and prosperity. The Company continuously endeavors to improve-upon on an ongoing basis and adopts innovative approaches for leveraging resources, converting opportunities into achievements through proper empowerment and motivation, fostering a healthy growth and development of human resources to take the Company forward. Keeping in view the Company's size, complexity of operations and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities;
- Ensuring timely flow of information to the Board and its Committees for meaningful and focused discussions in the meeting;
- Independent verification of the Company's financial reporting;
- A sound system of internal control to mitigate the risks;
- Timely and balanced disclosure of all material information to all the stakeholders;
- Compliance with applicable laws, rules, guidelines and regulations;
- Transparency and accountability; and
- Equitable and fair treatment to all its stakeholders including employees, customers, vendors, shareholders and investors.

### **BOARD OF DIRECTORS**

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As of 31<sup>st</sup> March 2011, the Chairman & Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

### **COMPOSITION**

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31<sup>st</sup> March 2011, the total strength of the Board is 6 directors with an Executive Chairman. The Board comprises of 3 Independent Directors (50%), 2 Executive Directors (33.33%), and 1 Non-Executive and Non-Independent Director (16.67%).

During the year Mr. Lalit Bothra, Mr. Abhishek Balar, Mr. Nitin Chopra, Mrs. Lata Mallya and Mr. Anand Shah resigned from the directorship of the Company.

During the year Mr. Nimish Shah, Mr. Dinesh Babel, Mr. Anant Karweer, Mr. Virendra Mital and Mr. Varaprasad Atluri were appointed as Directors of the company.

The Company has benefited from the professional expertise of the Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges

## Board Meetings

The meetings of the Board are held at the Registered Office of the Company at 302, Persipolis Building, Plot No 74, Sector 17, Vashi, Navi Mumbai 400703. During the financial year 2010-11, 8 Board meetings were held and the gap between two board meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

08<sup>th</sup> April 2010, 13<sup>th</sup> April 2010, 23<sup>rd</sup> April 2010, 20<sup>th</sup> June 2010, 23<sup>rd</sup> July 2010, 25<sup>th</sup> August 2010, 13<sup>th</sup> November 2010 and 14<sup>th</sup> February 2011.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. The Board is given presentation covering industry environment, project implementation, project financing and operations of the Company. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors/Committees are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairman. The Company has an effective post meeting follow up, review and reporting mechanism for the decisions taken by the Board / Committees. The Company Secretary prepares the agenda notes, minutes etc. of meeting(s) in consultation with the Chairman of the Board for ensuring compliance with all applicable provisions of the Companies Act, 1956 and allied laws, rules, regulations and guidelines.

## Composition and Attendance

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year, in last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below.

Name of Directors	Category	No. of Board Meetings Held in Financial Year 2010-2011 (No. of Meeting Attended)		No. of Directorship in other companies <sup>#</sup>		No. of Board Committee membership/ Chairmanship <sup>##</sup>	
		Board Meeting	Last AGM	Chairman	Director	Chairman	Member
Mr. Ashok Chhajjer	Chairman & Managing Director	8(8)	Yes	Nil	1	Nil	Nil
Mr. Lalit Bothra <sup>1</sup>	Non Independent Non Executive	1(1)	No	Nil	1	Nil	Nil
Mr. Abhishek Balar <sup>1</sup>	Non Independent Non Executive	1(1)	No	Nil	1	Nil	Nil
Mr. Nitin Chopra <sup>2</sup>	Non Executive Independent	3(3)	No	Nil	Nil	Nil	Nil
Mr. Anand Shah <sup>6</sup>	Non Executive Independent	7(3)	No	Nil	Nil	Nil	Nil
Mrs. Lata Mallya <sup>2</sup>	Non Executive Independent	3(1)	No	Nil	Nil	Nil	Nil
Mr. Nimish Shah <sup>4</sup>	Whole Time Director	7(6)	Yes	Nil	Nil	Nil	Nil
Mr. Virendra Mital <sup>5</sup>	Independent Non Executive	5(5)	Yes	Nil	1	Nil	Nil
Mr. Anant Karweer <sup>5</sup>	Independent Non Executive	5(5)	Yes	Nil	1	Nil	Nil
Mr. Dinesh Babel <sup>5</sup>	Independent Non Executive	5(5)	Yes	Nil	1	Nil	2
Mr. Varaprasad Atluri <sup>3</sup>	Non Independent Non Executive	5(5)	Yes	Nil	Nil	Nil	Nil

Note: <sup>1</sup> Resigned w.e.f. 13/04/2010  
<sup>2</sup> Resigned w.e.f. 20/06/2010  
<sup>3</sup> Appointed w.e.f. 20/06/2010  
<sup>4</sup> Appointed w.e.f. 13/04/2010  
<sup>5</sup> Appointed w.e.f. 23/04/2010  
<sup>6</sup> Resigned w.e.f. 05/01/2011

<sup>#</sup>Excludes private, foreign, unlimited liability companies and companies registered under Section 25 of the Companies Act, 1956.

<sup>##</sup> Membership/chairmanship in all other public limited company's audit committee/share holder grievance committee/ Remuneration Committee (excluding Arihant Superstructures Ltd.) have been considered.

**Notes:**

1. The Directorship/Committee Membership is based on the latest disclosures received from Directors.
2. None of the Directors is a Member of the Board of more than 15 companies in terms of Section 275 of the Companies Act, 1956; Member of more than 10 Committees and Chairman of more than 5 Committees, across all companies in which he is a Director.

**RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED**

The brief resume of Directors retiring by rotation and seeking re-appointment is appended in the notice for convening the Annual General Meeting.

**COMMITTEES OF THE BOARD**

**(i) Audit Committee**

**Composition**

As on 31<sup>st</sup> March 2011, the Audit Committee of the Board is headed under the stewardship of Mr. Dinesh Babel, an Independent Non-executive Director. Mr. Babel has vast, varied, diverse and enriched experience in Financial Management, Corporate affairs, Accounting, Costing and Audit matters.

During the year Mr. Nitin Chopra, Mrs. Lata Mallya and Mr. Anand Shah (Non Executive Independent Directors) resigned from the membership of the Committee, on account of their resignation from the Board of Directors. Mr. Dinesh Babel, Mr. Virendra Mital and Mr. Varaprasad Atluri were appointed as members of audit committee. All the members have requisite financial, accounting and management experience. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

**Terms of Reference**

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

1. Overseeing financial reporting process and disclosure of financial information, to ensure that the financial statements are correct, sufficient and credible;
2. Recommending appointment and removal of the statutory auditors, fixation of audit fee and approval for payment of any other services;
3. Reviewing with the management, the periodical financial statements including of subsidiaries/ associates, in particular the investments made by the unlisted subsidiaries of the Company, before submission to the Board for approval;
4. Reviewing with the management and the statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
5. Reviewing the adequacy of internal audit function, approving internal audit plans and efficacy of the functions including the structure of the internal audit department, staffing, reporting structure, coverage and frequency of internal audit;
6. Discussion with internal auditor on any significant findings and follow-up thereon;
7. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussions to ascertain any area of concern;
9. Reviewing the management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/letter of internal control weakness issued by statutory auditors, internal audit reports etc.;
10. Reviewing the Company's financial and risk management policies;

11. Reviewing the uses/applications of funds raised through public offerings; and
12. To perform such other function(s) as may be delegated by the Board from time to time.

### Meetings and Attendance

During the year 2010-11 five meetings of the Audit Committee were held on 23/04/2010, 23/07/2010, 25/08/2010, 13/11/2010, 14/02/2011.

Members	No of Meetings held during their tenure	No. of Meetings Attended
Mr. Nitin Chopra <sup>1</sup>	1	1
Mr. Anand Shah <sup>1</sup>	1	-
Mrs. Lata Mallya <sup>1</sup>	1	1
Mr. Dinesh Babel <sup>2</sup>	4	4
Mr. Virendra Mital <sup>2</sup>	4	4
Mr. Varaprasad Atluri <sup>2</sup>	4	4

<sup>1</sup> Up to 20/06/2010

<sup>2</sup> w.e.f. 20/06/2010

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Committee in its next meeting and are noted and confirmed by the Board in its next meeting. The Company Secretary acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

### (ii) Shareholders Grievance Committee

#### Composition

The Committee comprising of 3 Directors, is headed by Mr. Virendra Mital as the Chairman. The other members of the Committee are Mr. Dinesh Babel and Mr. Anant Karweer. All the members of the committee are Independent Director. The Company Secretary acts as Secretary to the Committee.

During the year Mr. Nitin Chopra, Anand Shah and Mr. Nimish Shah were resigned from the membership of the Committee on account of their resignation from the Board of Directors. The committee was subsequently re-constituted.

#### Terms of Reference

1. The Committee looks into the redressal of Shareholders complaints/ grievances pertaining to transfer or credit of shares, non-receipt of annual reports, dividend payments and other miscellaneous complaints/ Grievances.
2. The Committee reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

### Meetings and Attendance

During the year 2010-11 four meetings of the Shareholders Grievances Committee were held on 23/04/2010, 23/07/2010, 13/11/2010, 14/02/2011.

Members	No of Meetings held during the tenure	No. of Meetings Attended
Mr. Nitin Chopra <sup>1</sup>	1	1
Mr. Anand Shah <sup>1</sup>	1	1
Mr. Nimish Shah <sup>1</sup>	1	1
Mr. Virendra Mital <sup>2</sup>	3	3
Mr. Anant Karweer <sup>2</sup>	3	3
Mr. Dinesh Babel <sup>2</sup>	3	3

<sup>1</sup> Up to 20/06/2010

<sup>2</sup> w.e.f. 20/06/2010

Minutes of the meetings of the Shareholders' / Investors' Grievance Committee are approved by the Chairman of the Committee in its next meeting and are noted and confirmed by the Board in next meeting.

### **Compliance Officer**

Mr. Manoj Kumar Dhariwal, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with Stock Exchanges.

### **Redressal of Investor Grievances**

The Company's policy is to address all complaints, suggestions and grievances expeditiously and to send/issue replies at earliest except in case of dispute over facts or other legal impediments. During the year under review, 2 investors' complaints were received and resolved. There was no pending complaint and/or requests for share transfer, dematerialization etc., as on 31st March, 2011.

### **(iii) Share Transfer Committee**

#### **Composition**

**As on 31<sup>st</sup> March, 2011**, the Share Transfer Committee comprised of 3 Directors. Mr. Ashok Chhajer is the Chairman of the committee. The other members of the Committee are Mr. Nimish Shah and Mr. Varaprasad Atluri.

During the year under review, Mr. Lalit Bothra and Mr. Abhishek Balar resigned from the Committee, pursuant to their resignation from the Directorship of the company. Subsequently, the committee was re-constituted and Mr. Nimish Shah and Anand Shah were appointed as the members. Further due to the resignation of Mr. Anand Shah from the directorship of the Company. Mr. Varaprasad Atluri was appointed as the member.

#### **Terms of Reference**

The Committee oversees and reviews all matters connected with transfer of physical securities and also interalia approves issue of duplicate, split of share certificates, etc.

#### **Meetings and Attendance**

During the year 2010-11 there was one meeting of the Share Transfer Committee was held.

### **(iv) Remuneration Committee**

#### **Composition**

As on 31<sup>st</sup> March 2011, Remuneration Committee comprises of three Independent Non-Executive Directors. Mr. Anant Karweer, is the Chairman of the Committee. The other members of the Committee are Mr. Virendra Mital and Mr. Dinesh Babel.

Due to resignation of Mr. Nitin Chopra, Mr. Abhishek Balar and Mrs. Lata Mallya from the directorship of the Company, the committee was re-constituted and Mr. Anant Karweer, Mr. Dinesh Babel, Mr. Anand Shah were appointed as members of the committee. Further due to the resignation of Mr. Anand Shah from the directorship of the Company, Mr. Virendra Mital was appointed as a member of the committee. The Company Secretary acts as the Secretary to the Committee.

#### **Terms of Reference**

1. Determining Remuneration Policy of the Company;
2. Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the Managing, Whole-time and other Director(s) including their relatives;
3. Framing policies and fixation of compensation including salaries, incentives, bonuses, promotions, benefits, stock options and performance targets for executives of the Company; and
4. Formulation of the detailed terms and conditions of stock options, granting of administration and superintendence thereof.
5. Ensuring due compliance with the provisions pertaining to the Managerial Remuneration and Remuneration to the Board of Directors, as per the compliances of the Companies Act, 1956.

#### **Meetings**

During the year 2010-11, two meetings of Remuneration Committee were held.

## Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company;
- Success, potential and performance of individual managers; and
- External competitive environment.

The Company's remuneration policy is based on three tenets: pay for responsibility, performance, potential and growth.

## Directors' Remuneration

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Executive Directors (given below) based on the recommendations of the Remuneration Committee as per remuneration policy of the Company, within the ceilings fixed by the shareholders. The sitting fees paid to the Board of Directors was Rs. 2,000/- per Board Meeting and Rs. 1,500/- per its Committee Meeting. With effect from the Board Meeting held post 23/04/2010, the sitting fees for the Directors increased to Rs. 20,000/- per Board Meeting and Rs. 5,000/- per Committee Meeting.

Details of remuneration for the year ended 31<sup>st</sup> March 2011:

### (I) Non Executive Directors

Name of the Director	Sitting Fees paid (Rs.)
Mr. Nitin Chopra <sup>1</sup>	25,000/-
Mr. Anand Shah <sup>3</sup>	24,000/-
Mrs. Lata Mallya <sup>1</sup>	15,000/-
Mr. Varaprasad Atluri <sup>4</sup>	Nil
Mr. Dinesh Babel <sup>2</sup>	1,40,000/-
Mr. Virendra Mital <sup>2</sup>	1,35,000/-
Mr. Anant Karweer <sup>2</sup>	1,20,000/-

1 resigned w.e.f. 20/06/2010

2 appointed w.e.f. 23/04/2010

3 resigned w.e.f. 05/01/2011

4 appointed w.e.f. 20/06/2010

### (II) Managing Director and Executive Director

Name of the Director	Salary and Allowance (Rs.)	Service Contract
Mr. Ashok Chhajjer, Managing Director	1,20,000/-	5 yrs. w.e.f 15.01.2009
Mr. Nimish Shah, Whole time Director	12,60,000/-	5 yrs. w.e.f 13.04.2010

During the financial year, there was no pecuniary relationship or transaction between the Company and its non-executive Directors. The Company has not granted any stock options to any of its non executive Directors.

### (a) Equity Shares held by Directors as on 31<sup>st</sup> March 2011

Except as stated below, none of the Directors hold Equity Shares in the Company:

Name of the Director	No. Of shares
Mr. Ashok Chhajjer	18280000

## CODE OF CONDUCT

The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries. An Annual affirmation has been obtained from all members of the Board and Senior Management Personnel as on 31<sup>st</sup> March, 2011. In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director is annexed at the end of the Report.

### **SUBSIDIARY MONITORING FRAMEWORK**

The subsidiaries of the Company namely Arihant Abode Limited, Arihant Vatika Realty Private Limited and Adeshwar Realty Private Limited are managed with their respective Boards having rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company monitors and reviews the performance of such companies' inter-alia, by the following means:

- Financial Statements, in particular, the investments made by the unlisted subsidiary companies, have been reviewed periodically by the Audit Committee;
- Minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board, periodically;
- Statements containing significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors; and
- None of the unlisted company is material subsidiary in terms of Clause 49 of the Listing Agreement.

### **ANNUAL GENERAL MEETINGS**

#### **(a) Location, date and time of last three Annual General Meetings (AGM) and Special Resolutions passed thereat**

YEAR	LOCATION	DAY, DATE & TIME	SPECIAL RESOLUTION
2007-2008	303, 3 <sup>rd</sup> Floor, Rajendra Chamber, 19 <sup>th</sup> Nanabhai Lane, Fort, Mumbai – 400 001	Monday 29.09.2008 At 11.00 a.m.	Nil
2008-2009	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703	Wednesday 12.09.2009 At 1.00 p.m.	Yes
2009-2010	Hotel Royal Orchid Central Grazia, Plot L-3, Sector-19, Palm Beach Road, Vashi, Navi Mumbai – 400705	Friday 17.09.2010 At 10.00 a. m.	Yes

#### **(b) Resolution passed through Postal Ballot during the year**

A Postal Ballot Notice dated 23<sup>rd</sup> April 2010 along with accompanying documents, as detailed below, was dispatched to Shareholders under certificate of posting. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Mumbai, Maharashtra. The Board appointed Mr. Sudhir Kamath, Practicing Company Secretary, as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the Postal Ballot conducted during the year for the resolutions mentioned herein under. The result of the Postal Ballot was announced on 05<sup>th</sup> June 2010 at the Registered Office and was also published in Free Press Journal (English) & Navshakti (Regional – Marathi) Details of voting pattern were as under:

Sr. No.	Description of Resolution	No. of valid postal Ballot	No. of Shares	Percentage of Total Paid-up Capital
1.	Special Resolution for increase in Authorised Share Capital and subsequent change in the Memorandum and Articles of Association of the Company	58	1,22,40,865	81.93
2.	Special resolution preferential allotment of equity shares as per section 81(1a) of the companies act, 1956	58	1,22,40,865	81.93
3.	Special Resolution for to make inter-corporate investments.	58	1,22,40,865	81.93
4.	Special Resolution for to appoint Mr. Nimish shah as a whole-time executive director	58	1,22,40,865	81.93
5.	Ordinary Resolution for appointment of Mr. Dinesh babel as an independent director of the company, liable to retire by rotation	58	1,22,40,865	81.93
6.	Ordinary Resolution for appointment of Mr. Virendra Mital as an independent director of the company, liable to retire by rotation	58	1,22,40,865	81.93
7.	Ordinary Resolution for appointment of Mr. Anant B Karweer as an independent director of the company, liable to retire by rotation	58	1,22,40,865	81.93

## **DISCLOSURES**

### **a) Material Contracts/Related Party Transactions**

None of the transactions with any of the related parties were in conflict with the interest of the Company. Details of transactions with related parties are disclosed in Schedule XIV to the Accounts in the Annual Report. All related party transactions are negotiated at arms' length basis and are only intended to further the interest of the Company. The Board has received disclosures from key management personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest.

### **b) Compliances**

The Company has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to the capital markets. All returns/Reports were filed within stipulated time with Stock Exchanges/ other authorities.

## **MEANS OF COMMUNICATION**

The Company regularly intimates information like quarterly financial results and media releases on significant developments in the Company

The financial results are normally published in Economic Times (English & Gujarati), Free Press Journal (English), Navshakti (Marathi), and Navbharat Times (Hindi). Annual Report containing inter-alia Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, Management Discussion & Analysis Report and Corporate Governance Report including information for the Shareholders and other important information is circulated to the members and others entitled thereto.

### **Website and Exclusive Designated e-mail id**

The Company's website **www.asl.net.in** have a separate dedicated section namely "Investors" where all the information relating to shareholders are available (including the Annual Report) and to enable investors to register their queries and/or grievances, the Company has dedicated an exclusive e-mail **investor@asl.net.in**. All investors are requested to avail this facility.

## **GENERAL SHAREHOLDERS' INFORMATION**

### **a) Annual General Meeting**

Day : Wednesday  
Date : 03<sup>rd</sup> August, 2011  
Time : 05:00 p.m.  
Venue : Hotel Royal Orchid Central Grazia,  
Plot L-3, Sector-19, Palm Beach Road,  
Vashi, Navi Mumbai – 400705 Maharashtra, India

No special resolution is proposed to be conducted by postal ballot.

### **b) Financial Calendar (Tentative)**

#### **Financial Year 1st April, 2011 to 31st March, 2012**

Adoption of Quarterly Results by last week of the month of the quarter ended:

Quarter ended	Latest by
30th June, 2011	14 <sup>th</sup> August, 2011
30th September, 2011	14 <sup>th</sup> November, 2011
31st December, 2011	14 <sup>th</sup> February, 2012
31st March, 2012	15 <sup>th</sup> May 2012*

*\*Instead of publishing quarterly unaudited financial results, the Company may also opt to publish Audited Annual Accounts by 30<sup>th</sup> May, 2012.*

### **c) Book Closure Dates**

From Wednesday, the 27<sup>th</sup> July, 2011 to Tuesday, the 02<sup>nd</sup> August, 2011 (both days inclusive)

### **d) Dividend Payment Date**

The Final Dividend, if declared, shall be paid/credited to the Shareholders on or before 01<sup>st</sup> September, 2011.



**e) Liquidity of Shares**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), P.J. Tower, Dalal Street, Mumbai – 400 001. The shares of the Company are currently traded under the B group. The Company has paid the listing fees to BSE for 2011-12.

- f) (i) **ISIN Demat No.** : INE643K01018 (Fully paid)  
 (ii) **Stock Code** : Bombay Stock Exchange (BSE) – 506194

g) **Corporate Identification Number (CIN):** L51900MH1983PLC029643

**h) Registrar and Share Transfer Agent (RTA)**

Adroit Corporate Services Pvt Ltd,  
 19, Jaferbhoy Industrial Estate,  
 1st Floor, Makwana Road, Marol Naka,  
 Mumbai 400059

**i) Share Transfer Mechanism**

The share transfers received in physical form are processed through Registrar and Share Transfer Agent (RTA), within seven days from the date of receipt, subject to the documents being valid and complete in all respects. The share certificates duly endorsed are returned immediately to the shareholders by RTA. The details of transfers/transmission so approved, is placed before the Share Transfer Committee for its confirmation. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificate on half – yearly basis confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary have been submitted to The Bombay stock exchange within stipulated time.

**j) Market Price Data:**

The Equity Shares of the Company were traded on the Bombay Stock Exchange during the year 2010-2011.

Month	High Price	Low Price
Apr-10	7.49	4.63
May-10	8.66	7.86
Jun-10	17.9	9.09
Jul-10	44.35	18.75
Aug-10	122.75	46.55
Sep-10	100.35	65.85
Oct-10	80.3	66.2
Nov-10	100.5	66.3
Dec-10	77.1	61.75
Jan-11	88	75.55
Feb-11	83.95	66.95
Mar-11	72.5	64.55

**i) Share Ownership Pattern as on 31.03.2011:**

Sr. No.	Category	No. Of shares held	%age
1.	Promoters and Promoter Group	1,97,39,725	71.94%
2.	Directors' & their Relatives	0	0
3.	Foreign Institutional Investors	0	0
4.	NRIs & Foreign Nationals	0	0
5.	Mutual Funds & UTI	0	0
6.	Banks, Fls & Insurance Companies	0	0
7.	Bodies Corporate	1,24,191	0.45%
8.	Public	75,76,078	27.61%
	<b>TOTAL</b>	<b>2,74,39,994</b>	<b>100%</b>

ii) **Distribution of equity Shareholding as on 31<sup>st</sup> March 2011:**

Shares	No. of Shareholders	% of total Shareholders	Number of Shares	% of total no. of Shares
1– 5000	398	73.84	260253	0.95
5001 – 10000	22	4.08	178317	0.65
10001 – 20000	21	3.9	339505	1.24
20001 – 30000	29	5.38	740386	2.7
30001 – 40000	14	2.6	462466	1.68
40001 – 50000	4	0.74	176034	0.64
50001 – 100000	37	6.86	2943716	10.73
100000 & above	14	2.6	22339317	81.41
<b>TOTAL</b>	<b>539</b>	<b>100</b>	<b>27439994</b>	<b>100</b>

The Company has no dividend of the past years which are required to be transferred to the Investor and Education Protection Fund. Dividend had been declared by the Company for the year 2009-2010 in the Annual General Meeting held on 27<sup>th</sup> September 2010, some amount has not been claimed by the shareholders of the Company and the names of said a/c have been changed to Unpaid Dividend account.

**k) Dematerialization of Shares**

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31<sup>st</sup> March, 2011, 2,73,89,494 Equity Shares (constituting 99.82 %) were in dematerialized form.

**l) Address for Investor Correspondence**

For transfer/dematerialization of shares, payment of dividend on shares and any other queries relating to the shares.

**Adroit Corporate Services Pvt Ltd,**

19, Jaferbhoy Industrial Estate,  
1<sup>st</sup> Floor, Makwana Road, Marol Naka, Mumbai 400059  
Telephone : 022-28594060 / 022-40052115 ,Fax: 022 – 28503748  
Email: info@adroitcorporate.com  
Website: www. adroitcorporate.com

**RISK MANAGEMENT**

As a part of the overall risk management strategy, the Company consistently insures its assets and operations against a wide range of risks. The Company continues to follow a suitable strategy to review and modify its risk profile by eliminating and significantly reducing key business risks. The Company has appointed a specialized agency to provide expert advice for further improvement. The framework for risk assessment and minimization thereto has been evaluated and for further improvement, services of domain experts have been engaged.

**COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY**

Certificate from the Practicing Company Secretary, Mr. D. A. Kamat confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to this Report forming part of the Annual Report.

**DETAILS OF PENALTIES IMPOSED BY STOCK EXCHANGE OR SEBI:**

During the year company has received a notice from SEBI regarding non – compliance of regulation 6(2), 6(4) and 8(3) of SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 1997 for the year 1998 to 2007 (during the previous management of the company) and company has paid Rs. 1 lac as penalty for the same.

**ADOPTION OF MANDATORY AND NON – MANDATORY REQUIREMENTS**

The Company has complied with all the mandatory requirements and has adopted the following non-mandatory requirements of Clause 49:

**(a) Remuneration Committee:** The Company has set-up a Remuneration Committee to commend, review remuneration of managerial personnel including their relatives. The composition of the committee and

the details of meetings held are given elsewhere in this Report. The then Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 27<sup>th</sup> September 2010 to answer the Shareholders' queries.

**(b)** The financial statements of the Company, on stand-alone basis, are **unqualified**.

**(c) Presentations before Board/Committees:** Various presentations by Company's executives and expert agencies were made before the Audit Committee, Share transfer Committee and the Board in order to apprise the Directors about the business model of the Company, risk profile of its business, assessment of their responsibilities and suggesting ways to effectively discharge them.

#### **C.E.O. & C.F.O. CERTIFICATION**

The Managing Director & Manager (Accounts) of your Company has issued necessary certificate pursuant to the provisions of Clause 49 of the Listing Agreement and the same is attached and forms part of the Annual Report.

The Chairman & Managing Director and Manager (Accounts) of the Company give annual certification on financial reporting and internal control to the Board in terms of Clause 49. The Chairman and Managing Director and Manager (Accounts) also give Quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

#### **RECONCILIATION OF SHARE CAPITAL**

The Report called Reconciliation of Share Capital issued by Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the Stock Exchanges where the securities of the Company are listed.

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### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

I hereby confirm that all members of the Board and Senior Management Personnel of the Company have affirmed compliance with Arihant Superstructures Limited Code of Conduct.

**Navi Mumbai**  
**05<sup>th</sup> May, 2011**

**Sd/-**  
**Ashok Chhajjer**  
**Chairman & Managing Director**

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. INDUSTRY STRUCTURE AND DEVELOPMENT:**

The Real Estate Sector in India is of great importance. According to a Report on Estimation of Housing Shortage, an estimated shortage of 26.53 million houses during the Eleventh Five Year Plan (2007-12) provides a big investment opportunity.

The Indian Real Estate Industry, which is currently worth about US\$ 12 billion, plays a significant role in contributing to the economy of the Country. The Real Estate Industry in India ranks second in terms of generating employment for the people of India and contributing to the Gross Domestic Product of the Country. Presently Real Estate accounts for about 5% of India's GDP; in the next five years it is expected to rise up to 6%.

The Real Estate Industry has a lot of potential as various foreign Real Estate and Finance Companies have entered the Indian Market. Moreover 100% FDI is allowed in Real Estate development and the Indian Government has played a major role in supporting the growth of the Real Estate Sector by allowing NRI investment in Real Estate.

The recent growth of Commercial Real Estate Sector in India has been fuelled by increased revenues of Companies in the services business, particularly in IT and ITES Sectors. Industry sources expect the IT & ITES Sectors to continue to grow and generate additional employment, which they expect will result in increased demand for Commercial Space.

Being a professionally managed company, we look into the intricacies of Designing, developing and construction of each Project with an eye to perfection. In the Era of Real Estate boom, the key to excel is a skilled workforce. And we boast of top-notch professionals in all fields be it Architecture & Design, Management, Marketing or Finance. Our efficient team of Engineers, Architects, Designers, Structural Consultants & Human Resource Personnel, leaves no stone unturned to infuse class and quality in our Projects. With a Glorious Clientele, Network of Investors & Financers, Efficient Supply Chain and Banker Relations, we are set to achieve newer benchmarks in Real Estate Industry. We carry forward our zeal for delivering maximum customer delight keenly Project after Project.

### **OPPORTUNITIES, THREATS AND RISK PERCEPTION:**

#### ***Opportunities:***

The Indian Housing market has been growing quite well for the past few years and it is one of the fastest growing markets in the World. Although the market was hit hard in 2008 due to severe economic crisis across the world, the market has emerged much stronger thereafter. With the entry of numerous Real Estate Developers, availability of Finance options, and rising demand for residential property, the Country's Housing Industry is witnessing tremendous growth.

Nearly 28 per cent of India's population lives in Cities and Urban Areas –a figure that is expected to rise to 40 per cent by 2020. Further, Real Estate companies are coming up with various Residential and Commercial Projects to fulfil the demand for Residential and Office Properties in Tier-II and Tier-III Cities, majority of them being in Uttar Pradesh, Madhya Pradesh, Rajasthan and Haryana. The growth in Real Estate in Tier-II and Tier-III Cities is mainly due to increase in demand for organized realty and availability of land at affordable prices in these cities.

Coming of Kharghar Airport in Navi Mumbai will open new avenues and opportunities in Navi Mumbai Region.

Affordable Housing Segment accounts for the major share in the Indian Housing Industry, in terms of both Volume and Value. Apart from affordable Housing Segment, other Segments are also showing promising future prospects. Luxury and medium Housing Segment have shown a tremendous growth in the past and we anticipate that these segments will grow significantly in the coming years, on the back of various reasons discussed in our Report.

Presently, the affordable Housing is basically targeting at economically weaker class and low income groups and constitutes majority of the Indian Housing Industry, both in terms of Value and Volume. However, Medium Housing Segment is also witnessing tremendous growth, especially in Tier-1 and Tier-2 Cities. Besides, luxury Housing is also expected to witness significant growth in coming years as this market segment is comparatively very small and has huge potential for further developments. As far as super luxury Housing segment is concerned, latest Industry trends and developments are skewed towards the segment. MNCs have again began hiring expat employees who are provided with the luxury Housing benefits. Additionally, high net worth NRIs are also propelling demand for luxury Housing in the Country. Both these factors are expected to sustain the growth of luxury Housing segment in long run.

**Threats & Risk Perception:**

Continuing to harden interest rates by Central Bank could have a short term dampening impact on the Real Estate Sector. The reason behind this hike is the financial measures applied by Central Bank to hold & tame inflation. The increased prices of the essential Raw Material like Cement, Bricks & Steel and increase in Labour cost led to the rise of the overall construction cost. The hike in interest rates may have a ripple effect on the Real Estate Sector with construction cost going up and there is also shortage of availability of labourers.

Due to significant increase in Land & Construction cost it become difficult for the Builder & Developers to reduce the prices of finished products to absorb the impact of the increased EMI as a result of rise in the rate of interest.

The Company operates in a highly fragmented and competitive Industry. The competition varies depending upon the size, nature and complexity of the Project to be executed. Fluctuations in operating costs can often lead to spiraling costs and overshooting budgets. This can lead to delays in the completion of Projects. Real Estate Companies constantly face the risk of injury or illness to the Company's or Third Parties' Construction Workers.

**2. YEAR GONE BY.....**

Even in a year of tight credit and liquidity conditions, the Company took strategic initiatives to face the challenges and reiterated its leadership position in the Industry.

**Changing Macro Environment**

The Global Markets are on the edge again as a devastating tsunami and earthquake shattered the Coastal Towns of Japan. Financial markets have taken a beating as fear of a nuclear catastrophe and slowdown in the world's 3rd largest economy escalates. The impact on the Indian markets has been minimal as we battle other pertinent issues of rising inflation and rampant corruption.

Riding piggyback on a booming economy and healthy GDP growth, Indian Real Estate Industry has been expanding at an exponential rate. Favourable demographics, rising purchasing power, professionalism in Real Estate and reforms initiated by the Government are some of the major drivers of this spectacular growth. According to Industry estimates, the Real Estate Industry in India has been growing at 33 per cent CAGR (Compounded Annual Growth Rate) and could be a \$50 billion Industry in the next four years. The upturn straddles all the major Sectors of the Industry such as commercial, residential, retail, industrial, hospitality and healthcare.

The Union Budget had nothing new to offer to the Realty Sector that is currently starved of funds and governance. With the RBI increasing policy rates 8 times over a year, the high interest costs has further added to the worries of the debt-laden Industry. The markets haven't been kind either. While the Sensex is up 89% from the March 2009 lows, the BSE Realty Index is up just 40%. Registration data point to a distinct slowdown in key markets of Mumbai and NCR.

According to Analysts, Mumbai has an unsold inventory of 88,000 units and Sales Registration was down 22% y-o-y and 7% m-o-m in February

**3. STRATEGY:**

Property development is no longer merely constructing a building and leasing or selling it out. The tenants of today are well versed with professionally managed buildings. This has made the developers in India appreciate the need to maintain and manage their property in a systematic manner.

In order to climate the tough economic environment over the last year, Arihant Superstructures Limited adopted and implemented a strategy which allowed it to be in a relatively comfortable liquidity position, whilst it tested the right market conditions where it could attract significantly larger number of end Customers. It ensured that all commitments to Stakeholders, Customers, Financiers and Employees continue to be met in time.

Additionally, the Company continued its focus on all Areas and maintained tight focus on Cash Flows to ensure that Operating Cash Flows met all Operating requirements, including Finance charges. Arihant will continue to focus on liquidity preservation and launch Projects in line with market demand after adequate research of the same.

After studying all the factors of the Real Estate it can be concluded that the Real Estate is a very wide concept and it is highly affected by the macro-economic factors like GDP, FDI, per capital income, Interest Rates and employment in the Nation. The most important factor in the case of Real Estate is location which affects the value and returns from the Real Estate.

#### **4. FINANCIAL REVIEW 2010-11:**

##### **Revenue & Profitability**

In the Financial year 2010-11, the Company's Total Income increased from Rs. 27.06 Cr. to Rs. 107.77 Cr. and Profit After Tax increased from Rs. 1.31 Cr. to Rs. 7.36 Cr. Its profit before interest depreciation and tax increase from Rs. 2.95 cr. to 12.67 Cr. The Company's Paid Up Capital also increased from Rs. 14.94 Cr. to Rs. 27.44 Cr. as the Company came out with a Preferential Issue of Equity Shares during the year.

The Company has also focused on servicing Customer's efficiently by way of reduction in completion of Project time. This has led to greater Customer's satisfaction.

#### **5. BUSINESS REVIEW 2010-11:**

The Government is seeking to promote various types of Public-Private Partnerships (PPP) for realizing the goal of Affordable Housing for all'. During the year Company got an Affordable Housing Project from the Government of Rajasthan at Jodhpur on the basis of Public Private Partnership.

##### **Homes**

Built on a foundation of strong lineage and an established reputation, Arihant has been a trendsetter in contemporary Urban Development and Housing. These developments have always been all embracing with comprehensive solutions for eminent and quality living.

Arihant has pioneered some of the best-known Urban Housing destinations in Navi Mumbai. The product categories of the Company in Homes Segment deliver the strengths of good architecture, appropriate Designs, impressive aesthetics and safety features.

Arihant's dominant position in Indian homes segment:

- Trusted brand with superior execution track record.
- Pioneered "affordable luxury" Housing Segment.
- Complete offering of Super Luxury, Luxury and Mid-Income Homes.

##### **Performance FY11**

The year 2010-11 started with carrying forward the success of mid-income homes launched in FY10. However, with the change in the overall economic environment, the sales saw a high post in mid 2010. This was primarily due to strong customer confidence and satisfaction in buying homes on account of certainty of future incomes, coupled with a perception and anticipation of price of homes being increased. Looking at the changed scenario, Arihant revamped few of its offerings and launched new Projects in line with the expectations of customers.

##### **Launches FY11**

Arihant Ayati a Project at Jodhpur, Rajasthan

Arihant Adita a Project at Jodhpur, Rajasthan

Arihant Agrima a Project at Jodhpur, Rajasthan

##### **Future Outlook**

Overall, the year ahead promises to be a good one for all those involved in the Industry- the Builders, as well as the Consumers.

The year 2011 would usher a New Decade of opportunities for Indian Real Estate, which will be a test of sorts for its Stakeholders between these two fringes of the fulcrum. And the winners would be the ones who balance caution with diligence evaluating all the potential opportunities with pragmatism.

The builders have reduced the pace of their construction even in the large cities like National Capital Region of Delhi. As expressed by a Senior Consultant the demand for Commercial Real Estate properties still exists, and the construction activities are also focused on such Projects. The developers are not showing much interest in initiating new Projects in the Residential Real Estate segment because of the reduced demand.

The Bankers feel that the interest rates will increase further, because in all probabilities, RBI will initiate some actions since inflation is about to touch 12%. As per a banker, the affordability power will be very badly affected. The Residential Real Estate Projects as well as the progress of construction process in our Country will have a direct impact

of it. The deceleration in the speed of construction process will result in reduced supply of the prospective residential Projects. The need for the residential complexes is likely to increase shortly because of the constant demand for the Commercial Real Estate Properties.

As per the consultant, the investors will feel the heat of further increase in the rates of interest and may choose to discontinue their investment in the Realty Market because of the very high EMI. This will result in the excess supply of the Residential Projects. This in turn will create a downward pressure on the prices of the Projects. But presently, it is believed that the current downturn is a transitory factor, and the Real Estate Sector is likely to revive no sooner the inflation shrinks and the rate of interest comes down. But, that will lead to sudden rise in the Price of Real Estate Properties also. Therefore, as per the Bankers and the Consultants, the end users should obtain the benefits of the existing downturn in the Real Estate Prices. Borrowing money in a floating rate of interest may lead to a higher EMI because of the current high rates, but the EMI will also come down when the rate of interest falls.

Given the prevalent sentiments, Arihant group plans to follow a cautious approach towards new launches. However, as economic conditions stabilize, it plans to make selective new launches based on targeted market research in different markets to catch the changing demand scenario.

The Company will continue to focus on "Affordable Luxury" Housing with latest launches across newer locations, along with launching some strategic "City-Center" Housing Projects, with an endeavor to generate Buyer interest by providing excellent location and superior product specifications.

#### **6. HUMAN RESOURCE:**

Human resource in Arihant continues to be core strength and always endeavors to work towards having sound, proactive & progressive HR strategies and practices in place so as to align Company's objectives and employee aspirations. The function continues to strive towards ensuring that the HR philosophy is translated into action.

Arihant group now has a high caliber, well experienced, multifunctional team of around 100 employees across various Group Companies. Arihant continues to nurture a blend of experienced and fresh employees in its talent pool, including highly qualified professionals, both technical and non-technical. We intend to continue recruiting fresh talent to further enhance and grow our business.

Arihant recognizes that compensation is a key driver to attract and retain the right talent. Our compensation structure continues to be attractive and a benchmark in the Industry. We continue with our variable component of Pay linked to Business and Individual performance. The HR team continued to provide relevant need based training activities.

#### **7. FINANCE AND CONTROL:**

Real Estate firms have to increasingly depend on alternate sources of funding like NBFC, IPOs and Private Equity. Developers have also not been able to fully tap the PE route for raising funds because of high valuations. As banks do not lend for Land acquisition, Developers have been specially targeting PE funds. More so as the PE funds take less time for funding. But despite all that, it's still a challenge for Developers to raise funding as PE players are looking at risk protected deal and are averse to both making bigger investments and funding Projects beyond major Metros especially Mumbai and Delhi-NCR and in such a scenario, Realty Firms, in order to generate cash, may have to resort to price cuts or equity sales in their Projects.

Finance is always key factor in Real Estate Sector. Arihant's Finance team at the corporate level is complemented by Independent Finance Teams of various business units to ensure an effective and dynamic system of flexibility and control. This structure ensures financial propriety and accurate Reporting of business transactions, ensuring that all statutory requirements are strictly adhered to and continuously monitored. This is supported by a compliance monitoring system, an enterprise-wide MIS that identifies any deviations from compliances and prompts remedial action.

Arihant has a strong Internal Audit Team that performs a pre-audit, ensuring compliance of procedures and internal controls, and plays an important role in improving checks and balances. The team is headed by a Manager - Accounts, who Reports directly to the Audit Committee consisting of majority of Independent Directors. The significant observations made in the Internal Audit Reports and their implementation status is regularly presented and reviewed by the Audit Committee of the Board.

Internal Control System of the Company has been devised through its extensive experience that ensures control over various functions in its business. The Company has adequate Internal Control Systems in place, commensurate with its size and nature of operations. The Internal Auditor, inter alia, covers all significant areas of the Company's operations and submits the Report to the Audit Committee of the Company for their review in its meetings. The performance

of the Company is regularly reviewed by the Audit Committee and/or the Board of Directors to ensure that it is in consonance with the overall corporate policy and in line with pre-set objectives.

#### **8. LEGAL :**

It is well known that Real Estate Industry requires Legal due diligence in all its activities. This necessitates compulsory observance and compliance of all the applicable laws as may be applicable to Company's business in various areas from time to time. This is where the role of Company's Legal Department comes into play. It has to constantly ensure that all Projects - at pre-construction as well as post construction stages - get completed with due compliance and strict observance of Laws both at the Central and at the State level. The Company employs dedicated Legal Professionals who believe in corporate ethos that blends talent, creativity, professionalism, dedication with corporate governance.

#### **9. INFORMATION TECHNOLOGY :**

In today's era of modern technology, Information Technology plays a very vital & significant role in any organization's growth. Arihant IT function takes care of all the IT-related aspects across the group (including all Business Units), from infrastructure Management to procurement of Industry specific standard software and their implementation, implementation of advanced technological products that are reviewed from time-to-time.

#### **Outlook**

The IT team of Arihant intends to focus on the following areas going forward:

Implementation of ERP system all across the Company and its functions.

Project compliances monitoring (Pre Construction, Construction, Post Construction) – implement a robust Work-Flow System which will enable Top Management review of compliance status as well as storage of all relevant documents in a repository.

Customer interaction to be a key – we intend to establish improved Customer Relationship Management.

More on-line Management Information System through Business Intelligence modules.

Extension of Automated Attendance System and Digital Video Surveillance Systems.

#### **Cautionary Statement**

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the Domestic and International Markets, changes in the Government Regulations, Tax Laws, other Statutes and other incidental factors.



## **CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**ARIHANT SUPERSTRUCTURES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **Arihant Superstructures Limited** for the year ended on 31<sup>st</sup> March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of 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, and the representations made by the Directors and the Management, we certify that the Company has complies with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For D.A. Kamat & Co.**  
**Company Secretaries**

Sd/-  
**D. A. Kamat**  
**Company Secretary**  
**PCS No. 4965**

**Place: Mumbai**  
**Date: 05<sup>th</sup> May 2011**

## **C.E.O./C.F.O. Certification**

To,  
The Board of Directors  
**Arihant Superstructures Limited**

We, Ashok Chhajjer, Managing Director and Ravindra Parakh, Manager (Accounts) of Arihant Superstructures Ltd to the best of our knowledge & belief certify that:

- (A) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of their knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Sd/ –  
Ashok Chhajjer  
Chairman & Managing Director**

**Sd/-  
Ravindra Parakh  
Manager (Accounts)  
Navi Mumbai May 05<sup>th</sup>. 2011**

## **AUDITORS REPORT**

To  
The Shareholders,  
**Arihant Superstructures Ltd.**

We have audited the attached Balance Sheet of **ARIHANT SUPERSTRUCTURES LTD.** as on 31<sup>st</sup> March 2011 and also the annexed Profit & Loss Account of the Company for the year ended on that date. 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.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain responsible 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 Statement. 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 responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books.
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Account
  - d) In our opinion the Balance Sheet and the Profit & Loss Account complies with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31<sup>st</sup>, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act.
  - f) Reference is invited to Note No. 3 of Notes to Accounts read with Accounting Policy of Revenue Recognition of Schedule XIV, relating to the change in Accounting Policy adopted by the Company during the year, so as to bring them in line with norms generally followed in the industry and to make the Financial Statements more comparable. As a result of such change Profit Before Tax for the March 2011 is lower by Rs. 22,309,686/-
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:-
    - i. In the case of Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011; and
    - ii. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date.
    - iii. In the case of the Cash flow Statement, of the Cash Flows for the year ended on that date.

**For T N Gala & Associates**  
**Chartered Accountants**  
**FRN: 102951W**

**Date:** 05.05.2011  
**Place:** Navi Mumbai

**Sd/-**  
**Talak N. Gala**  
**Proprietor**  
**MRN: 41186**

## **ANNEXURE TO THE AUDITORS' REPORT OF ARIHANT SUPERSTRUCTURES LIMITED,**

### **on the Financial Statements for the year ended March 31, 2011**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanations given to us and the Books of Account and other records examined by us in the normal course of audit, we report that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
- b) The Fixed Assets has been physically verified by the Management during the year. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) The Inventory includes land, flats, Incomplete Projects (WIP), and construction and development material and development rights in identified land. Physical verification of Inventory except stocks represented by development rights, confirmations for which have been obtained have been conducted at reasonable intervals by the Management.
- b) The procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of Inventory and no material discrepancies were noticed on physical verification. The Physical verification of Inventory has been conducted at reasonable intervals by the Management.
3. a) During the year, the Company has given unsecured loans to three Subsidiary Companies. At the year end, the loans granted to three Subsidiaries aggregate to Rs. 1,698.76 Lakhs. The maximum balance outstanding during the year is Rs. 1,724.63 Lakhs.
- b) The rate of interest, and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
- c) The receipts of Principal amounts and Interest have been as per stipulations.
- d) There is no amount overdue in respect of loans granted to Companies, Firms or other Parties listed in the register maintained under Section 301 of the Act.
- e) The Company has taken loans from two entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 1,272.47 lacs and the year-end balance was Rs. 1,109.43 lacs.
- f) In our opinion, the rate of interest and other terms and conditions for such loans are, prima facie, not prejudicial to the interest of the Company.
- g) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
4. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the sale of Goods and Services.
5. a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any public deposit in the year of audit.
7. In our opinion, the Company has an Internal Audit System commensurate with its size and the nature of its business.

- 8 According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
- 9 According to the information and explanations given to us in respect of statutory dues:
  - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
  - b) There are no amounts in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of any dispute
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to a Financial Institution or a Bank or Debenture holders during the year.
- 12 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, the provisions of clause 4 (xii) of the Order are not applicable.
- 13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- 15 In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from Banks or Financial Institutions are not, prima facie, prejudicial to the interest of the Company.
- 16 In our opinion and according to the information and explanations given to us, the Term Loans have been applied for the purpose for which they were raised.
- 17 On the overall examination of the Balance Sheet, in our opinion, no funds raised on short-term basis have been used for long-term investment.
- 18 The Company has made preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act and price at which shares have been issued, in our opinion, prima facie is not prejudicial to the interests of the Company
- 19 No debentures have been issued during the year. Accordingly the provisions of clause 4 (xix) of the order is not applicable.
- 20 The Company has not raised money by rights issues during the year.
- 21 No fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For T N Gala & Associates**  
**Chartered Accountants**  
**FRN: 102951W**

**Date:** 05.05.2011  
**Place:** Navi Mumbai

**Sd/-**  
**Talak N. Gala**  
**Proprietor**  
**MRN: 41186**

## BALANCE SHEET AS AT 31.03.2011

(Amount in Rs.)

	Sch No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
Shareholders Funds			
Share Capital	I	<b>274,399,940</b>	149,400,000
Reserve & Surplus	II	<b>92,691,136</b>	4,699,393
Loans Funds			
Secured Loans	III	<b>88,366,662</b>	2,450,499
Unsecured Loans	IV	<b>139,176,500</b>	-
Deferred Tax Liability		<b>1,129,606</b>	112,216
<b>TOTAL</b>		<b><u>595,763,844</u></b>	<u>156,662,108</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets	V		
Gross Block		<b>26,272,175</b>	5,409,145
Less: Depreciation & Amortisation		<b>(1,755,708)</b>	(260,079)
Net Block		<b><u>24,516,467</u></b>	<u>5,149,066</u>
Investments	VI	<b>21,491,271</b>	370,000
Current Assets, Loans & Advances	VII	<b>913,969,733</b>	371,396,339
Less: Current Liabilities & Provisions	VIII	<b>(369,516,741)</b>	(222,708,997)
Net Current Assets		<b><u>544,452,993</u></b>	<u>148,687,342</u>
Miscellaneous Expenditure (to the extent not written off)			
Preliminary Expenses		<b>5,000</b>	10,000
Share Issue Expenses		<b>5,298,114</b>	2,445,700
<b>TOTAL</b>		<b><u>595,763,844</u></b>	<u>156,662,108</u>

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajer**  
Chairman and Managing Director

Sd/-  
**Nimish Shah**  
Whole-time Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

(Amount Rs.)

	Sch No.	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME</b>			
Sale & Contract Income	IX	1,015,710,573	127,413,450
Increase/(Decrease) in Stock	X	35,550,975	141,687,777
Other Income	XI	26,466,460	1,546,191
		<u>1,077,728,007</u>	<u>270,647,418</u>
<b>EXPENDITURE</b>			
Direct Cost	XII	798,459,310	224,638,962
Purchase (Trading)		84,450,000	-
Indirect Expenses	XIII	83,743,013	25,197,121
Amortisation of Intangible Assets		355,168	225,743
Depreciation		1,140,461	34,336
Preliminary Expenses Written Off		1,479,080	621,425
		<u>969,627,032</u>	<u>250,717,587</u>
Net Profit Before Tax/(Loss)		108,100,976	19,929,831
Less: Provision For Taxation		(34,500,000)	(6,800,000)
Less: Short Provision of Tax		-	(32,038)
Net Profit/(Loss) after Tax		<u>73,600,976</u>	<u>13,097,793</u>
Add / (Less): Extra Ordinary Items		-	-
		<u>73,600,976</u>	<u>13,097,793</u>
<u>Less:</u>			
Proposed Dividend		(8,231,998)	(7,470,000)
Dividend Distribution Tax		(1,367,232)	(1,269,527)
		<u>64,001,746</u>	<u>4,358,266</u>
Add/(Less): Brought forward Profit / (Loss)		4,699,393	453,343
Add: Excess Dividend Provision Written Off		7,396	-
Less: Trf To Gen Reserve		(1,017,390)	(112,216)
Net Profit carried over to Balance Sheet		<u>67,691,144</u>	<u>4,699,393</u>
Basic/Diluted earning per share of Rs.10 each		<u>2.98</u>	<u>31.95</u>

Notes to Accounts

XIV

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajjar**  
Chairman and Managing Director

Sd/-  
**Nimish Shah**  
Whole-time Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

## SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule - I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
60,000,000 Equity Shares of Rs.10/- Each & 15,000,000 Preference Shares of Rs. 10 Each (Previous Year 15,000,000 Equity Shares of Rs.10/- Each)	<b>750,000,000</b>	150,000,000
<b>Issued, Subscribed &amp; Paid Up Capital</b>		
27,439,994 Equity Share Of Rs. 10/- Each Fully Paid (Previous Year 14,940,000 Eq Sh Of Rs. 10/- Each Fully Paid)	<b>274,399,940</b>	149,400,000
	<b>274,399,940</b>	149,400,000
<b>Schedule - II</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Profit &amp; Loss Account</b>		
Balance as per Profit & Loss A/c	<b>67,691,144</b>	4,699,393
	<b>67,691,144</b>	4,699,393
<b>General Reserves</b>		
Opening Balance	-	-
Add: Transferred from P & L A/c	<b>1,017,390</b>	112,216
Less: Provision for Deffered Tax Liability	<b>(1,017,390)</b>	(112,216)
	-	-
<b>Securities Premium Account</b>		
Collected In Cash	<b>24,999,992</b>	-
	<b>24,999,992</b>	-
	<b>92,691,136</b>	4,699,393
<b>Schedule - III</b>		
<b>SECURED LOANS</b>		
Kotak Mahindra Prime Ltd (Secured Against Motor Cars)	<b>6,550,228</b>	2,450,499
Federal Bank Car Loan (Secured Against Motor Cars)	<b>1,816,434</b>	-
Term Loan with Federal Bank (Secured Against Kharghar Land)	<b>80,000,000</b>	-
	<b>88,366,662</b>	2,450,499
<b>Schedule - IV</b>		
<b>UNSECURED LOANS</b>		
From Directors	<b>107,943,557</b>	-
From Others	<b>31,232,943</b>	-
	<b>139,176,500</b>	-



**Schedule - V : FIXED ASSETS AS PER COMPANIES ACT, 1956**

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION				NET BLOCK		
	Rate of Depreciation / Amortisation	As on 01.04.2010	Additions during the year	Deductions	As on 31/03/2011	Dep. As on 31.03.2010	Provided During the Year	Amortised / Written Off	As on 31/03/2011	As on 31/03/2011
<b>Tangible Assets</b>										
Computer	16.21%	669,870	1,646,499	-	2,316,369	-	219,047	-	219,047	669,870
Air Conditioner	4.75%	48,000	339,690	-	387,690	-	10,006	-	10,006	48,000
Equipments	4.75%	42,500	425,277	-	467,777	631	6,902	-	7,533	41,869
Plant & Machinery	4.75%	-	570,000	-	570,000	-	5,563	-	5,563	-
Mobiles	4.75%	76,640	134,290	-	210,930	552	6,947	-	7,499	76,088
Projector	4.75%	29,500	-	-	29,500	342	1,401	-	1,743	29,158
Printer	16.21%	-	135,250	-	135,250	-	11,622	-	11,622	-
Shop	1.63%	-	1,644,720	-	1,644,720	-	17,775	-	17,775	-
Scanner	16.21%	-	148,150	-	148,150	-	14,393	-	14,393	-
Motor Bike	9.50%	-	112,495	-	112,495	-	3,765	-	3,765	-
Refrigerator	4.75%	7,700	-	-	7,700	122	365	-	487	7,578
Motor Cars	9.50%	3,352,443	11,393,096	-	14,745,539	32,689	788,329	-	821,018	3,319,754
Furniture & Fixtures	6.33%	53,778	3,637,568	-	3,691,346	-	54,346	-	54,346	53,778
<b>Intangible Assets</b>										
Computer Software	20.00%	1,062,714	675,995	-	1,738,709	212,543	-	341,968	554,511	850,171
Trade Mark	20.00%	66,000	-	-	66,000	13,200	-	13,200	26,400	52,800
<b>Total</b>		5,409,145	20,863,030	-	26,272,175	260,079	1,140,461	355,168	1,755,708	5,149,066
										24,516,467

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule -VI</b>		
<b>INVESTMENT</b>		
Equity Shares of Arihant Abode Ltd (30,000 shares of Rs. 10/- each fully paid)	300,000	300,000
Equity Shares of Arihant Vatika Realty Pvt. Ltd (6,000 shares of Rs. 10/- each fully paid)	60,000	60,000
Equity Shares of Adeshwar Realty Pvt. Ltd (10,000 shares of Rs. 10/- each fully paid)	110,000	-
Capital with Arihant Aksh Realty LLP	1,021,271	10,000
Birla Mutual Fund	20,000,000	-
(Market value as on 31.03.2011 is Rs. 20,058,800/-)		
	<b>21,491,271</b>	<b>370,000</b>
<b>Schedule- VII</b>		
<b>CURRENT ASSETS &amp; LOAN ADVANCES</b>		
<b>Inventories</b>		
Closing Stock - Flats	71,116,667	-
Incomplete Projects (WIP)	106,122,085	141,687,777
<b>Sundry Debtors (Considered Good except stated otherwise)</b>		
Less than six months	51,375,660	-
More than six months	936,267	936,267
<b>Cash &amp; Bank Balance</b>		
Cash in Hand	1,250,156	654,831
Cash in Bank(with scheduled banks)	2,508,952	2,273,542
<b>Loans and Advances</b>		
Balance with Subsidiaries	169,876,449	-
Deposits	186,691,755	61,654,715
Balance with Tax Authorities	41,667,716	5,639,922
Land Cost	208,159,075	137,495,446
Advances recoverable in cash or kind	74,264,952	21,053,839
	<b>913,969,733</b>	<b>371,396,339</b>
<b>Schedule- VIII</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities</b>		
Advance from Customers	205,960,068	174,983,681
Sundry Creditors	103,762,190	29,054,962
TDS Payable	1,034,098	2,551,809
Audit Fees Payable	471,532	387,153
Salary Payable	263,410	-
Provident Fund Payable	11,525	11,525
Electricity Charges Payable	52,960	154,350
Telephone Charges Payable	1,723	16,990
GTA Service Tax Payable	5,439	-
Service Tax Payable	7,044,685	-
Professional Tax Payable Employees	8,400	9,000
Deposit Twds Books Issued	1,480	-
	<b>318,617,510</b>	<b>207,169,470</b>
<b>(B) Provisions</b>		
Provision for Tax (F. Y. 2009-10)	6,800,000	6,800,000
Provision for Tax (F. Y. 2010-11)	34,500,000	-
Proposed Dividend	8,231,998	7,470,000
Provision for Dividend Distribution Tax	1,367,232	1,269,527
	<b>50,899,230</b>	<b>15,539,527</b>
	<b>369,516,741</b>	<b>222,708,997</b>

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	2010-11	2009-10
<b>Schedule -IX</b>		
<b>SALE &amp; CONTRACT INCOME</b>		
Arham Project Sales	381,102,794	-
Abhilasha Project Sales	256,659,056	-
Trading Sale	13,691,000	-
Contract Income	364,257,723	127,413,450
	<u>1,015,710,573</u>	<u>127,413,450</u>
<b>Schedule -X</b>		
<b>INCREASE / (DECREASE)</b>		
<b>Incomplete Projects (WIP)</b>		
Opening stock in process	(141,687,777)	-
Closing stock in process	106,122,085	141,687,777
<b>Trading Stock</b>		
Opening Stocks Flats	-	-
Closing Stocks Flats	71,116,667	-
	<u>35,550,975</u>	<u>141,687,777</u>
<b>Schedule -XI</b>		
<b>OTHER INCOME</b>		
Discount	796,294	-
Share of Profit from Arihant Aksh LLP	1,011,271	-
Interest Income	24,649,019	1,543,691
Discount	-	-
Other Income	-	-
Miscellaneous Income	9,876	2,500
	<u>26,466,460</u>	<u>1,546,191</u>
<b>Schedule -XII</b>		
<b>PURCHASE &amp; DIRECT COST</b>		
Purchase of Materials	209,229,457	52,172,048
Labour Expenses	96,365,303	49,670,614
Land Cost	137,730,326	-
Contract Expenses	355,134,224	122,796,300
	<u>798,459,310</u>	<u>224,638,962</u>

(Amount in Rs.)

	2010-11	2009-10
<b>Schedule - XIII</b>		
<b>INDIRECT EXPENSES</b>		
<b>Administrative Expenses</b>		
Audit Fees	523,925	430,170
Compensation against Cancellation	4,100,650	-
Computer Expenses	246,702	-
Conveyance	238,861	36,187
Directors' Remuneration	1,380,000	360,000
Directors' Sitting Fees	459,000	36,000
Electricity Expenses	701,070	171,900
Donations	-	51,000
Miscellaneous Expenses	1,461,567	472,429
Printing & Stationery	1,690,432	872,886
Legal Expenses	1,953,144	-
Professional & Legal Fees	2,895,527	1,361,652
Rent, Rates & Taxes	1,134,361	294,790
ROC Fees	12,750	221,700
Service Tax (GTA)	332,404	-
Telephone Expenses	392,635	43,902
Travelling Expense	1,371,377	-
Vehicle Expenses	1,052,680	22,560
	<b>19,947,085</b>	<b>4,375,176</b>
<b>Financial Expenses</b>		
Bank Charges	67,777	18,596
Loan Processing Fees	1,796,703	-
Interest Expenses	17,175,277	9,367,103
	<b>19,039,757</b>	<b>9,385,699</b>
<b>Employees Expenses</b>		
Salaries	12,784,249	6,380,406
Employers Contribution towards PF	73,500	42,875
Gift Expenses	-	230,744
Training Expenses	420,256	370,160
Staff Welfare	1,096,023	115,668
	<b>14,374,028</b>	<b>7,139,853</b>
<b>Selling &amp; Distribution Expenses</b>		
Advertisement	13,158,857	2,187,064
Selling & Distribution	2,243,085	-
Business Promotion	7,653,421	56,383
Other Selling & Distribution	392,258	-
Exhibition Expenses	6,934,522	2,052,946
	<b>30,382,143</b>	<b>4,296,393</b>
	<b>83,743,013</b>	<b>25,197,121</b>

## SCHEDULES FORMING PART OF ACCOUNTS

### Schedule - XIV

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

##### **A. Nature of Operations**

M/s Arihant Superstructures Limited (the 'Company'), a public limited company, is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

##### **B. Significant Accounting Policies:**

###### **1) Basis of preparation of Financial Statements:**

The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards notified by the Central Government of India, to the extent applicable and the provisions of the Companies Act, 1956.

###### **2) Use of Estimates:**

The preparation of Financial Statements are in conformity with generally accepted Accounting Principles requires Management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of Financial Statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

###### **3) Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation and amortisation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

###### **4) Depreciation / Amortization:**

Depreciation on Fixed Assets has been provided on Straight Line Method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

###### **Intangible Assets**

Trade Mark and Software are amortised over a period of 5 years.

###### **5) Investments:**

- i) Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary.
- ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

###### **6) Revenue Recognition:**

During the year, the Company has followed the "Percentage Completion Method" of accounting as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by The ICAI. The revenue / income from real estate sales is recognized as revenue when there is no significant uncertainty exists regarding the realization and it is not unreasonable to expect ultimate collection.

Total Sale Consideration as per the Agreements to Sale of constructed properties is recognized as Revenue based on the percentage of actual project cost incurred there on, including the cost of land, estimated construction and development cost of the such properties, subject to actual construction cost incurred being 25% or more of the total estimated cost of the construction of the project. However, when the total Project cost is estimated to exceed total revenues from the Project, the loss is recognized immediately.

Costs relating to construction / development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year. The balance costs are carried as part of 'Incomplete Projects' under Inventories. Amounts receivable / payable are reflected as Debtors / Advance from Customers, respectively after considering income recognized in the aforesaid manner.

The estimates of sales and costs are subject to change on the basis of prevailing market conditions and variations in market dynamics. Such change in estimates as revised periodically by the Management and are considered as change in estimate and accordingly, the effect of such changes to estimates is recognized in the period in which such changes are determined.

The Company was, up to the previous financial year, following Percentage Completion Method wherein it added the estimated gross profit on direct cost based on the percentage of work completed to arrive at the value of Incomplete Projects (WIP) for the purpose of recognizing revenue for the year. Reference is invited to Para No.3 of Notes to Accounts.

Share of Profit / Loss from Partnership Firm / Association of Person (AOP) is accounted in respect of the financial year of the firm / AOP, ending on or before the Balances Sheet date, on the basis of their Audited / Unaudited Accounts, as the case may be.

Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**7) Transaction in foreign currencies:**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

**8) Retirement benefits:**

The Company contributes to Employee's Provident Fund (a defined contribution plan) towards post employment benefits, which is administered by the respective Government authorities and the Company has no further obligation beyond making its contribution.

**9) Accounting for taxes on income:**

Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**10) Borrowing costs:**

Borrowing costs attributable to the acquisition and construction of qualifying assets upto the date of such acquisition or construction are capitalised as part of the cost of respective assets. Other borrowing costs are charged to profit and loss account in the period in which they are incurred.

**11) Impairment of assets:**

The Company assesses once in every three year whether there is any indication that an asset may be impaired. If any such indication exists, the Management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**12) Provisions and contingent liabilities:**

The Company creates a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### C. Notes to Accounts:

- 1) During the year the company has raised Rs. 14.99 crore by way of preferential issue of equity shares. Out of the said proceeds a sum of Rs.12.78 crore has been utilized for the Projects of Company & its Subsidiaries and balance of Rs. 2.21 crores has been kept in Fixed Deposit.
- 2) During the year the Company has continued its two projects 'Arihant Abhilasha' at Kharghar, Raigad and 'Arihant Arham' at Panvel, Raigad. In addition the Company is under process of initiating three mega projects at Jodhpur namely Arihant - Adita, Arihant - Ayati and Arihant - Agreema.

#### 3) Change in Accounting Policy:

Up to 31<sup>st</sup> March, 2010, the Company followed Percentage Completion Method of accounting wherein it added the estimated gross profit on direct costs based on the percentage of work completed to arrive at the value of Incomplete Projects (WIP) for the purpose of recognizing revenue for the year.

From the current year the company has changed its method of its revenue recognition for Incomplete Projects / under construction properties as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by The ICAI. Revenue for the current year onwards is recognized for the sold area only, where at least 15 percent of the sale consideration has been realized as per agreement, on the basis of percentage of actual cost incurred thereon as against total estimated cost of the project under execution subject to the actual cost exceeding 25 percent of the total estimated cost of the project. The Incomplete Projects (WIP) are valued at Cost. As a result of change in the revenue recognition policy of the Company during the current year the profit before tax is lower by Rs.22,309,686/-.

The company has not given a retrospective effect to the change in accounting policy, because such retrospective effect would have required the company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence results for the year ended 31<sup>st</sup> March, 2010 have not been restated to reflect change in revenue recognition policy. The effect of such change on the Financial Statements of subsequent financial years cannot be ascertained at present, as the same can be quantified only at the close of the respective years.

#### 4) Related party disclosure:

##### i) Parties where control exists.

Sr. No	Subsidiaries companies at any time during the year	% of Holding
1.	Arihant Abode Limited	60%
2.	Arihant Vatika Realty Private Limited	60%
3.	Adeshwar Realty Private Limited	100%

##### ii) Particulars regarding Partnership Firms / LLP in which the Company is a Partner:

Name of the Partnership Firm / LLP	Profit Sharing Ratio
Arihant Aksh Realty LLP	5%

##### iii) Key Management Personnel and Relatives of Key Management Personnel (KMP):

Sr. No	Name of Party	Nature of Relationship
1.	Arihant Universal Realty Pvt. Ltd.	Enterprises in which KMP have a significant influence
2.	Mr. Ashok B Chhajer	Chairman & Managing Director
3.	Mrs. Sangeeta Chhajer	Relative of Director
4.	Mr. Nimish Shah	Whole Time Director
5.	Abhinandan Agrofarms Pvt. Ltd.	Enterprises in which KMP have a significant influence
6.	Adinath Realty Pvt Ltd	Enterprises in which KMP have a significant influence
7.	Arihant Paradise Realty Pvt. Ltd.	Enterprises in which KMP have a significant influence
8.	Arihant Dream Houses Pvt. Ltd.	Enterprises in which KMP have a significant influence

**Notes:**

- a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

**iv) Transactions with Related Parties:**

Sr. No	Name of Party	Nature of Transaction	Amount Involved	O/s Balance
1.	Mr. Ashok B Chhajjer	Deposit Given	2,000,000	2,000,000
		Remuneration Paid	120,000	-
		Interest Paid	9,938,812	-
		Loan Taken	199,200,593	107,943,557
2.	Mrs. Sangeeta Chhajjer	Booking Advance Refund	5,650,000	-
		Rent Paid	480,000	-
		Deposit Given	20,000,000	20,000,000
3.	M/s. Arihant Vatika Realty Pvt. Ltd	Loan Given	19,900,000	20,945,913
		Interest Received	1,152,126	
4.	M/s. Arihant Abode Ltd	Loan Given	142,500,000	147,962,665
		Interest Received	13,591,851	
5.	M/s. Adeshwar Realty Pvt. Ltd	Loan Given	1,950,000	967,871
		Interest Received	19,857	
6.	Mr. Nimish Shah	Remuneration	1,260,000	-

**5) Major components of deferred tax assets and liabilities as at year-end are as under:**

Particulars	As at 31.03.2011
Opening Deferred Tax Liability	112,216
Deferred Tax liability on account of Depreciation	1,017,390
Closing Deferred Tax liability	1,129,606

**6) Segment information:**

The Company operates in a single business and geographical segment i.e. "Construction and Allied Activities" within India. Accordingly, no separate disclosures for primary business and secondary geographical segment are required as per AS 17 issued by ICAI.

**7) Earnings per share (EPS):**

	Particulars	Current Year	Previous Year	
			Actual	Reinstated
(i)	Net profit after tax available for equity shareholders (Rs.)	73,600,976	13,097,793	13,097,793
(ii)	Weighted average number of equity shares outstanding at the year end (No.)	24,666,023	409,997	24,666,023
(iii)	<b>Basic &amp; Diluted Earnings per Share (Rs.)</b>	<b>2.98</b>	<b>31.95</b>	<b>0.53</b>
(iv)	Nominal value of share(Rs.)	10	10	10

- 8) There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) – 28'Impairment of Assets'.



**9) Directors Remuneration:**

a) The profit and loss account includes remuneration to Directors as follows:

	<b>Current Year</b>	<b>Previous Year</b>
Directors Remuneration	1,380,000	360,000
Sitting Fees	459,000	36,000
	1,839,000	396,000

b) No commission is paid / payable to Directors / Managing Director and hence, computation of Net Profit in accordance with Section 198, 309 and 349 of the Companies Act, 1956 has not been given.

**10) Managerial Remuneration:**

Computation of net profits in accordance with section 349 of the Companies Act, 1956

	<b>Current Year</b>	<b>Previous Year</b>
Profit as per P & L account	108,100,976	19,929,831
Add: Directors Remuneration (incl. Sitting Fees)	1,839,000	396,000
Add: Loss / (Profit) on sale of fixed assets	-	-
Add: Assets written off (discarded)	-	-
Add: Provision for discard of Fixed Assets	-	-
Add: Provision for doubtful debts	-	-
Net Profit as per 349 of the Companies Act	109,939,976	20,289,831
Eligible Remuneration is 10% in case of having more than one WTD or MD (5% for Previous year)	10,993,998	1,014,491
Managerial Remuneration paid as per Profit & Loss Account	1,839,000	396,000

**11) Auditor's Remuneration:**

	<b>Current Year</b>	<b>Previous Year</b>
Audit fees	275,750	319,870
Tax audit fees	165,450	110,300
VAT Audit fees	82,725	-
Taxation matters	82,725	82,725
Certification fees	330,900	248,175
<b>TOTAL</b>	<b>937,550</b>	<b>761,070</b>

12) Additional Information Pursuant to the provision of paragraph 3 and 4C of Schedule VI of the Companies Act, 1956. (as certified by the Management)

**a) Quantitative Details of Trading Activity**

	<b>Current Year</b>	<b>Previous Year</b>
Opening Stock	-	-
Add: Purchased during the year	19	-
Less: Sold during the year	3	-
Closing Stock	16	-

**b) Other Information**

	<b>Current Year</b>	<b>Previous Year</b>
Value of Imports on CIF basis	NIL	NIL
Expenditure on Foreign Currency	NIL	NIL
Earnings in foreign Currency	NIL	NIL

### 13) Contingent Liabilities

- The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI - an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.
- 14) The Company has invested sum of Rs. 20,000,000/- in Birla Sun Life Fixed Term Plan whose NAV as on the reporting date i.e. 31.03.2011 is Rs. 20,058,800/-. As per the written Management Representation given to the Auditors the same is held for the purpose of long term investment and taking into account Accounting Principle of Prudence and as per Accounting Standard 13-Accounting for Investments same is valued at Cost Price.
  - 15) Share Issue Expense and Preliminary Expenses are amortised over the period of 5 years.
  - 16) As per the information given by the Management, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2011.
  - 17) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.
  - 18) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's Financial Statements on such reconciliation / adjustments.
  - 19) The Company has started projects Arihant Arham on 1<sup>st</sup> October 2009 and hence the figures of the previous years correspond to six months activity of construction only. Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajer**  
Chairman and Managing Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

Sd/-  
**Nimish Shah**  
Whole-time Director

## CASH FLOW STATEMENT FOR THE YEAR 2010-11

(Amount in Rs.)

	2010-11	2009-10
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net Profit Before Tax and Extraordinary Items	<b>108,100,976</b>	19,929,831
Add: <u>Non Cash Items</u>		
Depreciation & Amortisation	<b>1,495,629</b>	260,079
Preliminary Expenses W/off	<b>1,479,080</b>	621,425
Less: <u>Non Operating Incomes</u>		
Dividend Income	-	-
Profit from Investment	<b>(1,011,271)</b>	-
Interest Income	<b>(24,649,019)</b>	(1,543,691)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	<b>85,415,395</b>	19,267,644
(Increase)/ Decrease in Trade & Other Receivable	<b>(516,742,660)</b>	(360,641,359)
Increase/ (Decrease) in Current Laibilities & Provision	<b>111,448,040</b>	206,213,858
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(319,879,224)</b>	(135,159,857)
Less: Tax Paid net of Refunds	<b>(25,000,000)</b>	(5,629,332)
<b>CASH FLOW BEFORE EXTARORDINARY ITEMS</b>	<b>(344,879,224)</b>	(140,789,189)
Extra Ordinary Income / Expenditure	-	-
<b>CASH FLOW AFTER EXTARORDINARY ITEMS (A)</b>	<b>(344,879,224)</b>	(140,789,189)
 <b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
(Purchase of Fixed Assets)	<b>(20,863,030)</b>	(5,409,145)
Sale of Fixed Assets	-	-
(Purchase of Investments)	<b>(21,121,271)</b>	(370,000)
Sale of Investments	-	-
Dividend Income	-	-
Profit from Investment	<b>1,011,271</b>	-
Interest Income	<b>24,649,019</b>	1,543,691
<b>NET CASH USED FOR INVESTING ACTIVITIES (B)</b>	<b>(16,324,011)</b>	(4,235,454)

## CASH FLOW STATEMENT FOR THE YEAR 2010-11

(Amount in Rs.)

	2010-11	2009-10
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Issue of Share Capital	<b>124,999,940</b>	146,910,000
Increase/(Decrease) in Secured Loan	<b>85,916,163</b>	2,450,499
Share Issue expenses	<b>(4,326,494)</b>	(3,057,125)
Proceeds from Share Premium	<b>24,999,992</b>	-
Dividend & Dividend Distribution Tax Paid	<b>(8,732,131)</b>	(145,659)
Increase/(Decrease) in Unsecured Loans	<b>139,176,500</b>	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>362,033,970</b>	146,157,715
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>830,735</b>	1,133,072
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	<b>2,928,373</b>	1,795,301
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	<b>3,759,108</b>	2,928,373
	<b>830,735</b>	1,133,072

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/- <b>Ashok B. Chhajer</b> Chairman and Managing Director	Sd/- <b>Nimish Shah</b> Whole-time Director
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Sd/-  
**Manoj Dhariwal**  
Company Secretary

## Balance Sheet abstract and Company's general business profile

### I Registration Detail

Registration Number	0	2	9	6	4	3						
Balance Sheet Date	3	1	0	3	2	0	1	1	State Code	1	1	

### II Capital Raised during the year (Amount in Thousands)

Public Issue						N	I	L	Right Issue				N	I	L
Bonus Issue						N	I	L	Private Placement	1	2	4	9	9	9

### III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities			5	9	5	7	6	3	Total Assets	5	9	5	7	6	3
<b>Source of fund</b>									<b>Application of funds</b>						
Paid Up Capital			2	7	4	3	9	9	Net Fixed Assets		2	4	5	1	6
Reserve & Surplus				9	2	6	9	1	Investments		2	1	4	9	1
Secured Loans				8	8	3	6	7	Net Current Assets	5	4	4	4	5	3
Unsecured Loans			1	3	9	1	7	6	Accumulated Losses				N	I	L
Diferred Tax Liability				1	1	3	0		Misc. Expenditure			5	3	0	3

### IV Performance of the Company (Amount in Thousands)

Turnover		1	0	7	7	7	2	8	Profit Before Tax	+/-	+	1	0	8	1	0	1
Total Expenditure			9	6	9	6	2	7	Profit After Tax	+		7	3	6	0	1	
Earning per share (in Rs.)				2	.	9	8		Dividend Rate						3	%	

### V Generic Names of Three Principal Products/Services of the Company (as per montery term)

Item Code No(ITC)						N	.	A	.
Product Description						N	.	A	.

#### For Arihant Superstructures Ltd.

Sd/-  
**Ashok B. Chhajer**  
Chairman and Managing Director

Sd/-  
**Nimish Shah**  
Whole-time Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

Place: Navi Mumbai  
Date: 05.05.2011

**Financial Statements with Auditors' Report &  
Director Report of Subsidiary Companies**

## DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting 2<sup>nd</sup> Annual Report for the year ended on 31st March 2011.

### 1. Financial Results:

Particulars	2010-2011 (Standalone)	2009-2010 (Standalone)
Sales and Other Income	261.19	14.18
Profit before interest, depreciation & tax	2.55	13.40
Interest	--	13.18
Depreciation	0.89	--
Profit/ (Loss) before Tax	1.66	0.22
Provision for Tax	(0.31)	(0.07)
Profit/ (Loss) after Tax	1.35	0.15
Prior Period Adjustments and Extraordinary Items	--	--
Profit/(Loss) for the year	1.35	0.15
Add: Balance of Profit and Loss Account	0.15	--
Profit available for Appropriation	1.50	0.15
<i>Less: Appropriation</i>		
Transfer to General Reserve	0.49	--
Proposed Equity Dividend	--	--
Tax on Proposed Equity Dividend	--	--
<b>Balance of profit carried to Balance Sheet</b>	<b>1.01</b>	<b>0.15</b>

### 2. Subsidiary Company:

Arihant Superstructures Limited (ASL) currently holds 60% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 27,43,99,940/- as on the date of this Report.

### 3. Reserves and Dividend:

Your Directors request you to note that no dividend for the year ended on 31st March, 2011, is being recommended, taking into account the profit earned by the Company and Rs. 0.49 lacs is being transferred to the General Reserves.

### 4. Operations:

The Company has registered total income for the year is Rs. 261.19 lacs Compared to Rs. 14.18 of last financial year and Profit after Tax is Rs. 1.35 lacs compared to Rs. 0.15 lacs of last financial year.

### 5. Directors:

As on 31<sup>st</sup> March, 2011, the Board consist four directors namely Mr. Ashok Chhajer, Mr. Abhishek Balar, Mr. Akshay Agarwal and Mr. Lalit Bothra.

In accordance with the requirement of Companies Act, 1956 and Article of Association of the Company Mr. Abhishek Balar and Mr. Lalit Bothra Directors of Company are liable to retire by rotation at the ensuing Annual General Meeting of the Company. And accordingly to this Mr. Abhishek Balar and Mr. Lalit Bothra who are being eligible offers themselves for re-appointment as a Directors of the Company.

**6. Directors' Responsibility Statement:**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2011, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

**7. Fixed Deposit:**

The Company has not invited fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. The same is not applicable to the Company.

**8. Auditors:**

M/s T. N. Gala & Associates, Chartered Accountants, being the Statutory Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting, being eligible offered themselves for re-appointment.

**9 Explanation to Auditors Remarks contained in Auditor's Report:**

The Notes on Accounts referred to in the Auditors' report are self-explanatory and do not required any further comments.

**10. Particulars of Employees:**

During the year under review the Company has no employees drawing the remuneration more than the specified limit prescribed under section 217(2A) of the Companies Act, 1956.

**11. Personnel:**

Your Directors wish to place on record their appreciation for the co-operation and support received from banks and financial institutions, customers, suppliers, members and employees towards the growth and prosperity of your Company and look forward to their continued support.

**12. Accounting Standards and Accounting Policies:**

Your Company has prepared the accounts in consonance with the accounting standards prescribed by ICAI.

**13. Conservation of Energy, Technology Absorption & Foreign Exchange:**

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the **Annexure 'A'** forming part of this report.

**14. Acknowledgements:**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Creditors, Banks, Government Authorities, Customers and Shareholders during the year under review.

**For and on behalf of the Board of Directors**

**Date:** 04<sup>th</sup> May, 2011  
**Place:** Navi Mumbai

**Sd/-**  
**(Ashok B. Chhajer)**  
**Director**

**Sd/-**  
**(Akshay Agarwal)**  
**Director**



## **ANNEXURE 'A'**

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2011

### **1. Conservation of energy:**

Your Company consumes minimum energy and strives to reduce energy consumption in the buildings developed by the Company. Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continue to adhere to all regulatory requirements and guidelines.

### **2. Research and Development:**

The Company has undertaken Research and Development activity in Development of Technology in the area of construction with an aim to construct with optimum cost, while maintaining highest standard of quality in our structures.

### **3. Technological absorption:**

Your Company has not imported any technology during the year. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

### **4. Foreign Exchange Earnings and Outgo:**

There was no foreign exchange earnings and outflow during the period under review.

## **AUDITORS REPORT**

To  
The Shareholders,  
**Arihant Abode Ltd.**

We have audited the attached Balance Sheet of **ARIHANT ABODE LTD.** as on 31<sup>st</sup> March 2011 and also the annexed Profit & Loss Account of the Company for the year ended on that date. 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.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These 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 Statement. 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.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books;
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the Books of Account;
  - d) In our opinion the Balance Sheet and the Profit & Loss Account complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31<sup>st</sup>, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view;
    - i. In the case of Balance Sheet of the State of affairs of the company as at 31<sup>st</sup> March, 2011; and
    - ii. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date.
    - iii. In the case of the Cash flow statement, of the cash flows for the year ended on that date.

**For T N Gala & Associates**  
**Chartered Accountants**  
**FRN - 102951W**

**Sd/-**  
**Talak N. Gala**  
**Proprietor**  
**M. No. 41186**

**Place:** Navi Mumbai  
**Date:** 04.05.2011

**ANNEXURE TO THE AUDITORS' REPORT OF ARIHANT ABODE LIMITED, ON  
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
- b) The Fixed Asset has been physically verified by the Management during the year. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its Assets. No material discrepancies were noticed on such verification.
- c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) The Inventory includes land, incomplete projects (WIP), and construction and development material and development rights in identified land. Physical verification of Inventory (except stocks represented by development rights, confirmations for which have been obtained) have been conducted at reasonable intervals by the Management.
- b) The procedures of physical verification of Inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of Inventory and no material discrepancies were noticed on physical verification.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (a) to (d) of the order are not applicable to the Company.
- b) The Company has taken loans from thirteen Entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding anytime during the period is Rs. 52.91 Crores and year end balance is Rs. 36.37 Crores.
- c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- d) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
4. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the sale of Goods and Services.
5. a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Act have been so entered.
- b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any public deposit in the year of audit.
7. In our opinion and in accordance with the information and explanations provided by the Management, the aggregate of paid-up capital and reserves did not exceed Rupees Fifty lakhs as at 1st April, 2010 nor did the average turnover for the immediately three preceding financial years exceed Rupees Five crores. Hence, no comment on the internal audit system is required.
8. According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. a) Undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

- b) There are no amounts in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to a Financial Institution or a Bank or Debenture holders during the year.
- 12 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, the provisions of clause 4 (xii) of the Order are not applicable.
- 13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/ Society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- 15 The Company has not obtained loans from Banks or Financial Institutions. Accordingly the provisions of clause 4 (xv) of the order is not applicable.
- 16 Company has not obtained any Term Loans during the year.
- 17 On the Overall examination of the Balance Sheet, in our opinion no funds raised on short-term basis have been used for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- 19 No debentures have been issued during the year. Accordingly the provisions of clause 4 (xix) of the order is not applicable.
- 20 The Company has not raised any money through the public issue during the year.
- 21 No fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For T N Gala & Associates**  
**Chartered Accountants**  
**FRN - 102951W**

**Sd/-**  
**Talak N. Gala**  
**Proprietor**  
**M. No. 41186**

**Place:** Navi Mumbai  
**Date:** 04.05.2011

**BALANCE SHEET AS AT 31.03.2011**

(Amount in Rs.)

	Sch No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<u>Shareholders Funds</u>			
Share Capital	I	500,000	500,000
Reserve & Surplus	II	101,397	15,141
<u>Loans Funds</u>			
Unsecured Loans	III	363,734,315	-
Deferred Tax Liabilities		48,586	-
<b>TOTAL</b>		<b>364,384,298</b>	<b>515,141</b>
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block	IV	1,821,069	-
Less: Depreciation		(89,149)	-
Net Block		1,731,920	-
Investments		-	-
Current Assets, Loans & Advances	V	369,273,518	236,850,027
Less: Current Liabilities & Provisions	VI	6,644,558	236,366,110
Net Current Assets		362,628,960	483,917
<u>Miscellaneous Expenditure</u>			
(to the extent not written off)			
Preliminary Expenses		23,418	31,224
		23,418	31,224
<b>TOTAL</b>		<b>364,384,298</b>	<b>515,141</b>
Significant Accounting Policies & Notes to Accounts	IX		

**As Per Report of Even Date**  
**For T N Gala & Associates**  
 Chartered Accountants  
 FRN - 102951W

Sd/-  
**Talak N. Gala**  
 Proprietor  
 M.No. 41186

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
 Director

Sd/-  
**Akshay Agarwal**  
 Director

Place: Navi Mumbai  
 Date: 04.05.2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

(Amount in Rs.)

	Sch. No.	Year ended 31.03.2011	Year ended 31.03.2010
<b>INCOME</b>			
Increase In WIP		<b>25,195,420</b>	-
Other Income	VII	<b>923,206</b>	1,417,911
		<u><b>26,118,626</b></u>	<u>1,417,911</u>
<b>EXPENDITURE</b>			
Direct Expenses		<b>13,162,838</b>	-
Indirect Expenses	VIII	<b>12,693,303</b>	1,388,193
Depreciation		<b>89,149</b>	-
Preliminary Expenses Written Off		<b>7,806</b>	7,806
		<u><b>25,953,096</b></u>	<u>1,395,999</u>
Net Profit Before Tax/(Loss)		<b>165,530</b>	21,912
Less: Provision For Taxation		<b>(30,689)</b>	(6,771)
Net Profit/(Loss) after Tax		<b>134,841</b>	15,141
Add: Excess Provision for Tax for last year		<b>1</b>	-
Add/Less: Brought forward /(Loss)		<b>15,141</b>	-
Less: Deferred Tax Liability		<b>(48,586)</b>	-
Net Profit carried over to balancesheet		<u><b>101,397</b></u>	<u>15,141</u>
Basic Earning Per Share of Rs. 10/- each		<b>2.70</b>	0.30
Significant Accounting Policies & Notes to Accounts	IX		

**As Per Report of Even Date**  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajjer**  
Director

Sd/-  
**Akshay Agarwal**  
Director

**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amount in Rs.)

As at 31.03.2011 As at 31.03.2010

**Schedule - I**
**SHARE CAPITAL**
Authorised

 50,000 Equity Shares of Rs.10/- Each 500,000 500,000
Issued Subscribed & Paid Up

 50,000 Equity Share Of Rs. 10/- Each Fully Paid 500,000 500,000
**Total** 500,000 500,000
**Schedule - II**
**RESERVES & SURPLUS**

Profit &amp; Loss Account

101,397 -
**Total** 101,397 -
**Schedule - III**
**UNSECURED LOANS**

From Directors

63,070,107 -

From Others

300,664,208 -
**Total** 363,734,315 -
**Schedule - IV**
**FIXED ASSETS AS PER COMPANIES ACT, 1956**

Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		01/04/2010	Additions	Deletion	As on 31/03/2010	As on 01/04/2010	Provided For the Year	As on 31/03/2011	As on 01/04/2010	As on 31/03/2011
Furniture & Fixtures	6.33%	-	1,288,689	3,136	1,285,553	-	66,989	66,989	-	1,218,564
Office Equipment	4.75%	-	535,516	-	535,516	-	22,160	22,160	-	513,356
<b>Total</b>		-	1,824,205	3,136	1,821,069	-	89,149	89,149	-	1,731,920

**Schedule - V**
**CURRENT ASSETS & LOAN ADVANCES**
**(A) Current Assets**

 Consultancy Receivable - 225,000

 Advance Tax & TDS 458,190 103,960

 Closing Stock 25,195,420 -

 Cash in Hand 524,335 55,467

 Cash in Bank(with scheduled banks) 522,956 9,856,311
**(A)** 26,700,901 10,240,738
**(B) Deposits**

 F.D. with Federal Bank Ltd (Including Acc. Interest) 5,628,025 221,409,289

 R.D. A/c. 1,349,700 100,000
**(B)** 6,977,725 221,509,289

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>(C) Loan &amp; Advances</b>		
Income Tax Refund	97,190	-
Phalsphe Land Advance	321,294,852	5,100,000
Prepaid Consultancy	500,000	-
Advance for Land	13,702,850	-
	<b>(C) 335,594,892</b>	5,100,000
<b>Total (A+B+C)</b>	<b>369,273,518</b>	236,850,027

**Schedule - VI**

**CURRENT LIABILITIES & PROVISIONS**

**(A) Current Liabilities**

Sundry Creditors	3,722,336	-
Salary Payable	6,835	-
Audit Fees Payable	64,525	11,030
TDS Payable	871,423	112,267
Retention	3,750	-
Advance Bookings Received	1,945,000	236,236,042
	<b>(A) 6,613,869</b>	236,359,339

**(B) Provisions**

Provision for Tax	30,689	6,771
	<b>(B) 30,689</b>	6,771
<b>Total (A+B)</b>	<b>6,644,558</b>	236,366,110



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**

(Amount in Rs.)

	2010-11	2009-10
<b>Schedule -VII</b>		
<b>OTHER INCOME</b>		
Consultancy Fees	-	250,000
Brokerage Income	<b>240,000</b>	-
Interest Income	<b>683,206</b>	1,167,911
<b>Total</b>	<b>923,206</b>	<b>1,417,911</b>
<b>Schedule - VIII</b>		
<b>INDIRECT EXPENSES</b>		
<b>Administration Expenses</b>		
Advertisement Expenses	-	15,882
Legal Exp.	<b>150,816</b>	15,090
Professional Fees	<b>146,514</b>	20,000
Rent Rates & Taxes	<b>1,944,570</b>	-
Compensation	<b>9,005,877</b>	-
ROC Fees	-	1,800
Miscellaneous Expenses	<b>6,140</b>	5,913
Computer Expenses & Peripherals	<b>6,120</b>	-
Conveyance	<b>34,990</b>	-
Electricity Expenses	<b>109,220</b>	-
General Expenses	<b>16,283</b>	-
Postage & Courier Expenses	<b>35</b>	-
Printing & Stationery Expenses	<b>15,369</b>	-
Software Expenses	<b>19,000</b>	-
Telephone Expenses	<b>1,600</b>	-
Audit Fees	<b>71,695</b>	11,030
Stamping & Franking Charges	<b>300</b>	200
	<b>(A) 11,528,529</b>	<b>69,915</b>
<b>Financial Expenses</b>		
Bank Charges	<b>17,158</b>	267
Interest Expenses	-	1,318,011
Interest on TDS	<b>877</b>	-
	<b>(B) 18,035</b>	<b>1,318,278</b>
<b>Personal Expenses</b>		
Salary	<b>307,180</b>	-
Staff Welfare	<b>64,059</b>	-
	<b>(C) 371,239</b>	-
<b>Selling &amp; Distribution Expenses</b>		
Exhibition	<b>775,500</b>	-
	<b>(D) 775,500</b>	-
<b>Total (A+B+C+D)</b>	<b>12,693,303</b>	<b>1,388,193</b>

## **SCHEDULE FORMING PART OF ACCOUNTS**

### **Schedule - IX**

#### **SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

1 M/s. Arihant Abode Limited has been incorporated as a company vide Reg. No. 197090 under Companies Act, 1956 w.e.f 17th November, 2009. M/s Arihant Abode Ltd, a Public Limited Company, is engaged primarily in the business of Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

#### **2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :**

##### **a) System Of Accounting :**

The Financial Statements are prepared on accrual basis and are in accordance with the Companies Act, 1956. The Assets and Liabilities are Recorded at their Historical Cost.

##### **b) Use of Estimates :**

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of financial statements and the result of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

##### **c) Fixed Assets & Depreciation :**

All Fixed Assets are stated at Cost of acquisition and subsequent improvement thereto including taxes, duties and other incidental expenses related to the cost of acquisition, preoperative expenses being apportioned on the proportionate basis for the fixed assets. Depreciation on Fixed Assets has been provided on Straight Line Method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

##### **d) Investments :**

Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary. Current investments are valued at lower of cost or market value determined on an individual investment basis.

##### **e) Sales :**

Sales are recognised on passing of property in goods that is delivery as per terms of Sales.

##### **f) Revenue Recognition :**

The Company recognizes Sale of Products when all risk & rewards are transferred to the Purchaser. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists. Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

**g)** Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

**h)** None of the Employees has reached minimum length of services hence no provisions for gratuity is being made.

3 Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference

affecting the current year's financial statements on such reconciliation / adjustments

#### 4 SUPPLEMENTRY INFORMATION.

##### Payment To Auditors

	31.03.2011	31.03.2010
Statutory Audit Fees	44,120	11,030
Tax Audit Fees	27,575	-
Professional & Certification Fees	68,938	-
	140,633	11,030

5 There were no contingent liabilities as on 31.03.2011

6 Since the information regarding The Small Scale and Ancillary Undertakings is not available in respect of sundry creditors, the amount due to Small Scale and Ancillary cannot be shown separately.

#### 7 RELATED PARTY DISCLOSURE:

Where Key Management Personnel (KMP) of the company are interested

Sr	Name Of Related Party	Relationship
1	Arihant Superstructures Ltd	Holding Company
2	Ashok B Chhajer	Director / KMP
3	Lalitkumar P Bothra	Director / KMP
4	Akshay Agrawal	Director / KMP
5	Abhishek Balar	Director / KMP

#### Transactions During The Year

Name of Party	Relationship	Nature Of Transaction	Amount Involved	O/S Balance
Arihant Superstructures Ltd	Holding Company	Interest	15,190,635	147,962,665
Ashok B. Chhajer	Director / KMP	Interest	4,182,689	18,178,142
Lalitkumar P Bothra	Director / KMP	Interest	1,070,391	10,107,034
Akshay Agarwal	Director / KMP	Interest	3,162,368	34,784,931
Balar Industries Pvt Ltd	Relative of KMP has Significant Influence on the party concerned	Interest	197,918	3,678,126
Jagprem Chemicals	Relative of KMP has Significant Influence on the party concerned	Interest	700,077	12,869,714
Marnite Enterprises Pvt Ltd	KMP has Significant Influence on the party concerned	Interest	134,768	2,403,710
Marnite Shoppe Pvt Ltd	KMP has Significant Influence on the party concerned	Interest	1,217,954	21,717,525
Marnite Steel Pvt Ltd	KMP has Significant Influence on the party concerned	Interest	683,115	12,246,852
Tulsiguru Textile Pvt Ltd	Relative of KMP has Significant Influence on the party concerned	Interest	359,013	6,451,824
Vivek Textech Pvt Ltd	Relative of KMP has Significant Influence on the party concerned	Interest	436,800	7,939,360
Pragya Textiles Pvt Ltd	Relative of KMP has Significant Influence on the party concerned	Interest	160,636	10,944,572

Shree Bhairavnath Garment Pvt Ltd	Relative of KMP has Significant Influence on the party concerned	Interest	388,734	74,449,860
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**8 EARNING PER SHARE :**

	Current Year
Basic & Diluted Earning Per Share (Rs.)	2.70
Numerator - Profit After Taxation	134841
Denominator - O/S Weighted Avg No. of Shares	50000
Nominal Value Per Share (Rs)	10

- 9 Since the Company's Operation falls under single segment namely "Construction and Real Estate Development", there is no need for Segment Wise Result as required under AS 17 issued by ICAI.

**As Per Report of Even Date  
For T N Gala & Associates**

Chartered Accountants  
FRN - 102951W

Sd/-

**Talak N. Gala**

Proprietor  
M.No. 41186

Place: Navi Mumbai

Date: 04.05.2011

**For & on behalf of the Board**

Sd/-

**Ashok Chhajer**

Director

Sd/-

**Akshay Agarwal**

Director

**CASH FLOW STATEMENT FOR THE YEAR 2010 - 11**

(Amount in Rs.)

	2010 - 11	2009 - 10
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net Profit Before Tax and Extraordinary Items	165,530	21,912
Add: <u>Non Cash Items</u>		
Depreciation	89,149	-
Preliminary Expenses W/off	7,806	7,806
<u>Non Operating Expenses</u>		
(Profit)/ Loss on Sale of Fixed Assets	-	-
(Profit)/ Loss on Investments	-	-
Less: <u>Non Operating Incomes</u>	-	-
Dividend Income	-	-
Interest Income	(683,206)	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>(420,721)</b>	29,718
(Increase)/ Decrease in Trade & Other Receivable	(141,287,978)	(226,938,249)
Increase/ (Decrease) in Current Laibilities & Provision	(229,752,240)	236,359,339
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(371,460,939)</b>	9,450,808
Less: Tax Paid net of Refunds	-	-
<b>CASH FLOW BEFORE EXTARORDINARY ITEMS</b>	<b>(371,460,939)</b>	9,450,808
<u>Extra Ordinary Items / Adjustments</u>		
Extra Ordinary Expenditure	-	(39,030)
<b>CASH FLOW AFTER EXTARORDINARY ITEMS (A)</b>	<b>(371,460,939)</b>	9,411,778
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
(Purchase of Fixed Assets)	(1,824,205)	-
Sale of Fixed Assets	3,136	-
(Purchase of Investments)	-	-
Sale of Investments	-	-
Dividend Income	-	-
Interest Income	683,206	-
<b>NET CASH USED FOR INVESTING ACTIVITIES (B)</b>	<b>(1,137,863)</b>	-
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Issue of Share Capital	-	500,000
Increase/(Decrease) in Secured Loan	-	-
Dividend & Dividend Distribution Tax Paid	-	-
Increase/(Decrease) in Unsecured Loans	363,734,315	-
Decrease/(Increase) in Loans & Advances	-	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>363,734,315</b>	500,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(8,864,487)</b>	9,911,778
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	9,911,778	-
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>1,047,291</b>	9,911,778
	<b>(8,864,487)</b>	9,911,778

As Per Report of Even Date

For T N Gala &amp; Associates

Chartered Accountants

FRN - 102951W

Sd/-

**Talak N. Gala**

Proprietor

M.No. 41186

Place: Navi Mumbai

Date: 04.05.2011

For &amp; on behalf of the Board

Sd/-

**Ashok Chhajjer**

Director

Sd/-

**Akshay Agarwal**

Director

## Balance Sheet abstract and Company's general business profile

### I Registration Detail

Registration Number	1	9	7	0	9	0						
Balance Sheet Date	3	1	0	3	2	0	1	1	State Code	1	1	

### II Capital Raised during the year (Amount in Thousands)

Public Issue						N	I	L	Right Issue				N	I	L
Bonus Issue						N	I	L	Private Placement				N	I	L

### III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities			3	6	4	3	8	4	Total Assets	3	6	4	3	8	4
<b>Source of fund</b>									<b>Application of funds</b>						
Paid Up Capital						5	0	0	Net Fixed Assets			1	7	3	2
Reserve & Surplus						1	0	1	Investments				N	I	L
Secured Loans						N	I	L	Net Current Assets	3	6	2	6	2	9
Unsecured Loans			3	6	3	7	3	4	Accumulated Losses				N	I	L
Diferred Tax Liability						4	9		Misc. Expenditure					2	3

### IV Performance of the Company (Amount in Thousands)

Turnover			2	6	1	1	9	Profit Before Tax	+				1	6	6
Total Expenditure			2	5	9	5	3	Profit After Tax	+				1	3	5
Earning per share (in Rs.)			2	.	7	0	Dividend Rate					N	I	L	

### V Generic Names of Three Principal Products/Services of the Company (as per montery term)

Item Code No(ITC)						N	.	A	.
Product Description						N	.	A	.

### For & on behalf of the Board

Sd/-  
**Ashok Chhajjer**  
Director

Sd/-  
**Akshay Agarwal**  
Director

Place: Navi Mumbai  
Date: 04.05.2011

## DIRECTOR'S REPORT

To  
The Members,

Your Directors have pleasure in presenting Annual Report for the year ended on 31st March 2011.

### 1. Financial Results:

(Rs. In Lacs)

Particulars	2010-2011 (Standalone)	2009-2010 (Standalone)
Sales and Other Income	151.80	71.43
Profit before interest, depreciation & tax	0.22	6.20
Interest	--	6.04
Depreciation	0.08	--
Profit/ (Loss) before Tax	0.14	0.16
Provision for Tax	(0.03)	(0.05)
Profit/ (Loss) after Tax	0.11	0.11
Prior Period Adjustments and Extraordinary Items	--	--
Profit/(Loss) for the year	0.11	0.11
Add: Balance of Profit and Loss Account	0.14	0.03
Profit available for Appropriation	0.25	0.14
<u>Less: Appropriation</u>		
Transfer to General Reserve	0.01	--
Proposed Equity Dividend	--	--
Tax on Proposed Equity Dividend	--	--
<b>Balance of profit carried to Balance Sheet</b>	<b>0.24</b>	<b>0.14</b>

### 2. Subsidiary Company:

Arihant Superstructures Limited (ASL) currently holds 60% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 27,43,99,940/- as on the date of this Report.

### 3. Reserves and Dividend:

Your Directors request you to note that no dividend for the year ended on 31st March, 2011, is being recommended, taking into account the profit earned by the Company and Rs. 0.01 lacs is being transferred to the General Reserves.

### 4. Operations:

During the year under review, your Company has registered total income of Rs. 151.80 lacs against Rs. 71.43 lacs in the previous year reflecting the upward trend of 112.52% and Profit after tax has been Rs. 10,977 in comparison of previous Rs. 11,113/-

### 5. Directors:

As on 31st March 2011 Board comprises three directors namely Mr. Ashok Chhajjer, Mr. Sangeeta Chhajjer and Mr. Akshay Agarwal.

As per the provisions of Section 255 the Companies Act, 1956 Mr. Ashok Chhajjer, Director of your Company, is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**6. Directors' Responsibility Statement:**

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2011, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

**7. Fixed Deposit:**

The Company has not invited fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. The same is not applicable to the Company.

**8. Auditors:**

M/s T. N. Gala & Associates, Chartered Accountants, being the Statutory Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting, being eligible offered themselves for re-appointment.

**9. Explanation to Auditors Remarks contained in Auditor's Report:**

The Notes on Accounts referred to in the Auditors' report are self-explanatory and do not required any further comments.

**10. Particulars of Employees:**

The Company has no employees drawing the remuneration more than the specified limit prescribed under section 217(2A) of the Companies Act, 1956 during the year under review.

**11. Accounting Standards and Financial Statements:**

Your Company has prepared the accounts in consonance with the accounting standards prescribed by ICAI.

**12. Conservation of Energy, Technology Absorption & Foreign Exchange:**

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the Annexure 'A' forming part of this report.

**13. Acknowledgements:**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Creditors, Banks, Government Authorities, Customers and Shareholders during the year under review.

**For and on behalf of the Board of Directors**

**Date:** 04<sup>th</sup> May, 2011  
**Place:** Navi Mumbai

Sd/-  
**(Ashok B. Chhajer)**  
Director

Sd/-  
**(Sangeeta Chhajer)**  
Director



## **ANNEXURE- A**

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2011

### **1. Conservation of energy:**

Your Company consumes minimum energy and strives to reduce energy consumption in the buildings developed by the Company. Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continue to adhere to all regulatory requirements and guidelines.

### **2. Research and Development:**

The Company has undertaken Research and Development activity in Development of Technology in the area of construction with an aim to construct with optimum cost, while maintaining highest standard of quality in our structures.

### **3. Technological absorption:**

Your Company has not imported any technology. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

### **4. Foreign Exchange Earnings and Outgo:**

There was no foreign exchange earnings and outflow during the period under review.

## **AUDITORS REPORT**

To  
The Shareholders,  
**Arihant Vatika Realty Pvt Ltd.**

We have audited the attached Balance Sheet of **Arihant Vatika Realty Pvt Ltd.** as on 31<sup>st</sup> March 2011 and also the annexed Profit & Loss Account of the Company for the year ended on that date. 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.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain responsible 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 Statement. 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 responsible basis for our opinion.

1. The Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books.
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the Books of Accounts
  - d) In our opinion the Balance Sheet and the Profit & Loss Account complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31<sup>st</sup>, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:-
    - a. In the case of Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
    - b. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date; and,
    - c. In the case of the Cash flow statement, of the Cash Flows for the year ended on that date.

For **T N Gala & Associates**  
Chartered Accountants  
FRN: 102951W

Sd/-  
**Talak N Gala**  
Proprietor  
MRN: 41186

Place: Navi Mumbai  
Date: 04.05.2011

**BALANCE SHEET FOR THE YEAR ENDED 31.03.2011**

(Amount in Rs.)

	SCH No.	As at 31.03.2011	As at 31.03.2010
<b><u>SOURCES OF FUNDS</u></b>			
<u>Shareholders Funds</u>			
Share Capital	I	100,000	100,000
Reserve & Surplus	II	23,500	13,980
<u>Loans Funds</u>			
Unsecured Loans	III	44,947,945	4,813,611
<u>Deferred Tax</u>			
Deferred Tax Liability		1,457	-
<b>TOTAL</b>		<b>45,072,902</b>	<b>4,927,591</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<u>Fixed Assets</u>			
Gross Block	IV	85,720	98,200
Less: Depreciation		(8,144)	-
Net Block		77,576	98,200
Investments		-	-
<u>Current Assets, Loans &amp; Advances</u>			
Less: Current Liabilities & Provision	VI	(190,050)	(21,129,121)
Net Current Assets		44,979,446	4,805,571
<u>Miscellaneous Expenditure</u> (to the extent not written off)			
Preliminary Expenses		15,880	23,820
		15,880	23,820
<b>TOTAL</b>		<b>45,072,902</b>	<b>4,927,591</b>
<b>Significant Accounting Policies &amp; Notes to Accounts</b>	VIII		

**As Per Report of Even Date**  
**For T N Gala & Associates**  
 Chartered Accountants  
 FRN - 102951W

Sd/-  
**Talak N. Gala**  
 Proprietor  
 M.No. 41186

Place: Navi Mumbai  
 Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
 Director

Sd/-  
**Sangeeta Chhajer**  
 Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

(Amount in Rs.)

	Sch No.	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME</b>			
Sale & Operating Income		–	7,142,500
WIP		<b>15,119,944</b>	–
Other Income		<b>60,181</b>	–
		<b>15,180,125</b>	<b>7,142,500</b>
<b>EXPENDITURE</b>			
Direct Expenses		<b>14,764,350</b>	4,676,435
Indirect Expenses	VII	<b>385,911</b>	2,442,042
Depriciation		<b>8,144</b>	–
Preliminary Expenses Written Off		<b>7,940</b>	7,940
		<b>15,166,345</b>	<b>7,126,417</b>
Net Profit Before Tax/(Loss)		<b>13,780</b>	16,083
Less: Provision For Taxation		<b>(2,803)</b>	(4,970)
Net Profit/(Loss) after Tax		<b>10,977</b>	11,113
Add/Less: Brought forward /(Loss)		<b>13,980</b>	2,867
Less: Deffered Tax Liability		<b>(1,457)</b>	–
Net Profit carried over to balancesheet		<b>23,500</b>	13,980
Basic Earning Per Share of Rs. 10/ – each		<b>1.10</b>	1.11
Significant Accountig Policies & Notes to Accounts	VIII		

**As Per Report of Even Date**  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director

**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule – I</b>		
<b><u>SHARE CAPITAL</u></b>		
Authorised		
1,00,000 Equity Shares of Rs.10/ – Each	1,000,000	1,000,000
Issued, Subscribed & Paid Up		
10,000 Equity Share Of Rs. 10/ – Each Fully Paid	100,000	100,000
Total	<u>100,000</u>	<u>100,000</u>
<b>Schedule – II</b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Profit & Loss Account	23,500	13,980
Total	<u>23,500</u>	<u>13,980</u>
<b>Schedule – III</b>		
<b><u>UNSECURED LOANS</u></b>		
Abhishek Balar	800,000	–
Akshay Agarwal	7,564,356	–
Arihant Superstructures Ltd	20,945,913	–
Ashok B Chhajer	8,170,755	2,601,836
Sangeeta Chhajer	2,450,647	2,211,775
Shree Bhairavnath Garment Pvt Ltd	5,016,274	–
Total	<u>44,947,945</u>	<u>4,813,611</u>

**Schedule - IV FIXED ASSETS AS PER COMPANIES ACT, 1956**

Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As on 01/04/2010	Additions	Deductions	As on 31/03/2011	As on 01/04/2010	Provided During the Year	As on 31/03/2011	AS ON 31/03/2011	AS ON 31/03/2010
Bike	9.50%	85,720	-	-	85,720	-	8,144	8,144	77,576	85,720
Total		85,720	-	-	85,720	-	8,144	8,144	77,576	85,720
Previous Year		-	-	-	98,200	-	-	-	98,200	-

	As at 31.03.2011	As at 31.03.2010
<b>Schedule – V</b>		
<b><u>CURRENT ASSETS &amp; LOAN ADVANCES</u></b>		
TDS & Advance Tax	6,000	2,089
Land Cost	28,672,320	25,854,330
Prepaid Expenses	–	5,239
Dimensions Architects Pvt Ltd	250,000	–
WIP	15,119,944	–
Cash in Hand	155,585	51,430
Cash in Bank(with scheduled banks)	965,647	21,604
Total	<u>45,169,496</u>	<u>25,934,692</u>

<b>Schedule – VI</b>		
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
(A) Current Liabilities		
Sundry Creditors	6,465	21,024,850
	<u>6,465</u>	<u>21,024,850</u>
(B) Provisions		
Provision for Tax	2,803	4,970
Audit Fees Payable	62,044	35,847
TDS Payable	118,738	63,454
	<u>183,585</u>	<u>104,271</u>
Total	<u>190,050</u>	<u>21,129,121</u>

**SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT**

	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>Schedule – VII</b>		
<b><u>INDIRECT EXPENSES</u></b>		
<u>Administrative Expenses</u>		
Conveyance	2,400	66,785
Domain Registration	–	4,475
Vehicle Expenses	4,352	–
General Expenses	2,720	51,428
Legal Expenses	300	800
Postage & Courier	–	2,635
Professional Fees	104,969	331,300
Printing & Stationery	200	541,025
Rent	–	8,500
ROC Fees	2,100	1,200
Audit Fees	44,120	38,605
Stamping & Franking Charges	2,660	8,820
Total	<u>163,821</u>	<u>1,055,573</u>
<u>Financial Expenses</u>		
Bank Charges	1,911	761
Interest Expenses	–	603,973
Total	<u>1,911</u>	<u>604,734</u>
<u>Employees Expenses</u>		
Salary	214,940	524,830
Staff Welfare Expenses	–	38,780
Total	<u>214,940</u>	<u>563,610</u>
<u>Selling &amp; Distribution Expenses</u>		
Advertisement	5,239	218,125
Total	<u>5,239</u>	<u>218,125</u>
<b>Total</b>	<b><u>385,911</u></b>	<b><u>2,442,042</u></b>

**SCHEDULE FORMING PART OF ACCOUNTS**

**SCHEDULE – VIII**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

A) System Of Accounting:

The Financial Statements are prepared on accrual basis and are in accordance with the Companies Act, 1956. The Assets and Liabilities are Recorded at their Historical Cost.

B) Use of Estimates:

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of financial statements and the result of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

C) Fixed Assets & Depreciation:

All Fixed Assets are stated at Cost of acquisition and subsequent improvement thereto including taxes, duties and other incidental expenses related to the cost of acquisition, preoperative expenses being apportioned on the proportionate basis for the fixed assets.

D) Investments:

The Company does not have any Investments.

E) Sales:

Sales are recognised on passing of property in goods that is delivery as per terms of Sales.

F) Revenue Recognition:

The Company recognizes Sale of Products when all risk & rewards are transferred to the Purchaser Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

G) Provision for Taxation has been made in accordance with Income Tax Laws prevailing for the relevant Assessment Year.

H) None of the Employees has reached minimum length of services hence no provisions for gratuity is being made.

2 Debtors & Creditors are subject to Confirmation & Consequent Reconciliation, If any.

3 In the opinion of the Board of Directors, Current Assets, Loans and Advances are considered to be realisable in the normal course of business.

4 SUPPLEMENTRY INFORMATION:

A)		Current Year	Previous Year
	Payment To Auditors		
	Audit Fees	44,120	38,605
	Total	44,120	38,605

5 CONTINGENT LIABILITIES NOT PROVIDED FOR:

There were no contingent liabilities as on 31.03.2011

6 Since the information regarding The Small Scale and Ancillary Undertakings is not available in respect of sundry creditors, the amount due to Small Scale and Ancillary cannot be shown separately.



7 RELATED PARTY DISCLOSURE:

Where Key Management Personnel of the company are interested

Name Of Related Party	Relationship
Arihant Universal Realty Pvt. Ltd.	Sister Concern
Ashok B. Chhajer	Director / Key Management Personnel
Sangeeta B. Chhajer	Director
Akshay Agarwal	Director / Key Management Personnel

Transactions During The Year

Name of Party	Relationship	Nature Of Transaction	Amount Involved	O/S Balance
Ashok Chhajer	Director / KMP	Interest	288077	8170755
Akshay Agarwal	Director / KMP	Interest	71507	7564356
Sangeeta Chhajer	Director	Interest	131617	2450647
Arihant Superstructures Ltd	Holding Company	Interest	1528867	20945913

8 EARNING PER SHARE:

Particulars	Current Year
Basic & Diluted Earning Per Share (Rs.)	1.10
Numerator - Profit After Taxation	10977
Denominator - O/S Weighted Avg No. of Shares	10000
Nominal Value Per Share (Rs)	10

- 9 Since the Company's Operation falls under single segment namely "Construction and Real Estate Development", there is no need for Segment Wise Result as required under AS 17 issued by ICAI.
- 10 Figures of the Previous Year are regrouped or rearranged whenever necessary.

**As Per Report of Even Date**

**For T N Gala & Associates**

Chartered Accountants

FRN - 102951W

Sd/-

**Talak N. Gala**

Proprietor

M.No. 41186

Place: Navi Mumbai

Date: 04.05.2011

**For & on behalf of the Board**

Sd/-

**Ashok Chhajer**

Director

Sd/-

**Sangeeta Chhajer**

Director

## CASH FLOW STATEMENT FOR THE YEAR 2010 - 11

	2010 – 11	2009 – 10
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Net Profit Before Tax and Extraordinary Items	13,780	16,083
Add: Non Cash Items		
Depreciation	8,144	–
Preliminary Expenses W/off	7,940	7,940
Less: Non Operating Incomes		
Dividend Income	–	–
Interest Income	(60,181)	–
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<b>(30,317)</b>	24,023
(Increase)/ Decrease in Trade & Other Receivable	(18,186,606)	(23,878,759)
Increase/ (Decrease) in Current Laibilities & Provision	(20,941,874)	21,096,651
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(39,158,797)</b>	(2,758,085)
Less: Tax Paid net of Refunds	–	–
<b>CASH FLOW BEFORE EXTARORDINARY ITEMS</b>	<b>(39,158,797)</b>	(2,758,085)
Extra Ordinary Items / Adjustments		
Extra Ordinary Expenditure	–	–
<b>CASH FLOW AFTER EXTARORDINARY ITEMS (A)</b>	<b>(39,158,797)</b>	(2,758,085)
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
(Purchase of Fixed Assets)	–	(98,200)
Sale of Fixed Assets	12,480	–
(Purchase of Investments)	–	–
Sale of Investments	–	–
Dividend Income	–	–
Interest Income	60,181	–
<b>NET CASH USED FOR INVESTING ACTIVITIES (B)</b>	<b>72,661</b>	(98,200)
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Issue of Share Capital	–	–
Increase/(Decrease) in Secured Loan	–	–
Dividend & Dividend Distribution Tax Paid	–	–
Increase/(Decrease) in Unsecured Loans	40,134,334	2,705,601
Decrease/(Increase) in Loans & Advances	–	–
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>40,134,334</b>	2,705,601
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,048,198</b>	(150,684)
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>73,034</b>	223,718
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>1,121,232</b>	73,034
	<b>1,048,198</b>	(150,684)

**As Per Report of Even Date**  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director

## Balance Sheet abstract and Company's general business profile

### I Registration Detail

Registration Number	1	8	7	7	3	2						
Balance Sheet Date	3	1	0	3	2	0	1	1	State Code	1	1	

### II Capital Raised during the year (Amount in Thousands)

Public Issue						N	I	L	Right Issue				N	I	L
Bonus Issue						N	I	L	Private Placement				N	I	L

### III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities				4	5	0	7	3	Total Assets		4	5	0	7	3
-------------------	--	--	--	---	---	---	---	---	--------------	--	---	---	---	---	---

#### Source of fund

Paid Up Capital						1	0	0
Reserve & Surplus							2	4
Secured Loans						N	I	L
Unsecured Loans				4	4	9	4	8
Diferred Tax Liability								1

#### Application of funds

Net Fixed Assets							7	8
Investments						N	I	L
Net Current Assets		4	4	9	7	9		
Accumulated Losses						N	I	L
Misc. Expenditure							1	6

### IV Performance of the Company (Amount in Thousands)

Turnover				1	5	1	8	0	Profit Before Tax	+/-	+				1	4
Total Expenditure				1	5	1	6	6	Profit After Tax	+					1	1
Earning per share (in Rs.)					1	.	1	0	Dividend Rate					N	I	L

### V Generic Names of Three Principal Products/Services of the Company (as per monetary term)

Item Code No(ITC)						N	.	A	.
Product Description						N	.	A	.

For & on behalf of the Board

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director

Place: Navi Mumbai  
Date: 04.05.2011

## DIRECTOR'S REPORT

To  
The Members,  
Your Directors have pleasure in presenting Annual Report for the year ended on 31st March 2011.

### 1. Financial Results:

Particulars	2010-2011 (Standalone)	2009-2010 (Standalone)
Sales and Other Income	0.49	0.29
Profit before interest, depreciation & tax	0.36	0.11
Interest	0.20	--
Depreciation	0.02	0.04
Profit/ (Loss) before Tax	0.14	0.07
Provision for Tax	(0.04)	(0.03)
Profit/ (Loss) after Tax	0.10	0.04
Prior Period Adjustments and Extraordinary Items	--	--
Profit/(Loss) for the year	0.10	0.04
Add: Balance of Profit and Loss Account	0.05	0.01
Profit available for Appropriation	0.15	0.05
Less: Appropriation		
Transfer to General Reserve	--	--
Proposed Equity Dividend	--	--
Tax on Proposed Equity Dividend	--	--
<b>Balance of profit carried to Balance Sheet</b>	<b>0.15</b>	0.05

### 2. Subsidiary Company:

During the period under review, the Company changed its status into a Subsidiary of Arihant Superstructures Limited (ASL). ASL currently holds 100% of the Paid up Share Capital of the Company. ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 27,43,99,940/- as on the date of this Report.

On account of the change in the Shareholding, the Company shall now be classified as a Private Limited Company, being a Subsidiary of a Public Limited Company. Although there are no changes in the composition of the Board of Directors, on account of the change in the status of the Company, this change has resulted in better disclosures and more transparency in the working of the Company. This change in status of the Company is beneficial to the interests of the Company, in the long run.

### 3. Reserves and Dividend:

Your Directors request you to note that no amount is being transferred to the Reserves and no dividend for the year ended on 31st March, 2011, is being recommended, taking into account the profit earned by the Company

### 4. Operations:

During the year under review, your Company has registered total income of Rs. 48,974/- in comparison of Rs. 28,928/- of last financial year and Profit after tax Rs.9,817/- in comparison of Rs. 4,064/- of last financial year

### 5. Directors:

As on date of this Report Board of Directors consists two directors namely Mr. Ashok Chhajjer and Mr. Sangeeta Chhajjer.

Since your Company has become the Subsidiary of Public Limited Company from this year onwards, accordingly to the provisions of the Companies Act, 1956 Mr. Ashok Chhajjer Director of your company is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

## 6. Directors' Responsibility Statement:

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2011, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

## 7. Fixed Deposit:

The Company has not invited fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. The same is not applicable to the Company.

## 8. Auditors:

During the year M/s. T. N. Gala & Associates, were appointed as statutory auditors of the Company due to resignation of M/s Dhariwal Mehta & Co. from the Statutory Auditors of the Company; to hold office till the conclusion of the ensuing annual general meeting of the company. And the same has been approved by the shareholder of the company in the Annual General Meeting held on 30.09.2010.

The Board of Directors have, at their meeting held on 04<sup>th</sup> May, 2011 have recommended the re-appointment of M/s. T. N. Gala & Co., as Statutory Auditors to hold office till the conclusion of next Annual General Meeting of the Company.

However recommendation of the Board of Director for the re-appointment of Auditors is subject to the Shareholders approval.

## 9. Explanation to Auditors Remarks contained in Auditor's Report:

The Notes on Accounts referred to in the Auditors' report are self-explanatory and do not required any further comments.

## 10. Particulars of Employees:

The Company has no employees drawing the remuneration more than the specified limit prescribed under section 217(2A) of the Companies Act, 1956 during the year under review.

## 11. Accounting Standards and accounting policies

Your Company has prepared the accounts in consonance with the accounting standards prescribed by ICAI.

## 12. Conservation of Energy, Technology Absorption & Foreign Exchange:

The particulars as prescribed under Section 217(1) (e) read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are set out in the **Annexure 'A'** forming part of this report.

## 13. Acknowledgements:

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Creditors, Banks, Government Authorities, Customers and Shareholders during the year under review.

For & on behalf of the Board of Directors

Sd/-  
(Ashok B. Chhajjer)  
Director

Sd/-  
(Sangeeta Chhajjer)  
Director

Date: 04<sup>th</sup> May, 2011  
Place: Navi Mumbai

## ANNEXURE A

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2011

### 1. Conservation of energy:

Your Company consumes minimum energy and strives to reduce energy consumption in the buildings developed by the Company. Your Company is conscious about its responsibility to conserve energy, power and other energy sources wherever possible. We emphasis towards a safe and clean environment and continue to adhere to all regulatory requirements and guidelines.

### 2. Research and Development:

The Company has undertaken Research and Development activity in Development of Technology in the area of construction with an aim to construct with optimum cost, while maintaining highest standard of quality in our structures.

### 3. Technological absorption:

Your Company has not imported any technology. However, we believe and use information technology extensively in all spheres of our activities to improve efficiency levels.

### 4. Foreign Exchange Earnings and Outgo:

There was no foreign exchange earnings and outflow during the period under review.

## AUDITORS REPORT

To  
The Shareholders,  
Adeshwar Realty Pvt. Ltd.

We have audited the attached Balance Sheet of **Adeshwar Realty Pvt. Ltd.** as on 31<sup>st</sup> March 2011 and also the annexed Profit & Loss Account of the Company for the year ended on that date. 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.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain responsible 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 Statement. 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 responsible basis for our opinion.

1. The Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books;
  - c) The Balance Sheet and the Profit & Loss Account dealt with by this Report are in agreement with the Books of Account;
  - d) In our opinion the Balance Sheet and the Profit & Loss Account complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956;
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31<sup>st</sup>, 2011 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
    - a. In the case of Balance Sheet of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
    - b. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date; and
    - c. In the case of the Cash flow statement, of the Cash Flows for the year ended on that date.

**For T N Gala & Associates**  
Chartered Accountants  
FRN: 102951W

Sd/-  
**Talak N Gala**  
Proprietor  
MRN: 41186

Place: Navi Mumbai  
Date: 04.05.2011

## BALANCE SHEET AS AT 31.03.2011

(Amount in Rs.)

	Sch No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<u>Shareholders Funds</u>			
Share Capital	I	100,000	100,000
Reserve & Surplus	II	13,842	4,940
<u>Loans Funds</u>			
Secured Loans		-	-
Unsecured Loans	III	967,871	2,074,000
Deferred Tax Liability		912	-
	TOTAL	<u>1,082,625</u>	<u>2,178,940</u>
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block	IV	41,574	33,800
Less: Depreciation		(15,216)	(13,076)
Net Block		<u>26,358</u>	<u>20,724</u>
Investments		-	-
Current Assets, Loans & Advances	V	1,067,948	2,169,180
Less: Current Liabilities	VI	11,681	15,074
Net Current Assets		<u>1,056,267</u>	<u>2,154,106</u>
<u>Miscellaneous Expenditure</u>			
(to the extent not written off)			
Preliminary Expenses		-	4,110
		<u>-</u>	<u>4,110</u>
	TOTAL	<u>1,082,625</u>	<u>2,178,940</u>
Significant Accounting Policies & Notes to Accounts	IX	-	-

As Per Report of Even Date  
For T N Gala & Associates  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

For & on behalf of the Board

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Amount in Rs.)

	Sch No.	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME</b>			
Sale & Other Operating Income		<b>41,200</b>	28,928
Other Income	VII	<b>7,774</b>	–
		<u><b>48,974</b></u>	<u>28,928</u>
<b>EXPENDITURE</b>			
Indirect Expenses	VIII	<b>28,727</b>	13,600
Depreciation		<b>2,140</b>	4,580
Preliminary Expenses Written Off		<b>4,110</b>	4,110
		<u><b>34,977</b></u>	<u>22,290</u>
Net Profit/(Loss) Before Tax		<b>13,997</b>	6,638
Less: Provision For Taxation		<b>(4,180)</b>	(2,574)
Net Profit/(Loss) after Tax		<b>9,817</b>	4,064
Brought forward Profit / (Loss)		<b>4,940</b>	876
Net Profit carried over to Balance Sheet		<u><b>14,757</b></u>	<u>4,940</u>
Basic Earning Per Share of Rs. 10/ – each		<b>0.98</b>	0.41
Significant Accounting Policies & Notes to Accounts	IX		

**As Per Report of Even Date  
For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director

## SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rs.)

	<b>As at 31.03.2011</b>	<b>As at 31.03.2010</b>
<b>Schedule - I</b>		
<b>SHARE CAPITAL</b>		
Authorised 10,000 Equity Shares of Rs.10/- Each	<b>1,00,000</b>	1,00,000
Issued Subscribed & Paid Up 10,000 Equity Share Of Rs. 10/- Each Fully Paid	<b>100,000</b>	100,000
Total	<b>100,000</b>	100,000
<b>Schedule - II</b>		
<b>RESERVES &amp; SURPLUS</b>		
Profit & Loss Account	<b>14,757</b>	4,940
Income Tax Refund Asst. Yr. 2009-10	<b>(3)</b>	-
Deferred Tax Liability	<b>(912)</b>	-
Total	<b>13,842</b>	4,940
<b>Schedule - III</b>		
<b>UNSECURED LOANS</b>		
Arihant Universal Realty Pvt. Ltd.	-	2,074,000
Arihant Superstructures Ltd	<b>967,871</b>	
Total	<b>967,871</b>	2,074,000

### **Schedule - IV**

#### **FIXED ASSETS AS PER COMPANIES ACT, 1956**

Particulars	Rate of Depreciation	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		As on 01/04/2010	Additions	Deductions	As on 31/03/2011	As on 01/04/2010	Provided During the Year	As on 31/03/2011	As on 31/03/2011	A on 31/03/2010
Furniture	6.33%	33,800	7,774	-	41,574	13,076	2,140	15,216	26,358	20,724
Total		33,800	7,774	-	41,574	13,076	2,140	15,216	26,358	20,724
Previous Year	18.10%	33,800	-	-	33,800	8,496	4,580	13,076	-	-

### **Schedule - V**

#### **CURRENT ASSETS & LOAN ADVANCES**

TDS & Advance Tax	<b>4,346</b>	2,973
A.J. Mendonca & Associates	<b>1,00,000</b>	2,000,000
Cash in Hand	<b>5,890</b>	9,245
Cash in Bank(with scheduled banks)	<b>57,712</b>	156,962
Total	<b>1,067,948</b>	2,169,180

### **Schedule - VI**

#### **CURRENT LIABILITIES & PROVISIONS**

Provision for Tax	<b>4,180</b>	2,574
Audit Fees Payable	<b>5,515</b>	12,500
TDS Payable	<b>1,986</b>	-
Total	<b>11,681</b>	15,074

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

(Amount in Rs.)

	Year Ended 31.03.2011	Year Ended 31.03.2010
<b><u>Schedule - VII</u></b>		
<b><u>OTHER INCOME</u></b>		
Excess Depreciation (WDV to SLM)	7,774	-
Total	<u>7,774</u>	<u>-</u>
<b><u>Schedule - VIII</u></b>		
<b><u>INDIRECT EXPENSES</u></b>		
<u>Administrative Expenses</u>		
General Exp.	60	-
Professional Fees	-	5,000
Printing & Stationery	295	-
ROC Fees	3,000	600
Audit Fees	5,515	7,500
Stamping & Franking Charges	-	500
Total (A)	<u>8,870</u>	<u>13,600</u>
<u>Financial Expenses</u>		
Interest Expenses	19,857	-
Total (B)	<u>19,857</u>	<u>-</u>
Total (A + B)	<u>28,727</u>	<u>13,600</u>

## SCHEDULES FORMING PART OF ACCOUNTS

### Schedule – IX

#### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

##### 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

A) System Of Accounting :

The Financial Statements are prepared on accrual basis and are in accordance with the Companies Act, 1956. The Assets and Liabilities are Recorded at their Historical Cost.

B) Use of Estimates :

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of financial statements and the result of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

C) Fixed Assets & Depreciation :

All Fixed Assets are stated at Cost of acquisition and subsequent improvement thereto including taxes, duties and other incidental expenses related to the cost of acquisition, preoperative expenses being apportioned on the proportionate basis for the fixed assets. The Depreciation Method has been changed from WDV to SLM so as to line with Accounting Policy of Holding Company.

D) Investments :

The Company does not have any Investments.

E) Sales :

Sales are recognised on passing of property in goods that is delivery as per terms of Sales.

F) Revenue Recognition :

The Company recognizes Sale of Products when all risk & rewards are transferred to the Purchaser Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

G) Provision for Taxation has been made in accordance with Income Tax Laws prevailing for the relevant Assessment Year.

H) None of the Employees has reached minimum length of services hence no provisions for gratuity is being made.

2 Debtors & Creditors are subject to Confirmation & Consequent Reconciliation, If any.

3 In the opinion of the Board of Directors, Current Assets, Loans and Advances are considered to be realisable in the normal course of business.

##### 4 SUPPLEMENTRY INFORMATION.

A) Payment To Auditors

Audit Fees

	Current Year	Previous Year
	5,515	7,500
	<u><b>5,515</b></u>	<u><b>7,500</b></u>

##### 5 CONTINGENT LIABILITIES NOT PROVIDED FOR :

There were no contingent liabilities as on 31.03.2011

6 Since the information regarding The Small Scale and Ancillary Undertakings is not available in respect of sundry creditors, the amount due to Small Scale and Ancillary cannot be shown separately.

7 RELATED PARTY DISCLOSURE:

Where Key Management Personnel of the company are interested

Name Of Related Party	Relationship
Arihant Superstructures Ltd	Holding Company
Ashok B. Chhajer	Director / Key Management Personnel
Sangeeta B. Chhajer	Director

Transactions During The Year

Name of Party	Relationship	Nature Of Transaction	Amount Involved	O/S Balance
Arihant Superstructures Ltd.	Holding Company	Interest	19857	967871

8 EARNING PER SHARE :

	Current Year
Basic & Diluted Earning Per Share (Rs.)	0.98
Numerator - Profit After Taxation	9817
Denominator - O/S Weighted Avg No. of Shares	10000
Nominal Value Per Share (Rs)	10

9 Since the Company's Operation falls under single segment namely "Construction and Real Estate Development", there is no need for Segment Wise Result as required under AS 17 issued by ICAI.

10 Figures of the Previous Year are regrouped or rearranged whenever necessary.

**As Per Report of Even Date**  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

**For & on behalf of the Board**

Sd/-  
**Ashok Chhajer**  
Director

Sd/-  
**Sangeeta Chhajer**  
Director

## CASH FLOW STATEMENT FOR THE YEAR 2010 - 11

(Amount in Rs.)

	2010-11	2009-10
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	13,997	6,638
Less: <u>Non Cash Items</u>		
Depreciation Reversal	(7,774)	-
Add: <u>Non Cash Items</u>		
Depreciation	2,140	4,580
Preliminary Expenses W/off	4,110	4,110
Less: <u>Non Operating Incomes</u>		
Dividend Income	-	-
Interest Income	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL</b>	<u>12,473</u>	<u>15,328</u>
(Increase)/ Decrease in Trade & Other Receivable	998,627	2,000,398
Increase/ (Decrease) in Current Liabilities & Provision	(7,576)	(698)
<b>CASH GENERATED FROM OPERATIONS</b>	<u>1,003,524</u>	<u>2,015,028</u>
Less: Tax Paid net of Refunds	-	-
<b>CASH FLOW BEFORE EXTARORDINARY ITEMS</b>	<u>1,003,524</u>	<u>2,015,028</u>
<u>Extra Ordinary Items / Adjustments</u>		
Extra Ordinary Expenditure	-	-
<b>CASH FLOW AFTER EXTARORDINARY ITEMS (A)</b>	<u>1,003,524</u>	<u>2,015,028</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase)/Sale of Fixed Assets	-	-
(Purchase)/Sale of Investments	-	-
Dividend Income	-	-
Interest Income	-	-
<b>NET CASH USED FOR INVESTING ACTIVITIES (B)</b>	<u>-</u>	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	-	-
Increase/(Decrease) in Secured Loan	-	-
Dividend & Dividend Distribution Tax Paid	-	-
Increase/(Decrease) in Unsecured Loans	(1,106,129)	(1,905,000)
Decrease/(Increase) in Loans & Advances	-	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<u>(1,106,129)</u>	<u>(1,905,000)</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	 <u>(102,605)</u>	 <u>110,028</u>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<u>166,207</u>	<u>56,179</u>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<u>63,602</u>	<u>166,207</u>
	<u>(102,605)</u>	<u>110,028</u>

As Per Report of Even Date  
For T N Gala & Associates  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 04.05.2011

For & on behalf of the Board

Sd/- <b>Ashok Chhajer</b> Director	Sd/- <b>Sangeeta Chhajer</b> Director
--	---

## Balance Sheet abstract and Company's general business profile

### I Registration Detail

Registration Number	1	6	6	3	3	9						
Balance Sheet Date	3	1	0	3	2	0	1	1	State Code	1	1	

### II Capital Raised during the year (Amount in Thousands)

Public Issue						N	I	L	Right Issue				N	I	L
Bonus Issue						N	I	L	Private Placement				N	I	L

### III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities					1	0	8	2	Total Assets			1	0	8	2
<b>Source of fund</b>									<b>Application of funds</b>						
Paid Up Capital						1	0	0	Net Fixed Assets					2	6
Reserve & Surplus							1	3	Investments				N	I	L
Secured Loans						N	I	L	Net Current Assets			1	0	5	6
Unsecured Loans						9	6	8	Accumulated Losses				N	I	L
Diferred Tax Liability								1	Misc. Expenditure				N	I	L

### IV Performance of the Company (Amount in Thousands)

Turnover						4	9	Profit Before Tax	+/-	+				1	4	
Total Expenditure						3	5	Profit After Tax		+				1	0	
Earning per share (in Rs.)						.	9	8	Dividend Rate					N	I	L

### V Generic Names of Three Principal Products/Services of the Company (as per montery term)

Item Code No(ITC)						N	.	A	.
Product Description						N	.	A	.

For & on behalf of the Board

Sd/-  
**Ashok Chhajjer**  
Director

Sd/-  
**Sangeeta Chhajjer**  
Director

Place: Navi Mumbai  
Date: 04.05.2011

## **AUDITORS REPORT**

To,  
The Board of Directors of  
Arihant Superstructures Ltd.

1. We have audited the attached Consolidated Balance Sheet of **Arihant Superstructures Ltd.** and its subsidiaries (the 'Group') as at 31 March 2011, the Consolidated Profit and Loss account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of Separate Financial Statements and other Financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 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 management of Arihant Superstructures Ltd. in accordance with the requirements of Accounting Standard (AS) – 21, 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule, 2006.
4. Reference is invited to Note No. 3 of Notes to Accounts read with Accounting Policy of Revenue Recognition of Schedule XIV, relating to the change in Accounting Policy adopted by the Company during the year, so as to line with norms generally followed in the industry and to make the Financial Statements more comparable. As a result of such change Profit Before Tax for the March 2011 is lower by Rs. 22,309,686/-
5. Based on our audit and to the best of our information and according to the explanations given to us, 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 the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;
  - b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For T N Gala & Associates**  
**Chartered Accountants**  
**FRN: 102951W**

**Sd/-**  
**Talak N. Gala**  
**Proprietor**  
**MRN: 041186**

**Place:** Navi Mumbai  
**Date:** 05.05.2011



**CONSOLIDATED BALANCE SHEET AS AT 31.03.2011**

(Amount in Rs.)

	Sch No.	As at 31.03.2011	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<u>Shareholders Funds</u>			
Share Capital	I	<b>274,399,940</b>	149,400,000
Reserve & Surplus	II	<b>92,766,616</b>	4,716,866
Minority Interest		<b>321,117</b>	251,648
<u>Loans Funds</u>			
Secured Loans	III	<b>88,366,662</b>	2,450,499
Unsecured Loans	IV	<b>378,950,182</b>	4,813,611
Deferred Tax Liability		<b>1,180,561</b>	112,216
	TOTAL	<b>835,985,077</b>	161,744,840
<b>APPLICATION OF FUNDS</b>			
<u>Fixed Assets</u>			
Gross Block	V	<b>28,220,538</b>	5,507,345
Less: Depreciation & Amortisation		<b>(1,868,217)</b>	(260,079)
Net Block		<b>26,352,321</b>	5,247,266
Investments	VI	<b>21,021,271</b>	10,000
Current Assets, Loans & Advances	VII	<b>1,159,604,247</b>	634,181,058
Less: Current Liabilities & Provisions	VIII	<b>(376,335,174)</b>	(480,204,228)
Net Current Assets		<b>783,269,074</b>	153,976,830
Miscellaneous Expenditure (to the extent not written off)			
Preliminary Expenses		<b>44,298</b>	65,044
Share Issue Expenses		5,298,114	2,445,700
		<b>5,342,412</b>	2,510,744
	TOTAL	<b>835,985,077</b>	161,744,840

 As Per Report of Even Date  
**For T N Gala & Associates**  
 Chartered Accountants  
 FRN - 102951W

 Sd/-  
**Talak N. Gala**  
 Proprietor  
 M.No. 41186

 Place: Navi Mumbai  
 Date: 05.05.2011

**For Arihant Superstructures Ltd.**

 Sd/-  
**Ashok B. Chhajer**  
 Chairman and Managing Director
 Sd/-  
**Nimish Shah**  
 Whole-time Director

 Sd/-  
**Manoj Dhariwal**  
 Company Secretary

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED 31.03.2011

(Amount Rs.)

	Sch No.	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>INCOME</b>			
Sale & Contract Income	IX	1,015,710,573	134,555,950
Increase/(Decrease) in Stock	X	75,866,339	141,687,777
Other Income	XI	27,491,047	2,964,102
		<b>1,119,067,958</b>	<b>279,207,829</b>
<b>EXPENDITURE</b>			
Direct Cost	XII	826,386,498	229,315,397
Purchase (Trading)		84,450,000	-
Indirect Expenses	XIII	96,850,954	29,027,356
Amortisation of Intangible Assets		355,168	225,743
Depreciation		1,239,894	34,336
Preliminary Expenses Written Off		1,498,936	637,171
		<b>1,010,781,450</b>	<b>259,240,003</b>
Net Profit/(Loss) Before Tax & Extraordinary Item		<b>108,286,509</b>	19,967,826
Add: Prior Period Adjustment		1,561	-
Net Profit/(Loss) Before Tax		<b>108,288,069</b>	19,967,826
Less: Provision For Taxation		<b>(34,509,816)</b>	(6,811,741)
Less: Short Provision of Tax		-	(32,038)
Net Profit/(Loss) after Tax		<b>73,778,253</b>	13,124,047
Add / (Less): Extra Ordinary Items		-	-
		<b>73,778,253</b>	13,124,047
<u>Less:</u>			
Proposed Dividend		<b>(8,231,998)</b>	(7,470,000)
Dividend Distribution Tax		<b>(1,367,232)</b>	(1,269,527)
		<b>64,179,023</b>	4,384,520
Brought forward Profit / (Loss)		<b>4,699,393</b>	455,063
Less: Share of Minority Interest		<b>(69,469)</b>	(10,501)
Add: Excess Dividend Provision Written Off		7,396	-
Less: Trf To Gen Reserve		<b>(1,068,345)</b>	(129,689)
		<b>67,747,998</b>	4,699,393
Net Profit carried over to Balance Sheet		<b>67,747,998</b>	4,699,393
Basic/Diluted earning per share of Rs.10 each		<b>2.99</b>	32.01
Notes to Accounts	XIV		

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajjer**  
Chairman and Managing Director

Sd/-  
**Nimish Shah**  
Whole-time Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule – I</b>		
<b>SHARE CAPITAL</b>		
Authorised Capital 60,000,000 Equity Shares of Rs.10/ – Each & 15,000,000 Preference Shares of Rs. 10 Each (Previous Year 15,000,000 Equity Shares of Rs.10/ – Each)	<b>750,000,000</b>	150,000,000
Issued, Subscribed & Paid Up Capital 27,439,994 Equity Share Of Rs. 10/ – Each Fully Paid (Previous Year 14,940,000 Equity Share Of Rs. 10/ – Each Fully Paid)	<b>274,399,940</b>	149,400,000
<b>Schedule – II</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserves (Net figures on Consolidation) Profit & Loss Account Balance	<b>18,626</b>	17,473
	<b>67,747,998</b>	4,699,393
	<b>67,747,998</b>	4,699,393
General Reserves Opening Balance	–	–
Add: Transferred from P & L A/c	<b>1,068,345</b>	129,689
Less: Provision for Deffered Tax Liability	<b>(1,068,345)</b>	(129,689)
	–	–
Securities Premium Account Opening Balance	–	–
Add: Collected during year (In Cash)	<b>24,999,992</b>	–
Less: Utilised during year	–	–
	<b>24,999,992</b>	–
	<b>92,766,616</b>	4,716,866
<b>Schedule – III</b>		
<b>SECURED LOANS</b>		
Kotak Mahindra Prime Ltd (Secured Against Motor Cars)	<b>6,550,228</b>	2,450,499
Federal Bank Car Loan (Secured Against Motor Cars)	<b>1,816,434</b>	–
Term Loan with Federal Bank (Secured Against Land at Khargarh)	<b>80,000,000</b>	–
	<b>88,366,662</b>	2,450,499
<b>Schedule – IV</b>		
<b>UNSECURED LOANS</b>		
From Directors	<b>179,184,419</b>	2,601,836
From Others	<b>199,765,763</b>	2,211,775
	<b>378,950,182</b>	4,813,611

**Schedule - V : CONSOLIDATED FIXED ASSETS AS PER COMPANIES ACT .1956**

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK	
	Rate of Depreciation / Amortisation	As on 01.04.2010	Additions during the year	Deductions	As on 31/03/2011	Dep. As on 31.03.2010	Provided During the Year	Amortised / Written Off	As on 31/03/2011	As on 31/03/2010	As on 31/03/2011
<u>Tangible Assets</u>											
Computer	16.21%	669,870	1,646,499	-	2,316,369	-	219,047	-	219,047	669,870	<b>2,097,322</b>
Air Conditioner	4.75%	48,000	339,690	-	387,690	-	10,006	-	10,006	48,000	<b>377,684</b>
Equipments	4.75%	42,500	960,793	-	1,003,293	631	29,062	-	29,693	41,869	<b>973,600</b>
Plant & Machinery	4.75%	-	570,000	-	570,000	-	5,563	-	5,563	-	<b>564,437</b>
Mobiles	4.75%	76,640	134,290	-	210,930	552	6,947	-	7,499	76,088	<b>203,431</b>
Projector	4.75%	29,500	-	-	29,500	342	1,401	-	1,743	29,158	<b>27,757</b>
Printer	16.21%	-	135,250	-	135,250	-	11,622	-	11,622	-	<b>123,628</b>
Shop	1.63%	-	1,644,720	-	1,644,720	-	17,775	-	17,775	-	<b>1,626,945</b>
Scanner	16.21%	-	148,150	-	148,150	-	14,393	-	14,393	-	<b>133,757</b>
Motor Bike	9.50%	98,200	112,495	12,480	198,215	-	11,909	-	11,909	98,200	<b>186,306</b>
Refrigerator	4.75%	7,700	-	-	7,700	122	365	-	487	7,578	<b>7,213</b>
Motor Cars	9.50%	3,352,443	11,393,096	-	14,745,539	32,689	788,329	-	821,018	3,319,754	<b>13,924,521</b>
Furniture & Fixtures	6.33%	53,778	4,967,831	3,136	5,018,473	-	123,475	-	136,551	53,778	<b>4,881,922</b>
<u>Intangible Assets</u>											
Computer Software	20.00%	1,062,714	675,995	-	1,738,709	212,543	-	341,968	554,511	850,171	<b>1,184,198</b>
Trade Mark	20.00%	66,000	-	-	66,000	13,200	-	13,200	26,400	52,800	<b>39,600</b>
Total		5,507,345	22,728,809	15,616	28,220,538	260,079	1,239,894	355,168	1,868,217	5,247,266	<b>26,352,321</b>

(Amount in Rs.)

**As at 31.03.2011**      As at 31.03.2010

**Schedule -VI**

INVESTMENT

Capital with Arihant Aksh Realty LLP **1,021,271** 10,000

Birla Mutual Fund **20,000,000** -

(Market value as on 31.03.2011 is Rs. 20,058,800/-)

**21,021,271** 10,000

(Amount in Rs.)

	As at 31.03.2011	As at 31.03.2010
<b>Schedule – VII</b>		
<b><u>CURRENT ASSETS &amp; LOAN ADVANCES</u></b>		
Inventories		
Closing Stock – Flats	71,116,667	–
Incomplete Projects (WIP)	146,437,449	141,687,777
Sundry Debtors (Considered Good except stated otherwise)		
Less than six months	51,375,660	225,000
More than six months	936,267	936,267
Cash & Bank Balance		
Cash in Hand	1,935,967	761,728
Cash in Bank (with scheduled banks)	4,055,267	12,151,457
Loans and Advances		
Deposits	193,669,480	283,164,004
Balance with Tax Authorities	42,233,442	5,745,971
Land Cost	558,126,247	163,349,776
Advances recoverable in cash or kind	89,717,802	26,073,652
Prepaid Expenses	–	85,426
	<u>1,159,604,247</u>	<u>634,181,058</u>

**Schedule – VIII**
**CURRENT LIABILITIES & PROVISIONS**
**(A) Current Liabilities**

Advance from Customers	207,905,068	411,219,723
Sundry Creditors	107,494,001	50,079,812
TDS Payable	2,026,245	2,727,530
Audit Fees Payable	603,616	434,030
Salary Payable	270,245	–
Professional Tax Payable Employees	8,400	
Provident Fund Payable	11,525	11,525
Professional Tax Payable Employees	–	9,000
Electricity Charges Payable	52,960	154,350
Telephone Charges Payable	1,723	16,990
GTA Service Tax Payable	5,439	–
Service Tax Payable	7,044,685	–
Deposit Twds Books Issued	2,220	–

 (A) 325,426,127 464,652,960
**(B) Provisions**

Provision for Tax (F. Y. 2009-10)	6,800,000	6,811,741
Provision for Tax (F. Y. 2010-11)	34,509,816	–
Proposed Dividend	8,231,998	7,470,000
Provision for Dividend Distribution Tax	1,367,232	1,269,527

 (B) 50,909,046 15,551,268

 (A + B) 376,335,174 480,204,228

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

	(Amount in Rs.)	
	2010-11	2009-10
<b>Schedule – IX</b>		
<b><u>SALE &amp; CONTRACT INCOME</u></b>		
Arham Project Sales	381,102,794	–
Abhilasha Project Sales	256,659,056	–
Trading Sale	13,691,000	–
Contract Income	364,257,723	134,555,950
	<b>1,015,710,573</b>	<b>134,555,950</b>
 <b>Schedule – X</b>		
<b><u>INCREASE / DECREASE IN WIP / CLOSING STOCK</u></b>		
<u>WIP</u>		
Opeining stock in process	(141,687,777)	–
Closing stock in process	146,437,449	141,687,777
<u>Trading Stock</u>		
Opeining Stocks Flats	–	–
Closing Stocks Flats	71,116,667	–
	<b>75,866,339</b>	<b>141,687,777</b>
 <b>Schedule – XI</b>		
<b><u>OTHER INCOME</u></b>		
Miscellenous	351,257.00	2,500.00
Discount	796,294.20	1,167,911
Share of Profit from Arihant Aksh LLP	1,011,270.59	–
Interest Income	25,332,225	1,793,691
	<b>27,491,047</b>	<b>2,964,102</b>
 <b>Schedule – XII</b>		
<b><u>DIRECT COST</u></b>		
Purchase of Meterials	209,229,457	52,172,048
Labour Expenses	124,292,491	54,347,049
Land Cost	137,730,326	–
Trading Purchase	–	–
Contract Expenses	355,134,224	122,796,300
	<b>826,386,498</b>	<b>229,315,397</b>
 <b>Schedule – XIII</b>		
<b><u>INDIRECT EXPENSES</u></b>		
<u>Administrative Expenses</u>		
Audit Fees	645,255	479,805
Compensation against Cancellation	13,106,527	–
Computer Expenses	252,822	–
Conveyance	276,251	102,972
Directors' Remuneration	1,380,000	360,000
Directors' Sitting Fees	459,000	36,000

	(Amount in Rs.)	
	2010-11	2009-10
Electricity Expenses	<b>810,290</b>	171,900
Donations	–	51,000
Miscellaneous Expenses	<b>1,508,765</b>	545,900
Printing & Stationery	<b>1,706,296</b>	1,413,911
Legal Expenses	<b>2,104,260</b>	–
Professional & Legal Fees	<b>3,147,010</b>	1,728,842
Rent, Rates & Taxes	<b>3,078,931</b>	303,290
ROC Fees	<b>17,850</b>	224,700
Service Tax (GTA)	<b>332,404</b>	–
Telephone Expenses	<b>394,235</b>	43,902
Travelling Expense	<b>1,371,377</b>	–
Vehicle Expenses	<b>1,057,032</b>	22,560
	<b>31,648,305</b>	5,484,782
<u>Financial Expenses</u>		
Bank Charges	<b>86,846</b>	19,624
Loan Processing Fees	<b>1,796,703</b>	–
Interest Expenses	<b>17,196,011</b>	11,289,087
	<b>19,079,560</b>	11,308,711
<u>Employees Expenses</u>		
Salaries	<b>13,306,369</b>	6,905,236
Employers Contribution towards PF	<b>73,500</b>	42,875
Gift Expenses	–	230,744
Training Expenses	<b>420,256</b>	370,160
Staff Welfare	<b>1,160,082</b>	154,448
	<b>14,960,207</b>	7,703,463
<u>Selling &amp; Distribution Expenses</u>		
Advertisement	<b>13,164,096</b>	2,421,071
Selling & Distribution	<b>2,243,085</b>	–
Business Promotion	<b>7,653,421</b>	56,383
Other Selling & Distribution	<b>392,258</b>	–
Exhibition Expenses	<b>7,710,022</b>	2,052,946
	<b>31,162,882</b>	4,530,400
	<b>96,850,954</b>	29,027,356

## SCHEDULES FORMING PART OF CONSOLIDATED ACCOUNTS

### SCHEDULE – XIV

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

##### **A. Nature of Operations:**

M/s Arihant Superstructures Limited (the 'Company'), a public limited company, together with its subsidiaries (collectively referred to as the 'Group') is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

##### **B. Significant Accounting Policies:**

###### **1) Basis of preparation of Consolidated Financial Statements:**

The Consolidated Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule 2006. The Consolidated Financial Statements are presented in Indian rupees.

###### **2) Principles of Consolidation:**

a) The Consolidated Financial Statements include the Financial Statements of M/s Arihant Superstructures Limited, the parent company (hereinafter referred to as the 'Company') and its subsidiaries (collectively referred to as the 'Group').

The Consolidated Financial Statements have been prepared on the following basis:

- i) Consolidated Financial Statements normally include Consolidated Balance Sheet, Consolidated Statement of Profit & Loss Account, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements and Explanatory Statements that form an integral part thereof. The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the parent for Standalone Financial Statements.
  - ii) The Consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries, which are more than 50 per cent owned or controlled as at March 31, 2011.
  - iii) The Financial Statements of the parent company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.
- b) The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognised in the Financial Statements as 'Capital Reserve'.
- c) Minority Interest in the net assets of Consolidated subsidiaries consists of:
- the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
  - the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.
- d) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

###### **3) Investments:**

Investments other than in subsidiaries and associates have been accounted as per the Accounting Standard (AS) 13 on 'Accounting for Investments' issued by ICAI.

###### **4) Other Significant Accounting Policy:**

These are set out under "Significant Accounting Policy" as given in the company's Standalone / Separate Financial Statements.



### C. Notes to Accounts:

- 1) The subsidiary companies considered in the Consolidated Financial Statements are:

Name of the Subsidiaries	Country of Incorporation	Extent of holding (%)	Reporting Currency
Arihant Vatika Realty Private Limited	India	60.00	Indian Rupees
Arihant Abode Ltd	India	60.00	Indian Rupees
Adeshwar Realty Private Limited	India	100.00	Indian Rupees

- 2) During the year the Company has continued its two projects 'Arihant Abhilasha' at Kharghar, Raigad and 'Arihant Arham' at Parvel, Raigad. In addition, the Company is under process of initiating three mega projects at Jodhpur namely Arihant – Adita, Arihant – Ayati and Arihant – Agreema.

- 3) Change in Accounting Policy:

Up to 31st March, 2010, the Company followed Percentage Completion Method of accounting wherein it added the Estimated Gross Profit on Direct Costs based on the percentage of work completed to arrive at the value of Incomplete Projects (WIP) for the purpose of recognizing revenue for the year.

From the current year the company has changed its method of its revenue recognition for incomplete projects / under construction properties as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by The ICAI. Revenue for the current year onwards is recognized for the sold areas only, where at least 15 percent of the sale consideration has been realized as per agreement, on the basis of percentage of actual cost incurred thereon as against total estimated cost of the project under execution subject to the actual cost exceeding 25 percent of the total estimated cost of the project. The incomplete projects (WIP) are valued at Cost. As a result of change in the revenue recognition policy of the Company during the current year the profit (before tax) is lower by Rs.22,309,686/-.

The company has not given a retrospective effect to the change in accounting policy, because such retrospective effect would have required the company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence results for the year ended 31st March, 2010 have not been restated to reflect change in revenue recognition policy. The effect of such change on the Financial Statements of subsequent financial years cannot be ascertained at present, as the same can be quantified only at the close of the respective years.

- 4) Related party disclosure:

- i) Parties where control exists.

Sr. No	Subsidiaries companies at any time during the year	% of Holding
1.	Arihant Abode Limited	60%
2.	Arihant Vatika Realty Private Limited	60%
3.	Adeshwar Realty Private Limited	100%

- ii) Particulars regarding Partnership Firms / LLP in which the Company is a Partner:

Name of the Partnership Firm / LLP	Profit Sharing Ratio
Arihant Aksh Realty LLP	5%

- iii) Key Management Personnel and Relatives of Key Management Personnel (KMP):

Sr. No	Name of Party	Nature of Relationship
1.	Arihant Universal Realty Pvt. Ltd.	Enterprises in which KMP have a significant influence
2.	Mr. Ashok B Chhajer	Chairman & Managing Director
3.	Mrs. Sangeeta Chhajer	Relative of Director
4.	Mr. Nimish Shah	Whole Time Director
5.	Abhinandan Agrofarms Pvt. Ltd.	Enterprises in which KMP have a significant influence
6.	Adinath Realty Pvt. Ltd.	Enterprises in which KMP have a significant influence
7.	Arihant Paradise Realty Pvt. Ltd.	Enterprises in which KMP have a significant influence
8.	Arihant Dream Houses Pvt. Ltd.	Enterprises in which KMP have a significant influence

Notes:

- a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.
- b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

iv) Transactions with Related Parties:

Sr. No	Name of Party	Nature of Transaction	Amount Involved	O/s Balance
1.	Mr. Ashok B Chhajer	Deposit Given	2,000,000	2,000,000
		Remuneration Paid	120,000	-
		Interest Paid	9,938,812	
		Loan Taken	199,200,593	107,943,557
2.	Mrs. Sangeeta Chhajer	Booking Advance Refund	5,650,000	-
		Rent Paid	480,000	
		Deposit Given	20,000,000	20,000,000
3.	M/s. Arihant Vatika Realty Pvt. Ltd	Loan Given	19,900,000	20,945,913
		Interest Received	1,152,126	
4.	M/s. Arihant Abode Ltd	Loan Given	142,500,000	147,962,665
		Interest Received	13,591,851	
5.	M/s. Adeshwar Realty Pvt. Ltd	Loan Given	1,950,000	967,871
		Interest Received	19,857	
6.	Mr. Nimish Shah	Remuneration	1,260,000	-

5) Major components of deferred tax assets and liabilities as at year-end are as under:

Particulars	As at 31.03.2011
Opening Deferred Tax Liability	112,216
Deferred Tax liability on account of Depreciation	1,068,345
Closing Deferred Tax liability	1,180,561

6) Segment Information:

The Company operates in a single business and geographical segment i.e. "Construction and Allied Activities" within India. Accordingly, no separate disclosures for primary business and secondary geographical segment are required as per AS 17 issued by ICAI.

7) Earnings per share (EPS):

Particulars	Current Year	Previous Year	
		Actual	Reinstated
(i) Net profit after tax available for equity shareholders (Rs.)	73,778,253	13,124,047	13,124,047
(ii) Weighted average number of equity shares outstanding at the year end (No.)	24,666,023	409,997	24,666,023
(iii) <b>Basic &amp; Diluted Earnings per Share (Rs.)</b>	<b>2.99</b>	<b>32.01</b>	<b>0.53</b>
(iv) Nominal value of share (Rs.)	10	10	10

8) There was no impairment loss on the fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) – 28 'Impairment of Assets'.

9) Directors Remuneration:

- i) The profit and loss account includes remuneration to Directors as follows:

	Current Year	Previous Year
Directors Remuneration	1,380,000	360,000
Sitting Fees	459,000	36,000
	1,839,000	396,000

iii) No commission is paid / payable to Directors / Managing Director and hence, computation of Net Profit in accordance with Section 198, 309 and 349 of the Companies Act, 1956 has not been given.

10) Contingent Liabilities:

The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI – an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.

11) Share Issue Expense and Preliminary Expenses are amortised over the period of 5 years.

12) As per the information given by the Management, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2011.

13) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

14) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's Financial Statements on such reconciliation / adjustments.

15) The Company has started projects Arihant Arham on 1st October 2009 and hence the figures of the previous years correspond to six months activity of construction only. Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajer**  
Chairman and Managing Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

Sd/-  
**Nimish Shah**  
Whole-time Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2010-11

	(Amount in Rs.)	
	2010-11	2009-10
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extraordinary Items	108,294,283	19,967,826
Add: Non Cash Items		
Depreciation & Amortisation	1,587,288	260,079
Preliminary Expenses W/off	1,498,936	637,171
Less: Non Operating Incomes		
Dividend Income	-	-
Profit from Investment	(1,011,271)	-
Interest Income	(25,332,406)	(1,543,691)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE</b>	<b>85,036,830</b>	<b>19,321,385</b>
(Increase)/ Decrease in Trade & Other Receivable	(675,218,617)	(611,354,407)
Increase/ (Decrease) in Current Liabilities & Provision	(139,253,650)	463,669,848
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(729,435,436)</b>	<b>(128,363,174)</b>
Less: Tax Paid net of Refunds	(25,000,000)	(5,733,292)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(754,435,436)</b>	<b>(134,096,466)</b>
Extra Ordinary Income / Expenditure	-	-
<b>CASH FLOW AFTER EXTRAORDINARY ITEMS (A)</b>	<b>(754,435,436)</b>	<b>(134,096,466)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase of Fixed Assets)	(22,687,235)	(5,507,345)
Sale of Fixed Assets	15,616	-
(Purchase of Investments)	(21,121,271)	(370,000)
Sale of Investments	-	-
Dividend Income	-	-
Profit from Investment	1,011,271	-
Interest Income	25,332,406	1,543,691
<b>NET CASH USED FOR INVESTING ACTIVITIES (B)</b>	<b>(17,449,213)</b>	<b>(4,333,654)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	124,999,940	147,410,000
Increase/(Decrease) in Secured Loan	85,916,163	2,450,499
Share Issue expenses	(4,326,494)	(3,096,155)
Proceeds from Share Premium	24,999,992	-
Dividend & Dividend Distribution Tax Paid	(8,732,131)	(145,659)
Increase/(Decrease) in Unsecured Loans	541,939,020	2,705,601
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>	<b>764,796,490</b>	<b>149,324,286</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(7,088,159)</b>	<b>10,894,166</b>
<b>CASH AND CASH EQUIVALENTS (OPENING BALANCE)</b>	<b>13,079,392</b>	<b>2,019,019</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING BALANCE)</b>	<b>5,991,233</b>	<b>12,913,185</b>
	<b>(7,088,159)</b>	<b>10,894,166</b>

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajjer**  
Chairman and Managing Director

Sd/-  
**Nimish Shah**  
Whole-time Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

**Statement under Section 212 of the Companies Act, 1956  
Relating to Subsidiary Companies**

Statement in accordance with the provisions of Section 212 of the Companies Act, 1956

<u>Sr No</u>	<u>Particulars</u>	<u>Name Of The Subsidiary</u>		
		<u>Arihant Abode Ltd</u>	<u>Arihant Vatika Realty Pvt Ltd</u>	<u>Adeshwar Realty Pvt Ltd</u>
1.	Date from which they became Subsidiary Company	26 <sup>th</sup> March 2010	26 <sup>th</sup> March 2010	21 <sup>st</sup> August 2010
2.	Financial Year of the Subsidiary ended on	31 <sup>st</sup> March,2011	31 <sup>st</sup> March,2011	31 <sup>st</sup> March,2011
3.	Extent of interest of the Holding Company in Subsidiary Company at the end of the Financial Year			
	a. Number of shares held	30,000 Shares	6,000 Shares	10,000 Shares
	b. Extent of Holding	60%	60%	100%
4.	Net aggregate amount of profits / losses so far as it concerns to the members of the Holding Company			
	(i) not dealt with, in the Company's account			
	a. For the Financial Year ended 31/03/2011	Rs. 51,753/-	Rs. 5,712/-	Rs. 8,902/-
	b. For the previous Financial Years since it became a subsidiary	Rs. 9,085/-	Rs. 6,668/-	Not Applicable
	(ii) dealt with, in the Company's account			
	a. For the Financial Year ended 31/03/2011	NIL	NIL	NIL
	b. For the previous financial years since it became a subsidiary	NIL	NIL	Not Applicable

As Per Report of Even Date  
**For T N Gala & Associates**  
Chartered Accountants  
FRN - 102951W

Sd/-  
**Talak N. Gala**  
Proprietor  
M.No. 41186

Place: Navi Mumbai  
Date: 05.05.2011

**For Arihant Superstructures Ltd.**

Sd/-  
**Ashok B. Chhajer**  
Chairman and Managing Director

Sd/-  
**Manoj Dhariwal**  
Company Secretary

Sd/-  
**Nimish Shah**  
Whole-time Director

## **ARIHANT SUPERSTRUCTURES LIMITED**

(Formally known as Shaktiman Constructions Limited)

Regd. Office: 302, Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai – 400703  
Maharashtra, India. Phone: 022 – 4111 3333 Fax: 022.278.82946.

Dear Shareholders,

### **Re: Green Initiative in Corporate Governance**

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars ( No. 17/2011 dated 21.4.2011 and No.18/2011 dated 29.4.2011) stating that the service of document by a company can be made through electronic mode.

We trust that you would wholeheartedly support this initiative of the MCA in the conservation of paper and promoting a greener environment. By registering yourself with the Company for e-communication, you will be able to receive documents like the notice, including copies of the Balance Sheet, Auditors Report, Directors Report etc. through the electronic mode (subject to the terms and conditions as specified by the Ministry of Corporate Affair or any Statutory Authority in this regard) and without loss in postal transit.

In furtherance of the above mentioned initiative of the MCA, we propose to send the abovementioned documents in electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you desire to receive abovementioned documents in electronic form, please inform us by sending us an e-mail on [investor@asl.net.in](mailto:investor@asl.net.in) mentioning your **DP ID, Client ID or Registered Folio Number** with the message "**Save paper**". Your mail will be considered as an affirmation and accordingly the abovementioned documents will be sent to you in electronic form.

In case we do not receive any mail from you, then the Company will send you physical copy of the said documents.

The Annual Report will also be displayed on Company's website [www.asl.net.in](http://www.asl.net.in) in due course of time.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Annual Report upon receipt of a requisition from you, any time, as a member of the Company.

Looking forward to your co-operation in the protection of our environment.

**For & on behalf of**  
**Arihant Superstructures Limited**

**Sd/-**  
**Manoj Kumar Dhariwal**  
**(Company Secretary)**

## Notes

A series of horizontal dotted lines for taking notes.

## Notes

A series of 28 horizontal dotted lines for writing notes.



# ARIHANT SUPERSTRUCTURES LIMITED

**Regd. Office:** 302,"Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai –400703.  
Maharashtra India. Phones: 022 – 41113333 Fax :022-27882946.

## Entrance Pass (To be presented at the entrance)

**28<sup>th</sup> Annual General Meeting on 03<sup>rd</sup> August 2011 at 5:00 p.m.**  
**At Hotel Royal Orchid Central Grazia, Plot L-3, Sector-19, Palm Beach Road, Vashi, Navi  
Mumbai – 400705 Maharashtra, India**

FolioNo. \_\_\_\_\_ DPIDNo \_\_\_\_\_ ClientIDNo. \_\_\_\_\_

Name of Shareholder: \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signature \_\_\_\_\_

Only shareholders / proxies/representatives are allowed to attend the Meeting.

# ARIHANT SUPERSTRUCTURES LIMITED

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Maharashtra India. Phones: 022 – 41113333 Fax : 022-27882946.

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being  
a member(s) of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at  
the 28<sup>th</sup> Annual General Meeting of Arihant Superstructures Limited to be held on 03<sup>rd</sup> August, 2011 and at any  
adjournment thereof.

FolioNo. \_\_\_\_\_ DPID\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2011 Signature \_\_\_\_\_

Affix 15  
Paise  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic form.

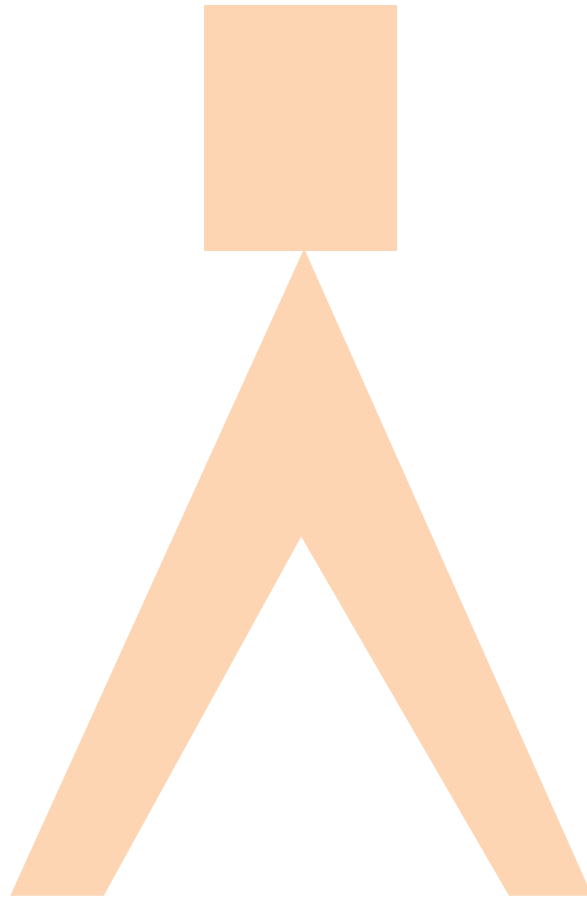
Notes:

1. The Proxy need not be a member.
2. The form of proxy, duly signed across 15 paise revenue stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.





# BOOK-POST



***If undelivered Please return to***

**Regd. Office:** 302, Persipolis Building, Plot No. 74,  
Sector-17, Vashi, Navi Mumbai -400703, Maharashtra, India,  
Phones: 022 - 41113333 Fax: 022-27882946