

CORPORATE STRUCTURE

BOARD OF DIRECTORS

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

Priti Venkatesan Company Secretary

BANKERS

Bank Of India
ICICI Bank Limited
IDBI Bank Limited
Indian Overseas Bank
Kotak Mahindra Bank
Vijaya Bank

AUDITORS

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

LEGAL ADVISOR

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

REGISTRAR AND SHARE TRANSFER AGENTS

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

C O N T E N T S

FROM MD's DESK

NOTICE

DIRECTOR'S REPORT

ANNEXURE TO DIRECTOR'S REPORT

REPORT ON CORPORATE GOVERNANCE

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AUDITOR'S REPORT

ANNEXURE TO AUDITORS REPORT

BALANCE SHEET

PROFIT & LOSS ACCOUNT

SCHEDULES TO FINANCIAL STATEMENT AND
PROFIT & LOSS ACCOUNT

NOTES ON ACCOUNTS

DIRECTORS REMUNERATION

CASH FLOW STATEMENT

ADDITIONAL INFORMATION

STATEMENT PURSUANT TO SECTION 212 OF THE
COMPANIES ACT, 1956

DETAILS OF SUBSIDIARY COMPANIES

CONSOLIDATED AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Dear Shareholders

We started the year under review with a robust demand scenario coupled with low interest rates and strong economic activity. Even while there were early signals of financial turmoil in the developed markets, the emerging markets including India continued to show robust growth and sentiment.

Since the beginning of calendar year 2008, the world has gone through unprecedented financial instability which started in the developed markets and spread wide and deep into the emerging markets with liquidity being sucked out of most of the markets and asset classes. Real Estate and the stock markets bore the maximum brunt of this global meltdown with financial institutions world over turning risk averse and de-leveraging their exposures to global asset classes. India was no exception and your company was also faced with the sudden change in sentiment. The Government put in a variety of measures to stimuli the inflationary trends which increased interest rates to very high levels. Poor sentiment coupled with high interest rates impacted the real estate market the most with most investors and end users deferring their investment plans.

Your company was also impacted adversely during the year under review. Your company quickly reviewed the situation and tweaked its business model to factor in the changed investor sentiment. The company decided to focus on budget and affordable housing segments and built out a plan to make changes to its existing projects and approach new projects with an intention to target the Rs.20 lakhs to Rs.35 lakhs apartment segments. Your company strongly believes that, in a developing economy like India with one of the largest and growing middle class, housing need would constantly grow at a healthy pace and developers with a clear focus to satisfy this demand would be uniquely positioned to grow at a reasonable pace.

A step in this direction was the launch of Arihant Amara, a 120 apartment project in Ponamallee, a middle class suburb in the outskirts of Chennai. Your company is happy to announce that this project received an overwhelming response and success. This response vindicated the company's view that there is a market for an affordable product with right specifications and quality. The company has already started working on similar projects across the city and intends to grow this segment over the next few years.

Your Company wishes to place on record its sincere thanks to Indian Overseas Bank, ICICI Bank Limited, IDBI Bank Limited, Bank of India , Kotak Mahindra Bank, Vijaya Bank, Chennai Metro Development Authority, Corporation of Chennai and related departments of Tamil Nadu for having supported us in all our efforts and endeavours to tide over the current demand slump. We believe that our 30+year experience, knowledge of the local markets and customer behaviour and our focus on quality will help the company to build a long term sustainable growth model.

Thank you



Kamal Lunawath
Managing Director

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Friday the 20th day of March, 2009 at "Arihant Escapade", Devaraj Nagar, 48 Okkium Thoraipakkam, Chennai - 600 097 at 10.00 A.M. to transact with or without modifications, as may be permissible the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited balance sheet as at 30th September, 2008 and Audited profit and loss account for the period from 01.10.2007 to 30.09.2008, together with the Directors' Report and the Auditors' Report.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Kamal Lunawath, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. Vimal Lunawath, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Mr. A L Jayabhanu, who retires by rotation and being eligible, offer himself for re-appointment.
6. To Appoint Auditors and fix their remuneration to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting. The retiring Auditors M/s. B.P Jain & Co., being eligible, offer themselves for reappointment.

By Order of the Board
For Arihant Foundations & Housing Limited

Sd/-
(Priti Venkatesan)
Company Secretary

Place: Chennai
Date: 16.02.2009

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 13.03.2009 to 20.03.2009 (Both days inclusive).
4. The dividend on equity shares, if declared at the Meeting, will be payable to those shareholders, whose names appear on the Company's Register of Members at the close of business hours on 13.03.2009. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories as at the close of business hours on 13.03.2009.
5. Members are requested to notify immediately the changes in their address, if any.
6. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of meeting.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's share department enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.
9. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.

DIRECTORS' REPORT

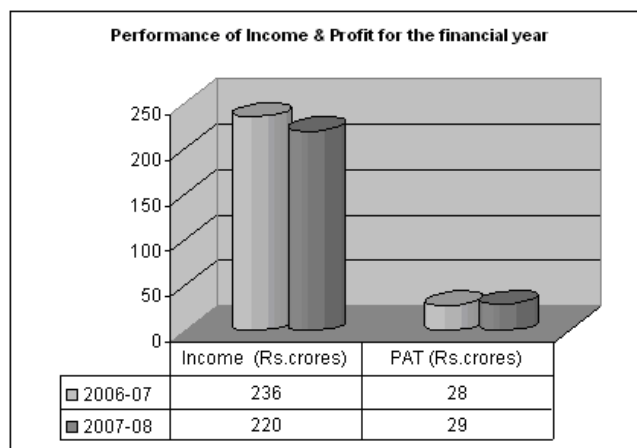
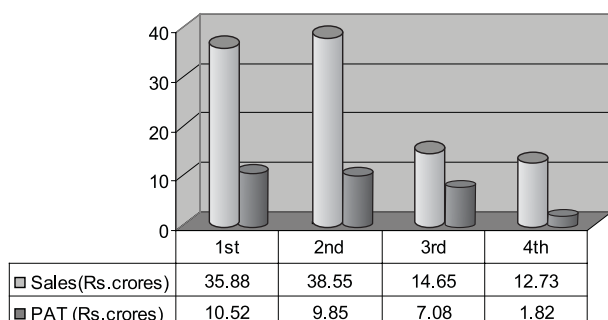
Your Directors take pleasure in presenting the 16th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September 2008.

FINANCIALS

PARTICULARS	2007-08 (Rs. in Lakhs)	2006-07 (Rs. in Lakhs)
Total Income	21977.75	23585.44
Total Expenditure	17836.64	20103.49
Profit before Interest and Depreciation	4141.11	3481.95
Interest	697.07	247.85
Depreciation	55.96	44.14
Profit before Tax	3388.08	3189.96
Provision for tax	461.59	360.00
Profit after Tax	2926.49	2829.96
APPROPRIATIONS		
Transfer to		
General reserve	292.65	283.00
Proposed Dividend (inclusive of dividend tax)	82.48	327.60
Balance profit carried forward	2551.36	2219.36

PERFORMANCE

Performance of Sales and Profits for four quarters



The Company's Income from Operation is Rs.220 crores during the financial year 2007-08 as against Rs.236 crores in the previous year 2006-07. The profit for the financial year was Rs.29 Crores compared to previous year profit of Rs.28 crores with an increase of 3.57%. The slow down of global economy had a greater impact on real estate sector, which had a considerable effect on the sales and profits of the Company, the performance of the Company for three quarters was good as shown in the abovementioned comparison chart and due to market recession, your Company able to make a profit of Rs.1.82 crores in the last quarter. However your directors are confident of making better profits for the financial year 2008-09.

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

DIVIDEND

Your directors pleased to recommend dividend @ 10% i.e. Re.1.00 per equity share on 7050000 equity shares of Rs.10 each for the financial year ended 30th September 2008, which if approved at the ensuing Annual General Meeting, will be paid to:

- all those shareholders whose name appears in the Register of Members as on 13th March 2009 and;
- all those whose name appears on that date as beneficial owners as furnished by National Securities Depository Limited and Central Depository Services Limited.

DEPOSITS

The Company has outstanding fixed deposits of Rs.75,43,410/- as on 30.09.2008, which is 0.53 % of aggregate of paid up capital and free reserves of the Company.

PROJECTS

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

Project details:

ONGOING PROJECTS

Project name	Location	Area (Sqft)
ARIHANT HEIRLOOM Residential Complex	Thazambur, Chennai	3,58,000
VILLA VIVIANA Township Project In association with J P Morgan India Property Fund	GST Road, Chennai	13,00,000
ARIHANT INSIGHT II IT Park	VSI Estate, Taramani Chennai	1,10,000

NEW PROJECT INITIATIVES

Project name	Location	Area (Sqft)
ARIHANT FRANGIPANI Residential Complex	Siruseri, TamilNadu	2,80,000
ARIHANT AMARA Residential Complex	Poonamallee High Road, Chennai	1,45,000

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

The provisions of Section 217 (1) (e) of the Companies Act, 1956 are not applicable to the Company.

Conservation of Energy : Not applicable
Technology Absorption : Not applicable.

Foreign Exchange Earnings : Rs.16,77,477
Outgo : Rs.9,24,024/-

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

Name of employee	Remuneration (Rs.)	Commission @ 3% of net profit (Rs.)	Total (Rs.)
Kamal Lunawath Managing Director	9,00,000.00	1,06,29,476.00	1,15,29,476.00

DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- Proper and sufficient care have been taken to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

DIRECTORS

In accordance with the relevant provisions of the Companies Act, 1956 and Article 101 of the Articles of Association of the Company, Mr. Kamal Lunawath, Mr. Vimal Lunawath & Mr. A.L Jayabhanu, Directors are liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for

reappointment. The brief resume of directors, who are to be re-appointed as stipulated under clause 49(IV) of the Listing Agreement, are furnished in the Corporate Governance Report forming part of the Annual Report.

AUDITORS

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

INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to shareholders' requests/ grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a suitable reply at the earliest possible time. The Shareholders' and Investors' Grievance Committee of the Board met periodically and reviewed the status of redressed investors grievances. The shares of your Company are continued to be traded in Electronic Form and the dematerialisation arrangement exists with both the depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 30th September, 2008, 5216513 (Fifty two lakhs sixteen thousand five hundred and thirteen only) shares have been dematerialised, representing 74% of the subscribed capital.

LISTING

The shares of your Company are listed at Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for the Financial Year 2008-2009 to the Stock Exchanges where its securities are listed. The Company has made an application for voluntary delisting of its Securities to Madras Stock Exchange Ltd. after obtaining approval of the Shareholders at the 15th AGM held on 28.03.2008. The approval from Madras Stock Exchange Limited is awaited. The Company has also complied with the amendments in listing agreement from time to time.

TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND.

Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, any amount in the unpaid dividend account not claimed for seven years from the

date of transfer of unclaimed amount to the aforesaid account, the same shall be transferred to the Investor Education Protection Fund, which is constituted under Section 205C of the Companies Act 1956. Since the period of seven years expired, the Company in conformity with the aforesaid provision has transferred an unclaimed amount of Rs.53843/- (Rupees Fifty three thousand eight hundred and forty three only) related to Dividend for the financial year 1999-00 to Investor Education and Protection Fund.

Further the Company hereby informing all those shareholders to claim their dividends who have not yet claimed their dividends for the subsequent years.

PERSONNEL

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

ACKNOWLEDGEMENTS

Your Directors acknowledge with appreciation the support and cooperation extended to the Company by CMDA, Corporation of Chennai, ELCOT. The Company is also thankful to Indian Overseas Bank, , ICICI Bank Limited, IDBI Bank Limited, Kotak Mahindra Bank, Vijaya Bank and Bank of India for their support and co operation.

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

Sd/ (KAMAL LUNAWATH) Managing Director	Sd/ (VIMAL LUNAWATH) Director
--	-------------------------------------

Place: Chennai
Date: 16.02.2009

ANNEXURE TO THE DIRECTOR'S REPORT

Board of Directors explanation for the observations made in the Auditor's Report pursuant to Provision of Sec. 217(3) of the Company's Act, 1956.

1. To point no. 3 (iv) The Company has not made provision in accordance to AS- 15, as it is being disallowed as per Income Tax Act, 1961.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company endeavor to achieve highest level of transparency, accountability towards its shareholders. The objective of the Company is to sustain growth in order to enhance the wealth of the shareholders, who are the real owners of the Company.

2. BOARD OF DIRECTORS

(I) COMPOSITION OF BOARD

The Board of Directors of Arihant Foundations & Housing Limited consists of Eight Directors as on 30.09.2008.

The break up of the total composition of the Board as on 30.09.2008 is as follows:

Sl. No.	Name of the Directors	Designation	Executive/ Non- executive/ Independent
1.	Mr. Kamal Lunawath	Managing Director	Executive
2.	Mr. Vimal Lunawath	Whole time Director	Executive
3.	Sri. Col. A.L. Jayabhanu	Whole time Director	Executive
4.	Sri. Jagdish R Bhatt *	Whole time Director	Executive
5.	Sri. Alex Jacob **	Director	Non-Executive
6.	Sri. A. Damodaran	Director	Non-Executive & Independent
7.	Sri. Harisharanlal Trivedi	Director	Non-Executive & Independent
8.	Mr. Ravikant M Choudhary	Director	Non-Executive & Independent
9.	Mr. Dilip G Surana	Director	Non-Executive & Independent
10.	Mr. Bharat M Jain	Director	Non-Executive

* Mr. Jagdish R Bhatt, Whole time Director resigned from Board with effect from 26.09.2008.

** Mr. Alex Jacob, Director resigned from Board with effect from 26.09.2008.

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

(II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 30.09.2008

Sl. No.	Name of the Directors	No. of Board Meetings Attended	Whether Attended last A.G.M	Other Directorships	Committee Memberships	Committee Chairmanships.
1.	Kamal Lunawath	14	Yes	12	1	-
2.	Vimal Lunawath	14	No	8	-	-
3.	Jagdish R Bhatt	07	Yes	-	-	-
4.	Col. A.L Jayabhanu	15	Yes	1	-	-
5.	Alex Jacob	06	Yes	-	-	-
6.	Damodaran A	09	Yes	1	-	-
7.	Harisharanlal Trivedi	06	No	-	1	-
8.	Dilip Surana	07	No	1	1	1
9.	Ravikant M Choudhary	07	Yes	5	2	1
10.	Bharat M Jain	15	Yes	3	-	-

Note: The position of membership and chairmanship held in the Committees by the Directors of the Company as mentioned above is only in "Arihant Foundations & Housing Limited" and the other directorship of the Directors as mentioned above do not include Alternate Directorships and Directorships of Foreign Companies and Section 25 Companies.

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

Fifteen (15) Board meetings were held during the financial year 01.10.2007 to 30.09.2008 and the dates on which the Board meetings were held are given below:

No. of Board Meetings	Date of Board Meetings	No. of Board Meetings	Date of Board Meetings
01	01.10.2007	09	26.02.2008
02	23.10.2007	10	07.03.2008
03	02.11.2007	11	11.03.2008
04	27.11.2007	12	21.03.2008
05	17.12.2007	13	28.04.2008
06	26.12.2007	14	26.07.2008
07	12.01.2008	15	26.09.2008
08	28.01.2008		

(IV) Details of Directors seeking reappointment at the ensuing Annual General Meeting.

Mr. Kamal Lunawath, aged 36, is the Managing Director of the Company, who devotes his full time and attention to the Company and also a member of the Shareholder/ Investor Grievance Committee. He is a Graduate. He has to his credit 15 years of rich experience in the execution of construction activities, specialised in execution of IT Parks, Townships. Besides this, his area of expertise involves:

1. Corporate and strategy planning
2. Financial arrangement
3. Bring in foreign investors

His other Directorship:

1.	Vaikunt Housing Limited	Director
2.	Arihant Griha Limited	Director
3.	Varenaya Constructions Limited	Director
4.	Transperent Heights Real Estate Limited	Director
5.	Arihant Unitech Realty Projects Limited	Director
6.	Escapade Real Estate Private Limited	Director
7.	Arihant Indo African Infra Developers and Builders Private Limited	Director

8.	Arihant Hospitality (Chennai) Private Ltd	Director
9.	High Edge Real Estate Advisory Private Limited	Director
10.	Heirloom Real Estate Private Limited	Director
11.	Hills and Vales Real Estate Pvt Ltd	Director
12.	Viviana Infra Developers Private Ltd	Director

Mr. Vimal Lunawath, aged 35 is Whole time Director of the Company, who devotes his full time and attention towards execution of various projects. He is a Graduate and has 14 years of rich experience in construction activities.

His Other Directorship:

1	Arihant Unitech Realty Projects Limited	Director
2.	Vaikunt Housing Limited	Managing Director
3.	Arihant Griha Limited	Director
4.	Varenaya Constructions Limited	Director
5.	Transperent Heights Real Estate Limited	Director
6.	High Edge Real Estate Advisory P Ltd	Director
7.	Hills and Vales Real Estate P Ltd	Director
8.	Heirloom real Estate P Ltd	Director

Mr. A L Jayabhanu, 63 is Whole time Director of the Company. He is BSc, BE & MBA. He is on the Board with effect from 28.09.1996. He has 13 years of rich experience in real estate marketing. His other Directorships:

1.	Escapade Real Estate Private Limited, Chennai	Director
----	---	----------

CODE OF CONDUCT

Effective from 31st December, 2005, the Company adopted formal code of conduct. The same has been posted on Company's website at www.arihantfoundations.com. The members of the Board and senior management of the Company have 5.

submitted their affirmation to the compliance with the code of conduct for the effective period. The declaration by the Managing Director to that effect forms part of this report.

3. AUDIT COMMITTEE

(I) BRIEF DESCRIPTION OF TERMS OF REFERENCE

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF ARIHANT FOUNDATIONS & HOUSING LIMITED

As per Section 292A of the Companies Act, 1956 read with Clause 41 and Clause 49 of the Listing Agreement with Stock Exchange, the Company has an Audit Committee. The scope of Audit Committee is as follows:

1. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, reappointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. To approve the payment to statutory auditors for any other services rendered by the statutory auditors.
4. To review with the management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors Responsibility Statement to be included in the Boards Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions
 - Qualifications in draft audit report.

To review, with the management, the quarterly financial statements before submission to the Board for approval.

6. To review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. To discuss with internal auditors any significant findings and follow up there on.
9. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. To discuss with the statutory auditors before the audit commences, about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To carry out any other function as is mentioned in the terms of reference of the Audit Committee.

POWERS OF AUDIT COMMITTEE

The Audit Committee is vested with certain powers to discharge its duties. They are:

1. To have access to the records of the Company;
2. To investigate any activity within its terms of reference;
3. To seek information from any employee;
4. To obtain outside legal or other professional advice;
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.

(II) COMPOSITION OF THE AUDIT COMMITTEE AS ON 30.09.2008, MEETINGS HELD AND ATTENDANCE DURING THE YEAR

Particulars	Name of the Member/ Chairman	No. of Meetings Held	No. of Meetings Attended
CHAIRMAN	Mr. Ravikant Choudhary*	6	6
MEMBERS	Mr. Dilip Surana	6	4
	Mr. A Damodaran	6	6
	Mr. Harisharanlal Trivedi	6	2

*Mr.Ravikant Choudhary elected as Chairman of the Audit Committee with effect from 26.09.2008

4. REMUNERATION COMMITTEE

The Company has not constituted Remuneration Committee as it is a non mandatory requirement.

The Remuneration Policy has been followed by the Company pursuant to Section 198, 269 & 309 of the Companies Act, 1956 and in compliance of limits laid down under Section I, Part II of Schedule XIII to the Companies Act, 1956.

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

- Executive Directors (Managing/ Whole-time Directors)**

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

The gross value of the fixed components of the remuneration, as explained above, paid to the whole time functional Directors, during the financial year 2007-08 is given below :

Name of the Directors	Salaries and Allowances	Other Benefits.
Mr. Kamal Lunawath Managing Director	Rs.75,000/- per month	Commission @ 3% of Net Profit & Company Car
Mr. Vimal Lunawath Whole time Director	Rs.75,000/- per month	Company Car
Col. A.L Jayabhanu Whole time Director	Rs.75,000/- per month	Car Allowance
Mr. Jagdish R Bhatt Whole time Director	Rs.75000/- per month.	

- Non- Executive Directors**

The Company has not paid any remuneration to Non-Executive Directors except sitting fees for attending meetings of the Board of Directors and committee thereof. The details of sitting fees paid to non executive directors during the financial year 2007-08 are as under:

Name of the Director	Designation	Total sitting fees paid (Rs.)
Mr. Ravikant M Choudhary	Director	52,000
Mr. Harisharanlal Trivedi	Director	24,000
Mr. A Damodaran	Director	30,000
Mr. Bharat M Jain.	Director	30,000
Mr. Dilip Surana	Director	22,000

- Details of shares held by the Non executive Directors**

Mr. Bharat M Jain: 11750 shares representing 0.17% of paid up Capital of the Company.

5. SHAREHOLDER'S / INVESTOR'S GRIEVANCE COMMITTEE COMPOSITION

Particulars	Name of the Member/ Chairman	No. of Meetings Held	No. of Meetings Attended
CHAIRMAN	Mr. Ravikant M Choudhary	13	13
MEMBERS	Mr. Kamal Lunawath	13	13
	Mr. Harisharanlal Trivedi	13	04

No. of shareholder/ Investor Grievance Committee Meeting held and the dates of Meetings

No.	Date of Meetings	No.	Date of Meetings
01	31.10.2007	09	30.04.2008
02	30.11.2007	10	15.05.2008
03	29.12.2007	11	15.07.2008
04	18.01.2008	12	16.08.2008
05	05.02.2008	13	15.09.2008
06	15.02.2008		
07	15.03.2008		
08	04.04.2008		

• Name and designation of Compliance officer.
Mrs. Priti Venkatesan, Company Secretary.

• Number of shareholder's complaints received so far, number not solved to the satisfaction of shareholders and number of pending share transfers for the period from 01.10.2007 to 30.9.2008:

6. GENERAL BODY MEETINGS

The particulars of last three Annual General Meetings are as under:

A.G.M	Date	Time	Venue	No. of Special Resolution passed
13 th AG.M	24.03.2006	10.25 A.M	Days Inn, Deccan Plaza Door no.36, Royapettah High Road, Royapettah, Chennai-14.	Nil
14 th A.G.M	23.03.2007	10.00 A.M	"The Residency Towers' Sir Thyagaraya Road T Nagar, Chennai – 600017	2 (two)**
15 th AGM	28.03.2008	10.30 A.M	Days Inn, Deccan Plaza Door no.36, Royapettah High Road, Royapettah, Chennai-14.	1 (One)*

Details of special resolution passed:

(i) *Special resolution was passed at the last Annual General Meeting of the Company for obtaining consent of the Shareholders to voluntary delisting of Company's securities from Madras Stock Exchange Limited.

During the financial year, 2 (two) shareholders complaints were received and resolved by the Company and there were no pending complaints at the end of the Financial Year.

SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian Subsidiary Company and hence it is not required to have an Independent Director of the Company on the Board of such Subsidiary Company. However the Company has four non listed Indian Subsidiary Company and compliance required under clause 49 (III) of the Listing Agreement has been duly complied with.

During the financial year, the company has made certain investments on 25.01.2008 by way of acquisition of shares of private limited companies namely, Miraj Builders Pvt. Ltd., Jalore Properties Pvt. Ltd., Avens Properties Pvt. Ltd. & Neris Developers Pvt. Ltd. Subsequently this investments were disposed off in full on 25.07.2008. As on date 30.09.2008, the said companies are not subsidiary companies.

The Board of Directors have also reviewed the affairs of its subsidiary companies.

(ii) ** (a) Special resolution was passed with respect to amendment of Capital clause of the Articles of Association for increase in the Authorised capital from Rs.7 crores to Rs.10 crores.

(b) Special resolution was passed with respect to alteration of Articles of Association for insertion of Article 34A after Article 34 of the Articles of Association.

Content of the Article 34A

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

A Special resolution was passed at the Extra Ordinary General Meeting held on 23rd day of October, 2007 to obtain the approval of Shareholders to the preferential issue of 10,00,000 convertible warrants.

No resolution was passed by postal ballot during last three financial year and nor any resolution is proposed to be conducted through postal ballot.

7. DISCLOSURES

- There are related party transactions i.e. transactions of the Company with its Directors and Directors relatives, Subsidiary Companies, Partnership Firms, Joint Venture and Associates.

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

Sl. No	Description	100% Subsidiaries	Associates / Joint Ventures	Key management personnel	Entities, relatives of key management personnel and individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise and relatives of any such individual
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
I	Sale of Assets to				
	Varenya Constructions Ltd	108073230.00			
II	Funds Received from				
1	Vimal Finance Corporation		32519.00		
2	Arihant Unitech Realty Projects Ltd		223182299.00		
3	Indus City scapes Constructions P Ltd		4400000.00		
4	Arihant Builders		5022261.00		
5	Kamal Lunawath			9239661.55	
6	Vimal Lunawath			22989364.32	
7	Mangilal Lunawath				450000.00
8	Preethi Lunawath				1182909.00
9	Snehalatha Lunawath				7547864.00
	Total		232637079.00	32229025.87	9180773.00
III	Funds granted to				
1	Arihant Housing & Investments		611714.06		
2	Shreyans Builders		100000.00		
3	Arihant Indo African Infra Developers & Builders P Ltd		27464501.00		
4	Arihant Unitech Realty Projects Ltd		228446763.00		
5	Indo African Industries P Ltd		29200000.00		
6	Vaikunt Housing Ltd	8728540.50			
7	Arihant Griha Limited	218567788.00			
8	Transperent Heights Real Estate Ltd	40550452.00			
	Total	267846780.50	285822978.06		
IV	Investment in shares of				
1	Vaikunt Housing Ltd	500000.00			
2	Varenya Constructions Ltd	500000.00			
3	Transperent Heights Real Estate Ltd	500000.00			
4	Arihant Griha Ltd	500000.00			
5	AIADB P LTD		2032740.00		
6	Escapade Real Estate P Ltd		11000000.00		
7	Arihant Unitech Realty Projects Ltd		5000000.00		
	Total	2000000.00	18032740.00		
V	Interest paid to				
1	Kamal Lunawath			1310558.00	
2	Vimal Lunawath			181052.00	
3	Snehalatha Lunawath				507564.00
VI	Interest received from				
1	Arihant Griha Limited	9953422.00			
2	Arihant Indo African Infra Developers & Builders P Ltd		1251779.00		
	Total	9953422.00	1251779.00		

The related party transactions are entered into based on consideration of various business exigencies such as legal requirement, synergy in operation and capital resources of subsidiaries and associates. All related party transactions are intended to further the business interest of the company.

- There were no instances of material non compliance and no penalties or strictures on the Company imposed by Stock Exchanges, SEBI or statutory authorities on any matter related to Capital Market during last three years / period.
- The Company has complied with all the mandatory aspects of Corporate Governance and compliance of non mandatory requirements given as an annexure to this Report and Marked as Annexure- 2.

8. MEANS OF COMMUNICATION

- The Board of Directors of the Company takes on record the un-audited Financial Results in the prescribed form within one month of the close of every quarter and announces the results to all the Listed Stock Exchanges soon after their approval in conformity with the Clause 49 of the Listing Agreement.
- The quarterly financial results are also published in the news papers and details and date of publications are as under:

Quarter Ended	Name of English daily	Name of Regional daily	Date of Publication
31.12.2007	NEWS TODAY	Maalai Sudar (TAMIL)	28.01.2008
31.03.2008	NEWS TODAY	Maalai Sudar (TAMIL)	28.04.2008
30.06.2008	NEWS TODAY	Maalai Sudar (TAMIL)	26.07.2008

- The Quarterly un-audited financial results and audited Annual results are also posted on the Company's web site at: www.arihantfoundations.com, investors section

Management Discussion and Analysis Report forms part of the Annual report for year 2007-08, given as an Annexure I to the Director's Report 2007-08.

9. GENERAL SHAREHOLDER INFORMATION

- Number of Annual General Meeting: 16th Annual General Meeting
Date & Time: 20.03.2009 at 10.00 a.m.
Venue: Arihant Escapade, Devaraj Nagar, No. 48, Okkium Thoraipakkam, Chennai 600 097
- Financial Calendar: October to September
- Book Closure date: 13.03.2009 to 20.03.2009 (Both the days inclusive)
- Dividend dispatch date: Within a maximum of 30 days
- Listing on Stock Exchanges:

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

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

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

- Stock code/ Symbol:-

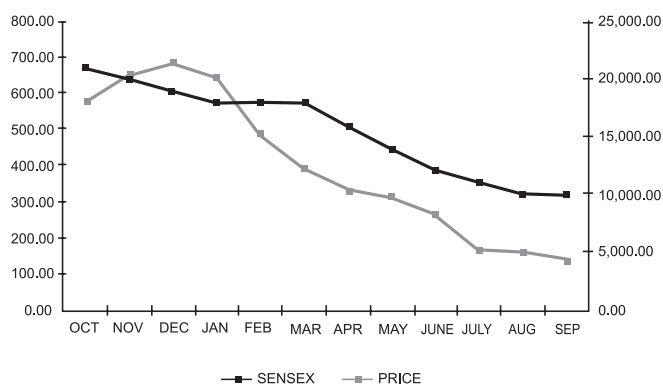
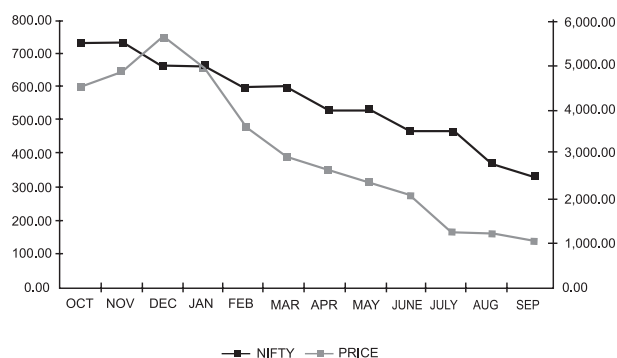
Bombay Stock Exchange Limited	531381
Madras Stock Exchange Limited	AFD
National Stock Exchange of India Ltd	ARIHANT
ISIN for dematerialised shares	INE413D01011

- Market Price Data –

High, Low during each month in the last financial year 2007-08

Bombay Stock Exchange Limited / National Stock Exchange of India Ltd

Month	(BSE) (in Rupees)		(NSE) (in Rupees)	
	High	Low	High	Low
October 2007	580.00	451.40	599.85	430.20
November 2007	660.00	540.00	650.00	550.00
December 2007	685.50	576.00	749.70	550.35
January 2008	646.95	392.55	660.00	390.10
February 2008	487.50	352.25	478.00	351.00
March 2008	390.00	276.30	389.00	280.35
April 2008	330.00	260.00	350.00	260.00
May 2008	311.00	257.00	315.00	260.00
June 2008	265.00	148.00	275.00	140.30
July 2008	166.90	121.00	163.45	108.05
August 2008	160.00	121.10	159.95	128.00
September 2008	139.00	77.50	138.00	78.55

viii. Stock Performance of the Company in comparison with BSE Sensex for the Financial Year 2007-08

Stock Performance of the Company in comparison with NSE Nifty for the Financial Year 2007-08.

ix. Registrar and Share transfer Agent:-

Cameo Corporate Services Limited.
Subramanian Building, No.1 Club House Road,
Anna Salai, Chennai-2.
Ph: 044 - 28460390.

x. Share Transfer system

M/s. Cameo Corporate Services Limited., Registrar and Share Transfer Agent, processes the share transfer/ transmission work. The transfers in physical form which are complete in all respects are taken up for approval once in a fortnight and the transferred securities dispatched to the transferee immediately. The details of transfer / transmission are approved by the Shareholder/ Investor Grievance Committee.

Month wise volume of share transferred/ transmitted in physical form during the financial year 01.10.2007 to 30.09.2008 is given hereunder:

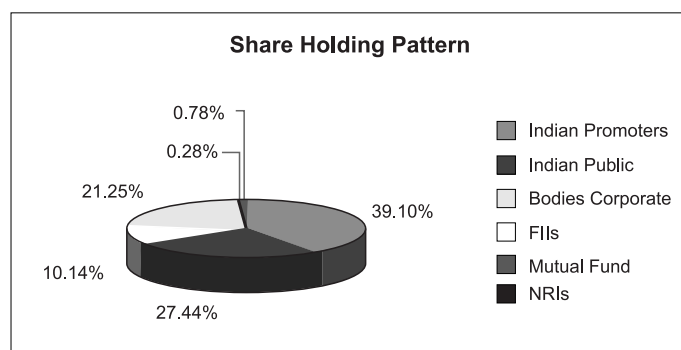
Month	No. of Transfers/ Transmission Approved	Total number of shares transferred/ transmitted
Oct, 07	01	100
Nov, 07	0	0
Dec, 07	0	0
Jan, 08	0	0
Feb, 08	01	100
Mar, 08	02	800
Apr, 08	02	200
May, 08	05	500
June, 08	0	0
July, 08	0	0
Aug, 08	0	0
Sept, 08	02	200
Total	13	1900

xi . Distribution of Shareholding as on 30.9.2008

Range of Shares	No. of Share holders	%	No. of Shares	%
1 to 500	1670	82.7963	181108	2.5689
501 to 1000	91	4.5116	70718	1.0030
1001 to 2000	72	3.5696	111723	1.5847
2001 to 3000	38	1.8840	96609	1.3703
3001 to 4000	19	0.9420	67754	0.9610
4001 to 5000	29	1.4378	141224	2.0031
5001 to 10000	42	2.0823	338152	4.7964
10001 and above	56	2.7764	6042712	85.7122
Total	2017	100.0000	7050000	100.0000

xii. Shareholding pattern as on 30.9.2008.

Sl. No.	Category	No. of Shares	% of Paid up Capital
1.	Indian Promoter's (including Person acting in concert).	27,56,700	39.10
2.	Indian Public	19,34,559	27.44
3.	Bodies Corporate	7,14,798	10.14
4.	FII's	14,98,236	21.25
5.	Mutual Fund	19,741	0.28
6.	NRI's	53,313	0.76
7.	Others	72,653	1.03
TOTAL		70,50,000	100.00

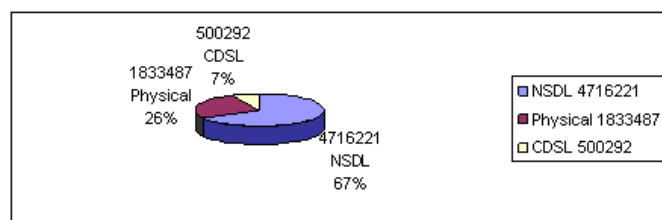


xiii. Dematerialisation of Shares and liquidity.

The dematerialisation facility exists with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for

the convenience of shareholders. As on 30.09.2008, 52,16,513 shares have been dematerialised, representing 74% of the Subscribed capital. The shares of the Company are under BSE INDONEXT Module of Bombay Stock Exchange Limited and are actively trading on Bombay Stock Exchange Limited (BSE) and also on National Stock Exchange of India Limited.

Demat / Physical status of Shares (% to paid up capital) as on 30.09.2008



Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL, CDSL and total number of shares in physical form.

xiv. Outstanding GDR s / ADR s/ warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has allotted 10,00,000 convertible warrants on 27.11.2007 at an exercise price of Rs.460/- per warrant (including premium of Rs.450/-) on preferential basis to Promoter group, Body Corporate and others. Out of total 10,00,000 convertible warrants, 50000 warrants has been converted in to 50000 fully paid up equity shares on 21.03.2008 and the same has been listed with National Stock Exchange of India Limited with effect from 04.12.2008. Listing approval

from Bombay Stock Exchange Limited is awaited. There are 9,50,000 convertible warrants outstanding and the time limit for the conversion of these warrants into equity is 27.05.2009. If the warrant holders exercise the option of conversion, the equity base will be increased from 70,50,000 equity shares to 80,00,000 equity shares of Rs.10/- each.

xv. Plant Locations.

Since the nature of business of the Company is construction. The Company has site and project at various places in urban and sub-urban areas.

xvi. Address for correspondence

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

Corporate Office:
New No.3 (Old No.25),
Ganapathy Colony, 3rd Street
Off. Cenotaph Road, Teynampet,
Chennai- 600018
Email: info@arihants.co.in
investors@arihants.co.in

CEO/ CFO CERTIFICATION

As required by Clause 49 of the listing agreement, the Certificate duly signed by Mr. Kamal Lunawath., Managing Director, was placed before the Board of Directors at its meeting held on 16.02.2009.

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

In accordance with Clause 49 sub clause (ID) of the Listing Agreement with Stock Exchanges, I hereby confirm that, all the Directors and Senior management Personnel of the Company have affirmed compliance to their respective codes of Conduct as applicable to them for the financial year ended 30.09.2008.

For ARIHANT FOUNDATIONS & HOUSING LTD
Sd/-
(Kamal Lunawath)
Managing Director

ANNEXURE - I MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure & Development

Your company operates in the South Indian markets predominantly in Chennai which has been historically perceived as an end user market rather than an investor market. There has also been increased industrial activity around the city of Chennai mainly due to increased investment by the corporate sector – both manufacturing and services. Lot of global MNCs and Indian IT majors have set up infrastructure in and around Chennai in the last 3 years. This is likely to create a demand for housing requirement both in the city and in the suburbs. There have also been a few SEZs that have been approved in and around Chennai which is expected to generate employment over the next several years.

Opportunities & Threats

- Housing demand fuelled by increased economic activity
- Affordable housing to cater to the mass market
- Replacement demand in city limits
- Greater Chennai concept leading to increased opportunities

Threats

- Interest rate risk
- Government regulation/ sops
- People who wants to own a house to bring in 40% margin on the cost of the house, effectively making them to postpone the purchase of a house resulting in a sale getting postponed and never happening.
- Changes in Taxation and credit policies might also impact the demand

Outlook

- South India poised to higher than overall country growth
- Pro-industry government likely to fuel increased manufacturing and services activity leading to job creation
- Young population with reasonable disposable income to form the core of the society leading to housing demand

Risks and Concern

A spurt on global interest rates was one of the major outcomes of the unprecedented global credit crisis. At the same time, the rupee lost heavily due to an exodus of foreign investments. Both these factors increased the interest burden for domestic Companies.

Most real estate firms have been facing severe cash crunch as sales have slowed down and credit has become tight. With crisis deepening in the real estate space, rating agencies too have been downgrading realty firms.

Discussion on Financial and Operational Performance

Financial Performance:

Income from Operation of the Company for the financial year 2008 is Rs.220 crores, the income from operation has reduced compared to last year income of Rs.236 crores due to slow down of the global economy. Profits for the year is Rs.29 crores compared to the previous year profit of Rs.28 crores, recording an increase of 3.47%. The Board has recommended a final dividend of 10% for the financial year ended 2008.

Operational performance:

During the financial year under review, the Company has acquired large tracks of land bank for developing certain mega projects like Township, large residential apartments, IT Parks. The Companies operational performance was sound till its third quarter. The sales and profit has reduced drastically in the last quarter due to the global financial turmoil and cash and credit crunch in the domestic market. The Company has two residential ongoing projects, one township project of 45 acres and one residential complex. In addition to this it has one IT Park project, which is under construction. As the financial condition of the market is getting strengthened slowly and after RBI has reduced the SLR, CRR and relaxation in the Banking system, the performance of the Company will be better for the current fiscal.

Internal Control System and their Adequacy

The internal control systems are supplemented by periodic review by the Management. The Audit Committee of Directors also provides necessary guidance for internal control and checking mechanism

and reviews the quarterly and annual accounts of the Company before they are submitted to the Board for their approval and adoption so as to ensure adequate internal control system.

Human Resources

Arihant is continuing to maintain a positive, cordial and healthy corporate and employee relationships.

Annexure II

Non -Mandatory Requirements

Compliance of non- mandatory requirements

(I) Non Executive Chairman:

The Company has been maintaining executive Chairman. Hence this provision is not applicable.

(II) Tenure of Independent Directors

No Maximum tenure has been specifically determined for the Independent Directors

(III) Remuneration Committee

The Company has not constituted Remuneration Committee

Reason: Remuneration is paid to Managing Director and Whole time Directors in compliance with Section I of Part II of Schedule XIII to the Companies Act, 1956. Since the approval of Remuneration Committee is not required, Remuneration Committee has not been constituted. Non Executive Directors are not entitled to any remuneration except sitting fees.

(IV) Shareholders Rights:

The company has published the quarterly un audited financial results and yearly audited financial results in English and regional language newspaper for circulation in the district in which registered office of the Company situated. The Company has also posted the same in the Company's website www.arihantfoundations.com. Annual report containing Balance Sheet and Profit and Loss account is also sent to Individual shareholders of the Company.

(V) Postal Ballot:

There was no such transaction of business which fall under the purview of Section 192A of the Companies Act, 1956, which require passing of the resolution by postal ballot

(VI) Audit Qualifications

The Company always strives to present an unqualified financial statement. The remarks/ comments of the Auditors on the financial statements, if any, has/ have been suitably clarified/ explained in the Notes to the Accounts/ Directors, Report.

(VII) Training of Board Members

The Board of Directors of the Company is continuously briefed, by the Managing Director of the Company with respect to developments and performance of the Company so as to update them and to seek their suggestions in the relevant areas.

(VIII) Mechanism of Evaluation of Non Executive Directors

The Board evaluates its Non- Executive Directors on the basis of their individual contribution towards achievement of goal of the Organisation.

(IX) Whistle Blower Policy

The Company has implemented a policy for employees to have an open access to the respective functional heads, Head- HRD, Managing Director and other Key management personnel.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Shareholders of Arihant Foundations & Housing Limited

We have reviewed the implementation of Corporate Governance conditions by Arihant Foundations & Housing Limited, as stipulated under clause- 49 of the Company's Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by Arihant Foundations & Housing Limited for ensuring the compliance of the conditions of the Corporate Governance.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement for the year ended 30th September 2008.

For B.P Jain & Co.,
Chartered Accountants

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

Place: Chennai
Date: 26.12.2008

AUDITOR'S REPORT

TO THE MEMBERS OF ARIHANT FOUNDATIONS AND HOUSING LIMITED

- 1 We have audited the attached balance sheet of **M/s. Arihant Foundations and Housing Limited, Chennai** as at **30TH September 2008**, the Profit and Loss Account for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India under sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

The Company does not have any branches. Hence Branch audit and Branch audit report is not applicable;

iii) The balance sheet and profit and loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account and the company has no branches;

- iv) In our opinion, the balance sheet, and profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except AS-15;
- v) On the basis of written representations received from the directors, as on 30th September 2008, and taken on record by the Board of Directors, Wherever applicable we report that none of the directors is disqualified as on 30th September 2008 from being appointed as a director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the note thereon and the Schedules attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - 1) in the case of Balance Sheet, of the state of affairs of the Company as at 30th September 2008 and
 - 2) in the case of Profit and Loss account, of the profit of the company for the year ended on that date.
 - 3) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-
DEVENDRA KUMAR BHANDARI
Partner

Membership No.: 208862

Place: **Chennai**
Date: 26/12/2008

Annexure to the auditor's Report

(Referred to Paragraph (3) of our report of even date)

On the basis of such checks we considered appropriate and according to the information and explanations given to us during the course of audit, we state that;

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. None of assets have been revalued during the year.

2. (a) The Stock of construction materials have been physically verified at periodic intervals and no significant discrepancies have been noticed on such verification during the year.

(b) The procedure of physical verification of stocks of building material, followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of raw materials is as per normally accepted accounting principles. The company has not identified slow moving building materials separately.

3. (a) The Company has granted during the year loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956, and the details are as follows.

(i) No. of Parties : (8)

(ii) Amount involved in the transaction:
Rs. 55.37 Crores

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

(c) The receipt of the principal amount and interest are also regular from parties.

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

(e) The company has taken loans secured or unsecured from the Companies, firms or other

parties listed in the register maintained under section 301 of the Companies Act, 1956 and the details are as follows.

(i) No of Parties : (9)

(ii) Amount involved in the transaction:
Rs.24.40 Crores

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

(g) The payment of principal amount and the interest are also regular to the parties.

(4) The company has an adequate internal control procedure commensurate with the size and the nature of the business for the purchase of stores and raw materials, plant and machinery equipment and other assets and for the sale of finished stock.

(5) (a) In our opinion and according to the information and explanations given by the management, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(6) The Company has accepted fixed deposits and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable, have been duly complied with. However the company is yet to file annual return of deposits for the year 2008.

(7) In the case of listed companies and/or other companies having paid up capital and reserves exceeding Rs.50 Lakhs as at the commencement of the Financial year concerned, or having an annual

- average turnover exceeding Rs.5 crores for a period of three consecutive financial years immediately preceding the financial year concerned, the Company has an internal audit system commensurate with its size and nature of its business
- (8) Maintenance of Cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
- (9) According to the information and explanations given to us and records of the Company examined by us, In our opinion,
- (a) The Company has been regular in depositing with appropriate authorities, statutory dues including Income Tax, Sales Tax, Service Tax, Investor Education and Protection Fund, Cess, VAT, and any other material statutory dues with the appropriate authorities during the year.
- (b) No un disputed amounts payable in respect of Income Tax, Service Tax, Sales Tax and cess were in arrears, as at 30.09.2008 for period more than six months from the date they became payable.
- (10) The Company has no accumulated losses as at September 30, 2008 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (11) The company has not defaulted in repayment of dues to any financial Institution or Banks as at the balance sheet date. (Except in case of HUDCO, where in the company is disputing the amount of interest payment / principal payment and rate of interest due to non release of NOC in favour of the prospective buyers vide Court case No. Q.A.No.78 of 2004. The Company has filed contempt of Court petition vide Petition 384/2004 against HUDCO for not following the order of High Court. HUDCO has filed a suit in the Debt Recovery Tribunal).
- (12) According to the information and explanations given to us, The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The provisions of any special Statute applicable to a chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (14) According to the information and explanations given to us, the Company has made investments in subsidiary Companies, quoted and non quoted shares. The Company is not trading in shares and other specified securities.
- (15) In our opinion and according to the information and explanations given to us, the Company has not given / extended corporate guarantee during the financial year.
- (16) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have not been used for long term investments and vice versa.
- (18) The Company has made allotment of convertible share warrants on preferential basis to the person forming part of Promoter Group covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (19) The company has not issued any secured debentures during the year accordingly, paragraph 4(xix) of the order is not applicable.
- (20) The company has not raised any money by public issue during the year.
- (21) No fraud on or by the company, have been noticed or reported during the year.

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

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

Place: Chennai
Date : 26/12/2008

ARIHANT FOUNDATIONS & HOUSING LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER 2008

	SCHEDULE NO	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	70500000.00		70000000.00	
(B) RESERVES & SURPLUS	II	1354142686.40		1002343157.78	
			1424642686.40		1072343157.78
(2) LOAN FUNDS					
(A) SECURED LOANS	III	715154299.24		571409805.59	
(B) UNSECURED LOANS	IV	468354981.87	1183509281.11	421867835.38	993277640.97
TOTAL			2608151967.51		2065620798.75
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
a) GROSS BLOCK	V	169035372.60		155143072.00	
Less: DEPRECIATION		22368370.93		16772013.27	
Net Block			146667001.67		138371058.73
(2) INVESTMENTS	VI		21115923.00		69413981.00
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
a) INVENTORIES	VII	1119272141.05		1045540555.72	
b) SUNDRY DEBTORS	VIII	592121013.23		543759839.94	
c) CASH & BANK BALANCE	IX	27208641.90		39424842.10	
(ii) LOANS & ADVANCES	X	1214039097.87		858761940.00	
		2952640894.05		2487487177.76	
LESS: CURRENT LIABILITIES AND PROVISIONS					
a) CURRENT LIABILITIES	XI	475441638.79		543971090.47	
b) PROVISIONS	XII	36906712.42		85782328.27	
		512348351.21	2440292542.85	629753418.74	1857733759.02
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF	XIII		76500.00		102000.00
TOTAL			2608151967.51		2065620798.75
Significant accounting policies and notes forming part of accounts	XVIII				

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

Chartered Accountants

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

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

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Wholtime Director

sd/-
Priti Venkatesan
Company Secretary

ARIHANT FOUNDATIONS & HOUSING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2008

	SCHEDULE NO	AMOUNT AS ON 30.09.2008 (Rs.)	AMOUNT AS ON 30.09.2007 (Rs.)
I. INCOME			
(A) INCOME FROM OPERATIONS	XIV	2174518400.43	2321174986.34
(B) OTHER INCOME		23257172.82	37368713.92
	TOTAL	2197775573.25	2358543700.26
II. EXPENDITURE			
(A) CONSTRUCTION EXPENSES	XV	1641731120.28	1858222992.30
COST OF FIXED ASSET SOLD		27307306.00	
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES	XVI	114625122.98	152126639.96
(C) INTEREST AND FINANCE CHARGES	XVII	69707137.72	24784877.52
(D) DEPRECIATION		5596357.66	4413983.60
		1858967044.64	2039548493.38
PROFIT AFTER DEPRECIATION		338808528.62	318995206.88
PROVISION FOR TAXATION		46159000.00	36000000.00
PROFIT AFTER TAX		292649528.62	282995206.88
PROPOSED DIVIDEND		7050000.00	28000000.00
TRANSFERRED TO GENERAL RESERVE		29264952.86	28299520.69
BALANCE CARRIED FORWARD TO BALANCE SHEET		256334575.76	226695686.19
Significant accounting policies and notes forming part of accounts	XVIII		

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

Kamal Lunawath

Managing Director

sd/-

Vimal Lunawath

Wholtime Director

sd/-

Priti Venkatesan

Company Secretary

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL AUTHORISED		100000000.00		100000000.00
100,00,000 EQUITY SHARES OF RS.10/- EACH				
ISSUED, SUBSCRIBED & PAID UP				
50,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	50000000.00		50000000.00	
20,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP ISSUED AT A PREMIUM OF RS. 191/- PER SHARE	20000000.00		20000000.00	
50,000 EQUITY SHARES OF RS. 10/- EACH FULLY PAID UP ISSUED AT A PREMIUM OF RS. 450/- PER SHARE	500000.00			
		70500000.00		70000000.00
SCHEDULE - II				
RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET				
GENERAL RESERVE	56260947.75		27961427.06	
ADD : ADDITIONS DURING THE YEAR	29264952.86		28299520.69	
		85525900.61		56260947.75
PROFIT & LOSS ACCOUNT BALANCE	564082210.03		337386523.84	
ADD : ADDITIONS DURING THE YEAR	256334575.76		226695686.19	
		820416785.79		564082210.03
SECURITY PREMIUM 20,00,000 EQUITY SHARES OF RS. 191/- PER SHARE	382000000.00		382000000.00	382000000.00
ADDITION DURING THE YEAR 50,000 EQUITY SHARES OF RS. 450/ PER SHARE	22500000.00			
950000 CONVERTIBLE WARRANTS PAID RS. 46/- PER WARRANT		404500000.00		
		43700000.00		
		1354142686.40		1002343157.78
SCHEDULE - III				
SECURED LOAN				
BANKS	388700228.30		99199507.00	
OTHERS	295724050.94		441709438.59	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relevant projects and directors personal guarantee)	30730020.00		30500860.00	
		715154299.24		571409805.59
SCHEDULE - IV				
UNSECURED LOANS				
(A) FIXED DEPOSITS	7543410.00		15467383.91	
(B) DIRECTORS	32360075.87		131050.00	
(C) INTERCORPORATE DEPOSITS	392954735.00		333622688.00	
(D) UNSECURED LOANS - OTHERS	35496761.00		72646713.47	
		468354981.87		421867835.38

SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01-10-2007	ADDITIONS DURING 01-10-07 TO 30-09-2008	DELETIONS DURING THE YEAR	BALANCE AS AT 30-09-2008	BALANCE AS ON 01.10.2007	FOR THE PERIOD 01-10-07 TO 30-09-2008	DELETIONS DURING 01-10-07 TO 30-09-08	TOTAL AS ON 30-09-2008	AS ON 01.10.2007	AS ON 30.09.2008
Land	17931721.00	27307806.00	27307306.00	17931721.00	0.00	0.00	0.00	0.00	17931721.00	17931721.00
Buildings	86736967.00	9820510.00	Nil	96557477.00	5884003.42	1587926.45	0.00	7471929.87	80852963.58	89085547.13
Vehicles	14944244.63	720245.00	Nil	15664489.63	2563850.26	1467254.14	0.00	4031104.40	12380394.37	11633385.23
Plant & Machinery	16483731.97	1342239.0	Nil	17825970.97	4117102.38	1216783.05	0.00	5333885.43	12366629.59	12492085.54
Furniture & Fixtures	18462789.00	2526656.00	Nil	20989445.00	4140788.21	1324394.02	0.00	5465182.23	14322000.79	15524262.77
Books	66269.00	0.00	Nil	66269.00	66269.00	0.00	0.00	66269.00	0.00	0.00
Capital WIP	517349.40	0.00	517349.40	0.00	0.00	0.00	0.00	0.00	517349.40	0.00
TOTAL	155143072.00	41716956.00	27824655.40	169035372.60	16772013.27	5596357.66	0.00	22368370.93	138371058.73	146667001.67

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

SCHEDULE - VI	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
INVESTMENTS				
LONG TERM INVESTMENTS				
NON-QUOTED (FULLY PAID AT COST)				
NATIONAL SAVINGS CERTIFICATE	--		5000.00	
TRADE INVESTMENTS				
SHARES IN COMPANIES - UNQUOTED				
(i) Arihant Unitech Reality Projects Ltd. (500000 Equity Shares of Rs. 10 each fully Paid Up Shares)	5000000.00		5000000.00	
(ii) Escapade Real Estate Pvt. Ltd (1100000 Equity shares of Rs. 10/- each fully paid up)	11000000.00		11000000.00	
(iii) Arihant Indo African Infra Developers & Builders Pvt. Ltd. (Share Application Money)	--		50285798.00	
(iv) Arihant Indo African Infra Developers & Builders Pvt. Ltd. (203274 Equity shares of Rs. 10/- each fully Paid up)	2032740.00		40000.00	
WHOLLY OWNED SUBSIDIARY COMPANIES				
INVESTMENTS IN SUBSIDIARY COMPANIES				
ARIHANT GRIHA LTD. (50000 Equity shares of Rs. 10/- each fully Paid)	500000.00		500000.00	
VARENYA CONSTRUCTIONS LTD. (50000 Equity Shares of Rs. 10/- each fully paid)	500000.00		500000.00	
TRANSPARENT HEIGHTS REAL ESTATE LTD. (50000 Equity shares of Rs. 10/- each fully paid)	500000.00		500000.00	
VAIKUNT HOUSING LTD. (500000 Equity shares of Rs. 1/- each fully Paid)	500000.00		500000.00	
QUOTED (FULLY PAID AT COST)				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	1.00		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 415839)	180830.00		180830.00	
Tata Consultancy Services Ltd (1800 equity shares of Rs. 1/- each fully paid up) (Market Value Rs. 1198080)	902352.00		902352.00	
		21115923.00		69413981.00
Aggregate Amount of Quoted Investment		1083183.00		1083183.00
Un-Quoted Investment		20032740.00		68330798.00

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
SCHEDULE VII INVENTORIES & WORK IN PROGRESS (At cost taken, valued and certified by the management)				
STOCK OF CONSTRUCTION RAW MATERIAL	2388849.00		1598300.00	
FINISHED STOCK	246583629.46		217474351.18	
WORK IN PROGRESS	870299662.59		826467904.54	
		1119272141.05		1045540555.72
SCHEDULE VIII SUNDRY DEBTORS (UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	91314824.83		118057018.83	
LESS THAN SIX MONTHS	500806188.40		425702821.11	
		592121013.23		543759839.94
SCHEDULE IX CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	5761776.45		1756109.13	
(B) BALANCE WITH SCHEDULED BANKS	13265494.45		25905657.97	
(C) FIXED DEPOSITS WITH SCHEDULED BANK	8181371.00		11763075.00	
		27208641.90		39424842.10
SCHEDULE X LOANS & ADVANCES UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	32169684.18		34914145.18	
(B) ADVANCE FOR EXP./CONTRACTORS	609318879.17		325859489.30	
(C) OTHER DEPOSITS	462320135.52		217901112.52	
(D) PREPAID EXPENSES	988834.00		1000781.00	
(E) ADVANCE FOR PURCHASE OF LAND	59041565.00		34086412.00	
(F) TENDER DEPOSITS	--		20000000.00	
(G) ADVANCE TAX	50200000.00		45000000.00	
		1214039097.87		858761940.00
SCHEDULE XI CURRENT LIABILITIES				
(A) ADVANCE FROM CUSTOMERS & PROJECTS	64940015.07		137118548.72	
(B) BANK OVERDRAFT C.C. A/C	698076.46		75416644.08	
(C) OUTSTANDING LIABILITIES	348316968.85		294189203.77	
(D) RENTAL DEPOSITS	24507438.00		24507438.00	
(E) SUNDRY CREDITORS FOR SUPPLIERS	29634474.41		5396880.90	
(F) INVESTOR EDUCATION PROTECTION FUND	101621.00		101621.00	
(G) SHARE WARRANT APPLICATION MONEY EXCESS RECEIVED	--		10000.00	
(H) OTHER LIABILITIES	7243045.00		7230754.00	
		475441638.79		543971090.47

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
SCHEDULE - XII				
PROVISIONS				
(A) PROVISION FOR TAXATION	28697584.73		51743098.73	
(B) PROVISION FOR DIVIDEND	<u>8209127.69</u>		<u>34039229.54</u>	
		36906712.42		85782328.27
SCHEDULE - XIII				
MISCELLANEOUS EXPENDITURE				
(A) PRELIMINARY EXPENSES	42000.00		47500.00	
(B) DEFERRED REVENUE EXP	60000.00		80000.00	
	<u>102000.00</u>		<u>127500.00</u>	
LESS: WRITTEN OFF	25500.00		25500.00	
		76500.00		102000.00
SCHEDULE - XIV				
INCOME FROM OPERATION				
(A) SALES	1018183983.38		1219572494.62	
(B) RENTAL RECEIPTS	37062276.00		56061936.00	
(C) CLOSING STOCK	2388849.00		1598300.00	
(D) FINISHED GOODS	246583629.46		217474351.18	
(E) WORK IN PROGRESS	<u>870299662.59</u>		<u>826467904.54</u>	
		2174518400.43		2321174986.34
SCHEDULE - XV				
(a) MATERIAL	296531502.60		326745585.59	
(b) LABOUR & SUB CONTRACT EXP.	167040477.00		295944918.32	
(c) OTHER EXPENSES	<u>921149208.53</u>		<u>1000180535.23</u>	
		1384721188.13		1622871039.14
(B) LAND		<u>257009932.15</u>		<u>235351953.16</u>
		1641731120.28		1858222992.30

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (Rs.)		AMOUNT AS ON 30.09.2007 (Rs.)	
SCHEDULE - XVI				
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	337080.00		333840.00	
ADVANCES UNRECOVERABLE WRITTEN OFF	0.00		32975034.00	
ACCOUNTS WRITTEN OFF	0.00		5898160.00	
BANK CHARGES	277708.43		362338.27	
DIRECTORS REMUNERATION	12925203.92		6172677.85	
DONATION	896026.00		1161425.00	
ELECTRICITY CHARGES	647299.00		335126.00	
FILING, LEGAL & OTHER FEES	9143105.00		5992565.00	
MISCELLANEOUS EXPENSES	10450870.02		12828604.88	
INSURANCE	127978.00		139504.00	
OFFICE MAINTENANCE	868036.50		283324.50	
PRINTING & STATIONERY	1333212.00		1244878.45	
RENT	23255631.00		36790600.00	
REPAIRS & MAINTENANCE OF BUILDING	35512146.06		35112036.62	
SHARE REGISTRAR EXPENSES	45824.00		36789.00	
STAFF SALARY	5320617.00		4617195.00	
STAFF WELFARE	456594.00		358967.75	
SUBSCRIPTION & PERIODICALS	32179.00		63674.00	
TELEPHONE & POSTAGE	1210633.05		782765.20	
TRAVELLING, CONVEYANCE & FUEL	5195236.00		4035095.00	
		108035378.98		149524600.52
B. SALES PROMOTION				
ADVERTISEMENT EXPENSES	3288381.00		1030958.00	
BUSINESS PROMOTION	3275863.00		1545581.44	
		6564244.00		2576539.44
C. DEFERED REVENUE EXPENDITURE		20000.00		20000.00
D. PRE-OPERATIVE EXPENSES		5500.00		5500.00
		114625122.98		152126639.96
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
INTEREST	69707137.72		24784877.52	
		69707137.72		24784877.52

SCHEDULE - XVIII

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions except As-15.

b) Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles prescribed by the Institute of Chartered Accountants of India.

2. FIXED ASSETS AND DEPRECIATION

a) The fixed Assets are stated at cost of acquisition less depreciation, cost includes all the related expenses incurred upto the Asset is put to use.

b) Depreciation on Fixed Assets is provided on straight line method as per rate and in the manner prescribed in schedule XIV of the Companies Act, 1956. The depreciation has been provided at 100% on the Assets purchased during the year the cost of which is less than Rs.5000/-.

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

3. RECOGNITION OF INCOME

The revenue is recognized on the "Percentage of Completion Method" of accounting of projects subject to percentage of confirmation of sales relating to each project. During the sale of fixed assets to subsidiary companies has been accounted as sale.

4. SUNDRY DEBTORS

Represents value of sales less amount received

5. VALUATION OF INVENTORIES

(a) Work in Progress

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

(b) Finished stock

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

6. INVESTMENTS

(a) The Long Term Investments are carried at cost. The decline other than temporary, will be reduced from carrying amount to recognize decline.

(b) During the financial year, the Company has made certain investments on 25th January, 2008 by way of acquisition of shares of Private Limited Companies to an extent of Rs.20 lakhs. In the process of acquisition, these private limited Companies were become Subsidiary of your Company. Subsequently these investments were fully disposed off on 25th July, 2008 and at the financial year end of the Company as on 30th September, 2008, these Companies are not Subsidiary Companies.

7. EMPLOYEE BENEFITS

a) Provident Fund Plan

The company does not fall with in the purview of Provident Fund Act.

b) Employees State Insurance/ Pension fund scheme:

The company does not fall with in the purview of Employees State Insurance/Pension fund scheme.

c) Defined Gratuity obligation:

Provision for Gratuity liability has not been made for the year as per the provisions of gratuity Act. The gratuity will be accounted as and when paid

8. TAXES ON INCOME

The provision is made for taxation on proportionate period basis for the year ended 30.09.2008

9. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

10. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Sales Tax liability, if any on works contract carried out by the company is considered by management as not material but if any liability arises it will be recovered from customers

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

iii) Contingent assets are neither recognized, nor disclosed.

11. BORROWING COST

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

B. NOTES FORMING PART OF ACCOUNTS

1. ISSUE OF SHARE WARRANTS

During the year, the company has issued and allotted 10,00,000 share warrants at Rs.460 per share warrant (Including premium of Rs.450/-) to promoter group, body corporate and others.

5. DIRECTORS REMUNERATION

		(12 Months) (Rs. in crores)	
		Calculation of Net Profit for the purpose of Commission to Managing Director	
		Gross Income	219.77
		Less : Direct Cost	166.90
		Administrative Overheads (Excluding Director's Remuneration)	17.57
		Net Profit for Calculation of Commission	35.30
		Commission @3% Rounded to	1.06
Managing Director's remuneration (including Dearness and all other allowances)	0.09		
Commission to Managing Director (3% of the Net Profit)	1.06		
Other's Director's remuneration	0.27		
Total	1.42		

2. CONVERSION OF SHARE WARRANT INTO EQUITY SHARES

During the year, the company has converted 50000 convertible warrants into 50000 fully paid up equity shares out of total 1000000 convertible share warrants at Rs.460 each representing an equal number of equity shares of Rs.10/- each. Consequently, paid up equity share capital of the company has increased by Rs.5,00,000 and securities premium account has increased by Rs.2.25 crores.

3. LIABILITIES AND ASSETS

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

4. REMUNERATION TO AUDITORS

	<u>30.09.2008</u> (Rs.)	<u>30.9.2007</u> (Rs.)
Statutory Auditors		
i) Audit Fees		
As Auditors	1,68,540	1,68,540
ii) In other capacity		
Tax audit fees	1,12,360	1,12,360
Income Tax representation	56,180	56,180

6. REPORT ON JOINT VENTURE & ASSOCIATES

Name of Joint Venture and Associate	Purpose	Nature of Concern
1) Arihant Unitech Realty Projects Limited	Development of Residential Township	Equity Participation 50:50 Investment in Equity Rs.50,00,000
2) Escapade Real Estate Private Limited	Development of Residential Township of 45 acres.	Equity Participation 50:50 Investment in equity Rs.1,10,00,000
3) Arihant Indo African Infra developers and Builders Pvt Ltd	Development of Residential and Commercial Complexes	Equity participation (26%) i) Investment in Equity Rs. 20,32,740 ii) Optionally Redeemable Convertible Debentures. Rs.3,86,22,100
4) Unitech Cestos Realtors Private Limited	Development of Township	Details of Joint Venture: JV Partners: Stake on Gross receipts Land Owner PVP Venture Ltd (Formerly SSI Ltd), 43% Developer Unitech Limited, Arihant Foundations & Housing Ltd. 57%
5) Arihant Foundations, Partnership Firm	Residential Apartment	4%
6) Arihant Foundations & Housing, Partnership Firm	Residential Apartments	3%
7) Arihant Heirloom. Partnership Firm	Residential Apartment	51.64%

7. UNCLAIMED DIVIDEND

No amount is due and outstanding as an unclaimed for more than seven years and unclaimed dividend has been transferred Rs.53,843 to Investor Education and Protection Fund for the year.

8. EARNING PER SHARE

I) Basic Earning Per Share

	<u>30.09.2008</u>	<u>30.9.2007</u>
a) Weighted average number of shares considered for calculation (In Lakhs)	70.50	70.00
b) Net profit after tax (In Lakhs)	2928.06	2829.95
c) Basic Earning per Share (b/a) (Rs)	41.67	43.07
d) Face Value per Share (Rs)	10.00	10.00

II) Diluted Earning Per Share

	<u>30.09.2008</u>	<u>30.9.2007</u>
a) Weighted average number of shares considered for calculation (In Lakhs)	80.00	70.00
b) Net profit after tax (In Lakhs)	2928.06	2829.95
c) Diluted Earning per Share (b/a)(Rs)	36.60	43.07
d) Face value per Share (Rs)	10.00	10.00

9. QUANTITATIVE INFORMATION

The provisions of clause 3(ii) of Schedule VI of part I I of Companies Act, 1956, The Nature of the business in respect of property development activity carried on by the company, the furnishing of

quantitative details relating to consumption / stock of building materials is not feasible.

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

Utilization of funds received by the Company through issue (private placement basis) of share warrants and its conversion in to equity shares:

During the financial year, the Company has issued 10,00,000 convertible warrants by way of private placement basis to Promoter group, Body Corporate and others. The Convertible warrants were issued at a total exercise price of Rs.460/- (including premium of Rs.450/-). The said warrants were allotted on 27.11.2007 and amount of Rs.4,60,00,000/- (10% of the total exercise price @ Rs.46) received by the Company. Subsequently on 21.03.2008, out of total 10,00,000 convertible warrants, Promoter group have exercised conversion of 50,000 convertible warrants into 50,000 fully paid up equity shares by making the balance payment of Rs.414/- per share amounting to Rs.2,07,00,000/-. The total fund amount of Rs.6,67,00,000/- has been utilised towards acquisition of land for development of various projects.

11. There are no amounts due and outstanding to be credited to Investor Education & Protection fund as at 30th September 2008.

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

13. SCHEDULE TO ACCOUNTS

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

CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2008

	Rs.	Rs.
A. CASHFLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items		338808528.62
Add: Adjustments for :		
Depreciation		5596357.66
Investment Income		(1461196.96)
Miscellaneous Expenditure Writtenoff		25500.00
Interest and Finance Charges		69707137.72
Operating Profit Before Working Capital Changes		412676327.04
Add: Adjustments for:		
Increase In Trade and Other Receivables	(403638331.16)	
Increase in Inventories	(73731585.33)	
Decrease in Trade Payables	(117405067.52)	
Provision for Tax	(46159000.00)	
Net Cash From Operations		(640933984.01)
B. CASHFLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(13892300.60)	
Sale of Investments	48298058.00	
Divident received	1461196.96	
Net Cash used in Investing Activities		35866954.36
C. CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	190231640.14	
Proceeds from Issue of Shares	500000.00	
Proceeds from Security Premium	22500000.00	
Proceeds from Issue of Share Warrant Application money	43700000.00	
Proposed Divident	(7050000.00)	
Interest Paid	(69707137.72)	
Net Cash From Financing Activities		180174502.42
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(12216200.20)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		39424842.10
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		27208641.90

For and on behalf of board of directors

For **ARIHANT FOUNDATIONS & HOUSING LIMITED**

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Whole Time Director

sd/-
Priti Venkatesan
Company Secretary

Chennai
26.12.2008

AUDITOR'S CERTIFICATE

We have examined the above cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2008. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of December 26, 2008 to the members of the Company

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

Chartered Accountants
sd/-

Devendra Kumar Bhandari
Partner

Date : 26.12.2008
Place : Chennai

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

Balance Sheet Abstract and company's General Business Profile

(Rs. in thousands)

I. Registration Details

Registration No.

State Code

Balance Sheet Date

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

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

Total Liabilities

Total Assets

Source of Funds

Paid up Capital

Reserves & Surplus

Secured Loan

Unsecured Loan

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Exp.

Accumulated Losses

IV. Performance of the Company (Rupees in thousands)

Turnover

Total Expenditure

Profit Before Tax

Profit After Tax

Earnings Per Share (Rs.)

Divident Rates (%)

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

Item Code No.

Product Description

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

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

S No.	Name of Subsidiary Company	Financial Year of the Subsidiary Company ended on	Interest of the Company in the Subsidiary Companies at the end of their respective financial years		Net aggregate of Profit/ (Loss) of the Subsidiary Company so far as it concerns the members of Arihant Foundations & Housing Limited which are			
					Dealt with in the accounts of the Company amounted to		Not dealt with in the accounts of the Company amounted to	
					(Rupees in Lacs)			
			Share holding (No. of shares)	Extent of holding(%)	For subsidiary's financial year ended	For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited	For subsidiary's financial year ended	For previous financial year of subsidiary since it became subsidiary of Arihant Foundations & Housing Limited
1.	Varenya Constructions Limited	31.03.2008	50000	100%	Nil	Nil	(-)7.77	(-) 0.27
2.	Transperent Heights Real Estate Limited	31.03.2008	50000	100%	Nil	Nil	(-)18.39	(-)14.39
3.	Arihant Griha Limited	31.03.2008	50000	100%	Nil	Nil	(-)5.20	(-) 0.23
4.	Vaikunt Housing Ltd	31.03.2008	50000	100%	Nil	Nil	(-)22.58	(-)13.73

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

Sd/-
Kamal Lunawath
Managing Director

Sd/-
Vimal Lunawath
Director

Sd/-
Priti Venkatesan
Company Secretary

VARENYA CONSTRUCTIONS LIMITED

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

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 2nd Annual Report to the Shareholders together with the Audited Accounts for the period ended 31st March, 2008.

FINANCIAL

For the financial year end 31.03.2008, your Company has incurred a net loss of Rs.7,77,076/-.

DIVIDEND

Your Directors have not recommended any dividend for the period ended 31.03.2008.

DIRECTORS

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

STATUTORY AUDITORS

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 2nd Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 2nd Annual General Meeting till the conclusion of next Annual General Meeting.

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

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The Company has no employee of the category mentioned in sub-section (2A) of Section 217 of the Companies Act 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. The Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

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

Sd/-
(Kamal Lunawath)
Director

Sd/-
(Abhishek Chandak)
Director

Date: 02.09.2008
Place: Chennai

AUDITOR'S REPORT

To
The Members of Varenya Constructions Limited.

1. We have audited the attached balance sheet of **M/s Varenya Constructions Limited** ("the Company") as at **31st March 2008**, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

- iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable except AS-15;
- v) On the basis of written representations received from the directors, as on 31st March 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2008; and
 - (b) in the case of the profit and loss account, of the loss of the Company for the year ended 31st March 2008.
 - (c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For B.P.JAIN & CO.
CHARTERED ACCOUNTANTS

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date:02/09/2008

Annexure**Re: M/S VARENYA CONSTRUCTIONS LIMITED****Referred to in paragraph 3 of our report of even date,**

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.
- (iii) (a) The Company has granted loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.No of parties are one. Amount involved Rs.7,71,000
- (b) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company.
- (c) During the year, in respect of the aforesaid loans or advance, there has been no recovery towards principal, In the absence of any terms, we are unable to comment on the regularity of recovery of principal amount.
- (e) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.No of parties are two and amount involved Rs.10,82,305/-
- (f) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;
- (g) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us,the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion and according to the information and explanations given by the management, contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The Company's Authorized and paid up capital is less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The Company has accumulated losses at end of the financial year.The company has incurred cash losses in the financial year. Loss in the preceding financial year 2006-07 Rs.27054.The company was incorporated in September 2006,

- (xi) The Company has not availed any loan from Banks and Financial institutions and company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loan.
- (xvii) The company has no investments. Hence Clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956; accordingly, clause 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised any public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place: Chennai
Date : 02/09/2008

VARENYA CONSTRUCTIONS LTD
BALANCE SHEET FOR THE YEAR ENDED 31.03.2008

PARTICULARS	SCHEDULE	AMOUNT AS ON		AMOUNT PERIOD FROM	
		31.03.2008 (Rs.)		26.09.06 to 31.03.07 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL		500000.00		500000.00	
(B) RESERVES & SURPLUS	I	--		--	
			500000.00		500000.00
(2) SECURED LOAN					
TERM LOAN			--		--
UNSECURED LOANS	II	1082305.00	1082305.00	10000.00	10000.00
			1582305.00		510000.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS			--	--	
(2) INVESTMENTS			--	--	
(3) NET CURRENT ASSETS			--	--	
CURRENT ASSETS	III	788685.00		465800.00	
LESS : CURRENT LIABILITIES	IV	36001.00		16854.00	
			752684.00		448946.00
(4) MISCELLANEOUS EXPENSES (TO THE EXTENT NOT WRITTEN OFF)			25500.00		34000.00
(5) PROFIT & LOSS A/C			804121.00		27054.00
Significant accounting policies and notes forming part of accounts	V		1582305.00		510000.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.08
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Abhishek Chandak
Director

VARENYA CONSTRUCTIONS LTD
PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2008

PARTICULARS	Shedule No.	AMOUNT AS ON 31.03.2008 (Rs.)	AMOUNT PERIOD FROM 26.09.06 to 31.03.07 (Rs.)
INCOME			
(A) Income from Operation		--	--
EXPENDITURE			
(A) CONSTRUCTION EXPENSES		--	--
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES		777067.00	27054.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<hr/>	<hr/>
		777067.00	27054.00
		<hr/>	<hr/>
PROFIT AFTER DEPRECIATION		(777067.00)	(27054.00)
PROVISION FOR TAXATION		--	--
		<hr/>	<hr/>
PROFIT AFTER TAX		(777067.00)	(27054.00)
		<hr/>	<hr/>
Significant accounting policies and notes forming part of accounts	V		

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.08
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Abhishek Chandak
Director

VARENYA CONSTRUCTIONS LTD
SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	AMOUNT AS ON 31.03.2008 (Rs.)		AMOUNT PERIOD FROM 26.09.06 to 31.03.07 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL		500000.00		500000.00
PAID UP CAPITAL (50,000 Equity shares of Rs. 10/- each fully paid up)		500000.00		500000.00
SCHEDULE - II				
UNSECURED LOANS				
(a) Intercompany Deposits	1072305.00		--	
(b) Loan from Directors	10000.00		10000.00	
		1082305.00		10000.00
SCHEDULE - III				
NET CURRENT ASSETS				
(a) CURRENT ASSETS				
i) CASH IN HAND	3410.00		3450.00	
ii) BANK ACCOUNTS				
Scheduled Banks	14275.00		4850.00	
iii) LOANS & ADVANCES				
Advance for property	771000.00		457500.00	
		788685.00		465800.00
LESS : (b) CURRENT LIABILITIES				
SUNDRY CREDITORS		36001.00		16854.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.08
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Abhishek Chandak
Director

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

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

	<u>31.03.2008</u>	<u>31.3.2007</u>
	(Rs.)	
Statutory Auditors		
Audit Fees	15000	15000

2. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount (Rs.)
(i) Kamal Lunawath	Loan Received	10,000
(ii) Arihant Foundation and Housing Ltd	Loan Received	10,72,305
(iii) Red Stone Realtors Pvt Ltd	Advance for property	7,71,000

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

4. SCHEDULE TO ACCOUNTS

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

VARENYA CONSTRUCTIONS LTD
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(777067.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	8500.00
Interest and Finance Charges	--
	<hr/>
Operating Profit Before Working Capital Changes	(768567.00)
Add : Adjustment for :	
Increase in Trade Payables	19147.00
Increase in Trade Receivables	<u>(313500.00)</u>
Net Cash from Operations	(1062920.00)
B. CASH FLOW FROM INVESTMENT ACTIVITIES	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	<u>1072305.00</u>
Net Cash from Financing Activities	1072305.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	9385.00
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8300.00
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	17685.00

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

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

Date : 02.09.08
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Abhishek Chandak
Director

TRANSPARENT HEIGHTS REAL ESTATE LIMITED

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

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 2nd Annual Report to the Shareholders together with the Audited Accounts for the period ended 31st March, 2008.

FINANCIAL

For the financial year end 31.03.2008, your Company has incurred a net loss of Rs.18,38,571/-.

DIVIDEND

Your Directors have not recommended any dividend for the period ended 31.03.2008.

DIRECTORS

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

STATUTORY AUDITORS

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 2nd Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 2nd Annual General Meeting till the conclusion of next Annual General Meeting.

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

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The Company has no employee of the category mentioned in sub-section (2A) of Section 217 of the Companies Act 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. The Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

For and on behalf of the Board of Directors
TRANSPARENT HEIGHTS REAL ESTATE LIMITED

Sd/-	Sd/-
(Kamal Lunawath)	(Vimal Lunawath)
Director	Director

Date: 02.09.2008
Place: Chennai

AUDITOR'S REPORT**To****The Members of M/s TRANSPERENT HEIGHTS REAL ESTATE LIMITED.**

1. We have audited the attached balance sheet of **M/s TRANSPERENT HEIGHTS REAL ESTATE LTD** ("the Company") as at **31st March 2008**, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

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

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

On the basis of written representations received from the directors, as on 31st March 2008, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2008; and

(ii) in the case of the profit and loss account, the loss of the Company for the year ended 31st March 2008.

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

DEVENDRA KUMAR BHANDARI
Partner
Membership No.: 208862

Place : Chennai
Date : 02/09/2008

ANNEXURE

Re: M/S TRANSPERENT HEIGHTS REAL ESTATE LIMITED

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

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.
- (iii) (a) The Company has not granted loans and advances to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(b) The company has not granted any loans, hence the rate of interest and other terms and conditions of loans given by the company, secured or unsecured are not applicable.

(c) The Company has not granted any loans, hence the recovery of principal amount and interest are not applicable.

(d) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. No of parties are one and the amount involved in the transaction is Rs.5,03,36,040;

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

(f) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.

(b) In our opinion and according to the informations and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The Authorized and paid up capital of the company is less than Rs.50 Lacs the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.

(b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company has accumulated losses at the end of financial year. The Company has incurred cash losses in the financial year. Loss in the preceding financial year 2006-07 Rs.14,38,833 The company was incorporated in September 2006.

- (xi) The Company has not availed any loan from Banks and Financial institutions and company has not issued any debentures.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, Debentures and other investments. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial Institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loans.
- (xvii) The company has no investments, hence clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956: accordingly clause 4 (xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised the public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-
DEVENDRA KUMAR BHANDARI
Partner
Membership No. 208862

Place : Chennai
Date : 02/09/2008

TRANSPARENT HEIGHTS REAL ESTATE LTD
BALANCE SHEET FOR THE YEAR ENDED 31.03.2008

PARTICULARS	SCHEDULE	AMOUNT AS ON 31.03.2008 (Rs.)		AMOUNT PERIOD FROM 28.09.06 to 31.03.07 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	500000.00		500000.00	
(B) RESERVES & SURPLUS		--		--	
			500000.00		500000.00
(2) SECURED LOAN					
IOB TERM LOAN		--		39600000.00	
UNSECURED LOANS					
INTER-CORPORATE DEPOSITS	II	50336040.00	50336040.00	90722218.00	130322218.00
			50836040.00		130822218.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS		--		--	
(2) INVESTMENTS		--		--	
(3) NET CURRENT ASSETS		--		--	
CURRENT ASSETS	III	47673517.00		129551336.00	
LESS : CURRENT LIABILITIES	IV	126881.00		183951.00	
			47546636.00		129367385.00
(4) MISCELLANEOUS EXPENSES (TO THE EXTENT NOT WRITTEN OFF)			12000.00		16000.00
(5) PROFIT & LOSS A/C			3277404.00		1438833.00
Significant accounting policies and notes Forming part of accounts	V		50836040.00		130822218.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2008
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

TRANSPARENT HEIGHTS REAL ESTATE LTD
PROFIT & LOSS A/C FOR THE YEAR ENDED 31.03.2008

PARTICULARS	Shedule No.	AMOUNT AS ON 31.03.2008 (Rs.)	AMOUNT PERIOD FROM 28.09.06 to 31.03.07 (Rs.)
INCOME			
(A) INCOME FROM OPERATION	VI	110000000.00	--
(B) WORK IN PROGRESS		--	90845059.00
		<hr/>	<hr/>
		110000000.00	90845059.00
		<hr/>	<hr/>
EXPENDITURE			
(A) CONSTRUCTION EXPENSES		90845059.00	90845059.00
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES	VII	20993512.00	1438833.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<hr/>	<hr/>
		111835871.00	92283892.00
		<hr/>	<hr/>
PROFIT AFTER DEPRECIATION		(1838571.00)	(1438833.00)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		(1838571.00)	(1438833.00)
Significant accounting policies and notes forming part of accounts	v		

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

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

sd/-

Kamal Lunawath

Director

sd/-

Vimal Lunawath

Director

Date : 02.09.2008

Place : Chennai

TRANSPARENT HEIGHTS REAL ESTATE LTD**SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET**

PARTICULARS	AMOUNT AS ON 31.03.2008 (Rs.)		AMOUNT PERIOD FROM 28.09.06 to 31.03.07 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL		500000.00		500000.00
PAID UP CAPITAL (50,000 Equity shares of Rs. 10/- each fully paid up)		500000.00		500000.00
SCHEDULE - II				
SECURED LOAN				
IOB TERM LOAN		--		39600000.00
SCHEDULE - III				
UNSECURED LOANS				
INTER-CORPORATE DEPOSITS		50336040.00		90722218.00
SCHEDULE - IV				
NET CURRENT ASSETS				
(a) CURRENT ASSETS				
i) CASH IN HAND	29641.00		29641.00	
ii) BANK ACCOUNTS	1143876.00		1176636.00	
iii) INVENTORY	--		--	
Work In Progress			90845059.00	
iii) LOANS & ADVANCES				
Advance for property	46500000.00		37500000.00	
		47673517.00		129551336.00
LESS : (b) CURRENT LIABILITIES				
a) OUTSTANDING LIABILITIES			54185.00	
b) SUNDRY CREDITORS	126881.00		129766.00	
		126881.00		183951.00

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

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

sd/-

Kamal Lunawath

Director

sd/-

Vimal Lunawath

Director

Date : 02.09.2008

Place : Chennai

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

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

	<u>31.03.2008</u>	<u>31.3.2007</u>
	(Rs.)	
Statutory Auditors		
Audit Fees	15000	15000

2. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount (Rs.)
Arihant Foundation and Housing Ltd	Loan Received	5,03,36,040

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

4. SCHEDULE TO ACCOUNTS

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

TRANSPARENT HEIGHTS REAL ESTATE LTD
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(1838571.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	4000.00
Interest Paid	4007839.00
	<hr/>
Operating Profit Before Working Capital Changes	2173268.00
Add : Adjustment for :	
Preliminary Expenses	
Increase in Trade Receivables	81845059.00
Increase in Trade Payables	(57070.00)
	<hr/>
Net Cash from Operations	83961257.00
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Net Cash used in Investing Activities	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	(79986178.00)
Proceeds from Issue of Shares	(4007839.00)
	<hr/>
Net Cash from Financing Activities	(83994017.00)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(32760.00)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1206277.00
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	1173517.00

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

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

Date : 02.09.2008
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED

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

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 2nd Annual Report to the Shareholders together with the Audited Accounts for the period ended 31st March, 2008.

FINANCIAL

For the financial year end 31.03.2008, your Company has incurred a net loss of Rs.5,20,179/-.

DIVIDEND

Your Directors have not recommended any dividend for the period ended 31.03.2008.

DIRECTORS

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

STATUTORY AUDITORS

M/s. B.P Jain & Co., Chartered Accountants, retire at the conclusion of 2nd Annual General Meeting and being eligible, will be reappointed as Statutory Auditors to hold office from the conclusion of the 2nd Annual General Meeting till the conclusion of next Annual General Meeting.

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

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

The Company has no employee of the category mentioned in sub-section (2A) of Section 217 of the Companies Act 1956.

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. The Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

ANNEXUE TO THE DIRECTOR'S REPORT

Board of Directors explanation for the observations made in the Auditor's Report pursuant to Provision of Sec. 217(3) of the Company's Act, 1956.

1. To point no. 3 (c) The said amount has been in advertently missed due to shortage of qualified man power.

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

Sd/-
(Kamal Lunawath)
Director

Sd/-
(Vimal Lunawath)
Director

Date: 02.09.2008
Place: Chennai

AUDITOR'S REPORT

To
The Members of M/s Arihant Griha Limited.

1. We have audited the attached balance sheet of **M/s. Arihant Griha Limited** ("the Company") as at **31st March 2008**, the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account, except interest payable Rs.99,53,422 have not been considered in balance sheet and profit and loss account.

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

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

On the basis of written representations received from the directors, as on 31st March 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2008; and

(ii) in the case of the profit and loss account, the loss of the Company for the year ended 31st March 2008.

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

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

Place : Chennai
Date : 02/09/2008

Annexure**Re: M/s. ARIHANT GRIHA LIMITED****Referred to in paragraph 3 of our report of even date,**

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) The Company has no inventory hence the related compliances with respect to inventory is not required to be maintained.
- (iii) (a) The Company has not granted advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 hence the related compliances with respect to loans and advances is not applicable.
- (b) The company has taken unsecured loans from companies, firms or other parties covered in register maintained under section 301 of the Companies Act, 1956. No of parties are two and the amount involved in the transaction is Rs.20,79,87,566.
- (c) The aforesaid loan were interest free and did not carry any other terms and conditions as regards repayment. In our opinion, were not prejudicial to the interest of the company;
- (d) The company is regular in repaying the principal amount as stipulated.
- (iv) In our opinion and according to the information and explanations given to us the company does not have inventory and fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion, and according to information and explanations given by the management, contracts and arrangements referred in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The Authorized and paid up capital of the company is less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, hence the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.
- (b) The company has no disputed tax liability, hence clause 4 (ix) of the order is not applicable.
- (x) The company has been registered for a period of less than five years. The company has accumulated losses at the end of financial year. The company has incurred cash losses in the financial year. Losses in the preceding financial year 2006-07 is Rs.22671. The company was incorporated in September 2006.
- (xi) The Company has not availed any loans from Banks and Financial institutions and company has not issued any debentures.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund/nidhi/mutual fund/society. Accordingly, clause 4(xiii) of the Order is not applicable
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, Debentures and other investments. Accordingly, clause 4 (xiii) of the order is not applicable.
- (xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial Institutions.
- (xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not taken any term loans from Banks. Hence the application of loans for the purpose for which it is borrowed does not applicable.
- (xvii) The company has no investments, hence clause 4 (xvii) of the order is not applicable.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956: accordingly clause 4 (xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.
- (xx) The company has not raised any public issue during the year; accordingly, clause 4 (xx) of the order is not applicable to the company.
- (xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Sd/-
DEVENDRA KUMAR BHANDARI
Partner
Membership No. 208862

Place : Chennai
Date : 02/09/2008

ARIHANT GRIHA LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31.03.2008

PARTICULARS	SCHEDULE	AMOUNT AS ON		AMOUNT PERIOD FROM	
		31.03.2008 (Rs.)		25.09.2006 TO 31.03.2007 (Rs.)	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
SHARE CAPITAL	I	500000.00		500000.00	
(2) SECURED LOAN		--		--	
(3) UNSECURED LOANS	II	208002566.00		32200.00	
			208502566.00		532200.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS		--		--	
(2) INVESTMENTS		--		--	
(3) NET CURRENT ASSETS		--		--	
CURRENT ASSETS	III	210214380.00		487483.00	
LESS : CURRENT LIABILITIES	IV	2280164.00		11954.00	
			207934216.00		475529.00
(4) MISCELLANEOUS EXPENSES (TO THE EXTENT NOT WRITTEN OFF)			25500.00		34000.00
(5) PROFIT & LOSS A/C			542850.00		22671.00
Significant accounting policies and notes Forming part of accounts	V		208502566.00		532200.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2008
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED
PROFIT & LOSS A/C FOR THE PERIOD 31.03.2008

PARTICULARS	Shedule No.	AMOUNT AS ON 31.03.2008 (Rs.)	AMOUNT PERIOD FROM 25.09.2006 TO 31.03.2007 Rs.
INCOME			
(A) INCOME FROM OPERATION		--	--
		<hr/>	<hr/>
TOTAL		--	--
		<hr/>	<hr/>
EXPENDITURE			
(A) CONSTRUCTION EXPENSES		--	--
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES		520179.00	22671.00
(C) INTEREST AND FINANCE CHARGES		--	--
(D) DEPRECIATION		--	--
		<hr/>	<hr/>
		520179.00	22671.00
		<hr/>	<hr/>
PROFIT AFTER DEPRECIATION		(520179.00)	(22671.00)
PROVISION FOR TAXATION		--	--
PROFIT AFTER TAX		(520179.00)	(22671.00)
Significant accounting policies and notes forming part of accounts	v		

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2008
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

ARIHANT GRIHA LIMITED

SCHEDULE ATTACHED AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	AMOUNT AS ON 31.03.2008 (Rs.)		AMOUNT PERIOD FROM 25.09.2006 TO 31.03.2007 (Rs.)	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL		<u>500000.00</u>		<u>500000.00</u>
PAID UP CAPITAL (50,000 Equity shares of Rs. 10/- each fully paid up)		500000.00		500000.00
SCHEDULE - II				
UNSECURED LOANS				
(a) Intercompany Deposits	207970366.00		--	
(b) From Directors	17200.00		17200.00	
(c) From Others	<u>15000.00</u>		<u>15000.00</u>	
		208002566.00		32200.00
SCHEDULE - IV				
NET CURRENT ASSETS				
(a) CURRENT ASSETS				
i) CASH IN HAND	3450.00		3450.00	
ii) BANK ACCOUNTS	14076.00		27781.00	
iii) INVENTORY	--		--	
iv) RENTAL DEPOSIT	180000.00		--	
v) JOINT DEVELOPMENT ADVANCE	<u>210016854.00</u>		<u>456252.00</u>	
		210214380.00		487483.00
LESS : (b) CURRENT LIABILITIES				
a) ADVANCE FROM CUSTOMERS			--	
b) SUNDRY CREDITORS	<u>2280164.00</u>		<u>11954.00</u>	
		2280164.00		11954.00

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

sd/-
Devendra Kumar Bhandari
Partner
Membership No.: 208862
Date : 02.09.2008
Place : Chennai

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

sd/-
Kamal Lunawath
Director

sd/-
Vimal Lunawath
Director

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

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

3. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

B. NOTES FORMING PART OF ACCOUNTS**1. CONTINGENT LIABILITY -**

The company has entered in to joint development agreement with M/s. Ramakrishna Mills Limited for joint development. The occurrence of the project is depend upon the receipt of Government clearances.

2. REMUNERATION TO AUDITORS (Excluding Service Tax)

	<u>31.03.2008</u>	<u>31.3.2007</u>
	(Rs.)	
Statutory Auditors Audit Fees	10,000	10,000

3. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount (Rs.)
(i) Kamal Lunawath	Loan Received	17,200
(ii) Arihant Foundation and Housing Ltd	Loan Received	20,79,70,366

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

5. SCHEDULE TO ACCOUNTS

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

ARIHANT GRIHA LIMITED**CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2008**

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(520179.00)
Add : Adjustment for :	
Miscellaneous Expenditure Written off	8500.00
Interest and Finance Charges	--
Operating Profit Before Working Capital Changes	(511679.00)
Add : Adjustment for :	
Increase in Trade Receivables	(209740602.00)
Increase in Trade Payables	2268210.00
Net Cash from Operations	(207984071.00)
B. CASH FLOW FROM INVESTMENT ACTIVITIES	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	207970366.00
Net Cash from Financing Activities	207970366.00
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(13705.00)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	31231.00
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	17526.00

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

Date : 02.09.2008

Place : Chennai

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

sd/-

Kamal Lunawath

Director

sd/-

Vimal Lunawath

Director

AUDITOR'S REPORT

To
The Members, Vaikunt Housing Limited.

1. We have audited the attached balance sheet of **M/s Vaikunt Housing Limited** ("the Company") as at **31st March 2008**, and also the annexed profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except AS 7, AS 15;

v) On the basis of written representations received from the directors, as on 31st March 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

(i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2008; and

(ii) in the case of the profit and loss account, the loss of the Company for the year ended 31st March 2008.

(iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

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

Place : Chennai
Date : 02.09.2008

Annexure

Re: M/S VAIKUNT HOUSING LIMITED

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

- (i) The Company has no fixed asset hence the related compliances with respect to fixed asset is not required to be maintained.
- (ii) a) The Stock of construction materials have been physically verified at periodic intervals and no significant discrepancies have been noticed on such verification during the year.
- (b) The procedure of physical verification of stocks of building material, followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of building is as per normally accepted accounting principles. The company has not identified slow moving building materials separately.
- (iii) (a) The Company has not granted any loan or advance to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not granted any loans, hence the rate of interest and other terms and conditions are not applicable.
- (c) The company has not granted any loans, hence the receipt of the principal amount and interest are not applicable.
- (d) The company has not granted any loans, hence the question of recovery of Principal amount and interest are not applicable.
- (e) The company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. No. of Parties are four and the amount is Rs.1,50,49,839/-
- (f) In our opinion, the rates of interest and other terms and conditions of loans taken are not, prima facie, prejudicial to the interest of the company.
- (g) The company is regular in repaying the principal amount as stipulated and the loans does not carry any interest.
- (iv) In our opinion and according to the information and explanations given to us, the company does not have fixed assets, hence clause 4 (iv) of the order is not applicable.
- (v) (a) In our opinion and according to the information and explanations given by the management, contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 1956 and rules framed there under are not applicable to the Company.
- (vii) The company is having paid up capital of less than Rs.50 Lacs and the average turnover is less than Rs.5 crores, the company is not necessary to have an Internal Audit System.
- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209 (1) (d) of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of books of account, the Company is regular in depositing undisputed statutory dues of Income

Tax, Cess, VAT, and any other material statutory dues during the year with the appropriate authorities. Statutory payment of Provident Fund, Investor Education and Protection Fund, Wealth tax and Service Tax is not applicable.

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

(x) The company has been registered for a period of less than five years. The Company has no accumulated losses at end of the financial year. The company has not incurred cash losses in the financial year.

(xi) The Company has not defaulted in repayment of dues to a financial institution, Bank or debenture holders.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund / society. Accordingly, clause 4(xiii) of the Order is not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiii) of the order is not applicable.

(xv) In our opinion, and according to information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us and on the basis of examination of books of accounts, the company has not availed any term loans.

(xvii) The company has no investments. Hence Clause 4 (xvii) of the order is not applicable.

(xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956; accordingly, clause 4(xviii) of the Order is not applicable.

(xix) The Company has not issued any debentures during the year hence creation of security or registration of charge with the Registrar of Companies not applicable.

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

(xxi) According to information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

Place: Chennai
Date: 02/09/2008

VAIKUNT HOUSING LIMITED
BALANCE SHEET FOR THE YEAR ENDED 31.03.2008

	SCHEDULE NO	AMOUNT AS ON 31.03.2008 Rs.		AMOUNT AS ON 31.07.2007 Rs.	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	500000.00		500000.00	
(B) RESERVES & SURPLUS	II	--		--	
			500000.00		500000.00
(2) LOAN FUNDS					
(A) SECURED LOANS		--		--	
(B) UNSECURED LOANS	III	20049839.00	20049839.00	28938836.00	28938836.00
TOTAL			20549839.00		29438836.00
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
a) GROSS BLOCK		--		--	
Less: DEPRECIATION		--		--	
Net Block		--		--	
(2) INVESTMENTS		--		--	
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
a) INVENTORIES	IV	46292030.33		16655077.33	
b) SUNDRY DEBTORS	V	976739.00		976739.26	
c) CASH & BANK BALANCE	VI	777215.04		111565.04	
(ii) LOANS & ADVANCES	VII	7141100.00		19432668.73	
			55187084.37		37176050.36
LESS: CURRENT LIABILITIES AND PROVISIONS					
a) LIABILITIES	VIII	37445356.87		8279289.86	
b) PROVISIONS		271293.00		279715.00	
			37716649.87		8559004.86
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF			--		--
PROFIT AND LOSS ACCOUNT			3079404.50		821790.50
TOTAL			20549839.00		29438836.00
Significant accounting policies and notes Forming part of accounts	IX				

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

sd/-
Devendra Kumar Bhandari
Partner, Membership No.: 208862
CHENNAI
02.09.2008

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

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

VAIKUNT HOUSING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31.03.2008

	SCHEDULE NO	AMOUNT AS ON 31.03.2008 Rs.		AMOUNT AS ON 31.07.2007 Rs.	
I. INCOME					
(A) INCOME FROM OPERATIONS	X	46292030.33		16655077.33	
(B) OTHER INCOME		--		--	
TOTAL			46292030.33		16655077.33
II. EXPENDITURE					
(A) CONSTRUCTION EXPENSES	XI	46292030.33		16655077.33	
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES	XII	2255334.00		1367523.50	
(C) INTEREST AND FINANCE CHARGES	XIII	2280.00		5552.00	
(D) DEPRECIATION				0.00	
			48549644.33		18028152.83
PROFIT AFTER DEPRECIATION			(2257614.00)		(1373075.50)
PROVISION FOR TAXATION			--		--
PROFIT AFTER TAX			(2257614.00)		(1373075.50)
PROPOSED DIVIDEND			--		--
Transferred to General Reserve			--		--
BALANCE CARRIED FORWARD TO BALANCE SHEET			(2257614.00)		(1373075.50)
Significant accounting policies and notes Forming part of accounts	IX				

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

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

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

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

VAIKUNT HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 31.03.2008 Rs.		AMOUNT AS ON 31.07.2007 Rs.	
SCHEDULE - I				
SHARE CAPITAL				
AUTHORISED CAPITAL		<u>1000000.00</u>		<u>1000000.00</u>
ISSUED, SUBSCRIBED & PAID UP				
5,00,000 EQUITY SHARES OF RS.1/- EACH FULLY PAID UP		500000.00		500000.00
SCHEDULE - II				
RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET	--		--	
ADD : ADDITIONS DURING THE YEAR	--		--	
PROFIT & LOSS ACCOUNT BALANCE	--		--	
ADD : ADDITIONS DURING THE YEAR	--	--	--	--
SCHEDULE - III				
UNSECURED LOAN				
INTERCORPORATE DEPOSITS	19849839.00		28738836.00	
UNSECURED LOANS OTHERS	<u>200000.00</u>		<u>200000.00</u>	
		20049839.00		28938836.00
SCHEDULE - IV				
INVENTORIES & WORK IN PROGRESS				
WORK IN PROGRESS (AT COST, TAKEN VALUED AND CERTIFIED BY THE MANAGEMENT)	<u>46292030.33</u>		<u>16655077.33</u>	
		46292030.33		16655077.33
SCHEDULE - V				
SUNDRY DEBTORS				
(UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	976739.26		976739.26	
LESS THAN SIX MONTHS	--		--	
	<u>976739.26</u>		<u>976739.26</u>	
		976739.26		976739.26
SCHEDULE - VI				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	38000.00		3000.00	
(B) BALANCE WIT SCHEDULED BANK	<u>739215.04</u>		<u>108565.04</u>	
		777215.04		111565.04
SCHEDULE - VII				
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) ADVANCE FOR EXP/CONTRACTORS	6641100.00		18932668.73	
(B) SHARE APPLICATION MONEY	--		--	
(C) ADVANCE TAX	<u>500000.00</u>		<u>500000.00</u>	
		7141100.00		19432668.73

VAIKUNT HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 31.03.2008 Rs.		AMOUNT AS ON 31.07.2007 Rs.	
SCHEDULE - VIII				
CURRENT LIABILITIES				
(A) ADVANCE FROM PROJECT & CUSTOMERS	35047370.87		4645336.00	
(B) SUNDRY CREDITORS FOR SUPPLIERS	2669279.00		3633953.86	
		37716649.87		8279289.86
SCHEDULE - X				
INCOME FROM OPERATIONS				
(A) SALES	--		--	
(B) CLOSING STOCK	--		--	
(C) FINISHED GOODS	--		--	
(D) WORK IN PROGRESS	46292030.33		16655077.33	
		46292030.33		16655077.33
SCHEDULE - XI				
(A) CONSTRUCTION EXPENSES				
(a) MATERIAL	19104469.61		16049727.33	
(b) LABOUR & SUB CONTRACT EXP	24540930.13		--	
(c) OTHER EXPENSES	2646630.59		605350.00	
(B) LAND	--		--	
		46392030.33		16655077.33
SCHEDULE - XII				
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
BANK CHARGES	10601.00		4055.50	
FILING, LEGAL AND OTHER FEES	--		6830.00	
OTHER PROJECT EXPENSES	1191788.40		466522.80	
PRINTING & STATIONERY	4525.00		2063.00	
STAFF SALARY	996329.00		480100.00	
TELEPHONE & POSTAGE	52090.60		69125.00	
TRAVELLING CONVEYANCE & FUEL	--		200000.00	
	2255334.00		1228696.30	
B. PRE-OPERATIVE EXPENSES	--		138827.20	
		2255334.00		1367523.50
SCHEDULE XIII				
INTEREST & FINANCIAL CHARGES				
INTEREST	2280.00		5552.00	
		2280.00		5552.00

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

a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions except AS-7 and AS- 15

b) Accounting policies not specially referred to otherwise are consistently followed throughout the period under audit and in consonance with the generally accepted accounting principles followed by the Institute of Chartered Accountants of India.

2. RECOGNITION OF INCOME

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

3. VALUATION OF WORK IN PROGRESS

Work in progress comprises direct cost of project and valued at cost less cost.

4. TAXES ON INCOME

The provision is made for taxation on proportionate period basis for the year ended 31.03.2008.

5. FRINGE BENEFIT TAX

Fringe benefit tax on all the expenses, as specified in the Income Tax Act, 1961, is recognized in the Profit and Loss Account when the underlying expenses are incurred.

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

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

2. REMUNERATION TO AUDITORS (Excluding Service Tax)

	<u>31.03.2008</u>	<u>31.3.2007</u>
	(Rs.)	
Statutory Auditors		
Audit Fees	15000	15000

3. RELATED PARTY DISCLOSURES

Name of the Party	Nature of transactions	Amount involved (Rs.)
(i) Arihant Foundation and Housing Ltd	Loan Received	1,48,49,839
(ii) Kamal Lunawath	Loan Received	50,000
(iii) Arihant Foundation	Loan Received	1,25,000
(iv) Arihant Foundation and Housing	Loan Received	25,000

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

5. SCHEDULE TO ACCOUNTS

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

VAIKUNT HOUSING LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31.03.2008

	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/Loss Before Tax and Extraordinary Items	(2257614.00)
Add : Adjustment for :	--
Interest Paid	--
Operating Profit Before Working Capital Changes	(2257614.00)
Add : Adjustment for :	
Increase in Trade Receivables	(17345384.00)
Increase in Trade Payables	29157646.00
Net Cash from Operations	<u>9554648.00</u>
B. CASH FLOW FROM INVESTMENT ACTIVITIES	
Net cash used in investing activities	--
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Borrowings	(8888997.00)
Interest Paid	--
Net Cash from Financing Activities	<u>(8888997.00)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	665651.00
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	111564.04
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	777215.04

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

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

CHENNAI
02.09.2008

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

sd/-
Vimal Lunawath
Managing Director

sd/-
Kamal Lunawath
Director

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

1. We have examined the attached Consolidated Balance Sheet of Arihant Foundations & Housing Limited and its subsidiaries as at 30th September, 2008 and the Consolidated Profit and Loss account and the consolidated Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Arihant Foundations & Housing Limited group as at 30th September 2008,
- b) In the case of consolidated Profit and Loss Account of the consolidated results of operations of the Arihant Foundations & Housing Limited group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Arihant Foundations and Housing Limited group for the year ended on that date.

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

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

Place: Chennai
Date: 26/12/2008

CONSOLIDATED FINANCIAL STATEMENTS CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2008

	SCHEDULE NO	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs.	
I SOURCES OF FUNDS					
(1) SHARE HOLDER'S FUNDS					
(A) SHARE CAPITAL	I	70500000.00		70000000.00	
(B) RESERVES & SURPLUS	II	1346438906.90		1000032809.28	
			1416938906.90		1070032809.28
(2) LOAN FUNDS					
(A) SECURED LOANS	III	715154299.24		611009805.59	
(B) UNSECURED LOANS	IV	490576373.37	1205730672.61	541571089.38	
					1152580894.97
TOTAL			2622669579.51		2222613704.25
II APPLICATION OF FUNDS					
(1) FIXED ASSETS					
a) GROSS BLOCK	V	169035372.60		155143072.00	
Less: DEPRECIATION		22368370.93		16772013.27	
Net Block			146667001.67		138371058.73
(2) INVESTMENTS	VI		19115923.00		67413981.00
(3) CURRENT ASSETS, LOANS & ADVANCES					
(i) CURRENT ASSETS					
a) INVENTORIES	VII	1165564171.38		1153040692.05	
b) SUNDRY DEBTORS	VIII	593097752.23		544736579.20	
c) CASH & BANK BALANCE	IX	29194584.94		40782215.14	
(ii) LOANS & ADVANCES	X	1221398693.37		916608360.73	
		3009255201.92		2655167847.12	
LESS: CURRENT LIABILITIES AND PROVISIONS					
a) CURRENT LIABILITIES	XI	515330041.66		552463139.33	
b) PROVISIONS	XII	37178005.42		86062043.27	
		552508047.08	2456747154.84	638525182.60	2016642664.52
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF	XIII		139500.00		186000.00
TOTAL			2622669579.51		2222613704.25

As per our attached report of even date

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

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

Membership No.: 208862

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

Kamal Lunawath

Managing Director

sd/-

Vimal Lunawath

Wholetime Director

sd/-

Priti Venkatesan

Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDING 30.9.2008**

SCHEDULE NO	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs	AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs
I. INCOME		
(A) INCOME FROM OPERATIONS XIV	2330810430.76	2428675122.67
(B) OTHER INCOME	23257172.82	37368713.92
TOTAL	2354067603.58	2466043836.59
II. EXPENDITURE		
(A) CONSTRUCTION EXPENSES XV	1778868209.61	1965723128.63
(B) COST OF FIXED ASSETS SOLD	27307306.00	--
(C) ADMINISTRATION AND ESTABLISHMENT EXPENSES XVI	139173494.98	153666430.46
(D) INTEREST AND FINANCE CHARGES XVII	69707137.72	26106720.52
(E) DEPRECIATION	5596357.66	4413983.60
	2020652505.97	2149910263.21
PROFIT AFTER DEPRECIATION	333415097.61	316133573.38
PROVISION FOR TAXATION	46159000.00	36000000.00
PROFIT AFTER TAX	287256097.61	280133573.38
PROPOSED DIVIDEND	7050000.00	28000000.00
TRANSFERRED TO GENERAL RESERVE	29264952.86	28299520.69
BALANCE CARRIED FORWARD TO BALANCE SHEET	250941144.75	223834052.69

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

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

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

sd/-
Kamal Lunawath
Managing Director

sd/-
Vimal Lunawath
Wholetime Director

sd/-
Priti Venkatesan
Company Secretary

CHENNAI
26.12.2008

CONSOLIDATED SCHEULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs.	
SCHEDULE - I SHARE CAPITAL AUTHORISED		100000000.00	100000000.00	
100,00,000 EQUITY SHARES OF RS.10/- EACH ISSUED, SUBSCRIBED & PAID UP				
50,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP	50000000.00		50000000.00	
20,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP ISSUED AT A PREMIUM OF RS. 191/- PER SHARE	20000000.00		20000000.00	
50,000 EQUITY SHARES OF Rs.10/-EACH FULLY PAID UP ISSUED AT A PREMIUM OF RS.450/-PER SHARE	500000.00			
		70500000.00		70000000.00
SCHEDULE - II RESERVES & SURPLUS				
BALANCE AS PER LAST BALANCE SHEET				
GENERAL RESERVE	56260947.75		27961427.06	
ADD : ADDITIONS DURING THE YEAR	29264952.86		<u>28299520.69</u>	
		85525900.61		56260947.75
PROFIT & LOSS ACCOUNT BALANCE	561771861.53		337937808.80	
ADD : ADDITIONS DURING THE YEAR	250941444.76		<u>223834052.70</u>	
		812713006.29		561771861.53
SECURITY PREMIUM				
20,00,000 EQUITY SHARES OF RS. 191/- PER SHARE	382000000.00			382000000.00
50,000 EQUITY SHARES OF RS. 450 PER SHARE	22500000.00		--	
950000 CONVERTIBLE WARRANTS PAID RS.46/-PER	43700000.00			
		448200000.00		
		1346438906.90		<u>1000032809.28</u>
SCHEDULE - III SECURED LOAN				
BANKS	388700228.30		99199507.00	
OTHERS	295724050.94		481309438.59	
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relavent projects and directors personal guarantee)	30730020.00		30500860.00	
		715154299.24		611009805.59
SCHEDULE - IV UNSECURED LOANS				
(A) FIXED DEPOSITS	7543410.00		15467383.91	
(B) DIRECTORS	32387275.87		163250.00	
(C) INTERCORPORATE DEPOSITS	413861621.50		362361524.00	
(D) UNSECURED LOANS - OTHERS	36784066.00		<u>163578931.47</u>	
		490576373.37		541571089.38

SCHEDULE - V FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01-10-2007	ADDITIONS DURING 01-10-07 TO 30-09-2008	DELETIONS DURING THE YEAR	BALANCE AS AT 30-09-2008	BALANCE AS ON 01.10.2007	FOR THE PERIOD 01-10-07 TO 30-09-2008	DELETIONS DURING 01-10-07 TO 30-09-08	TOTAL AS ON 30-09-2008	AS ON 01.10.2007	AS ON 30.09.2008
Land	17931721.00	27307806.00	27307306.00	17931721.00	0.00	0.00	0.00	0.00	17931721.00	17931721.00
Buildings	86736967.00	9820510.00	Nil	96557477.00	5884003.42	1587926.45	0.00	7471929.87	80852963.58	89085547.13
Vehicles	14944244.63	720245.00	Nil	15664489.63	2563850.26	1467254.14	0.00	4031104.40	12380394.37	11633385.23
Plant & Machinery	16483731.97	1342239.0	Nil	17825970.97	4117102.38	1216783.05	0.00	5333885.43	12366629.59	12492085.54
Furniture & Fixtures	18462789.00	2526656.00	Nil	20989445.00	4140788.21	1324394.02	0.00	5465182.23	14322000.79	15524262.77
Books	66269.00	0.00	Nil	66269.00	66269.00	0.00	0.00	66269.00	0.00	0.00
Capital WIP	517349.40	0.00	517349.40	0.00	0.00	0.00	0.00	0.00	517349.40	0.00
TOTAL	155143072.00	41716956.00	27824655.40	169035372.60	16772013.27	5596357.66	0.00	22366370.93	138371058.73	146667001.67

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs.	
SCHEDULE - VI				
INVESTMENTS				
LONG TERM INVESTMENTS				
NON-QUOTED (FULLY PAID AT COST)				
NATIONAL SAVINGS CERTIFICATE	--		5000.00	
TRADE INVESTMENTS				
SHARES IN COMPANIES - UNQUOTED				
(i) Arihant Unitech Reality Projects Ltd. (500000 Equity Shares of Rs. 10 each fully Paid Up Shares)	5000000.00		5000000.00	
(ii) Arihant Unitech Reality Projects Ltd. (Share Application money)	--		--	
(iii) Escapade Real Estate Pvt. Ltd. (100000 Equity Shares Class A of Rs. 10/- each Fully Paid Up) (1000000 Equity Shares Class C of Rs.10/- each Fully Paid Up)	1000000.00 10000000.00		1000000.00 10000000.00	
(iv) Arihant Indo African Infra Developers & Builders Pvt. Ltd. (203274 Equity Shares of Rs. 10/- each Fully Paid Up Shares)	2032740.00		40000.00	
(v) Arihant Indo African Infra Deveopers & Builders Pvt. Ltd. (Share Application Money)	--		50285798.00	
QUOTED (FULLY PAID AT COST)				
Happy Homes Profin Ltd. (44800 equity shares of Rs. 10/- each Fully Paid Up)	1.00		1.00	
Indotech Transformers Ltd. (1391 equity shares of Rs. 130/- each Fully Paid up) (Market Value Rs. 415839)	180830.00		180830.00	
Tata Consultancy Services Ltd. (1800 equity shares of Rs. 1/- each Fully Paid up shares (Market Value Rs. 1198080)	902352.00		902352.00	
Aggregate Amount of		19115923.00		67413981.0
Quoted Investment	1083183.00		1083183.00	
Un-Quoted Investment	18032740.00		66330798.00	

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs.	
SCHEDULE VII				
INVENTORIES & WORK IN PROGRESS (At cost taken, valued and certified by the management)				
STOCK OF CONSTRUCTION				
RAW MATERIAL	2388849.00		1598300.00	
FINISHED STOCK	246583629.46		217474351.18	
WORK IN PROGRESS	916591692.92		933968040.87	
		1165564171.38		1153040692.05
SCHEDULE VIII				
SUNDRY DEBTORS (UNSECURED & CONSIDERED GOOD)				
DEBTS OUTSTANDING FOR A PERIOD MORE THAN SIX MONTHS	92291563.83		118057018.83	
LESS THAN SIX MONTHS	500806188.40		426679560.37	
		593097752.23		544736579.20
SCHEDULE IX				
CASH & BANK BALANCE				
(A) CASH BALANCE ON HAND	5836277.45		1795650.13	
(B) BALANCE WITH SCHEDULED BANKS	15176936.49		27223490.01	
(C) FIXED DEPOSITS WITH SCHEDULED BANK	8181371.00		11763075.00	
		29194584.94		40782215.14
SCHEDULE X				
LOANS & ADVANCES UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND				
(A) SECURITY DEPOSITS	32169684.18		35370397.18	
(B) ADVANCE FOR EXP./CONTRACTORS	623227015.17		344792158.03	
(C) OTHER DEPOSITS	453771595.02		217901112.52	
(D) PREPAID EXPENSES	988834.00		1000781.00	
(E) ADVANCE FOR PURCHASE OF LAND	59041565.00		72043912.00	
(F) TENDER DEPOSIT	--		200000000.00	
(G) ADVANCE TAX	500000.00		45500000.00	
(H) JOINT DEVELOPMENT ADVANCE	51700000.00		--	
		1221398693.37		916608360.73

ARIHANT FOUNDATIONS & HOUSING LIMITED SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2008 (12 MONTHS) Rs.		AMOUNT AS ON 30.09.2007 (12 MONTHS) Rs.	
SCHEDULE XI				
CURRENT LIABILITIES				
(A) ADVANCE FROM CUSTOMERS & PROJECTS	99716092.94		141717615.72	
(B) BANK OVERDRAFT C.C. A/C	698076.46		75416644.08	
(C) OUTSTANDING LIABILITIES	350724013.85		294289657.77	
(D) RENTAL DEPOSITS	24507438.00		24507438.00	
(E) SUNDRY CREDITORS FOR SUPPLIERS	32339754.41		9189408.76	
(F) INVESTOR EDUCATION & PROTECTION FUND	101621.00		101621.00	
(G) SHARE WARRANT APPLICATION MONEY EXCESS RECEIVED	--		10000.00	
(H) OTHER LIABILITIES	7243045.00		7230754.00	
		515330041.66		552463139.33
SCHEDULE - XII				
PROVISIONS				
(A) PROVISION FOR TAXATION	28968877.73		52022813.73	
(B) PROVISION FOR DIVIDEND	8209127.69		34039229.54	
		37178005.42		86062043.27
SCHEDULE - XIII				
MISCELLANEOUS EXPENDITURE				
(A) PRELIMINARY EXPENSES	126000.00		291327.20	
(B) DEFERRED REVENUE EXP	60000.00		80000.00	
	186000.00		371327.20	
LESS: WRITTEN OFF	46500.00		185327.20	
		139500.00		186000.00
SCHEDULE - XIV				
INCOME FROM OPERATION				
(A) SALES	1128183983.38		1219572494.62	
(B) RENTAL RECEIPTS	37062276.00		56061936.00	
(C) CLOSING STOCK	2388849.00		1598300.00	
(D) FINISHED GOODS	246583629.46		217474351.18	
(E) WORK IN PROGRESS	916591692.92		933968040.87	
		2330810430.76		2428675122.67
SCHEDULE - XV				
(A) CONSTRUCTION EXPENSES				
(a) MATERIAL	315635972.21		342795312.92	
(b) LABOUR & SUB CONTRACT EXP.	191581407.13		295944918.32	
(c) OTHER EXPENSES	925000689.12		1000929967.23	
		1432218068.46		1639670198.47
(B) LAND		346650141.15		326052930.16
		1778868209.61		1965723128.63

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON		AMOUNT AS ON	
	30.09.2008 (12 MONTHS) Rs.		30.09.2007 (12 MONTHS) Rs.	
SCHEDULE - XVI				
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES				
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	382024.00		378784.00	
ADVANCES UNRECOVERABLE WRITTEN OFF	--		32975034.00	
ACCOUNTS WRITTEN OFF	--		5898160.00	
BANK CHARGES	300843.43		368761.77	
DIRECTORS REMUNERATION	12925203.92		6172677.85	
DONATION	896026.00		1161425.00	
ELECTRICITY CHARGES	647299.00		335126.00	
FILING, LEGAL & OTHER FEES	9149678.00		6002545.00	
FRINGE BENEFIT TAX	10245.00		--	
COMMISSION PAID	10750.00		--	
MISCELLANEOUS EXPENSES	10450870.02		12828604.88	
INSURANCE	127978.00		139504.00	
INTEREST & OTHERS	4014351.00		--	
OTHER PROJECT EXPENSES	16191788.40		466522.80	
OFFICE MAINTENANCE	868036.50		283324.50	
PRINTING & STATIONERY	1337737.00		1248441.45	
PROFESSIONAL CHARGES	8741.00		--	
PROCESSING CHARGES	--		98220.00	
RENT	23255631.00		36790600.00	
REPAIRS & MAINTENANCE OF BUILDING	35512146.06		35112036.62	
SHARE REGISTRAR EXPENSES	45824.00		36789.00	
STAFF SALARY	9016042.00		5097295.00	
STAFF WELFARE	517755.00		358967.75	
SUBSCRIPTION & PERIODICALS	32179.00		63674.00	
TELEPHONE & POSTAGE	1263030.65		852975.00	
TRAVELLING, CONVEYANCE & FUEL	5598572.00		4235095.00	
		132562750.98		150904563.82
B. SALES PROMOTION				
ADVERTISEMENT EXPENSES	3288381.00		1030958.00	
BUSINESS PROMOTION	3275863.00		1545581.44	
		6564244.00		2576539.44
C. DEFERED REVENUE EXPENDITURE		20000.00		20000.00
D. PRE-OPERATIVE EXPENSES		26500.00		165327.20
		139173494.98		153666430.46
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
INTEREST	69707137.72		26106720.52	
		69707137.72		26106720.52

ARIHANT FOUNDATIONS & HOUSING LIMITED CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 30.09.2008

		RS.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss Before Tax and Extraordinary Items		333415098
Add: Adjustment for:		
Depreciation	5596358	
Investment Income	(1461197)	
Miscellaneous Expenditure Writtenoff	46500	
Interest and Finance Charges	69707138	
Operating Profit Before Working Capital Changes		407303896
Add: Adjustments for:		
Increase in Trade and Other Receivables	(353151506)	
Increase in Inventories	(12523479)	
Decrease in Trade Payables	(86017136)	
Provision for Tax	(46159000)	
Net Cash From Operating Activities		(90547224)
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(13892301)	
Sale of Investments	48298058	
Dividend received	1461197	
Net Cash used in Investing Activities		35866954
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	53149778	
Proceeds from Issue of Shares	500000	
Proceeds from security premium	22500000	
Proceeds from Share warrant application money	43700000	
Proposed Dividend	(7050000)	
Interest Paid	(69707138)	
Net Cash From Financing Activities		43092640
NET INCREASE IN CASH AND CASH EQUIVALENTS(A+B+C)		(11587630)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		40782215
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR		29194585

For and on behalf of board of directors

For **ARIHANT FOUNDATIONS & HOUSING LIMITED**

sd/-

Kamal Lunawath
Managing Director

sd/-

Vimal Lunawath
Whole Time Director

sd/-

Priti Venkatesan
Company Secretary

Chennai
26.12.2008

AUDITOR'S CERTIFICATE

We have examined the above consolidated cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September 2008. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with stock exchanges and is based on and in agreement with corresponding profit & loss account and Balance Sheet of the Company covered by our report of December 26, 2008 to the members of the Company

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

sd/-

Devendra Kumar Bhandari
Partner,
Membership No.: 208862

Date : 26.12.2008
Place : Chennai

Folio No.....
(to be filled by shareholder)

ARIHANT FOUNDATIONS & HOUSING LIMITED
Chennai

PROXY

I/We
c/o.....

Being a member (s) of ARIHANT FOUNDATION & HOUSING LTD hereby appoint

Mr. Mrs.....
c/o.....

failing him / her / Mr. / Mrs.
c/o.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday, 20th March 2009 and any adjournment thereof. As witness my/our hand (s) this 20th day of March 2009.

Signed by the said Mr/Mrs/Ms.....



Signature

Note : The proxy must be deposited at the Registered Office of the Company at Ankur Manor, 1st Floor, 271, Poonamallee High Road, Kilpauk, Chennai - 600 010, not less than 48 hours before the time of holding the meeting.

-----Tear Here-----

ARIHANT FOUNDATIONS & HOUSING LIMITED
Chennai

ATTENDANCE SLIP

Time & Date : 10.00 a.m. Friday, 20th March 2009

Place : **Arihant Escapade**
Devaraj Nagar, 48 Okkium Thoraipakkam , Chennai - 600 097

Full name of the shareholder.....

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

.....

Folio No.....

Date.....



Signature

