

ANNUAL REPORT 2009-10



ARIHANT
SUPERSTRUCTURES LTD.

CONTINUING STABILITY

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

SHAREHOLDERS/GRIEVANCE COMMITTEE

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

COMPANY SECRETARY

Manoj Kumar Dhariwal

AUDITORS

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

BANKER

The Federal Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

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

ARIHANT SUPERSTRUCTURES LIMITED

Regd. Office: 302, "Persipolis Building, Plot No. 74,
Sector-17, Vashi, Navi Mumbai –400703, Maharashtra, India,
Phones: 022 – 27882941-45 Fax: 022-27882946
Website : www.asl.net.in

NOTICE

NOTICE IS HEREBY GIVEN THAT the Twenty - seventh Annual General Meeting of the Members of Arihant Superstructures Limited will be held on Friday, 17th September, 2010 at 10.00 a.m. at Hotel Royal Orchid Central Grazia, Plot No. 67, L-3, Sector-19, Palm Beach Road, Vashi, Navi Mumbai – 400705, Maharashtra, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on 31st March 2010 and Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Anant Bodhrao Karweer, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint a Director in place of Mr. Virendra Kumar Mital, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. T. N. Gala & Associates, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors.

SPECIAL BUSINESS:

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

"RESOLVED THAT, pursuant to the provisions of Section 255 read with Section 257 and other applicable provisions of The Companies Act, 1956 Mr. Anand Shah, who was appointed as an Additional Director of the Company on 24th September 2009, and who holds office till the date of this AGM, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT, Mr. Varaprasad Atluri, be and is hereby appointed as a Director of the Company in the vacancy created by the resignation of Mr. Abhishek Balar in respect of which vacancy the Company has received a notice in writing proposing his candidature for the office of the Director under provisions of Section 257 of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, and pursuant to the provisions of Schedule XIII of the Companies Act, 1956 and the Articles of Association of the Company and subject to such approvals and permission as may be required, if any, approval of the shareholders be and is hereby accorded to increase the remuneration payable to Mr. Ashok B. Chhajjer, as the Managing Director of the Company with effect from 1st April, 2010, as set out in the explanatory statement of this notice, and within the limits prescribed in the Schedule XIII to the Companies Act, 1956.

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

By Order of the Board of Directors

Date: 23rd July, 2010
Place: Navi Mumbai

Sd/-
(Manoj Kumar Dhariwal)
Company Secretary

NOTES

1. Details, as required under clause 49(G) of Listing Agreement, in respect of the Directors, seeking re – appointment is appended.
2. **A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself only on a poll and a proxy need not be a member. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting. Proxy Form is attached.**
3. The Explanatory Statement as required u/s Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto and forms part of this notice.
4. Corporate Members are requested to send a duly certified copy of the Board/ Governing Body Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 13th September, 2010 to 17th September, 2010 (both days inclusive), for determining the eligibility for payment of Dividend, if declared at the Meeting.
6. The dividend, if declared at the Meeting, will be payable, on or before 15th October 2010 to those Members or their Mandates:
 - (a) Whose names appear at the end of business hours on 10th September 2010 (day before book closure) in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in dematerialised form; AND
 - (b) whose names appear as Members on the Company's Register of Members after giving effect to valid share transfer requests in physical form lodged with Registrar & Share Transfer Agent (RTA) of the Company on 10th September 2010.
7. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agents of the Company, **Adroit Corporate Services Pvt Ltd**, 19, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road, Marol Naka, Mumbai 400059.
8. Members who hold shares in physical form are requested to notify promptly any change in their addresses to the Registrar and Transfer Agents (RTA) of the Company at the above address and always quote their folio Numbers in all correspondence with the Company & RTA. In respect of holding in electronic mode, members are requested to notify any changes in addresses to their respective depository participants.
9. Members who are still holding shares in physical form are advised to dematerialize their shareholding to avail of the benefits of dematerialization which include easy liquidity since trading benefits is permitted only in dematerialized form, electronic transfer, saving in stamp duty, prevention of forgery, etc.
10. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days, between 1400-1600 hrs. up to the date of the meeting.
11. There is no unclaimed or unpaid dividend lying with the Company, requiring an effect of transferring the same to the Unpaid/ Unclaimed Dividend Account or the Investor and Education Protection Fund (IEPF) of the Central Government.
12. Members are requested:
 - (a) To bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting;
 - (b) To quote their Folio No./DP Id and Client Id in all correspondence;
 - (c) To note that no gift or gift coupons will be distributed at the meeting.
13. The Company has designated an exclusive email ID called **investor@asl.net.in** for redressal of shareholders' complaints/ grievances. In case you have any complaints/grievances; please write to us at **investor@asl.net.in** .
14. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance, so as to enable the Company to keep the necessary information ready.

By Order of the Board of Directors

Sd/-

(Manoj Kumar Dhariwal)
Company Secretary

Date: 23rd July, 2010
Place: Navi Mumbai

**Details of the Directors seeking re-appointment at the 27th Annual General Meeting (AGM)
(In pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. Anant Bodhrao Karveer	Mr. Virendra Kumar Mital
Date of Birth	03.04.1947	29.04.1948
Date of Appointment	23rd April 2010 as an Additional Director. The appointment was ratified in the Postal Ballot, the result of which was declared on 5th June 2010	23rd April 2010 as an Additional Director. The appointment was ratified in the Postal Ballot, the result of which was declared on 5th June 2010
Qualifications	B. E. (Civil), DOM, FIE, FIV	B. Tech (IIT Delhi)
Expertise	Urban Infrastructure as well as residential & commercial complexes	Civil Engineering and Management
Directorship in other Companies	(i) K2 Trade and Services Private Limited - Chairman and Managing Director (ii) Roman Tarmat Limited - Independent Director	(i) Adonis energy and Power Private Limited - Director (ii) Mukand Vini Mineral Private Limited - Director
Committee Positions in Arihant Superstructures Limited (ASL)	(i) Remuneration Committee - Chairman (ii) Shareholders Grievance Committee - Member	(i) Shareholders Grievance Committee - Chairman (ii) Audit Committee - Member
Committee Positions in other Public Limited Companies	Nil	Nil
Relation between Directors	Nil	Nil
Number of Shares held in ASL	Nil	Nil

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

ITEM NO 6: Appointment of Mr. Anand Shah as Director

Mr. Anand Shah was appointed as an Independent Additional Director of the Company in the Meeting of the Board of Directors held on 24th September 2009, as per the provisions of Section 260 of the Companies Act, 1956.

Mr. Anand Shah holds office until the date of this Annual General Meeting.

The Company has received a Notice under the provisions of Section 257 for appointing Mr. Anand Shah as a Director, liable to retire by rotation.

Mr. Anand Shah is not disqualified to be appointed as a Director of the Company. The details of Mr. Anand Shah, as required to be provided under Clause 49 of the Listing Agreement, are as follows:

Full Name	Mr. Anand Shah
Date of Birth	17.07.1973
Date of Appointment	24.09.2009
Educational Qualifications	B. Com
Expertise	Accounts and Finance
Previous Experience	-
Shareholding in the Company	Nil
Directorship/Chairmanship held in other Companies	Nil
Chairmanship/Membership of Committees in Public Companies	Member – Share Transfer Committee and Remuneration Committee in Arihant Superstructures Limited

None of the Directors, other than Mr. Anand Shah, may be deemed to be interested in the Resolution.

The Board of Directors recommend the resolution for the approval of the Shareholders.

ITEM NO.7: Appointment of Mr. Varaprasad Atluri as Director in place of Casual Vacancy

In the vacancy caused on the Board by the resignation of Mr. Abhishek Balar, a Director liable to retire by rotation, the Board appointed Mr. Varaprasad Atluri in its Meeting held on 20th June 2010. Under Section 262 of the Companies Act, 1956, Mr. Varaprasad Atluri, holds office only upto the date up to which Mr. Abhishek Balar would have held office, namely up to the date of this AGM.

The Company has received a Notice under the provisions of Section 257 for appointing Mr. Varaprasad Atluri as a Director, liable to retire by rotation.

Mr. Varaprasad Atluri is not disqualified to be appointed as a Director of the Company. The details of Mr. Varaprasad Atluri, as required to be provided under Clause 49 of the Listing Agreement, are as follows:

Full Name	Mr. Varaprasad Atluri
Date of Birth	19/3/1966
Educational Qualifications	B.Sc. (Chemistry), PGDip in Industrial Chemistry
Expertise	25 yrs experience in Industrial chemicals (including construction chemicals)
Shareholding in the Company	NIL
Directorship/Chairmanship held other Companies	CMD Concrete Additives & Chemicals Pvt. Ltd.
Chairmanship/Membership of Committees in Public Companies	Member – Audit Committee in Arihant Superstructures Limited

None of the Directors, other than Mr. Varaprasad Atluri, may be deemed to be interested in the Resolution.

The Board of Directors recommends the resolution for the approval of the Shareholders.

ITEM NO. 8: Revision in remuneration of Chairman and Managing Director

Mr. Ashok B. Chhajer was appointed as the Managing Director of the Company with effect from 15th January, 2009 for a period of five years.

Mr. Ashok B. Chhajer, 40 years, is a graduate in Bachelor of Science (B.Sc) from Mumbai University. Under the leadership of Mr. Chhajer, Arihant Superstructures Limited has made significant growth.

The Board of Directors at its meeting held on 23rd July 2010 has accepted the recommendation of the Remuneration Committee and has approved the increase in the remuneration of the Managing Director, subject to approval of the shareholders of the Company.

The payment of remuneration, perquisites and allowances payable to him, if approved by the Shareholders will stand revised as follows:

- (a) Salary : Rs. 10,000/- per month plus one month salary as bonus. Regular Increments to be decided by the Board of Directors from time to time and within the limits specified under Schedule XIII

The remuneration as mentioned above be paid to Mr. Ashok Chhajer as minimum remuneration notwithstanding that in any financial year of the Company, the Company has made no profits or the profits made are inadequate.

Mr. Ashok Chhajer shall also be entitled for reimbursement of entertainment expenses incurred in the course of business of the Company, and the salary shall not include the other perquisites as exempted under point no 2 of Section II of Part II of the Schedule XIII.

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

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

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

Full Name	Mr. Ashok B Chhajer
Date of Birth	11.09.1969
Educational Qualifications	B.Sc.

Expertise	Real Estate Business
Previous Experience	Edible oil refinery business & Cloth trading business
Shareholding in the Company	182,80,000 shares – (66.62%)
Directorship/Chairmanship held in other Companies	Arihant Universal Realty Pvt. Ltd – Chairman & Managing Director
	Arihant Vatika Realty Pvt. Ltd - Director
	Arihant Abode Ltd - Director
	Arihant Paradise Realty Pvt Ltd. - Director
	Adinath Realty Pvt Ltd - Director
	Adeshwar Realty Pvt Ltd. - Director
	Abhinandan Agrofarms Pvt. Ltd - Director
	SAAC Exports Pvt. Ltd - Director
	Sarvodaya Refinery Private Ltd – Director
Chairmanship/Membership of Committees in Public Companies	Chairman – Share Transfer Committee in Arihant Super-structures Limited

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

The Board of Directors recommends the resolution for the approval of the Shareholders.

By Order of the Board of Directors

Date: 23rd July, 2010
Place: Navi Mumbai

Sd/-
(Manoj Kumar Dhariwal)
Company Secretary

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 27th Annual Report of the Company for the Financial Year ending on 31st March 2010.

1. FINANCIAL RESULTS:

FINANCIAL RESULTS	(Rs. in Lacs)		
	2009-2010 (consolidated)	2009-2010 (standalone)	2008-2009 (standalone)
Sales and Other Income	2792.08	2706.47	7.78
Profit before interest, depreciation & tax	315.16	295.56	4.19
Interest	112.89	93.67	-
Depreciation	2.60	2.60	-
Profit/ (Loss) before Tax	199.67	199.29	4.19
Provision for Tax	(68.43)	(68.31)	(1.29)
Profit/ (Loss) after Tax	131.24	130.98	4.37
Prior Period Adjustments and Extraordinary Items	-	--	-
Profit/(Loss) for the year	131.24	130.98	4.37
Add: Balance of Profit and Loss Account	4.56	4.53	1.59
Profit available for Appropriation	135.80	135.51	5.96
<u>Less: Appropriation</u>			
Transfer to General Reserve	1.12	1.12	-
Proposed Equity Dividend	74.70	74.70	1.25
Tax on Proposed Equity Dividend	12.69	12.69	0.19
Balance of profit carried to Balance Sheet	47.28	46.99	4.53

During the year under review, your Company has achieved a tremendous growth, as turnover for the year increased to Rs.2706.47 lacs from Rs.7.78 lacs in the previous year, and Profit after tax for the year increased to Rs. 130.98 lacs from Rs. 4.37 lacs in the previous year.

2. RESERVES AND DIVIDEND:

Your Board has recommended a Final Dividend of Rs. 0.50 per Equity Share for the Financial Year ended 31st March 2010.

Your Board proposes to transfer Rs. 1.12 lacs to the General Reserve out of the amount available for appropriations.

3. OPERATIONS:

During the period under review, the Company has successfully started two Projects. The details of these ongoing Projects and their status as on the date of this Report is mentioned below:

Status of the Major Ongoing Projects as of 15.07.2010

PROJECT "ARIHANT ABHILASHA"

This residential project is situated at Plot No.10, Sector 35H, Kharghar, Navi Mumbai at a premium location near Central Park and Golf Course. The land has been conveyed in the name of Arihant Superstructures Limited by way of Tripartite Agreement. The construction activity has started and contractors have been engaged to do the work. Currently construction of the 3rd & 4th slab is going on.

PROJECT "ARIHANT ARHAM"

At this residential project at Panvel, the construction activities for 14 buildings have been started. Multiple contractors and agencies have been engaged and marketing strategies have been successfully designed. Currently the construction of the 1st to 3rd slab is going on across all these buildings.

4. LISTING

Your Company's Equity Shares are traded on The Bombay Stock Exchange (BSE). The Company has paid the listing fees for the year 2010-2011 to BSE where the securities of the Company are listed.

5. MAJOR EVENTS OF THE COMPANY

During the year under review, there have been certain significant happenings in the Company. Your Board is pleased to present the same, in brief to you:

(a) Change in name of the Company

The name of the Company changed from Shaktiman Constructions Limited to Arihant Superstructures Limited, during the year under review. The same is reflected on the BSE website.

(b) Issuance of Equity Shares:

During the past period, there have been substantial changes in the Share Capital of the Company. The increase in the Authorized and paid up share capital of the Company, has been conducted in two phases, as follows:

ISSUE OF EQUITY SHARES ON RIGHTS BASIS	
Date of allotment of Equity Shares on Rights Basis	25.03.2010
Total Equity Shares issued on a Rights Basis	1,46,91,000
Ratio of Rights	59 Equity shares for every 1 Equity share
Paid-up Share Capital of the Company, Post Issue	Rs. 14,94,00,000/-
ISSUE OF EQUITY SHARES ON A PREFERENTIAL BASIS	
Increase in the Authorized Share Capital	From Rs. 15 Cr. to Rs. 75 Cr.
Date of Allotment of Equity Shares on Preferential Basis	20.06.2010
Total Shares allotted on a Preferential Basis	1,24,99,994
Details of Allottees	Promoters and Non Promoters
Paid-up Share Capital of the Company, Post Issue	Rs. 27,43,99,940/-

The Shares issued on a Rights basis & Preferential Basis has been listed on the Bombay Stock Exchange (BSE). The Company has received trading approval for the shares issued on Rights basis as well as preferential basis.

(c) Establishing Connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (I) Ltd (CDSL) and obtaining ISIN Number:

The Company has, during the previous year, established connectivity with both NSDL and CDSL. This has enabled the Shareholders to obtain the benefit of dematerialization. As on 31st March 2010, about 99.63% of the Shareholding in the Company was held in dematerialized form. All the Shareholders currently holding the shares in physical form and desirous of having their shares dematerialized are requested to contact their Depository Participants and the Registrar and Transfer Agent, in this regard.

The Company has obtained an International Security Identification Number (ISIN). The ISIN of the Company is **INE643K01018**.

(d) Acquisition of Subsidiary Companies:

Your Board is pleased to inform you, that the Company has acquired an investment in two companies, Arihant Abode Limited (AAL) and Arihant Vatika Realty Private Limited (AVRPL). Your company has a 60% stake in both these Companies, making them subsidiaries of your Company.

AAL and AVRPL are in the business of realty and constructions. Acquiring these subsidiaries has opened up new avenues for your Company in different areas within the Real Estate Sector. There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statements of the Company and all its subsidiaries and its associates are attached, The Consolidated Financial Statements has been prepared in accordance with Accounting Standards 21 and 23.

As required under Section 212 of the Companies Act, 1956, the Audited Balance Sheet as on March 31, 2010 and Profit & Loss Account for the Financial Year ended 31st March, 2010 along with reports of the Auditors and Directors thereon of AAL and AVRPL are annexed and form part of this Annual Report.

The Minutes of the Board Meetings of the above subsidiary companies are placed at the Board Meetings of your Company.

6. **BOARD OF DIRECTORS:**

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

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

Sr. No	Name of the Director	Designation on the Board
1.	Mr. Ashok B. Chhajer	Chairman and Managing Director
2.	Mr. Nimish Shah	Whole-time Executive Director
3.	Mr. Varaprasad Atluri	Non-Executive Director (appointed in casual vacancy, in place of Mr. Abhishek Balar)
4.	Mr. Anand Shah	Additional Director (Independent)
5.	Mr. Virendra Kumar Mital	Independent Director
6.	Mr. Dinesh Chandra Babel	Independent Director
7.	Mr. Anant Karweer	Independent Director

Mr. Anand Shah holds office until the date of this Annual General Meeting (AGM). The Company has received a Notice under Section 257 proposing his appointment as a Director liable to retire by rotation.

Mr. Varaprasad Atluri who was appointed in casual vacancy holds office until the date of the AGM. The Company has received a Notice under Section 257 proposing his appointment as a Director liable to retire by rotation.

On account of the increased duties and scope of work of the Chairman and Managing Director of the Company, the Board has recommended the increase in the remuneration of Mr. Ashok Chhajer. The proposed increase will continue to be within the limits prescribed by Schedule XIII. The proposed increase has been approved by the Remuneration Committee of the Board.

On account of the requirement of Section 255 and Articles of Association, Mr. Virendra Kumar Mital and Mr. Anant Bodhrao Karweer, are liable to retire by rotation at the ensuing AGM, and being eligible have offered themselves for re-appointment.

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

Mr. Sourabh Punch and Mr. Nitin Chopra, who were appointed as Additional Directors on 24th September 2009 and Mr. Manish Dangara and Mrs. Lata Mallya who were appointed on 11th November 2009 and 24th November 2009, respectively have resigned from their Directorship.

Mr. Abhishek Balar and Mr. Lalit Bothra have resigned from the Board of Directors on 13th April 2010.

The Board would like to place on record it's appreciation towards the contribution and guidance received from each of these Directors during their tenure.

7. **COMMITTEE OF THE BOARD OF DIRECTORS:**

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

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

Name of the Committee	Current Constitution of the Committee	
Executive Committee (Non Mandatory Committee)	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Varaprasad Atluri
	3.	Mr. Nimish Shah
Share Transfer Committee	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Anand Shah
	3.	Mr. Nimish shah

The Company Secretary shall be the Secretary for all mandatory Committees.

During the year under review, the Rights Issue Committee, which was constituted for the purpose of issue of Equity Shares on Rights basis, was dissolved, pursuant to the completion of the Rights Issue.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2010, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

9. AUDITORS:

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

10. REPLY TO COMMENTS ON AUDITORS REPORT:

The Comments in the Auditors' Reports are self-explanatory, and the same do not require any further explanation in this respect.

11. FIXED DEPOSIT:

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

12. CORPORATE GOVERNANCE:

In the earlier years the Company's paid up capital was less than Rs. 25 lacs, and hence corporate governance compliances were not applicable to the Company. During the current year the Company's Paid up Capital has been increased from 24.90 lacs to 14.94 Cr. w.e.f. 25 March, 2010 and the provision of corporate governance has become applicable to the Company.

The Company adheres to sound Corporate Governance practices, which enables to maintain transparency and serve the long-term interest of the Shareholders. The Management Discussion and Analysis Report as well as report on Corporate Governance as of 31st March 2010 are attached hereto as a part of this Annual Report as **Annexure – A**.

The Board would also like to inform the Members, that it has adopted a Code of Conduct for its Directors, Key Managerial Personnel and Senior Employees.

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

14. CORPORATE GOVERNANCE REPORT:

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

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

15. PERSONNEL:

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

16. PARTICULARS OF EMPLOYEES:

The details of employees remuneration in excess of monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2009-2010 are not applicable to your Company, as no employee of the Company has been paid remuneration in excess of prescribed limit in abovementioned section and rules.

17. ACCOUNTING STANDARDS AND CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with Accounting Standards AS-21, 23 and 27, issued by the Institute of Chartered Accountants of India, form part of the Annual Report.

18. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

Your Company constantly endeavors reduction in energy consumption and has also taken various steps for energy conservation and pollution control such as installation of necessary equipments which will save the energy and plantation for controlling pollution.

The Company makes a constant endeavor to use the latest and most efficient and up-to-date technology in its activities.

Your Company has no foreign exchange earning and outgo during the year. Since the company has no manufacturing activity the other information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to the Conservation of Energy, Technology Absorption are not applicable to the Company.

19. ACKNOWLEDGEMENTS:

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

On behalf of the Board of Directors

Place: Navi Mumbai
Date: 23rd July, 2010

Sd/-
Ashok B. Chhajjer
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

In today's Real Estate market, a strategic approach and understanding of client requirement is vital. The country has successfully overcome the effect of the global economic slowdown and the GDP is expected to grow at 8.5% during fiscal 2010-11, plus or minus 0.25%, which is much higher than most countries in the world. The Indian Government has also been proactive in announcing the relevant stimulus package to boost demand and cope with unemployment and poverty. At the same time it has also taken steps to increase money in the hands of consumer by relaxing individual income tax slab rates significantly and slashed surcharge for Corporates.

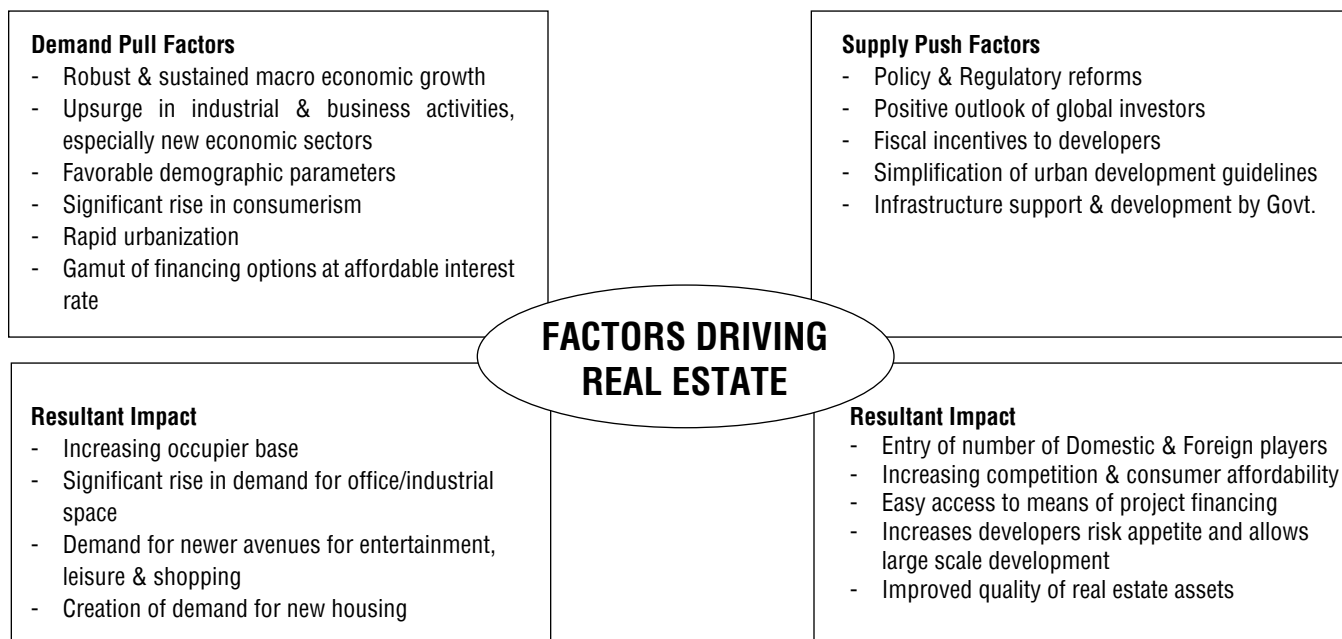
Strong economic growth is expected to ride on the back of domestic demand rather than overseas business. The service sector is yet again expected to witness significantly higher growth than the manufacturing sector. This is primarily because the fundamentals of the economy remain strong and stable including favorable demographics, rapid urbanization and rising literacy levels.

The Indian real estate sector plays a significant role in the country's economy. The real estate sector is second only to agriculture in terms of employment generation and contributes heavily towards the gross domestic product (GDP). According to industry players, housing accounts for 5 % of GDP. In the next five years, this contribution to the GDP is expected to rise to 6 %.

Industry experts believe that the worst is behind them and the real estate space is on a slow but definite path of recovery. Properties which had reach astronomical prices now stand corrected and are available at better valuations and at more affordable prices thereby spurring demand.

The Company is currently handling projects of 6.61 lacs sqft in the residential segment of Navi Mumbai real estate market.

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



OPPORTUNITIES, THREATS AND RISK PERCEPTION:

The real estate market in India witnessed a stupendous growth over the past few years, with residential real estate prices had nearly doubled. Lower mortgage rates, easy availability of housing finance, better income and job prospects and decrease in household size have given a boost to the demand of residential properties in India. According to the Tenth Five Year Plan, there is a shortage of 22.4 million dwelling units. Thus, over the next 10 to 15 years, 80 to 90 million housing dwelling units will have to be constructed with a majority of them catering to middle- and lower-income groups. A surge in demand for office space in India is set to revolutionized the commercial property market by 2013, it is predicted.

The Company operates in a highly fragmented and competitive industry. The competition varies depending upon the size, nature and complexity of the project to be executed. Fluctuations in operating costs can often lead to spiraling costs and overshooting budgets. This can lead to delays in the completion of projects. Real estate companies constantly face the risk of injury or illness to the Company's or third parties' construction workers.

Residential

Rapid urbanization, increase in working age population and decreasing household size are some of the key growth drivers for the residential space. The rapid increase in capital values, rise in mortgage rates and sustained poor sentiment pertaining to employment scenario led to an abrupt decline in housing demand in FY10. However, despite the short term aberrations there is still a clear latent housing demand in the market at the right price.

Even after witnessing the high growth rate in capital values, about 50% of locations across major Indian cities remain affordable given the income levels of the population. These are mainly suburban locations that are witnessing an onslaught of construction activity in the office and retail sectors, thus creating a demand for residential properties. During 2009-10, some signs of mortgage rate softening were seen wherein major Indian banks announced new schemes to attract customers.

Retail

The soaring rentals of malls and main streets in major metropolitan cities have turned retailers cautious with many stalling their immediate expansion plans or altering their business strategy by entering value retailing, for instance. This movement is likely to open a plethora of opportunities for developers and investors alike, particularly in the Tier II and Tier III cities that offer quality space and affordable rentals for retailers with product offerings that are suited for consumers at these locations. The concept of specialized malls is also gaining popularity with auto malls, jewellery malls, furniture malls and electronics malls anticipated to be part of the sector in the future. Many developers are further setting up mixed-use projects offering hotels, amusement facilities and commercial space. Rising income levels and a changing outlook towards branded goods is expected to translate into higher demand for shopping mall space, fuelling strong growth in mall development activities. Even though mall development activity was initially restricted to a few major cities like Mumbai and Pune, it is now expected to extend to Navi Mumbai, thus resulting in increase in real estate activity in those areas.

Hospitality

Business in the hospitality industry, much like any other sector, is cyclical in nature. Any significant change in the economy, such as the slowdown witnessed in FY10, affects the sector resulting in lower occupancy levels, delays in upcoming projects and anticipated decrease in rentals. Despite the temporary slowdown that the Indian hospitality industry faced due to the global economic crisis, India is still one of the world's fastest growing hotel markets. With an overall increase in leisure and business travelers over the past few years, India's hospitality industry has attracted global attention. Hotels across all segments achieved healthy occupancy levels until end-2010. A buoyant domestic economy, the government's open sky policy, an overall real estate boom, initiatives to liberalize foreign investment and especially the Ministry of Tourism's (MoT) efforts to communicate the 'Incredible India' campaign together contributed to a robust demand for hospitality space in major cities across India.

2. YEAR GONE BY.....

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

Changing Macro Environment

During the FY10, events around the world and the regulations by RBI led to a situation of loose liquidity and

easy credit availability for Indian corporate. At times when the economic environment was improving globally, real estate came to be seen as an enhancing sector with a high degree of profits and earnings. This was further aggravated by the steady interest rates, whereby the cost of finance for Indian companies was steady. The situation became better with buyer sentiments becoming strong on account of job certainties impacting their future income in the prevailing environment. This led the buyers to instantly decide for buying a house, which was coupled with an anticipation of increase in prices. Investing in property in such circumstances became easy for people. Moreover, MNCs as well as Indian Corporate explored their expansion plans, thereby impacting the demand for office and retail spaces. Due to the above reasons, the months post September 2009 witnessed increase in demand and high volumes of fresh sale and lease.

3. **STRATEGY**

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

Additionally, the Company continued its focus on all areas and maintained tight focus on cash flows to ensure that operating cash flows met all operating requirements, including finance charges.

Arihant will continue to focus on liquidity preservation and launch projects in line with market demand after adequate research of the same. Arihant plans to adopt the following steps as a part of its corporate strategy:

***Rationalize construction**

The focus of the Company is on timely execution and delivery of its projects to meet the timelines committed to its customers. It, thus, intends to prioritize its construction activity and construction spend with focus on conserving capital.

*** Focus on core businesses going forward**

During the year, Arihant focused on portfolio adjustments towards liquidity preservation and de-leveraging through unlocking value from nonstrategic assets or assets which do not have any short to medium term utilization. Going forward, Arihant intends to focus on its key business verticals – homes, office and hospitality.

4. **FINANCIAL REVIEW 2009-10**

Revenue & Profitability

In the financial year 2009-10, the Company's total income increased from Rs 7.78 lacs to Rs 2706.47 lacs and PAT increased from Rs. 4.37 lacs to Rs. 130.98 lacs. Its EBITD stood at Rs. 295.56 lacs from Rs. 4.19 lacs. The Company's paid up capital also increased from Rs. 24.90 lacs to Rs. 1494 lacs as the Company came out with a Rights Issue of Equity Shares during the year. In the fiscal year 2009-10, the Company's total expenditure increased from Rs. 3.60 lacs to Rs. 2507 lacs.

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

In the Financial year 2009-10, the company's net worth increased from 29.23 Lacs to 1516.43 lacs.

5. **BUSINESS REVIEW 2009-10**

Homes

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

Arihant has pioneered some of the best-known urban housing destinations in Navi Mumbai. The product categories of the Company in homes segment deliver the strengths of good architecture, appropriate designs, impressive aesthetics and safety features.

Arihant's dominant position in Indian homes segment:

- Trusted brand with superior execution track record

- Pioneered "affordable luxury" housing segment
- Complete offering of super luxury, luxury and mid-income homes

Performance FY10

The year 2009-10 started with carrying forward the success of mid-income homes launched in FY10. However, with the change in the overall economic environment, the sales saw a high post in mid 2009. This was primarily due to strong customer confidence in buying homes on account of certainty of future incomes, coupled with a perception and anticipation of price of homes being increased. Looking at the changed scenario, Arihant revamped few of its offerings and launched new projects in line with the expectations of customers.

Outlook

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

The Company will continue to focus on "affordable luxury" housing with test launches across newer locations, along with launching some strategic "city-center" housing projects, with an endeavor to generate buyer interest by providing excellent location and superior product specifications.

6. HUMAN RESOURCE

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

- **Resource planning & talent acquisition:**

Looking at the economic downturn during the year, the focus was on ensuring optimum utilization of manpower by redeploying personnel from low priority, slow moving projects to high priority projects. Along side, it was also ensured that operations do not get affected due to any shortfall of manpower. Arihant group now has a high caliber, well experienced, multifunctional team of about 100 employees across various group companies. Arihant continues to nurture a blend of experienced and fresh employees in its talent pool, including highly qualified professionals, both technical and non-technical.

- **Compensation & performance management:**

Arihant recognizes that compensation is a key driver to attract and retain the talent. Our compensation structure continues to be attractive and a benchmark in the industry. We continue with our variable component of pay linked to business and individual performance.

- **Training & development:** Even in the time of slow down, the HR team continued to provide relevant need based training activities.

7. FINANCE AND CONTROL

Arihant's finance team at the corporate level is complemented by independent finance teams of various business units to ensure an effective and dynamic system of flexibility and control. This structure ensures financial propriety and accurate reporting of business transactions, ensuring that all statutory requirements are strictly adhered to and continuously monitored. This is supported by a compliance monitoring system, an enterprise-wide MIS that identifies any deviations from compliances and prompts remedial action.

Arihant has a strong internal audit team that performs a pre-audit, ensuring compliance of procedures and internal controls, and plays an important role in improving checks and balances. The team is headed by a general manager - accounts, who reports directly to the Audit Committee consisting of majority of independent Directors. The significant observations made in the internal audit reports and their implementation status is regularly presented and reviewed by the Audit Committee of the Board. Arihant has also implemented a stringent external audit mechanism, as required by applicable statutes.

8. LEGAL

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

9. INFORMATION TECHNOLOGY

IT function has played an important role in Arihant Superstructures Limited since the Company's inception. Arihant IT function takes care of all the IT-related aspects across the group (including all Business Units), from infrastructure management to procurement of industry specific standard software and their implementation, implementation of advanced technological products that are reviewed from time-to-time.

Outlook

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

- Execution of ERP system all across the company and its functions.
- Increased control over expenditure and profitability at Project level.
- Project compliances monitoring (pre construction, construction, post construction) – implement a robust Work-Flow System which will enable Top Management review of compliance status as well as storage of all relevant documents in a repository.
- Faster processing of Payments – all payment processes to be automated.
- Customer interaction to be a key – we intend to establish improved Customer Relationship Management.
- More on-line Management Information System through Business Intelligence modules.
- Extension of Automated Attendance System and Digital Video Surveillance Systems.

Cautionary Statement

Estimates and expectations stated in this Management Discussion and Analysis may be “forward-looking statement” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

Annexure - A

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

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

BOARD OF DIRECTORS

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As of 31st March 2010, the Chairman and Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

COMPOSITION

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31st March 2010, the total strength of the Board is 6 directors with an Executive Chairman. Of the 6 Directors one (16.66%) is an Executive Director and three (50%) of the total strength of the Board are Independent Directors.

During the year, Mr. Rajesh Kakani resigned on 5th June 2009 and Mr. Ashok Vyas and Mr. Varaprasad Atluri resigned on 24th September 2009. Mr. Anand Shah, Mr. Sourabh Punch and Mr. Nifin Chopra were appointed as Additional Directors of the Company on 24th September 2009; Mr. Sourabh Punch resigned on 11th November 2009. Mr. Manish Dangara was appointed on 11th November 2009 as an Additional Director and he resigned on 24th November 2009. Mrs. Lata Mallya was appointed as an Additional Director of the Company on 24th November 2009

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

Board Meetings

The meetings of the Board are mostly held at the Registered Office of the Company at 302, Persipolis Building, Plot No 74, Sector 17, Vashi, Navi Mumbai 400703. During the year 2009-10, 18 Board meetings were held and the gap between two board meetings did not exceed four months. The dates on which the Board meetings were held are as follows :

20th April 2009, 29th May 2009, 19th June 2009, 13th July 2009, 28th July 2009, 10th August 2009, 07th September 2009, 24th September 2009, 14th October 2009, 11th November 2009, 24th November 2009, 26th November 2009, 16th January 2010, 28th January 2010, 11th February 2010, 23rd February 2010, 25th March 2010 and 26th March 2010.

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

Composition and Attendance

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

Name of Directors	Category	Financial Year 2009-2010 Attendance at		No. of Directorship in other companies*		No. of Committee position held in public companies including Arihant Superstructures Limited**	
		Board Meeting	Last AGM	Chairman	Member	Chairman	Member
Mr. Ashok Chhajjer	Chairman & Managing Director	18	Yes	Nil	1	1	Nil
Mr. Lalit Bothra	Non Independent Non Executive	17	Yes	Nil	1	Nil	3
Mr. Abhishek Balar	Non Independent Non Executive	16	Yes	Nil	1	Nil	2
Mr. Nifin Chopra	Non Executive	9	No	Nil	Nil	3	Nil
Mr. Anand Shah	Non Executive	10	No	Nil	Nil	Nil	1
Mrs. Lata Mallya.	Non Executive	6	No	Nil	Nil	Nil	2
Mr. Ashok Vyas #	Whole time Director	8	Yes	Nil	Nil	Nil	Nil
Mr. Varaprasad Atluri#	Non Executive	5	Yes	Nil	Nil	Nil	Nil
Mr. Rajesh Kakani###	Non Executive	Nil	No	Nil	Nil	Nil	Nil
Mr. Sourabh Punch###	Non Executive	1	No	Nil	Nil	Nil	2
Mr. Manish Dangara####	Non Executive	Nil	No	Nil	Nil	Nil	Nil

Note: # up to 24.09.2009

up to 05.06.2009

from 24.09.2009 up to 11.11.2009

from 11.11.2009 up to 24.11.2009

*Excludes private, foreign, unlimited liability companies and companies registered under Section 25 of the Companies Act, 1956.

**Indicates membership of Audit and Shareholders'/Investors' Grievance Committees.

Notes:

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

RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

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

COMMITTEES OF THE BOARD

(i) Audit Committee

Composition

The Audit Committee was originally constituted with Mr. Nitin Chopra, Mr. Sourabh Punch and Mr. Lalit Bothra as members. The Audit Committee was reconstituted on 24th September 2009 and 11th November 2009. As of 31st March 2010, the Audit Committee of the Board is headed under the stewardship of Mr. Nitin Chopra, an Independent Non-executive Director. Mr. Chopra has vast, diverse and enriched experience in financial management, corporate affairs, accounting and audit matters. The other members of the Committee are Mr. Lalit Bothra, Non Executive Non Independent Director, Mr. Sourabh Punch Independent Non- Executive Director (who resigned w.e.f. 11/11/2009) and Mrs. Lata Mallya, Independent Non Executive Director (appointed as member of the Committee w.e.f. 24/11/2009). All the members have requisite financial, accounting and management experience. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

Terms of Reference

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

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

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

Meetings and Attendance

During the year 2009-10 two meetings of the Audit Committee were held

Members	No of Meetings held	No. of Meetings Attended
Mr. Nitin Chopra	2	2
Mr. Lalit Bothra	2	2
Mr. Sourabh Punch *	1	1
Mrs. Lata Mallya **	1	1

*resigned w.e.f. 11/11/2009

**appointed w.e.f. 24/11/2009

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

(ii) Shareholders'/Investors' Grievance Committee

Composition

The Committee comprising of 3 Directors is, headed by Mr. Nitin Chopra as the Chairman. The other members of the Committee are Mr. Anand Shah and Mr. Lalit Bothra. The Company Secretary acts as Secretary to the Committee.

Terms of Reference

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

Meetings and Attendance

During the year 2009-10 two meetings of the Shareholders'/Investors Grievances Committee were held

Members	No of Meetings held	No. of Meetings Attended
Mr. Nitin Chopra	2	2
Mr. Anand Shah	2	2
Mr. Lalit Bothra	2	2

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

Compliance Officer

Mrs. Rashmita Kamath, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with Stock Exchanges.

Redressal of Investor Grievances

The Company's policy is to address all complaints, suggestions and grievances expeditiously and to send/issue replies usually within 7-10 days except in case of dispute over facts or other legal impediments. During the year under review, no investors' complaints were received and resolved. There was no pending complaint and/or requests for share transfer, dematerialization etc., as on 31st March, 2010.

(iii) Share Transfer Committee

Composition

The Share Transfer Committee comprising of 3 Directors is headed by Mr. Ashok Chhajjer, who is the Chairman of the committee. The other members of the Committee are Mr. Lalit Bothra and Mr. Abhishek Balar.

Terms of Reference

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

Meetings and Attendance

During the year 2009-10 four meetings of the Share Transfer Committee were held

Members	No of Meetings held	No. of Meetings Attended
Mr. Ashok Chhajjer	4	3
Mr. Lalit Bothra	4	4
Mr. Abhishek Balar	4	4

Minutes of the meetings of the Share Transfer Committee are approved by the Chairman of the Committee and are noted and confirmed by the Board in its next meeting.

(iv) Remuneration Committee

Composition

The Remuneration Committee comprises of three Directors- As on 31st March 2010 Mr. Nitin Chopra, Independent Non Executive Director, is the Chairman of the Committee The other members of the Committee are Mr. Abhishek Balar, Non Executive Non Independent, Director, Mr. Sourabh Punch Independent Non- Executive Director (who resigned w.e.f. 11/11/2009), and Mrs. Lata Mallya, Independent Non Executive Director (appointed as member of the Committee w.e.f. 24/11/2009). The Company Secretary acts as Secretary to the Committee.

Terms of Reference

1. Determining Remuneration Policy of the Company;
2. Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock options, other services, perquisites and benefits payable to the Managing, Whole-time and other Director(s) including their relatives;
3. Framing policies and fixation of compensation including salaries, incentives, bonuses, promotions, benefits, stock options and performance targets for executives of the Company; and
4. Formulation of the detailed terms and conditions of stock options, granting of administration and superintendence thereof.

Meetings and Attendance

During the year 2009-10, no meeting of Remuneration Committee was held.

Remuneration Policy

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

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

The Company's remuneration policy is based on three tenets: pay for responsibility, performance, potential and growth. Individual performance pay is determined by business performance of the business unit and the group as a whole clubbed with performance of individuals measured through the annual appraisal process.

Directors' Remuneration

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Executive Directors given below based on the recommendations of the Remuneration Committee as per remuneration policy of the Company, within the ceilings fixed by the shareholders. During the year, the Company paid sitting fees of Rs.2,000/- per Board meeting and Rs. 1,500/- per Committee Meeting to its non-executive Directors for attending meetings thereof.

Details of remuneration for the year ended 31st March 2010

(I) Non Executive Directors

Name of the Director	Sitting Fees (Rs.)
Mr. Lalit Bothra	Nil
Mr. Abhishek Balar	Nil
Mr. Nitin Chopra	26,000/-
Mr. Anand Shah	25,000/-
Mrs. Lata Mallya.	15,500/-
Mr. Varaprasad Atluri#	Nil
Mr. Rajesh Kakani##	Nil
Mr. Sourabh Punch###	3,500/-
Mr. Manish Dangara####	2,000/-

up to 24.09.2009

up to 05.06.2009

from 24.09.2009 up to 11.11.2009

from 11.11.2009 up to 24/11/2009

(II) Managing Director and Executive Director

Director	Salary and Allowance (Rs.)	Service Contract
Mr. Ashok Chhajer, Managing Director	60,000/-	5 yrs w.e.f 15.01.2009
Mr. Ashok Vyas*, Whole time Director	3,00,000/-	5 yrs w.e.f 15.01.2009*

*resigned w.e.f. 24.09.2009

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

(a) Equity Shares held by Directors as on 31st March 2010

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

Name of the Director	No. Of shares
Mr. Ashok Chhajer	10080000
Mr. Lalit Bothra	133525
Mr. Abhishek Balar	133525

CODE OF CONDUCT

The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries. An Annual affirmation has been obtained from all members of the Board and Senior Management Personnel as on 31st March, 2010. In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director is annexed at the end of the Report:

SUBSIDIARY MONITORING FRAMEWORK

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

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

ANNUAL GENERAL MEETINGS

(a) Location, date and time of last three Annual General Meetings (AGMs) and Special Resolutions passed thereat:

YEAR	LOCATION	DAY, DATE & TIME	SPECIAL RESOLUTION
2006-2007	303, 3 rd Floor, Rajendra Chamber, 19 th Nanabhai Lane, Fort, Mumbai- 400 001	Thursday 28.09.2007 At 11.00 a.m.	Nil
2007-2008	303, 3 rd Floor, Rajendra Chamber, 19 th Nanabhai Lane, Fort, Mumbai- 400 001	Monday 29.09.2008 At 11.00a.m.	Nil
2008-2009	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703	Wednesday 12.09.2009 At 1.00p.m.	Yes
EGM	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703	10/08/2009	Yes

(b) Resolution passed through Postal Ballot

A Postal Ballot Notice dated 20th April 2009 along with accompanying documents, as detailed below, was dispatched to Shareholders under certificate of posting. A calendar of events along with Board Resolution was submitted to the Registrar of Companies, Mumbai, Maharashtra. The Board appointed Mr. Sudhir Kamath, Practicing Company Secretary, as Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner. The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the Postal Ballot conducted during the year for the resolutions mentioned hereinunder. The result of the Postal Ballot was announced on 23rd May 2009 at the Registered Office and was also published in Free Press Journal (English) & Navshakti (Regional – Marathi) Details of voting pattern were as under:

Sr. No.	Description of Resolution	No. of valid votes polled (% age)	Votes cast for resolution (%age)	Votes cast against resolution (%age)
1.	Special Resolution for increase in Authorised Share Capital and subsequent change in the Memorandum and Articles of Association of the Company	50100	20.12%	0
2.	Special Resolution for change in the Main Object clause of the Company	50100	20.12%	0
3.	Special Resolution for substituting the existing Articles of Association with a new set of Articles of Association.	50100	20.12%	0
4.	Special Resolution for change of Registered Office of the Company within the State	50100	20.12%	0

Sr. No.	Description of Resolution	No. of valid votes polled (% age)	Votes cast for resolution (%age)	Votes cast against resolution (%age)
5.	Special Resolution for appointment of Mr. Ashok B. Chhajjer as Chairman and Managing Director of the Company	50100	20.12%	0
6.	Special Resolution for appointment of Mr. Ashok Vyas as Whole Time Director of the Company	50100	20.12%	0
7.	Ordinary Resolution for appointment of Mr. Lalit Bothra as Director liable to retire by rotation	50100	20.12%	0
8.	Ordinary Resolution for appointment of Mr. Varaprasad Atluri as Director liable to retire by rotation	50100	20.12%	0
9.	Ordinary Resolution for appointment of Mr. Abhishek Balar as Director liable to retire by rotation	50100	20.12%	0

DISCLOSURES

a) Material Contracts/Related Party Transactions

None of the transactions with any of the related parties were in conflict with the interest of the Company. Details of transactions with related parties are disclosed in Schedule 11 to the Accounts in the Annual Report. All related party transactions are negotiated at arms' length basis and are only intended to further the interest of the Company. The Board has received disclosures from key management personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest.

b) Compliances

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

MEANS OF COMMUNICATION

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

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

Exclusive Designated e-mail id

To enable investors to register their queries and/or grievances, the Company has dedicated an exclusive e-mail investor@asl.net.in. All investors are requested to avail this facility.

GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Date : 17th September, 2010
Time : 10:00 a.m.
Venue : Hotel Royal Orchid Central Grazia,
Plot No. 67, L-3, Sector-19, Palm Beach Road,
Vashi, Navi Mumbai – 400705
Maharashtra, India

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

b) Financial Calendar

Financial Year 1st April to 31st March

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

Quarter ended	Latest by
30th June, 2010	July, 2010
30th September, 2010	October, 2010
31st December, 2010	January, 2011
31st March, 2011	April, 2011*

*Instead of publishing quarterly financial results, the Company may also opt to publish Audited Annual Accounts by June, 2011.

c) Book Closure Dates

From Monday, the 13th September, 2010 to Friday, the 17th September, 2010(both days inclusive)

d) Dividend Payment Date

The Final Dividend if declared, shall be paid/credited on or before 15th October, 2010.

e) Liquidity of Shares

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), P.J. Tower, Dalal Street, Mumbai - 400 001. The shares of the Company are currently traded under the T group. The Company has paid the listing fees to BSE for 2010-11. The Company has also paid annual custody fee for 2010-11 to National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL).

f) (i) **ISIN Demat No.** : INE643K01018 (Fully paid)

(ii) **Stock Code** : Bombay Stock Exchange (BSE) - 506194

g) **Corporate Identification Number** : L51900MH1983PLC029643

h) Registrar and Share Transfer Agent (RTA)

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

i) Share Transfer Mechanism

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

j) Market Price Data:

The Equity Shares of the Company were infrequently traded on the Bombay Stock Exchange during the year 2009-2010. The Average price of the Shares was Rs. 4.63 for the entire financial year 2009-2010.

i) Share Ownership Pattern as on 31.03.2010

Sr No.	Category	No. Of shares held	%age
1.	Promoters and Promoter Group	1,08,97,725	72.94%
2.	Directors' & their Relatives	1,33,525	0.89%

Sr No.	Category	No. Of shares held	%age
3.	Foreign Institutional Investors	0	0
4.	NRIs & Foreign Nationals	0	0
5.	Mutual Funds & UTI	0	0
6.	Banks, FIs & Insurance Companies	0	0
7.	Bodies Corporate	0	0
8.	Public	39,08,750	26.16%
	TOTAL	1,49,40,000	100%

ii) Distribution of equity Shareholding as on 31st March 2010

Shares	Shareholders	% of total Shareholders	Number of Shares	% of total no. of Shares
1- 5000	159	51.79	25500	0.17
5001 - 10000	11	3.58	7850	0.05
10001 - 20000	7	2.28	11350	0.08
20001 - 30000	12	3.91	35400	0.24
30001 - 40000	1	0.33	3850	0.03
40001 - 50000	2	0.65	9450	0.06
50001 - 100000	19	6.19	144550	0.97
100000 & above	96	31.27	14702050	98.41
TOTAL	307	100	14940000	100

The Company has not declared dividends in the past years which have to be transferred to the Investor and Education Protection Fund. Dividend had been declared by the Company for the year 2008-2009 in the Annual General Meeting held on 12th September 2009 and the entire amount of dividend has been claimed by the shareholders of the Company.

k) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2010, 14884000 Equity Shares (constituting 99.63 %) were in dematerialized form.

l) Address for Investor Correspondence

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

Adroit Corporate Services Pvt Ltd,
19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Mumbai 400059
Telephone : 022-28594060 / 6060
Fax : 022 - 28503748
Email : veenashetty@adroitcorporate.com
Website : www.adroitcorporate.com

RISK MANAGEMENT

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

COMPLIANCE CERTIFICATE FROM THE AUDITORS

Certificate from the Practicing Company Secretary, Mr. D. A. Kamat confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to this Report forming part of the Annual Report. The said certificate has been forwarded to the Bombay Stock Exchange, where the shares of the Company are listed.

ADOPTION OF MANDATORY AND NON- MANDATORY REQUIREMENTS

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

- (a) Remuneration Committee: The Company has set-up a Remuneration Committee to commend, review remuneration of managerial personnel including their relatives. The composition of the committee and the details of meetings held and attendance of members thereat are given elsewhere in this Report. The then Chairman and all the members of the Remuneration Committee were present at the last Annual General Meeting held on 12th September 2009 to answer the Shareholders' queries.
- (b) The financial statements of the Company, on stand-alone basis, are unqualified.
- (c) Presentations before Board/Committees: Various presentations by Company's executives and expert agencies were made before the Audit Committee, Share transfer Committee and the Board in order to apprise the Directors about the business model of the Company, risk profile of its business, assessment of their responsibilities and suggesting ways to effectively discharge them.

CERTIFICATE FROM MANAGING DIRECTOR

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

CAPITAL INTEGRITY AUDIT

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

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

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

**Navi Mumbai
23rd July, 2010**

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

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

ARIHANT SUPERSTRUCTURES LIMITED

We have examined the compliance of the conditions of Corporate Governance by **Arihant Superstructures Limited** for the year ended on 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

Place: Mumbai
Date: 23rd July 2010

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

C.E.O./C.F.O. Certification

To,

The Board of Directors

Arihant Superstructures Limited

We, Ashok Chhajer, Managing Director and Suresh Singhavi, General Manager (Accounts) of Arihant Superstructures Ltd to the best of our knowledge & belief certify that:

- (A) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of their knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (B) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct
- (C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
- (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-
Ashok Chhajer
Chairman & Managing Director

Sd/-
Suresh Singhavi
General Manager (Accounts)
Navi Mumbai, July 23, 2010

AUDITORS REPORT

To
The Shareholders,
Arihant Superstructures Ltd.

We have audited the attached Balance Sheet of **Arihant Superstructures Ltd.** as on 31st March 2010 and the Profit & Loss Account and also the 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.

We have 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 responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by Law, have been kept by the Company so far as appears from our examination of books.
 - c) The Balance Sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account
 - d) In our opinion the Balance Sheet, Profit & Loss Account and Cash flow statement complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31st, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of 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 read together with the significant accounting policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:-
 - i. In the case of Balance Sheet of the State of affairs of the company as at 31st March, 2010; and
 - ii. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date; and
 - iii. In the case of the Cash flow statement, of the cash flows for the year ended on that date.

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

Place: Mumbai
Date : 23.04.2010

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

**ANNEXURE TO THE AUDITORS' REPORT OF
ARIHANT SUPERSTRUCTURES LIMITED,
on the financial statements for the year ended March 31, 2010**

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
c) It has been observed that no substantial part of fixed assets have been disposed off during the year, which can effects the going concern status of the Company.
2. a) The inventory includes land, construction work-in-progress, and construction and development material and development rights in identified land. Physical verification of inventory (except stocks represented by development rights, confirmations for which have been obtained) have been conducted. In our opinion, the frequency of verification is reasonable.
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Companies Act, 1956.
b) Since the Company has not granted any loan the rate of interest and other terms and conditions does not apply.
c) Since the Company has not granted any loans, the terms of repayment do not apply.
d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
e) The Company has taken loans from three entities covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,283.50 lakhs and the year-end balance of loans taken from such parties was Rs. NIL.
f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
g) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and the payment of principal and interest have been regular in accordance with such terms and conditions.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
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 prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any public deposit during the year under audit.

- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 According to information and explanations given to us, Central Government has not prescribed for the Company any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- 9 a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty and other material statutory dues, as applicable to it.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same
- b) According to the information and explanations given to us, no undisputed amounts payables in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty and excise duty were in arrears at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- 10 The Company has no accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders.
- 12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions which are not, prima facie, prejudicial to the interest of the Company.
- 16 According to the information and explanations given to us, the Company has not obtained any term loans during the financial year covered by our audit.
- 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 been used for long-term investment.
- 18 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 19 According to the information and explanations given to us, the Company has not issued any debentures hence creating of charge or security is not applicable to the Company.
- 20 We have verified the end use of money raised by right issue from the draft prospectus filed with SEBI, the offer document and as disclosed in the notes to the financial statements.
- 21 According to the 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 T N Gala & Associates
Chartered Accountant
FRN - 102951W

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

Place: Mumbai
Dated: 23.04.2010

BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
I SOURCES OF FUNDS			
(a) Shareholders Funds			
i Share Capital	I	149,400,000	2,490,000
ii Reserve & Surplus	II	4,699,393	453,343
 (b) Loans Funds			
i Secured Loans	III	2,450,499	-
ii Unsecured Loans	IV	-	-
 Deferred Tax Liability		112,216	-
 TOTAL		156,662,108	2,943,343
II APPLICATION OF FUNDS			
(a) Fixed Assets	V		
i Gross Block		5,409,145	-
ii Less: Depreciation		(34,336)	-
iii Less: Amortisation		(225,743)	-
iv Net Block		5,149,066	-
(b) Investments	VI	370,000	-
(c) Current Assets, Loans & Advances	VII	371,396,339	4,064,452
Less: Current Liabilities	VIII	222,708,997	1,141,109
Net Current Assets		148,687,342	2,923,343
(d) Miscellaneous Expenditure (to the extent not written off)			
Preliminary Expenses		10,000	20,000
Share Issue Expenses		2,445,700	-
		2,455,700	20,000
 NOTES TO THE ACCOUNTS	XI	156,662,108	2,943,343

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

Place: Mumbai

Date: 23.04.2010

For Arihant Superstructures Ltd.

Sd/-

Ashok B. Chhajjer

Chairman and Managing Director

Sd/-

Nimish Shah

Whole-time Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
INCOME			
Contract Income		127,413,450	-
Increase in WIP		141,687,777	-
Other Income	IX	1,546,191	778,371
		<u>270,647,418</u>	<u>778,371</u>
EXPENDITURE			
Contract Expenses		122,796,300	-
Direct Expenses		101,842,662	-
Indirect Expenses	X	25,197,121	357,212
Amortisation of Intangible Assets		225,743	-
Depreciation		34,336	-
Preliminary Expenses Written Off		10,000	2,500
Share Issue Expenses Written Off		611,425	-
		<u>250,717,587</u>	<u>359,712</u>
Net Profit Before Tax/(Loss)		19,929,831	418,659
Less: Provision For Taxation		(6,800,000)	(129,370)
Less: Provision For FBT		-	(200)
Less: Short Provision of Tax		(32,038)	-
Net Profit/(Loss) after Tax		<u>13,097,793</u>	<u>289,089</u>
Add: Income Tax Refund		-	148,690
		<u>13,097,793</u>	<u>437,779</u>
Less:			
Proposed Dividend @ 5 %		(7,470,000)	(124,500)
Dividend Distribution Tax		(1,269,527)	(19,235)
		<u>4,358,266</u>	<u>294,044</u>
Add/(Less): Brought forward Profit / (Loss)		453,343	159,299
Net Profit carried over to Balance Sheet		<u>4,811,609</u>	<u>453,343</u>
Basic/Diluted earning per share of Rs. 10each		31.95	1.16

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

Place: Mumbai

Date: 23.04.2010

For Arihant Superstructures Ltd.

Sd/-

Ashok B. Chhajer

Chairman and Managing Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

Sd/-

Nimish Shah

Whole-time Director

SCHEDULE OF BALANCESHEET

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule - I		
SHARE CAPITAL		
Authorised		
15,000,000 Equity Shares of Rs.10/- Each (Previous Year 250,000 Equity Shares of Rs.10/- Each)	<u>150,000,000</u>	<u>2,500,000</u>
Issued Subscribed & Paid Up		
14,940,000 Equity Share Of Rs. 10/- Each Fully Paid (Previous Year 249,000 Equity Share Of Rs. 10/- Each Fully Paid)	<u>149,400,000</u>	<u>2,490,000</u>
 Schedule - II		
Reserve & Surplus		
Profit & Loss Account		
Opening Balance	453,343	159,299
Add: Net Profit as per Profit & Loss Account	4,358,266	294,044
Less: Transferred to General Reserves	<u>(112,216)</u>	<u>-</u>
	<u>4,699,393</u>	<u>453,343</u>
General Reserves		
Opening Balance	-	-
Add: Transferred from P & L A/c	112,216	-
Less: Provision for Deffered Tax Liability	<u>(112,216)</u>	<u>-</u>
	-	-
Total Reserves & Surplus	<u>4,699,393</u>	<u>453,343</u>
 Schedule - III		
SECURED LOANS		
<u>Kotak Mahindra Prime Ltd.</u> (Secured Against Motor Cars)	<u>2,450,499</u>	-
Total	<u>2,450,499</u>	<u>-</u>
 Schedule - IV		
UNSECURED LOANS		
From Directors	-	-
From Others	-	-
	<u>-</u>	<u>-</u>

SCHEDULE V : FIXED ASSETS AS PER COMPANIES ACT , 1956

Particulars	GROSS BLOCK						DEPRECIATION / AMORTISATION				NET BLOCK	
	Rate of Depreciation / Amortisation	As on 01/04/2009	Additions	Deductions	As on 31/03/2010	As on 01/04/2009	Provided During the Year	Amortised / Written Off	As on 31/03/2010	As on 31/03/2010	AS ON 31/03/2009	AS ON 31/03/2009
<u>Tangible Assets</u>												
Computer	16.21%	-	669,870.00	-	669,870.00	-	-	-	-	669,870.00	-	-
Air Conditioner	4.75%	-	48,000.00	-	48,000.00	-	-	-	-	48,000.00	-	-
Equipments	4.75%	-	42,500.00	-	42,500.00	-	631.00	-	631.00	41,869.00	-	-
Mobiles	4.75%	-	76,640.00	-	76,640.00	-	552.00	-	552.00	76,088.00	-	-
Projector	4.75%	-	29,500.00	-	29,500.00	-	342.00	-	342.00	29,158.00	-	-
Refrigerator	4.75%	-	7,700.00	-	7,700.00	-	122.00	-	122.00	7,578.00	-	-
Motor Cars	9.50%	-	3,352,443.00	-	3,352,443.00	-	32,689.00	-	32,689.00	3,319,754.00	-	-
Furniture & Fixtures	6.33%	-	53,778.00	-	53,778.00	-	-	-	-	53,778.00	-	-
<u>Intangible Assets</u>												
Computer Software	20.00%	-	1,062,714.00	-	1,062,714.00	-	-	212,543.00	212,543.00	850,171.00	-	-
Trade Mark	20.00%	-	66,000.00	-	66,000.00	-	-	13,200.00	13,200.00	52,800.00	-	-
Total		-	5,409,145.00	-	5,409,145.00	-	34,336.00	225,743.00	260,079.00	5,149,066.00	-	-
Previous Year		-	-	-	-	-	-	-	-	-	-	-

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule -VI		
Investment		
Equity Shares of Arihant Abode Ltd (30,000 shares of Rs. 10/- each fully paid)	300,000	-
Equity Shares of Arihant Vatika Realty Pvt. Ltd (6,000 shares of Rs. 10/- each fully paid)	60,000	-
Capital with Arihant Aksh Realty LLP	10,000	-
	370,000	-
Schedule- VII		
<u>CURRENT ASSETS & LOAN ADVANCES</u>		
<u>A) Current Assets</u>		
Sundry Debtors (Less than six months)	-	-
(More than six months Considered Good)	936,267	936,267
Deposits	61,654,715	45,083
TDS & Advance Tax	5,585,905	82,466
Income Tax Refund Receivable	54,017	-
Land Cost - Plot (Arihant Arham)	91,321,340	-
Land Cost - Plot (Arihant Abhilasha)	46,174,106	-
Work In Progress-Arihant Arham	117,605,130	-
Work In Progress-Arihant Abhilasha	24,082,647	-
Prepaid Expenses	80,187	-
Cash in Hand	654,831	1,303,540
Cash in Bank(with scheduled banks)	2,273,542	491,761
	350,422,687	2,859,117
<u>B) Loans & Advances</u>		
Advances recoverable in cash or kind	20,973,652	1,205,335
	20,973,652	1,205,335
Total (A+B)	371,396,339	4,064,452
Schedule- VIII		
<u>Current Liabilities & Provisions</u>		
<u>(A) Current Liabilities</u>		
Advance Bookings	174,983,681	-
Sundry Creditors	29,054,962	937,864
	204,038,643	937,864
<u>(B) Provisions</u>		
Provision for Tax	6,800,000	41,562
Provision to FBT	-	200
Proposed Dividend	7,470,000	124,500
Provision for Dividend Distribution Tax	1,269,527	19,235
Audit Fees Payable	387,153	7,500
TDS Payable	2,551,809	7,008
Professional Tax Payable Company	-	2,500
Professional Tax Payable Employees	9,000	740
Provident Fund Payable	11,525	-
Electricity Charges Payable	154,350	-
Telephone Charges Payable	16,990	-
	18,670,354	203,245
Total (A+B)	222,708,997	1,141,109

SCHEDULES OF PROFIT & LOSS ACCOUNT

	Current Year Year Ended 31.03.2010 <u>(Amount Rs.)</u>	Previous Year Year Ended 31.03.2009 <u>(Amount Rs.)</u>
Schedule -IX		
Other Income		
Consultancy Charges	-	775,000
Interest Income	1,543,691	-
Discount	-	3,371
Other Income	2,500	-
	<u>1,546,191</u>	<u>778,371</u>
Schedule - X		
<u>Indirect Expenses</u>		
Administrative Expenses		
Audit Fees	430,170	7,500
Directors' Remuneration	360,000	130,740
Directors' Sitting Fees	36,000	-
Professional & Legal Fees	1,361,652	95,208
Rent, Rates & Taxes	294,790	-
Telephone Expenses	43,902	-
Vehicle Expenses	22,560	-
Conveyance	36,187	-
Electricity Charges	171,900	-
Printing & Stationery	872,886	4,176
ROC Fees	221,700	16,500
Donations	51,000	-
Miscellaneous Expenses	472,429	13,300
	<u>4,375,176</u>	<u>267,424</u>
Financial Expenses		
Bank Charges	18,596	6,268
Interest Expenses	9,367,103	-
	<u>9,385,699</u>	<u>6,268</u>
<u>Employees Expenses</u>		
Salaries	6,380,406	15,000
Employers Contribution towards PF	42,875	-
Gift Expense	230,744	-
Training Expenses	370,160	-
Staff Welfare	115,668	2,400
	<u>7,139,853</u>	<u>17,400</u>
<u>Selling & Distribution Expenses</u>		
Advertisement	2,187,064	66,120
Business Promotion	56,383	-
Exhibition Expenses	2,052,946	-
	<u>4,296,393</u>	<u>66,120</u>
	<u>25,197,121</u>	<u>357,212</u>

SCHEDULE - XI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Nature of Operations

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

B. Significant accounting policies:

1) Basis of preparation of financial statements:

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

2) Use of estimates:

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

3) Fixed assets:

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

4) Depreciation / amortization:

Depreciation on fixed assets has been provided on straight-line method (SLM) on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Intangible Assets

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

5) Investments:

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

6) Revenue Recognition:

The revenue / income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and also when no significant uncertainty exists regarding the realization and amount of consideration.

However, if at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are progressively performed, i.e. on the percentage of completion basis.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company. Some of the estimates amongst others are of a technical nature and these are related to the percentages of completion, costs till completion of the project / activity and the foreseeable losses if any. As the real estate projects necessarily extend beyond one year, revision in costs estimated during the course of the project on the basis of prevailing market conditions and variations in market dynamics are reflected in the accounting period in which the facts requiring the revision become known.

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

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

7) Transaction in foreign currencies:

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

8) Retirement benefits:

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

9) Accounting for taxes on income:

- i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-Tax Act, 1961.
- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

10) Borrowing costs:

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

11) Impairment of assets:

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

12) Provisions and contingent liabilities:

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

C. Notes to accounts:

- 1) During the year the Company has come out with a Rights Issue of 14,691,000 Equity shares of Rs. 10/- each at par in the ratio of 59 Equity shares for every 1 share held on the Record Date i.e. 5th March, 2010. The issue opened on 8th March, 2010 and closed on 23rd March, 2010. The entire issue was fully subscribed and the shares were allotted on 25th March 2010. The Equity Shares were credited to the accounts of the shareholders in demat form in NSDL and CDSL on 30/03/2010 and 29/03/2010 respectively and were listed on the BSE on 29th March, 2010. The trading approval for the same was received from BSE on 31st March, 2010 w.e.f. 1st April, 2010.
- 2) During the year the company has initiated its two Projects namely "Arihant Abhilasha" at Kharghar, Raigad and "Arihant Arham" at Panvel, Raigad. Since both the projects are under the initial stage and percentage of work completed on Balance Sheet date is appx. 7.00% in case of "Arihant Abhilasha" and appx. 13.50% in case of "Arihant Arham". The Land cost related to the respective Projects is not amortised during the reporting period / year.

3) Secured Loans

Motor Car loans are secured by hypothecation of vehicles purchased against the said loan.

4) Related party disclosure:

i) Parties where control exists.

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

ii) Key Management Personnel an Relatives of Key Management Personnel (KMP):

Sr. No	Name of Party	Nature of Relationship
1.	M/s. Arihant Builders	Enterprises in which KMP have a significant influence
2.	M/s. Arihant Universal Realty (P) Ltd	Enterprises in which KMP have a significant influence
3.	Mr. Ashok B Chhajer	KMP & Director
4.	Mr. Lalitkumar P Bothra	KMP & Director
5.	Mrs. Sangeeta Chhajer	Relative of Director
6.	Mr. Achalchandji Balar	Relative of Director
7.	Mr. Parasmal L Bothra	Relative of Director
8.	Mr. Parasmal L Bothra HUF	Relative of Director
9.	Mrs. Parmeshwaridevi P Bothra	Relative of Director
10.	Mrs. Rajni L Bothra	Relative of Director
11.	Mrs. Saraswatidevi Balar	Relative of Director
12.	Mr. Ashok Vyas	KMP

Notes:

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

iii) Transactions with related parties:

Name Of The Entity/Party	Nature Of Relation	Nature Of Transaction	Transaction During The Year	O/S B/S
M/s. Arihant Builders	Enterpises in which key mgt have a sign influence	Transfer of Booking	29,177,913	0
		Reimbursement of Exp.	30,000,000	0
		Land Purchased	70,000,000	0
M/s/. Arihant Vatika Realty (P) Ltd	Enterpises in which key mgt have a sign influence	Loan Given	1,800,000	0
M/s. Arihant Universal Realty (P) Ltd	Enterpises in which key mgt have a sign influence	Loan Received	100,000	0
Mr. Ashok B Chhajer	Shareholder & Director	Booking Advance	128,200,000	32,586,628
		Loan Received	12,355,000	0
		Remuneration Paid	60,000	0
		Interest Paid	7,215,781	0
Mr. Lalitkumar P Bothra	Shareholder & Director	Booking Advance	723,000	0
		Interest Paid	25,196	0

Name Of The Entity/Party	Nature Of Relation	Nature Of Transaction	Transaction During The Year	O/S B/S
Mrs. Sangeeta Chhajjar	Relative of Director	Booking Advance	5,800,000	5,650,000
		Loan Received	4,700,000	0
		Rent Paid	200,000	0
		Deposit Given	20,000,000	20,000,000
		Interest Paid	167,573	0
Mr. Achalchandji Balar	Relative of Director	Booking Advance	3,000,000	0
		Interest Paid	64,111	0
Mr. Parasmal L Bothra	Relative of Director	Booking Advance	1,857,000	0
		Interest Paid	64,715	
Mr. Parasmal L Bothra HUF	Relative of Director	Booking Advance	816,000	0
		Interest Paid	28,437	0
Mrs. Parmeshwaridevi P Bothra	Relative of Director	Booking Advance	548,000	0
		Interest Paid	19,098	0
Mrs. Rajni L Bothra	Relative of Director	Booking Advance	700,000	0
		Interest Paid	21,403	0
Mrs. Saraswatidevi Balar	Relative of Director	Booking Advance	3,000,000	0
		Interest Paid	64,111	0
Mr Ashok Vyas	KMP	Remuneration	300,000	0

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

Particulars	As at 31.03.2010 (Rs.)
Deferred tax liability on account of Depreciation	112,216
Deferred tax liability (net)	112,916

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

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

7) Segment information:

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

8) Earnings per share (EPS):

		Current Year	Previous Year
(i)	Net profit after tax available for equity share holder (Rs.)	13,097,793	289,089
(ii)	Weighted average number of equity shares outstanding at the year end (No.)	409,997	249,000
(iii)	Basic & Diluted Earnings per Share (Rs.)	31.95	1.16
(iv)	Nominal value of share (Rs.)	10	10

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

10) Directors Remuneration:

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

	Current Year	Previous Year
Directors Remuneration	360,000	130,740
Sitting Fees	36,000	--
	396,000	130,740

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

11) Managerial Remuneration:

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

	Current Year Rupees
Profit as per P & L account	13,097,793
Directors Remuneration (including Sitting Fees)	396,000
Loss/(profit) on sale of fixed assets	0
Assets written off/(discarded)	0
Provision for discard fixed assets	0
Provision for Doubtful Debts	0
Net Profit as per 349 of the Companies Act	13,493,793
Eligible Remuneration is 5% in case of one Managing Director	674,690

Managerial Remuneration paid as per Profit & Loss Account Rs. 396,000.

12) Auditor's remuneration:

	Current Year	Previous Year
Audit fees	319,870	7,500
Tax audit fees	110,300	--
Taxation matters	82,725	--
Certification fees	248,175	--
	761,070	7,500

13) Contingent Liabilities not provided for:

There were no Contingent Liabilities as on 31.03.2010.

14) Utilisation of money raised by Right issue of the Company upto March 31, 2010

Sr. No	Nature of Expenditure	Amount Involved
1.	Project Cost of Arihant Arham	146,910,000

- 15) Share Issue Expense (related to Rights Issue) and Preliminary Expenses are ammortised over the period of 5 years.
- 16) The Company has not received any intimation from its suppliers regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006 hence no disclosure has been made.
- 17) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 18) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.
- 19) Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

For and on behalf of the Board of Directors

**As per our Report of even date
For M/s T. N. Gala & Co.
Chartered Accountants
FRN - 102951W**

Sd/-
Mr. Ashok Chhajaj
Chairman & Managing Director

Sd/-
Mr. Nimish Shah
Whole Time Director

Sd/-
T. N. Gala
Partner
M. No. 41186

Sd/-
Navi Mumbai
23rd April, 2010

Sd/-
Mrs. Rashmita Kamath
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Tax and Extraordinary Items	19,929,831	418,659
Add: <u>Non Cash Items</u>		
Depreciation	260,079	-
Preliminary Expenses W/off	621,425	2,500
<u>Non Operating Expenses</u>		
(Profit)/ Loss on Sale of Fixed Assets	-	-
(Profit)/ Loss on Investments	-	-
Less: <u>Non Operating Incomes</u>	-	-
Dividend Income	-	-
Interest Income	(1,543,691)	-
OPERATING PROFIT BEFORE WORKING CAPITAL	19,267,644	421,159
(Increase)/ Decrease in Trade & Other Receivable	(340,873,042)	408,597
Increase/ (Decrease) in Current Laibilities & Provision	206,213,858	863,858
CASH GENERATED FROM OPERATIONS	(115,391,540)	1,693,614
Less: Tax Paid net of Refunds	(5,629,332)	57,506
CASH FLOW BEFORE EXTARORDINARY ITEMS	(121,020,872)	1,751,120
<u>Extra Ordinary Items / Adjustments</u>		
Extra Ordinary Expenditure	(3,057,125)	-
CASH FLOW AFTER EXTARORDINARY ITEMS (A)	(124,077,997)	1,751,120
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(Purchase of Fixed Assets)	(5,409,145)	-
Sale of Fixed Assets	-	-
(Purchase of Investments)	(370,000)	-
Sale of Investments	-	-
Dividend Income	-	-
Interest Income	1,543,691	-
NET CASH USED FOR INVESTING ACTIVITIES (B)	(4,235,454)	-

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Issue of Share Capital	146,910,000	-
Increase/(Decrease) in Secured Loan	2,450,499	-
Dividend & Dividend Distribution Tax Paid	(145,659)	-
Increase/(Decrease) in Unsecured Loans	-	-
Decrease/(Increase) in Loans & Advances	(19,768,317)	(557,440)
NET CASH FROM FINANCING ACTIVITIES (C)	129,446,523	(557,440)
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	1,133,072	1,193,680
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	1,795,301	601,621
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	2,928,373	1,795,301
	1,133,072	1,193,680

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

Sd/-
(Talak N Gala)
Proprietor
M.No. 41186

Place: Mumbai
Date: 23.04.2010

For Arihant Superstructures Ltd.

Sd/-
Ashok B. Chhajer
Chairman and Managing Director

Sd/-
Nimish Shah
Whole-time Director

Sd/-
Mrs. Rashmita Kamath
Company Secretary

Balance Sheet abstract and Company's general business profile

I Registration Detail

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

II Capital Raised during the year (Amount in Thousands)

Public Issue						N	I	L	Right Issue	1	4	6	9	1	0
Bonus Issue						N	I	L	Private Placement				N	I	L

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

Total Liabilities			3	7	9	3	7	1	Total Assets	3	7	9	3	7	1
Source of fund									Application of funds						
Paid Up Capital			1	4	9	4	0	0	Net Fixed Assets			5	1	4	9
Reserve & Surplus					4	6	9	9	Investments				3	7	0
Secured Loans					2	4	5	0	Net Current Assets	1	5	1	1	4	2
Unsecured Loans									Accumulated Losses						
Net Deferred Tax Liability						1	1	2	Net Deferred tax Asset						

IV Performance of the Company (Amount in Thousands) +/-

Turnover			2	7	0	6	4	7	Profit Before Tax	+	1	9	9	2	9
Total Expenditure			2	5	0	7	1	7	Profit After Tax	+	1	3	0	9	8
Earning per share (in Rs.)			3	1	.	9	5	Dividend Rate					5	%	

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

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

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

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting 1st Annual Report for the year ended on 31st March 2010.

1. Financial Results:

Particulars	(Rs. In Lacs) 2009-2010
Sales and Other Income	14.18
Profit before interest, depreciation & tax	13.40
Interest	13.18
Depreciation	--
Profit/(Loss) before Tax	0.22
Provision for Tax	(0.07)
Deferred Tax [Liabilities/Assets]	---
Profit/(Loss) after Tax	0.15
Prior Period Adjustments and Extraordinary Items	---
Profit/(Loss) for the year	0.15
Add: Balance of Profit and Loss Account	---
Profit available for Appropriation	0.15
<u>Less: Appropriation</u>	
Transfer to General Reserve	---
Proposed Equity Dividend	---
Tax on Proposed Equity Dividend	---
Balance of profit Carried to Balance Sheet	0.15

Note: Your company has been incorporated on 17th November 2009 and as such previous year figures are not given.

2. Subsidiary Company:

During the period under review, the Company changed its status into a Subsidiary of Arihant Superstructures Limited (ASL). ASL currently holds 60% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs.1494 lacs as on the date of this Report.

3. Reserves and Dividend:

Your Directors request you to note that no amount is being transferred to the Reserves and no dividend for the year ended on 31st March, 2010, is being recommended, taking into account the profit earned by the Company.

4. Operations:

The Company has obtained its Certificate of Commencement of Business on 25th March 2010, and has hence, commenced business from that date. Since it is the first year of incorporation, turnover for the year was Rs.14.18 lacs and Profit after Tax was Rs. 0.15 lacs.

5. Directors:

Mr. Ashok Chhajer, Mr. Lalit Bothra, Mr. Akshay Agarwal and Mrs. Sujata Agarwal were appointed as first director of the company.

During the year Mr. Piyush Balar was appointed as a director and Mr. Ashok Chhajer & Mr. Lalit Bothra had resigned w.e.f. 21.11.2009. After that Mr. Ashok Chhajer, Mr. Abhishek Balar & Mr. Lalit Bothra had appointed and Mrs. Sujata Agarwal & Mr. Piyush Balar had resigned from the Board of Directors on 27.03.2010. The Board placed on record their appreciation for the services and guidance received from them during their tenure as the Directors of the Company.

Mr. Ashok Chhajer represents the interest of the holding company on the Board.

In accordance with the requirement of Companies Act, 1956 and Article of Association of the Company Mr. Akshay Agarwal and Mr. Ashok Chhajer Directors of Company are liable to retire by rotation at the ensuing Annual General Meeting of the Company. Accordingly, Mr. Akshay Agarwal and Mr. Ashok Chhajer, being eligible offers themselves for re-appointment as Directors of the Company.

6. Directors' Responsibility Statement:

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

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2010, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

7. Fixed Deposit:

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

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

The observation made in auditor report are self explanatory and therefore do not require further comments of the Management under section 217 of Companies Act, 1956.

9. Particulars of Employees:

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

10. Personnel:

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

11. Auditors:

M/s. T. N. Gala & Associates, the retiring Auditors of the Company will hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The retiring auditors have furnished a Certificate of their eligibility for re-appointment under section 224(1) (B) of the Companies Act, 1956 and have indicated their willingness for re-appointment.

The Board of Directors have, at their meeting held on 12th April, 2010 approved the re-appointment of M/s. T. N. Gala & Associates, as Statutory Auditors for the financial year 2010-11 to hold office till the conclusion of next Annual General Meeting of the Company. However recommendation of the Board of Director for the re-appointment of Auditors is subject to the Shareholders approval.

12. Accounting Standards and Consolidated Financial Statements:

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

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

The provisions relating to Conservation of energy and Technology absorption are not applicable to the Company. However, the Board would like to inform the Members that the Company has made adequate utilization of technology in its operations, as applicable for its working.

There are no foreign exchange earnings or outflow by the Company, for the year under review.

14. Acknowledgements:

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

For and on behalf of the Board of Directors

Sd/-

(Ashok B. Chhajer)
Director

Sd/-

(Akshay Agarwal)
Director

Date: 12th April, 2010
Place: Navi Mumbai

AUDITORS REPORT

To
The Shareholders,
Arihant Abode Ltd.

We have audited the attached Balance Sheet of **Arihant Abode Ltd.** as on 31st March 2010 and the Profit & Loss Account and also the cash flow statement of the Company for the period 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.

We have 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 responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by Law, have been kept by the Company so far as appears from our examination of books.
 - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account
 - d) In our opinion the Balance Sheet and Profit & Loss Account complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31st, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of 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 read together with the significant accounting policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:-
 - i. In the case of Balance Sheet of the State of affairs of the company as at 31st March, 2010; and
 - ii. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date.
 - iii. In the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-

Talak N. Gala
Proprietor
M. No. 41186

Place: Mumbai
Date: 12.04.2010

ANNEXURE TO THE AUDITORS' REPORT OF ARIHANT ABODE LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

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

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets is reasonable having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- c) It has been observed that no substantial part of fixed assets have been disposed off during the year, which can effects the going concern status of the Company.
2. a) The inventory includes land, construction work-in-progress, and construction and development material and development rights in identified land. Physical verification of inventory (except stocks represented by development rights, confirmations for which have been obtained) have been conducted. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Companies Act, 1956.
- b) Since the Company has not granted any loan the rate of interest and other terms and conditions does not apply.
- c) Since the Company has not granted any loans, the terms of repayment do not apply.
- d) There is no overdue amount in excess of Rs. 1 Lakh in respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- e) According to the information and explanations given to us, the Company has not taken any loans from the entities covered in the register maintained under Section 301 of the Companies Act, 1956.
- g) In our opinion, the rate of interest and other terms and conditions for loans taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- h) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and the payment of principal and interest have been regular in accordance with such terms and conditions.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- 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 prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any public deposit during the year under audit.

- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 According to information and explanations given to us, Central Government has not prescribed for the Company any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- 9 a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty and other material statutory dues, as applicable to it.
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same
- b) According to the information and explanations given to us, no undisputed amounts payables in respect of income-tax, sales-tax, wealth-tax, service-tax, custom duty and excise duty were in arrears at the year end, for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- 10 The Company has no accumulated losses at the end of the financial year. Further, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture holders.
- 12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions which are not, prima facie, prejudicial to the interest of the Company.
- 16 According to the information and explanations given to us, the Company has not obtained any term loans during the financial year covered by our audit.
- 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 been used for long-term investment.
- 18 According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(xviii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 19 According to the information and explanations given to us, the Company has not issued any debentures hence creating of charge or security is not applicable to the Company.
- 20 The company has not raised any money during the year and hence it is not applicable.
- 21 According to the 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 T N Gala & Associates
Chartered Accountants
FRN - 102951W

Sd/-

Talak N. Gala
Proprietor
M. No. 41186

Place: Mumbai
Date: 12.04.2010

BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)
I SOURCES OF FUNDS		
(a) Shareholders Funds		
i Share Capital	I	500,000
ii Reserve & Surplus	II	15,141
 (b) Loans Funds		
i Secured Loans		-
ii Unsecured Loans		-
TOTAL		515,141
II APPLICATION OF FUNDS		
(a) Fixed Assets		
i Gross Block		-
ii Less: Depreciation		-
iii Less: Amortisation		-
iv Net Block		-
 (b) Investments		
(c) Current Assets, Loans & Advances	III	236,850,027
Less: Current Liabilities	IV	236,366,110
Net Current Assets		483,917
 (d) Miscellaneous Expenditure (to the extent not written off)		
Preliminary Expenses		31,224
TOTAL		515,141
NOTES TO THE ACCOUNTS	VII	

This being the first year, previous years figures are not appearing

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

Chartered Accountants
FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor
M.No. 41186

Place: Mumbai
Date: 12.04.2010

For Arihant Abode Limited

Sd/-
Ashok Chhajer
Director

Sd/-
Akshay Agarwal
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)
INCOME		
Other Income	V	1,417,911
		<u>1,417,911</u>
EXPENDITURE		
Indirect Expenses	VI	1,388,193
Preliminary Expenses Written Off		7,806
		<u>1,395,999</u>
Net Profit Before Tax/(Loss)		21,912
Less: Provision For Taxation		<u>(6,771)</u>
Net Profit/(Loss) after Tax		15,141
Add/Less: Brought forward /(Loss)		-
Net Profit carried over to balancesheet		<u>15,141</u>

This being the first year, previous years figures are not appearing

As Per Report of Even Date

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

Sd/-
(Talak N Gala)
Proprietor
M.No. 41186

Place: Mumbai
Date: 12.04.2010

For Arihant Abode Limited

Sd/-
Ashok Chhajer
Director

Sd/-
Akshay Agarwal
Director

SCHEDULE TO BALANCE SHEET

		Current Year Year Ended 31.03.2010 (Amount Rs.)
Schedule - I		
SHARE CAPITAL		
Authorised		
50,000 Equity Shares of Rs.10/- Each		<u>500,000</u>
<u>Issued Subscribed & Paid Up</u>		
50,000 Equity Share Of Rs. 10/- Each Fully Paid		<u>500,000</u>
		<u>500,000</u>
Schedule - II		
Reserve & Surplus		
Profit & Loss Account		<u>15,141</u>
		<u>15,141</u>
Schedule- III		
CURRENT ASSETS & LOAN ADVANCES		
A) Current Assets		
Consultancy Receivable		225,000
TDS		103,960
Cash in Hand		55,467
Cash in Bank(with scheduled banks)		<u>9,856,311</u>
	(A)	<u>10,240,738</u>
B) Deposits		
F.D. with Federal Bank Ltd (Inculding Acc. Interest)		221,409,289
R.D. A/c.		<u>100,000</u>
	(B)	<u>221,509,289</u>
C) Loans & Advances		
Phalsphe Land Advance		<u>5,100,000</u>
	(C)	<u>5,100,000</u>
Total (A+B+C)		<u>236,850,027</u>
Schedule - IV		
Current Liabilities & Provisions		
Current Liabilities		
Advance Bookings Received		236,236,042
<u>Provisions</u>		
Provision for Tax		6,771
Audit Fees Payable		11,030
TDS Payable		<u>112,267</u>
Total		<u>236,366,110</u>

SCHEDULE TO PROFIT & LOSS A/C

	Current Year Year Ended 31.03.2010 (Amount Rs.)
Schedule - V	
Other Income	
Consultancy Fees	250,000
Interest Income	1,167,911
	1,417,911
Schedule - VI	
Indirect Expenses	
Administrative Expenses	
Advertisement Exp.	15,882
Bank Charges	267
Interest Exp.	1,318,011
Legal Exp.	15,090
Professional Fees	20,000
ROC Fees	1,800
Miscellaneous Expenses	5,913
Audit Fees	11,030
Stamping & Franking Charges	200
	1,388,193

SCHEDULE - VII

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Nature of Operations

M/s. Arihant Abode Limited has been incorporated as a Company vide Reg. No. 197090 under Companies Act, 1956 w.e.f. 17th November, 2009

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

B. Significant accounting policies:

1) Basis of preparation of financial statements:

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

2) Use of estimates:

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

3) Fixed assets:

Fixed Assets are to be stated at cost less accumulated depreciation and amortisation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation. Company does not hold any Fixed Asset as on 31.03.2010.

4) Investments:

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

5) Revenue Recognition:

The revenue / income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and also when no significant uncertainty exists regarding the realization and amount of consideration.

However, if at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are progressively performed, i.e. on the percentage of completion basis.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company. Some of the estimates amongst others are of a technical nature and these are related to the percentages of completion, costs till completion of the project / activity and the foreseeable losses if any. As the real estate projects necessarily extend beyond one year, revision in costs estimated during the course of the project on the basis of prevailing market conditions and variations in market dynamics are reflected in the accounting period in which the facts requiring the revision become known.

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

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

6) Transaction in foreign currencies:

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

7) Accounting for taxes on income:

- i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-Tax Act, 1961.
- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

8) Borrowing costs:

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

9) Impairment of assets:

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

10) Provisions and contingent liabilities:

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

C. Notes to accounts:

1) Related party disclosure:

i) Key Management Personnel an Relatives of Key Management Personnel (KMP):

Sr. No	Name of Party	Nature of Relationship
1.	Ashok B. Chhajjer	KMP & Director
2.	Lalitkumar P Bothra	KMP & Director
3.	Akshay Agarwal	KMP & Director
4.	Parasmal L Bothra	Relative of KMP
5.	Parasmal L Bothra HUF	Relative of KMP
6.	Parmeshwaridevi P Bothra	Relative of KMP
7.	Rajni L Bothra	Relative of KMP
8.	Sujata Agarwal	Relative of KMP

Notes:

- a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.

- b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

ii) Transactions with related parties:

Sr. No	Name of Party	Nature of Transaction	Amount Involved	O/s Balance
1.	Mr. Ashok B Chhajer	Booking Advance	159,019,030	136,684,802
		Interest Paid	760,891	
2.	Mr. Lalitkumar P Bothra	Booking Advance	10,845,000	10,853,682
		Interest Paid	9,647	
3.	Mr. Akhasy Agarwal	Booking Advance	17,175,000	17,318,800
		Rent Paid	159,778	
4.	Mr. Parasmal L Bothra	Booking Advance	1,900,000	1,902,500
		Interest Paid	2,500	
5.	Mr. Parasmal L Bothra HUF	Booking Advance	2,080,000	2,091,029
		Interest Paid	12,255	
6.	Mrs. Parmeshwaridevi P Bothra	Booking Advance	565,000	566,115
		Interest Paid	1,115	
7.	Mrs. Rajni L Bothra	Booking Advance	710,000	711,400
		Interest Paid	1,400	
8.	Mrs. Sujata Agarwal	Booking Advance	29,000,000	29,246,526
		Interest Paid	273,918	

2) Segment information:

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

3) Earnings per share (EPS):

	Current Year
(i) Net profit after tax available for equity share holder (Rs.)	15,141
(ii) Weighted average number of equity shares outstanding at the year end (No.)	18,356
(iii) Basic & Diluted Earnings per Share (Rs.)	0.82
(iv) Nominal value of share (Rs.)	10

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

5) Directors Remuneration:

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

6) Auditor's remuneration:

	Current Year
Audit fees	11,030
Tax audit fees	-
Taxation matters	-
Certification fees	-
	11,030

7) Contingent Liabilities not provided for:

There were no Contingent Liabilities as on 31.03.2010.

- 8) Preliminary Expenses are amortised over the period of 5 years.
- 9) The Company has not received any intimation from its suppliers regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006 hence no disclosure has been made.
- 10) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 11) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.
- 12) Since this is the First Year of the company, figures of the Previous Year are appearing.

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants
FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor
M.No. 41186

Place: Mumbai

Date: 12.04.2010

For Arihant Abode Limited

Sd/-

Ashok Chhajjer
Director

Sd/-

Akshay Agarwal
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year Ended 31.03.2010	Year Ended 31.03.2009
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Tax and Extraordinary Items	21,912	-
Add: <u>Non Cash Items</u>		
Depreciation	-	-
Preliminary Expenses W/off	7,806	-
<u>Non Operating Expenses</u>		
(Profit)/ Loss on Sale of Fixed Assets	-	-
(Profit)/ Loss on Investments	-	-
Less: <u>Non Operating Incomes</u>	-	-
Dividend Income	-	-
Interest Income	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL	<u>29,718</u>	-
(Increase)/ Decrease in Trade & Other Receivable	(226,834,289)	-
Increase/ (Decrease) in Current Liabilities & Provision	<u>236,359,339</u>	-
CASH GENERATED FROM OPERATIONS	<u>9,554,768</u>	-
Less: Tax Paid net of Refunds	<u>(103,960)</u>	-
CASH FLOW BEFORE EXTARORDINARY ITEMS	<u>9,450,808</u>	-
<u>Extra Ordinary Items / Adjustments</u>		
Extra Ordinary Expenditure	<u>(39,030)</u>	-
CASH FLOW AFTER EXTARORDINARY ITEMS (A)	<u>9,411,778</u>	-
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(Purchase of Fixed Assets)	-	-
Sale of Fixed Assets	-	-
(Purchase of Investments)	-	-
Sale of Investments	-	-
Dividend Income	-	-
Interest Income	-	-
NET CASH USED FOR INVESTING ACTIVITIES (B)	<u>-</u>	-
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Issue of Share Capital	500,000	-
Increase/(Decrease) in Secured Loan	-	-
Dividend & Dividend Distribution Tax Paid	-	-
Increase/(Decrease) in Unsecured Loans	-	-
Decrease/(Increase) in Loans & Advances	-	-
NET CASH FROM FINANCING ACTIVITIES (C)	<u>500,000</u>	-
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	<u>9,911,778</u>	-
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	-	-
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	<u>9,911,778</u>	-

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

 Chartered Accountants
 FRN - 102951W

Sd/-

(Talak N Gala)

 Proprietor
 M.No. 41186

 Place: Mumbai
 Date: 12.04.2010

For Arihant Abode Limited

Sd/-

Ashok Chhajer

Director

Sd/-

Akshay Agarwal

Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Detail

Registration Number

1	9	7	0	9	0
---	---	---	---	---	---

Balance Sheet Date

3	1	0	3	2	0	1	0
---	---	---	---	---	---	---	---

State Code

1	1
---	---

II Capital Raised during the year (Amount in Thousands)

Public Issue

					N	I	L
					N	I	L

Right Issue

				N	I	L
				N	I	L

Bonus Issue

Private Placement

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

Total Liabilities

		2	3	6	8	8	1
--	--	---	---	---	---	---	---

Total Assets

2	3	6	8	8	1
---	---	---	---	---	---

Source of fund

Paid Up Capital

					5	0	0
--	--	--	--	--	---	---	---

Reserve & Surpluss

						1	5
--	--	--	--	--	--	---	---

Secured Loans

--	--	--	--	--	--	--	--

Unsecured Loans

--	--	--	--	--	--	--	--

Application of funds

Net Fixed Assets

--	--	--	--	--	--

Investments

--	--	--	--	--	--

Net Current Assets

			5	1	5
--	--	--	---	---	---

Accumulated Losses

--	--	--	--	--	--

Net Deferred tax Asset

--	--	--	--	--	--

IV Performance of the Company (Amount in Thousands)

Turnover

				1	4	1	8
--	--	--	--	---	---	---	---

Total Expenditure

				1	3	9	6
--	--	--	--	---	---	---	---

Profit Before Tax

+/-						2	2
+						1	5

Profit After Tax

Earning per share (in Rs.)

				0	.	3	0
--	--	--	--	---	---	---	---

Dividend Rate

--	--	--	--	--	--

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

Item Code No(ITC)

			N	.	A	.	
--	--	--	---	---	---	---	--

Product Description

			N	.	A	.	
--	--	--	---	---	---	---	--

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting 2nd Annual Report for the year ended on 31st March 2010.

1. Financial Results:

	(Rs. In Lacs)	
Particulars	2009-2010	2008-2009
Sales and Other Income	71.43	0.29
Profit before interest, depreciation & tax	6.2	4.19
Interest	6.04	0.04
Depreciation	--	--
Profit/(Loss) before Tax	0.16	0.04
Provision for Tax	(0.05)	(0.01)
Deferred Tax [Liabilities/Assets]	--	--
Profit/(Loss) after Tax	0.11	0.03
Prior Period Adjustments and Extraordinary Items	--	--
Profit/(Loss) for the year	0.11	0.03
Add: Balance of Profit and Loss Account	0.03	--
Profit available for Appropriation	0.14	0.03
<u>Less: Appropriation</u>		
Transfer to General Reserve	--	--
Proposed Equity Dividend	--	--
Tax on Proposed Equity Dividend	--	--
Balance of profit Carried to Balance Sheet	0.14	0.03

2. Subsidiary Company:

During the period under review, the Company changed its status into a Subsidiary of Arihant Superstructures Limited (ASL). ASL currently holds 60% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 1494 Lacs as on the date of this Report.

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

3. Reserves and Dividend:

Your Directors request you to note that no amount is being transferred to the Reserves and no dividend for the year ended on 31st March, 2010, is being recommended, taking into account the profit earned by the Company

4. Operations:

During the year under review, your Company has registered a turnover of Rs.71.43 lacs against Rs.0.29 lacs in the previous year reflecting the upward trend of 99.59 % and Profit after tax has been increased from 0.03 lacs to 0.11 lacs reflecting the upward trend of 72.73%.

5. Directors:

During the Year Mr Akshay Agarwal has been appointed as director of the Company.

Your Company has become the Subsidiary of Public Limited Company from this year onwards. According to the provisions of the Companies Act, 1956 Mrs. Sangeeta Chhajer Director of your company is liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

6. Directors' Responsibility Statement:

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

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2010, the appropriate accounting standards have been followed;
- (ii) that Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2010 on a going concern basis.

7. Fixed Deposit:

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

8. Auditors:

During the year M/s. T. N. Gala & Associates, were appointed as statutory auditors of the Company in place of casual vacancy created by resignation of M/s Dhariwal Mehta & Co. from the Statutory Auditors of the Company to hold office till the conclusion of the ensuing annual general meeting of the company, the same has been approved by the shareholder of the company in the Extra Ordinary General Meeting held on 29.03.2010.

The Board of Directors have, at their meeting held on 20th April, 2010 have recommended the re-appointment of M/s. T. N. Gala & Associates, as Statutory Auditors for the financial year 2010-11 to hold office till the conclusion of next Annual General Meeting of the Company.

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

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

The observation made in auditor report are self explanatory and therefore do not require further comments of the Management under section 217 of Companies Act, 1956.

10. Particulars of Employees:

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

11. Accounting Standards and Consolidated Financial Statements:

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

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

The provisions relating to Conservation of energy and Technology absorption are not applicable to the Company. However, the Board would like to inform the Members that the Company has made adequate utilization of technology in it's operations, as applicable for its working.

There are no foreign exchange earnings or outflow by the Company, for the year under review.

13. Acknowledgements:

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

For and on behalf of the Board of Directors

Sd/-

**(Ashok B. Chhajer)
Director**

Sd/-

**(Sangeeta Chhajer)
Director**

Date: 20th April, 2010
Place: Navi Mumbai

AUDITORS REPORT

To
The Shareholders,
Arihant Vatika Realty P. Ltd.

We have audited the attached Balance Sheet of **Arihant Vatika Realty P. Ltd.** as on 31st March 2010 and the Profit & Loss Account and also the cash flow statement of the Company for the period 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.

We have 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 responsible basis for our opinion.

1. The Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, is not applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by Law, have been kept by the Company so far as appears from our examination of books.
 - c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account
 - d) In our opinion the Balance Sheet and Profit & Loss Account complies with the Mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, and according to the information and explanation given to us, none of the Directors are prima facie disqualified as on March 31st, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of 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 read together with the significant accounting policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:-
 - i. In the case of Balance Sheet of the State of affairs of the company as at 31st March, 2010; and
 - ii. In the case of the Profit and Loss Accounts, of the Profit for the year ended on that date.
 - iii. In the case of the cash flow statement, of the cash flows for the year ended on that date.

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

Sd/-

Talak N. Gala
Proprietor
M. No. 41186

Place:Mumbai
Date:20.04.2010

BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
I SOURCES OF FUNDS			
(a) Shareholders Funds			
i Share Capital	I	100,000	100,000
ii Reserve & Surplus	II	13,980	2,867
(b) Loans Funds			
i Secured Loans		-	-
ii Unsecured Loans	III	4,813,611	2,108,010
Deferred Tax Liability		-	-
TOTAL		4,927,591	2,210,877
II APPLICATION OF FUNDS			
(a) Fixed Assets	IV		
i Gross Block		98,200	-
ii Less: Depreciation		-	-
iii Less: Amortisation		-	-
iv Net Block		98,200	-
(b) Investments		-	-
(c) Current Assets, Loans & Advances	V	25,934,692	2,207,899
Less: Current Liabilities	VI	21,129,121	28,782
Net Current Assets		4,805,571	2,179,117
(d) Miscellaneous Expenditure (to the extent not written off)			
Preliminary Expenses		23,820	31,760
TOTAL		4,927,591	2,210,877
NOTES TO THE ACCOUNTS	IX		

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

For Arihant Vatika Realty Pvt. Ltd.

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

Sd/-

Ashok Chhajjer

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Mumbai

Date: 20.04.2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
INCOME			
Sales & Other Operating Income		7,142,500	-
Other Income	VII	-	29,750
		<u>7,142,500</u>	<u>29,750</u>
EXPENDITURE			
Direct Expenses		4,676,435	-
Indirect Expenses	VIII	2,442,042	17,661
Preliminary Expenses Written Off		7,940	7,940
		<u>7,126,417</u>	<u>25,601</u>
Net Profit Before Tax/(Loss)		16,083	4,149
Less: Provision For Taxation		(4,970)	(1,282)
		<u>-</u>	<u>-</u>
Net Profit/(Loss) after Tax		11,113	2,867
Add/Less: Brought forward /(Loss)		2,867	-
		<u>13,980</u>	<u>2,867</u>
Net Profit carried over to balancesheet		<u>13,980</u>	<u>2,867</u>

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

For Arihant Vatika Realty Pvt. Ltd.

Sd/-

Ashok Chhajjer

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Mumbai

Date: 20.04.2010

SCHEDULE TO BALANCE SHEET

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule - I		
SHARE CAPITAL		
Authorised		
1,00,000 Equity Shares of Rs.10/- Each	<u>1,000,000</u>	<u>1,000,000</u>
Issued Subscribed & Paid Up		
10,000 Equity Share Of Rs. 10/- Each Fully Paid (Previous Year 10,000 Equity Share Of Rs. 10/- Each Fully Paid)	<u>100,000</u>	<u>100,000</u>
Schedule - II		
Reserve & Surplus		
Profit & Loss Account	<u>13,980</u>	<u>2,867</u>
	<u>13,980</u>	<u>2,867</u>
Schedule - III		
UNSECURED LOANS		
Ashok B Chhajjer	<u>2,601,836</u>	<u>127,200</u>
Sangeeta Chhajjer	<u>2,211,775</u>	<u>1,980,810</u>
Total	<u>4,813,611</u>	<u>2,108,010</u>

SCHEDULE IV : FIXED ASSETS AS PER COMPANIES ACT , 1956

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK	
	Rate of Depreciation / Amortisation	As on 01/04/2009	Additions	Deductions	As on 31/03/2010	As on 01/04/2009	Provided During the Year	Amortised / Written Off	As on 31/03/2010	AS ON 31/03/2010	AS ON 31/03/2009
Tangible Assets											
Bike	0.00%	-	98,200.00	-	98,200.00	-	-	-	-	98,200.00	-
Total		-	98,200.00	-	98,200.00	-	-	-	-	98,200.00	-
Previous Year		-	-	-	-	-	-	-	-	-	-

Schedule - V

CURRENT ASSETS & LOAN ADVANCES

Current Assets

TDS & Advance Tax	<u>2,089</u>	3,371
Land Cost	<u>25,854,330</u>	1,980,810
Prepaid Expenses	<u>5,239</u>	-
Cash in Hand	<u>51,430</u>	142,407
Cash in Bank(with scheduled banks)	<u>21,604</u>	81,311
Total	<u>25,934,692</u>	<u>2,207,899</u>

Schedule - VI

Current Liabilities & Provisions

(A) Current Liabilities

Sundry Creditors	21,024,850	20,000
	<u>21,024,850</u>	<u>20,000</u>

(B) Provisions

Provision for Tax	4,970	1,282
Audit Fees Payable	35,847	7,500
TDS Payable	63,454	-

	<u>104,271</u>	<u>8,782</u>
Total (A+B)	<u>21,129,121</u>	<u>28,782</u>

SCHEDULE TO PROFIT & LOSS ACCOUNT

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule - VII		
Other Income	-	29,750
	<u>-</u>	<u>29,750</u>
Schedule - VIII		
Indirect Expenses		
Administrative Expenses		
Conveyance	66,785	-
Domain Registration	4,475	-
General Exp.	51,428	123
Legal Exp.	800	-
Postage & Courier	2,635	-
Professional Fees	331,300	7,500
Printing & Stationery	541,025	250
Rent	8,500	-
ROC Fees	1,200	-
Audit Fees	38,605	7,500
Stamping & Franking Charges	8,820	2,220
	<u>1,055,573</u>	<u>17,593</u>
Financial Expenses		
Bank Charges	761	68
Interest Expenses	603,973	-
	<u>604,734</u>	<u>68</u>
Employees Expenses		
Salary	524,830	-
Staff Welfare Exp.	38,780	-
	<u>563,610</u>	<u>-</u>
Selling & Distribution Expenses		
Advertisement	218,125	-
	<u>218,125</u>	<u>-</u>
	<u>2,442,042</u>	<u>17,661</u>

SCHEDULE - IX

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Nature of Operations

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

B. Significant accounting policies:

1) Basis of preparation of financial statements:

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

2) Use of estimates:

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

3) Fixed assets:

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

4) Depreciation / amortization:

Depreciation has not been provided as the Assets was purchased at the year end, and has not been put to use during the year.

5) Investments:

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

6) Revenue Recognition:

The revenue / income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and also when no significant uncertainty exists regarding the realization and amount of consideration.

However, if at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are progressively performed, i.e. on the percentage of completion basis.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company. Some of the estimates amongst others are of a technical nature and these are related to the percentages of completion, costs till completion of the project / activity and the foreseeable losses if any. As the real estate projects necessarily extend beyond one year, revision in costs estimated during the course of the project on the basis of prevailing market conditions and variations in market dynamics are reflected in the accounting period in which the facts requiring the revision become known.

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

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

7) Transaction in foreign currencies:

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

8) Accounting for taxes on income:

- i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-Tax Act, 1961.
- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

9) Borrowing costs:

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

10) Impairment of assets:

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

11) Provisions and contingent liabilities:

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

C. Notes to accounts:

- 1) During the year Company has purchased Land at Joveli, Ambernath for development.

During the year Company has sold plot at Karjat on which it has incurred some construction expenses, which were recovered along with Plot cost.

- 2) Related party disclosure:

i) Key Management Personnel an Relatives of Key Management Personnel (KMP):

Sr. No	Name of Party	Nature of Relationship
1.	M/s. Arihant Universal Realty (P) Ltd	Sister Concern
2.	Mr. Ashok B Chhajjer	KMP
3.	Mrs. Sangeeta Chhajjer	KMP
4.	M/s. Arihant Superstructures Ltd	Holding Company

Notes:

- a) The related party relationships have been determined on the basis of the requirements of the Accounting Standard (AS)-18 'Related Party Disclosures' and the same have been relied upon by the auditors.

- b) The relationships as mentioned above pertain to those related parties with whom transactions have taken place during the year except where control exists.

ii) Transactions with related parties:

Sr. No	Name of Party	Nature of Transaction	Amount Involved	O/s Balance
1.	M/s. Arihant Universal Realty (P) Ltd	Loan taken	3,925,000	NIL
		Interest Paid	253,816	
2.	Mr. Ashok B Chhajer	Loan taken	13,118,000	2,601,836
		Interest Paid	110,707	
3.	Mrs. Sangeeta Chhajer	Loan taken	32,460	2,211,775
		Interest Paid	239,450	
4.	M/s. Arihant Superstructures Ltd	Loan Received	1,800,000	-

3) Segment information:

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

4) Earnings per share (EPS):

		Current Year	Previous Year
(i)	Net profit after tax available for equity share holder (Rs.)	11,113	2,867
(ii)	Weighted average number of equity shares outstanding at the year end (No.)	10,000	10,000
(iii)	Basic & Diluted Earnings per Share (Rs.)	1.11	0.29
(iv)	Nominal value of share (Rs.)	10	10

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

6) Directors Remuneration:

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

7) Auditor's remuneration:

	Current Year	Previous Year
Audit fees	38,605	7,500
Tax audit fees	--	--
Taxation matters	--	--
Certification fees	--	--
	38,605	7,500

8) Contingent Liabilities not provided for:

There were no Contingent Liabilities as on 31.03.2010.

- 9) Preliminary Expenses are amortised over the period of 5 years.
- 10) The Company has not received any intimation from its suppliers regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006 hence no disclosure has been made.
- 11) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

- 12) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.
- 13) Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

As Per Report of Even Date

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

For Arihant Vatika Realty Pvt. Ltd.

Sd/-

(Talak N Gala)
Proprietor
M.No. 41186

Sd/-

Ashok Chhajjer
Director

Sd/-

Sangeeta Chhajjer
Director

Place: Mumbai

Date: 20.04.2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Year Ended 31.03.2010	Year Ended 31.03.2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	16,083	4,149
Add: Non Cash Items		
Depreciation	-	-
Preliminary Expenses W/off	7,940	7,940
Non Operating Expenses		
(Profit)/ Loss on Sale of Fixed Assets	-	-
(Profit)/ Loss on Investments	-	-
Less: Non Operating Incomes	-	-
Dividend Income	-	-
Interest Income	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL	24,023	12,089
(Increase)/ Decrease in Trade & Other Receivable	(23,878,759)	(1,980,810)
Increase/ (Decrease) in Current Liabilities & Provision	21,096,651	27,500
CASH GENERATED FROM OPERATIONS	(2,758,085)	(1,941,221)
Less: Tax Paid net of Refunds	-	(3,371)
CASH FLOW BEFORE EXTARORDINARY ITEMS	(2,758,085)	(1,944,592)
Extra Ordinary Items / Adjustments		
Extra Ordinary Expenditure	-	(39,700)
CASH FLOW AFTER EXTARORDINARY ITEMS (A)	(2,758,085)	(1,984,292)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase of Fixed Assets)	(98,200)	-
Sale of Fixed Assets	-	-
(Purchase of Investments)	-	-
Sale of Investments	-	-
Dividend Income	-	-
Interest Income	-	-
NET CASH USED FOR INVESTING ACTIVITIES (B)	(98,200)	-

	Year Ended 31.03.2010	Year Ended 31.03.2009
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	100,000
Increase/(Decrease) in Secured Loan	-	-
Dividend & Dividend Distribution Tax Paid	-	-
Increase/(Decrease) in Unsecured Loans	2,705,601	2,108,010
Decrease/(Increase) in Loans & Advances	-	-
NET CASH FROM FINANCING ACTIVITIES (C)	2,705,601	2,208,010
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C	(150,684)	223,718
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	223,718	-
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	73,034	223,718
	(150,684)	223,718
	-	-

As Per Report of Even Date

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

Sd/-

(Talak N Gala)
Proprietor
M.No. 41186

Place: Mumbai
Date: 20.04.2010

For Arihant Vatika Realty Pvt. Ltd.

Sd/-

Ashok Chhajer
Director

Sd/-

Sangeeta Chhajer
Director

Balance Sheet abstract and Company's general business profile

I Registration Detail

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

II Capital Raised during the year (Amount in Thousands)

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

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

Total Liabilities				2	6	0	5	7	Total Assets		2	6	0	5	7
Source of fund									Application of funds						
Paid Up Capital						1	0	0	Net Fixed Assets					9	8
Reserve & Surplus							1	4	Investments						
Secured Loans									Net Current Assets			4	8	3	0
Unsecured Loans					4	8	1	4	Accumulated Losses						
									Net Deferred tax Asset						

IV Performance of the Company (Amount in Thousands)

Turnover					7	1	4	2	Profit Before Tax	+/-	+				1	6
Total Expenditure					7	1	2	6	Profit After Tax	+					1	1
Earning per share (in Rs.)					1	.	1	1	Dividend Rate							

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

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

AUDITORS REPORT

To,

The Board of Directors of

Arihant Superstructures Ltd.

1. We have audited the attached consolidated balance sheet of Arihant Superstructures Ltd. and its subsidiaries (the 'Group') as at 31 March 2010, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Arihant Superstructures Ltd. management in accordance with the requirements of Accounting Standard (AS) -21, 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule, 2006.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2010;
 - b) in the case of the consolidated profit and loss account, of the profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

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

**Place : Mumbai
Date : 23.04.2010**

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

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31.03.2010

	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
I SOURCES OF FUNDS			
(a) Shareholders Funds			
i Share Capital	I	149,400,000	2,490,000
ii Reserve & Surplus	II	4,716,866	456,210
Minority Interest		251,648	100,000
(b) Loans Funds			
i Secured Loans	III	2,450,499	-
ii Unsecured Loans	IV	4,813,611	2,108,010
Deferred Tax Liability		112,216	-
TOTAL		<u>161,744,840</u>	<u>5,154,220</u>
II APPLICATION OF FUNDS			
(a) Fixed Assets	V		
i Gross Block		5,507,345	-
ii Less: Depreciation		(34,336)	-
iii Less: Amortisation		(225,743)	-
iv Net Block		<u>5,247,266</u>	-
(b) Investments	VI	10,000	-
(c) Current Assets, Loans & Advances	VII	634,181,058	6,272,351
Less: Current Liabilities	VIII	480,204,228	1,169,891
Net Current Assets		<u>153,976,830</u>	<u>5,102,460</u>
(d) Miscellaneous Expenditure (to the extent not written off)			
Preliminary Expenses		65,044	51,760
Share Issue Expenses		2,445,700	-
TOTAL		<u>161,744,840</u>	<u>5,154,220</u>
NOTES TO THE ACCOUNTS	XI		

As Per Report of Even Date

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

Sd/-
(Talak N Gala)
Proprietor
M.No. 41186

Place: Mumbai
Date: 23.04.2010

For and behalf of the Board

Sd/- Ashok B. Chhajjer Chairman and Managing Director	Sd/- Nimish Shah Whole-time Director
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Sd/-
Mrs. Rashmita Kamath
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

-	SCH No.	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
<u>INCOME</u>			
Sales & Operating Income		134,555,950	-
Increase in WIP		141,687,777	-
Other Income	IX	2,964,102	808,121
		<u>279,207,829</u>	<u>808,121</u>
<u>EXPENDITURE</u>			
Contract Expenses		122,796,300	-
Direct Expenses		106,519,097	-
Indirect Expenses	X	29,027,356	374,873
Amortisation of Intangible Assets		225,743	-
Depreciation		34,336	-
Preliminary Expenses Written Off		25,746	10,440
Share Issue Expenses Written Off		611,425	-
		<u>259,240,003</u>	<u>385,313</u>
Net Profit Before Tax/(Loss)		19,967,826	422,808
Less: Provision For Taxation		(6,811,741)	(130,652)
Less: Provision For FBT		-	(200)
Less: Short Provision of Tax		(32,038)	-
Net Profit/(Loss) after Tax		13,124,047	291,956
Add: Income Tax Refund		-	148,690
		<u>13,124,047</u>	<u>440,646</u>
<u>Less:</u>			
Proposed Dividend		(7,470,000)	(124,500)
Dividend Distribution Tax		(1,269,527)	(19,235)
		4,384,520	296,911
Add/(Less): Brought forward Profit / (Loss)		453,343	159,299
Less: Share of Minority Interest		(10,501)	(1,147)
Less: Transferred to Capital Reserve		-	(1,720)
Net Profit carried over to Balance Sheet		<u>4,827,362</u>	<u>453,343</u>
Basic/Diluted earning per share of Rs. 10/- each		<u>32.01</u>	<u>1.17</u>

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

Place: Mumbai

Date: 23.04.2010

For and behalf of the Board

Sd/-

Ashok B. Chhajer

Chairman and Managing Director

Sd/-

Nimish Shah

Whole-time Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

Schedule forming part of consolidated Balance Sheet

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule - I		
<u>SHARE CAPITAL</u>		
Authorised		
15,000,000 Equity Shares of Rs.10/- Each (Previous Year 250,000 Equity Shares of Rs.10/- Each)	<u>150,000,000</u>	<u>2,500,000</u>
<u>Issued Subscribed & Paid Up</u>		
14,940,000 Equity Share Of Rs. 10/- Each Fully Paid (Previous Year 249,000 Equity Share Of Rs. 10/- Each Fully Paid)	<u>149,400,000</u>	<u>2,490,000</u>
Schedule - II		
<u>RESERVE AND SURPLUS</u>		
Capital Reserves (Net figures on Consolidation)	<u>17,473</u>	<u>-</u>
	-	-
<u>Profit & Loss Account</u>		
Opening Balance	455,063	159,299
Add: Net Profit	4,374,019	296,911
Less: Trf to General Reserves / Capital Reserves	(129,689)	-
	<u>4,699,393</u>	<u>456,210</u>
<u>General Reserves</u>		
Opening Balance	-	-
Add: Transferred from P & L A/c	112,216	-
Less: Provision for Deffered Tax Liability	(112,216)	-
	<u>-</u>	<u>-</u>
Total Reserves & Surplus	<u>4,716,866</u>	<u>456,210</u>
Schedule - III		
<u>SECURED LOANS</u>		
Kotak Mahindra Prime Ltd (Secured Against Motor Cars)	2,450,499	-
Total	<u>2,450,499</u>	<u>-</u>
Schedule - IV		
<u>UNSECURED LOANS</u>		
From Directors	2,601,836	127,200
From Others	2,211,775	1,980,810
Total	<u>4,813,611</u>	<u>2,108,010</u>

Schedule forming part of consolidated Balance Sheet

SCHEDULE V : CONSOLIDATED FIXED ASSETS AS PER COMPANIES ACT, 1956

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK	
	Rate of Depreciation / Amortisation	As on 01/04/2009	Additions	Deductions	As on 31/03/2010	As on 01/04/2009	Provided During the Year	Amortised / Written Off	As on 31/03/2010	AS ON 31/03/2010	AS ON 31/03/2009
Arihant Superstructures Ltd											
Tangible Assets											
Computer	16.21%	-	669,870.00	-	669,870.00	-	-	-	-	669,870.00	-
Air Conditioner	4.75%	-	48,000.00	-	48,000.00	-	-	-	-	48,000.00	-
Equipments	4.75%	-	42,500.00	-	42,500.00	-	631.00	-	631.00	41,869.00	-
Mobiles	4.75%	-	76,640.00	-	76,640.00	-	552.00	-	552.00	76,088.00	-
Projector	4.75%	-	29,500.00	-	29,500.00	-	342.00	-	342.00	29,158.00	-
Refrigerator	4.75%	-	7,700.00	-	7,700.00	-	122.00	-	122.00	7,578.00	-
Motor Cars	9.50%	-	3,352,443.00	-	3,352,443.00	-	32,689.00	-	32,689.00	3,319,754.00	-
Furniture & Fixtures	6.33%	-	53,778.00	-	53,778.00	-	-	-	-	53,778.00	-
Bike	9.50%	-	98,200.00	-	98,200.00	-	-	-	-	98,200.00	-
Intangible Assets											
Computer Software	20.00%	-	1,062,714.00	-	1,062,714.00	-	-	212,543.00	212,543.00	850,171.00	-
Trade Mark	20.00%	-	66,000.00	-	66,000.00	-	-	13,200.00	13,200.00	52,800.00	-
Total		-	5,507,345.00	-	5,507,345.00	-	34,336.00	225,743.00	260,079.00	5,247,266.00	-
Previous Year		-	-	-	-	-	-	-	-	-	-

Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
--	---

Schedule - VI

(6,000 shares of Rs. 10/- each fully paid)
Capital with Arihant Aksh Realty LLP

-	-
10,000	-
10,000	-

Schedule forming part of consolidated Balance Sheet

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule -VII		
CURRENT ASSETS & LOANS AND ADVANCES		
A) Current Assets		-
Sundry Debtors		-
Less than six months	225,000	-
More than six months Considered Good	936,267	936,267
Deposits	283,164,004	45,083
TDS & Advance Tax	5,691,954	85,837
Income Tax Refund Receivable	54,017	-
Land Cost - Plot (Arihant Arham)	91,321,340	-
Land Cost - Plot (Arihant Abhilasha)	46,174,106	-
Land Cost (Arihant Vatika)	25,854,330	1,980,810
Work In Progress-Arihant Arham	117,605,130	-
Work In Progress-Arihant Abhilasha	24,082,647	-
Prepaid Expenses	85,426	-
Cash in Hand	761,728	1,445,947
Cash in Bank(with scheduled banks)	12,151,457	573,072
	<u>608,107,406</u>	<u>5,067,016</u>
B) Loans & Advances		-
Advances recoverable in cash or kind	26,073,652	1,205,335
	<u>26,073,652</u>	<u>1,205,335</u>
Total (A+B)	<u><u>634,181,058</u></u>	<u><u>6,272,351</u></u>
Schedule - VIII		
Current Liabilities & Provisions		
(A) Current Liabilities		-
Advance Bookings	411,219,723	-
Sundry Creditors	50,079,812	957,864
	<u>461,299,535</u>	<u>957,864</u>
(B) Provisions		-
Provision for Tax	6,811,741	42,844
Provision to FBT	-	200
Proposed Dividend	7,470,000	124,500
Provision for Dividend Distribution Tax	1,269,527	19,235
Audit Fees Payable	434,030	15,000
TDS Payable	2,727,530	7,008
Professional Tax Payable Company	-	2,500
Professional Tax Payable Employees	9,000	740
Provident Fund Payable	11,525	-
Electricity Charges Payable	154,350	-
Telephone Charges Payable	16,990	-
	<u>18,904,693</u>	<u>212,027</u>
Total (A+B)	<u><u>480,204,228</u></u>	<u><u>1,169,891</u></u>

Schedule forming part of consolidated P & L A/c

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
Schedule -IX		
<u>Other Income</u>		
Consultancy Charges	-	775,000
Interest Income	1,793,691	-
Discount	1,167,911	3,371
Other Income	2,500	29,750
	2,964,102	808,121
Schedule - X		
<u>Indirect Expenses</u>		
<u>Administrative Expenses</u>		
Audit Fees	479,805	15,000
Directors' Remuneration	360,000	130,740
Directors' Sitting Fees	36,000	-
Professional & Legal Fees	1,728,842	102,708
Rent, Rates & Taxes	303,290	-
Telephone Expenses	43,902	-
Vehicle Expenses	22,560	-
Conveyance	102,972	-
Electricity Charges	171,900	-
Printing & Stationery	1,413,911	4,426
ROC Fees	224,700	16,500
Donations	51,000	-
Miscellaneous Expenses	545,900	15,643
	5,484,782	285,017
<u>Financial Expenses</u>		
Bank Charges	19,624	6,336
Interest Expenses	11,289,087	-
	11,308,711	6,336
<u>Employees Expenses</u>		
Salaries	6,905,236	15,000
Employers Contribution towards PF	42,875	-
Gift Expense	230,744	-
Training Expenses	370,160	-
Staff Welfare	154,448	2,400
	7,703,463	17,400
<u>Selling & Distribution Expenses</u>		
Advertisement	2,421,071	66,120
Business Promotion	56,383	-
Exhibition Expenses	2,052,946	-
	4,530,400	66,120
	29,027,356	374,873

SCHEDULE – XI

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Nature of Operations

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

B. Significant accounting policies:

1) Basis of preparation of consolidated financial statements:

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

2) Principles of consolidation:

- a) The consolidated financial statements include the financial statements of Arihant Superstructures Limited, the parent company (hereinafter referred to as the 'Company') and its subsidiaries (collectively referred to as the 'Group').

The consolidated financial statements have been prepared on the following basis:

- i) Consolidated financial statements normally include consolidated balance sheet, consolidated statement of profit & loss, consolidated statement of cash flows and notes to the consolidated financial statements and explanatory statements that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent for standalone financial statements.
 - ii) The consolidated financial statements include the financial statements of the Company and all its subsidiaries, which are more than 50 per cent owned or controlled as at March 31, 2010.
 - iii) The financial statements of the parent company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.
- b) The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognised in the financial statements as 'capital reserve'.
- c) Minority interest in the net assets of consolidated subsidiaries consists of:
- the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.
- d) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

3) Use of estimates:

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

4) Fixed assets:

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

5) Depreciation / amortization:

Depreciation on fixed assets has been provided on straight-line method (SLM) on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Intangible Assets

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

6) Investments:

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

7) Revenue Recognition:

The revenue / income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and also when no significant uncertainty exists regarding the realization and amount of consideration.

However, if at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are progressively performed, i.e. on the percentage of completion basis.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Group. Some of the estimates amongst others are of a technical nature and these are related to the percentages of completion, costs till completion of the project / activity and the foreseeable losses if any. As the real estate projects necessarily extend beyond one year, revision in costs estimated during the course of the project on the basis of prevailing market conditions and variations in market dynamics are reflected in the accounting period in which the facts requiring the revision become known.

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

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

8) Transaction in foreign currencies:

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

9) Retirement benefits:

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

10) Accounting for taxes on income:

- i) Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-Tax Act, 1961.
- ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance

sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

11) Borrowing costs:

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

12) Impairment of assets:

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

13) Provisions and contingent liabilities:

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

B. Notes to accounts:

- 1) The subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiaries	Country of incorporation	Extent of holding (%)	Reporting currency
Arihant Vatika Realty Private Limited	India	60.00	Indian Rupees
Arihant Abode Ltd	India	60.00	Indian Rupees

- 2) During the year the Company has come out with a Rights Issue of 14,691,000 Equity shares of Rs. 10/- each at par in the ratio of 59 Equity shares for every 1 share held on the Record Date i.e. 5th March, 2010. The issue opened on 8th March, 2010 and closed on 23rd March, 2010. The entire issue was fully subscribed and the shares were allotted on 25th March 2010. The Equity Shares were credited to the accounts of the shareholders in demat form in NSDL and CDSL on 30/03/2010 and 29/03/2010 respectively and were listed on the BSE on 29th March, 2010. The trading approval for the same was received from BSE on 31st March, 2010 w.e.f. 1st April, 2010.
- 3) During the year the company has initiated its two Projects namely "Arihant Abhilasha" at Kharghar, Raigad and "Arihant Arham" at Panvel, Raigad. Since both the projects are under the initial stage and percentage of work completed on Balance Sheet date is appx. 7.00% in case of "Arihant Abhilasha" and appx. 13.50% in case of "Arihant Arham". The Land cost related to the respective Projects is not amortised during the reporting period.

4) Secured Loans

Motor Car loans are secured by hypothecation of vehicles purchased against the said loan.

5) Related party disclosure:

i) Key Management Personnel and Relatives of Key Management Personnel (KMP):

Name of Party	Nature of Relationship
M/s. Arihant Builders	Enterprises in which KMP have a significant influence
M/s. Arihant Universal Realty (P) Ltd	Enterprises in which KMP have a significant influence
Mr. Ashok B Chhajer	KMP & Director
Mr. Lalitkumar P Bothra	KMP & Director

Mrs. Sangeeta Chhajer	Relative of Director
Mr. Achalchandji Balar	Relative of Director
Mr. Parasmal L Bothra	Relative of Director
Mr. Parasmal L Bothra HUF	Relative of Director
Mrs. Parmeshwaridevi P Bothra	Relative of Director
Mrs. Rajni L Bothra	Relative of Director
Mrs. Saraswatidevi Balar	Relative of Director
Mr. Ashok Vyas	KMP
Mr. Akhasy Agarwal	KMP & Director
Mrs. Sujata Agarwal	Relative of Director

Notes:

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

ii) Transactions with related parties:

Name Of The Entity/ Party	Nature Of Relation	Nature Of Transaction	Total	
			Transaction	O/S B/S
M/s. Arihant Builders	Enterpises in which key mgt have a significant influence	Transfer of Booking	29,177,913	0
		Reimbursement of Exp.	30,000,000	0
		Land Purchased	70,000,000	0
M/s/. Arihant Vatika Reality (P) Ltd	Enterpises in which key mgt have a significant influence	Loan Given	1,800,000	0
M/s. Arihant Universal Realty (P) Ltd	Enterpises in which key mgt have a sign influence	Loan Received	4,025,000	0
		Interest Paid	253,816	0
Mr. Ashok B Chhajer	Shareholder & Director	Booking Advance	287,219,030	169,271,430
		Remuneration Paid	60,000	0
		Loan Received	25,473,000	2,601,836
		Interest Paid	8,087,379	0
Mr. Lalitkumar P Bothra	Shareholder & Director	Booking Advance	11,568,000	10,853,682
		Interest Paid	34,843	0
Mrs. Sangeeta Chhajer	Relative of Director	Booking Advance	5,800,000	5,650,000
		Rent Paid	200,000	0
		Deposit Given	20,000,000	20,000,000
		Loan Received	4,732,460	2,211,775
		Interest Paid	407,023	0
Mr. Achalchandji Balar	Relative of Director	Booking Advance	3,000,000	0
		Interest Paid	64,111	0
Mr. Parasmal L Bothra	Relative of Director	Booking Advance	3,757,000	1,902,500
		Interest Paid	67,215	0
Mr. Parasmal L Bothra HUF	Relative of Director	Booking Advance	2,896,000	2,091,029
		Interest Paid	40,692	0
Mrs. Parmeshwaridevi P Bothra	Relative of Director	Booking Advance	1,113,000	566,115
		Interest Paid	20,213	0
Mrs. Rajni L Bothra	Relative of Director	Booking Advance	1,410,000	711,400
		Interest Paid	22,803	0

Name Of The Entity/ Party	Nature Of Relation	Nature Of Transaction	Total	
			Transaction	O/S B/S
Mrs. Saraswatidevi Balar	Relative of Director	Booking Advance	3,000,000	0
		Interest Paid	64,111	0
Mr Ashok Vyas	KMP	Remuneration	300,000	0
Mr. Akhasy Agarwal	Shareholder & Director	Booking Advance	17,175,000	17,318,800
		Interest Paid	159,778	0
Mrs. Sujata Agarwal	Relative of Director	Booking Advance	29,000,000	29,246,526
		Interest Paid	273,918	0

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

Particulars	As at 31.03.2010 (Rs.)
Deferred tax liability on account of Depreciation	112,216
Deferred tax liability (net)	112,916

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

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

8) Segment information:

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

9) Earnings per share (EPS):

		Current Year	Previous Year
(i)	Net profit after tax available for equity share holder (Rs.)	13,124,047	291,956
(ii)	Weighted average number of equity shares outstanding at the year end (No.)	409,997	249,000
(iii)	Basic & Diluted Earnings per Share (Rs.)	32.01	1.17
(iv)	Nominal value of share (Rs.)	10	10

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

11) Directors Remuneration:

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

	Current Year	Previous Year
Directors Remuneration	360,000	130,740
Sitting Fees	36,000	--
	396,000	130,740

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

12) Managerial Remuneration:

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

	Current Year Rupees
Profit as per P & L account	13,124,047
Directors Remuneration (including Sitting Fees)	396,000
Loss/(profit) on sale of fixed assets	0
Assets written off/(discarded)	0
Provision for discard fixed assets	0
Provision for Doubtful Debts	0
Net Profit as per 349 of the Companies Act	13,520,047
Eligible Remuneration is 5% in case of one Managing Director	676,000

Managerial Remuneration paid as per Profit & Loss Account Rs. 396,000.

13) Auditor's remuneration:

	Current Year	Previous Year
Audit fees	369,505	15,000
Tax audit fees	110,300	--
Taxation matters	82,725	--
Certification fees	248,175	--
	810,705	15,000

14) Contingent Liabilities not provided for:

There were no Contingent Liabilities as on 31.03.2010.

15) Utilisation of money raised by Right issue of the Company upto March 31, 2010

Sr. No	Nature of Expenditure	Amount Involved
1.	Project Cost of Arihant Arham	146,910,000

- 16) Share Issue Expense (related to Rights Issue) and Preliminary Expenses are amortised over the period of 5 years.
- 17) The Group has not received any intimation from its suppliers regarding their registration under the Micro, Small and Medium Enterprises Development Act, 2006 hence no disclosure has been made.
- 18) In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realised in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 19) Balances of certain sundry debtors, sundry creditors, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.
- 20) Previous year figures have been regrouped or rearranged, wherever considered necessary, to confirm with the current year presentation.

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

For and behalf of the Board

Sd/-

Ashok B. Chhajer

Chairman and Managing Director

Sd/-

Nimish Shah

Whole-time Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

Place: Mumbai

Date: 23.04.2010

Consolidated Cash Flow Statement for the Year Ended 31st March 2010

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	19,967,826	422,808
Add: Non Cash Items		
Depreciation	260,079	-
Preliminary Expenses W/off	637,171	10,440
Non Operating Expenses	-	-
(Profit)/ Loss on Sale of Fixed Assets	-	-
(Profit)/ Loss on Investments	-	-
Less: Non Operating Incomes	-	-
Dividend Income	-	-
Interest Income	<u>(1,543,691)</u>	<u>-</u>
OPERATING PROFIT BEFORE WORKING CAPITAL	19,321,385	433,248
(Increase)/ Decrease in Trade & Other Receivable	(591,586,090)	(1,572,213)
Increase/ (Decrease) in Current Laibilities & Provision	<u>463,669,848</u>	<u>891,358</u>
CASH GENERATED FROM OPERATIONS	(108,594,857)	(247,607)
Less: Tax Paid net of Refunds	<u>(5,733,292)</u>	<u>54,135</u>
CASH FLOW BEFORE EXTARORDINARY ITEMS	(114,328,149)	(193,472)
Extra Ordinary Items / Adjustments		
Extra Ordinary Expenditure	<u>(3,096,155)</u>	<u>(39,700)</u>
CASH FLOW AFTER EXTARORDINARY ITEMS (A)	<u>(117,424,304)</u>	<u>(233,172)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase of Fixed Assets)	(5,507,345)	-
Sale of Fixed Assets	-	-
(Purchase of Investments)	(370,000)	-
Sale of Investments	-	-
Dividend Income	-	-
Interest Income	<u>1,543,691</u>	<u>-</u>
NET CASH USED FOR INVESTING ACTIVITIES (B)	<u>(4,333,654)</u>	<u>-</u>

Consolidated Cash Flow Statement for the Year Ended 31st March 2010 Contd...

	Current Year Year Ended 31.03.2010 (Amount Rs.)	Previous Year Year Ended 31.03.2009 (Amount Rs.)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	147,410,000	100,000
Increase/(Decrease) in Secured Loan	2,450,499	-
Dividend & Dividend Distribution Tax Paid	(145,659)	-
Increase/(Decrease) in Unsecured Loans	2,705,601	2,108,010
Decrease/(Increase) in Loans & Advances	(19,768,317)	(557,440)
NET CASH FROM FINANCING ACTIVITIES (C)	132,652,124	1,650,570
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	10,894,166	1,417,398
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	2,019,019	601,621
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	12,913,185	2,019,019
	10,894,166	1,417,398
	-	-

As Per Report of Even Date

For T N Gala & Associates

Chartered Accountants

FRN - 102951W

Sd/-

(Talak N Gala)

Proprietor

M.No. 41186

Place: Mumbai

Date: 23.04.2010

For and behalf of the Board

Sd/-

Ashok B. Chhajer

Chairman and Managing Director

Sd/-

Nimish Shah

Whole-time Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

**Statement under Section 212 of the Companies Act, 1956
Relating to Subsidiary Companies**

Statement in accordance with the provisions of Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary	Arihant Abode Limited	Arihant Vatika Realty Private Limited
2.	Date from which they became subsidiary companies	26.03.2010	26.03.2010
3.	Financial Year of the Subsidiary ended on	31 st March,2010	31 st March,2010
4.	Extent of interest of the Company in subsidiary at the end of the Financial Year of each		
	(a) Face value	Rs. 10	Rs. 10
	(b) Number of shares held	30,000 Shares	6,000 Shares
	(c) Shareholding percent	60%	60%
5.	Net aggregate Profit/loss for the current period	15,141.00	11,113.00
6.	(a) Net aggregate amount of profits /losses so far as they concern members of the Company and not dealt with, in the Company's account		
	(i) For the Financial Year ended 31/03/2010	9,085.00	6,668.00
	(ii) For the previous financial years since it became a subsidiary	NIL	NIL
	(b) Net aggregate amount of profits / losses so far as they concern members of the Company and dealt with, in the Company's account		
	(i) For the Financial Year ended 31/03/2010	NIL	NIL
	(ii) For the previous financial years since it became a subsidiary	NIL	NIL

For and behalf of the Board

Sd/-

Ashok B. Chhajer

Chairman and Managing Director

Sd/-

Nimish Shah

Whole-time Director

Sd/-

Mrs. Rashmita Kamath

Company Secretary

Place: Mumbai
Date: 23.04.2010

ARIHANT SUPERSTRUCTURES LIMITED

Regd. Office: 302,"Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai –400703.
Maharashtra India. Phones: 022 – 27882941-45 Fax :022-27882946.

Entrance Pass

(To be presented at the entrance)

**27th Annual General Meeting on 17th September 2010 at 10.00 a.m.
at Hotel Orchid, Sector 17, Vashi, Navi Mumbai- 400 703**

Folio No. _____ DPID No _____ Client ID No. _____

Name of Shareholder: _____

No. of Shares held _____

Signature _____

Only shareholders / proxies/representatives are allowed to attend the Meeting.

ARIHANT SUPERSTRUCTURES LIMITED

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Proxy Form

I/We _____ of _____ in the district of _____ being a member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of Arihant Superstructures Limited to be held on 17th September, 2010 and at any adjournment thereof.

Folio No. _____ DPID No _____ Client ID No. _____

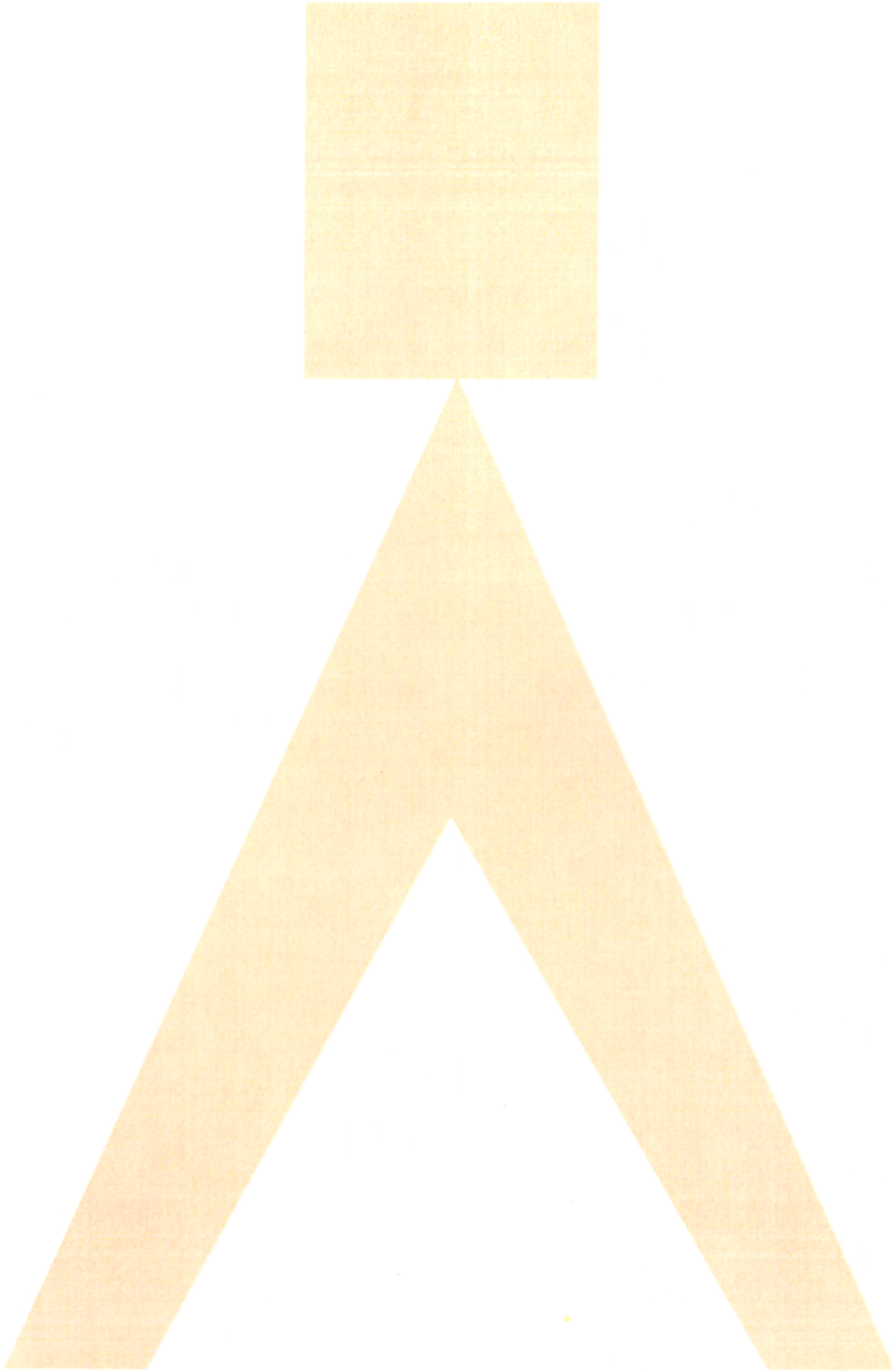
No. of Shares held _____

Affix 15
Paise
Revenue
Stamp

Signed this _____ day of _____, 2010

Signature _____

BOOK-POST



Regd. Office: 302, "Persipolis Building, Plot No. 74,
Sector-17, Vashi, Navi Mumbai -400703, Maharashtra, India,
Phones: 022 - 27882941-45 Fax: 022-27882946