

ARIHANT
SUPERSTRUCTURES LTD.

CONTINUING STABILITY

Annual Report 2011-12

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashok B. Chhajjer	:	Chairman & Managing Director
Mr. Nimish S. Shah	:	Whole Time Director
Mr. Dinesh Babel	:	Director
Mr. Vinayak V. Nalavde	:	Additional Director
Mr. Virendra Mital	:	Director
Mr. Dinkar P. Samant	:	Additional Director

AUDIT COMMITTEE

Mr. Dinesh Babel	:	Chairman/Member
Mr. Vinayak Nalavde	:	Member
Mr. Virendra Mital	:	Member
Mr. Rushabh Desai	:	Secretary

SHAREHOLDERS GRIEVANCE COMMITTEE

Mr. Virendra Mital	:	Chairman/Member
Mr. Vinayak Nalavde	:	Member
Mr. Dinesh Babel	:	Member
Mr. Rushabh Desai	:	Secretary

COMPANY SECRETARY

Rushabh Desai

AUDITORS

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

BANKER

The Federal Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

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

ARIHANT SUPERSTRUCTURES LIMITED

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

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Arihant Superstructures Limited will be held on Saturday, 22nd September, 2012 at 6 p.m. at Royal Orchid Central Grazia, Plot 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 2012 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. Virendra Kumar Mital, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. T. N. Gala & Co., 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:

5. 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 Section 31 of the Companies Act 1956 and other applicable provisions, rules and regulation if any, the existing Article 153(e) of the Articles of Association of the Company, be and is hereby altered, to be read as follows:

153 (e) Subject to the limitations in the provisions of Section 255 of the Companies Act, 1956, the Managing Director or Whole-time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or Whole time director.”

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

“RESOLVED THAT Mr. Vinayak Nalavade, who was appointed as an Additional Director of the company on 11th February, 2012, and who holds office till the date of this Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under section 257 of the Act proposing his candidature for the office of Director of the Company, 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 a **Ordinary Resolution:**

“RESOLVED THAT Mr. Dinkar Samant, who was appointed as an Additional Director of the company on 04th August, 2012, and who holds office till the date of this Annual General Meeting in terms of section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member under section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT, subject to the provisions of Section 198, 269, 309, 310, 314 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Act, and other applicable rules, regulations issued by the Ministry of Corporate Affairs in this regard and all other statutory approvals and consents as may be required from time to time, and the approval of the Central Government, as required, the consent of the Members, be and is hereby obtained for the appointment of Mr. Dinkar Samant as the Whole-time Executive Director of the Company with effect from 4th August 2012, liable to retire by rotation, for a period of five years on such terms and conditions, as stated in the Explanatory Statement to this Notice, with the power to the Board of Directors to alter and modify the same, from time to time, in consonance with the provisions of the Act.”

“FURTHER RESOLVED THAT, subject to the provisions of the Companies Act, 1956, in the event of loss or inadequacy of profits, the remuneration payable to Mr. Dinkar Samant will be as per the applicable part of Section II of the Schedule XIII to the Act.”

“FURTHER RESOLVED THAT, the Board of Directors be and are hereby authorized to undertake all acts, deeds and execute all documents and pass relevant resolutions for the purpose of giving effect to this resolution, including

modification and amendment or any revisions, thereof and to enter into relevant agreement with the Director, as required, from time to time and to do all such steps, as may be deemed necessary in this matter."

**By Order of the Board,
Arihant Superstructures Limited
Sd/-
Rushabh Desai
Company Secretary**

Date: 04th August, 2012

Place: Navi Mumbai

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 the notice.
4. Corporate Members are requested to send a duly certified copy of the Board/ Governing Body Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from, **Monday 17th September, 2012 to Saturday, 22nd September, 2012** (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 22nd October, 2012 to those Members or their Mandates:
 - (a) Whose names appear at the end of business hours on 14th September, 2012 (last trading day before book closure) in the list of Beneficial Owners to be furnished by Depositories (NSDL and CDSL) in respect of the shares held in dematerialised form; and
 - (b) Whose names appear as Members on the Company's Register of Members after giving effect to valid share transfer requests in physical form lodged with Registrar & Share Transfer Agent (RTA) of the Company on 14th September, 2012.
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 400 059.
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. It is advised that members 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 (except Saturday and Sunday), between 11:00 am to 2:00 p.m. up to the date of the meeting.
11. There is no unclaimed or unpaid dividend lying with the Company, which requires an effect of transferring the same to the Investor and Education Protection Fund (IEPF) of the Central Government.
12. The Ministry of Corporate Affairs, Government of India has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing companies to send official documents to their shareholders electronically. Members are requested to get in touch with the Registrar

and Transfer Agent for the said purpose and provide their details, in order to collaborate with the Company in this noble initiative undertaken by the Ministry and supported by the Company.

13. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through Electronic Clearing Services (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the company will print the bank account details, which is available, on the payment instrument for distribution of dividend. The company will not entertain any direct request from members holding shares in electronic mode for deletion of /change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form mode will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
14. 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.
15. 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
16. 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,
Arihant Superstructures Limited**

Sd/-

**Rushabh Desai
Company Secretary**

**Date: 04th August, 2012
Place: Navi Mumbai**

**Details of the Directors seeking re-appointment at the 29th Annual General Meeting (AGM)
(In pursuance of Clause 49 of the Listing Agreement)**

Name of the Director	Mr. Virendra Kumar Mittal
Date of Birth	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
Qualifications	B. Tech (IIT Delhi)
Expertise	Civil Engineering and Management
Directorship in other Companies	(i) Adonis energy and Power Private Limited - Director (ii) Mukand Vini Mineral Private Limited – Director (iii) Behraband North Extension Mine Private Limited – Director (iv) Captive Power Producers Association - Director
Committee Positions in ASL	(i) Shareholders Grievance Committee – Chairman (ii) Audit Committee – Member (iii) Remuneration Committee – Member (iv) Business Planning & Development Committee - Member
Committee Positions in other Public Limited Companies	NIL
Relation between Directors	NIL
Number of Shares held in ASL	NIL

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

ITEM NO. 5:

The Articles of Association of the Company, at present, do not permit the Company to appoint any Whole-time or Managing Directors on the Board of the Company, who shall be liable to retire by rotation. Section 255 requires that at least two-thirds of the composition of the Board, be liable to retire by rotation. However, due to the said restriction, the Board is unable to appoint any Whole-time or Managing Directors on the Board of the Company, exceeding one-third of the total composition of the Board of Directors. In order to enable the company to comply with the provisions of Section 255 of the Act, and also have the freedom to appoint qualified and experienced professional individuals to the Board of Directors, in any Executive capacity, from time to time, the said Article is proposed to be altered.

Pursuant to the alteration, any position of Managing Director or Whole-time Director, shall be liable to retire by rotation, as may be necessary to comply with the provisions of Section 255 of the Companies Act, 1956. However, the said alteration, does not imply any alteration or change in the current appointment of the Managing Director or Whole-time Director of the Company.

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

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

ITEM NO. 6:

Mr. Vinayak Nalavde was appointed as an Independent Additional Director of the Company in the Meeting of the Board of Directors held on 11th February 2012, as per the provisions of Section 260 of the Companies Act, 1956. Mr. Vinayak Nalavde is liable to hold office until the date of this Annual General Meeting. The Company has received a notice from a member under the provisions of Section 257 for appointing Mr. Vinayak Nalavde as a Director of the company, liable to retire by rotation. Mr. Vinayak Nalavde is not disqualified to be appointed as a Director of the Company.

The details of Mr. Vinayak Nalavde, as required to be provided under Clause 49 of the Listing Agreement are, as follows:

Full Name	Mr. Vinayak Nalavde
Date of Birth	14/07/1943
Educational Qualifications	Graduate of Commerce (B.com) and passed the intermediate level of ICWA.
Expertise	Finance, Accounts and Administration
Previous Experience	Worked for CIDCO for a period of 25 years on various designations and has experience of Class I position in various Government Organisations.
Shareholding in the Company	Nil
Directorship/Chairmanship held in other Companies	Nagpur Mass Transport Company Private Limited
Chairmanship/Membership of Committees in other Public Companies	NA

None of the Directors, other than Mr. Vinayak Nalavde is interested in the resolution. The Board of Directors recommend the above resolution to the members for their perusal.

ITEM NO. 7 AND 8:

Mr. Dinkar Samant was appointed as a Whole-time Executive Additional Director of the Company in the Meeting of the Board of Directors held on 4th August 2012, as per the provisions of Section 260 of the Companies Act, 1956. Mr. Dinkar Samant is liable to hold office until the date of this Annual General Meeting. The Company has received a notice from a member under the provisions of Section 257 for appointing Mr. Dinkar Samant as a Whole-time Executive Director of the company, liable to retire by rotation. Mr. Dinkar Samant is not disqualified to be appointed as a Director of the Company.

The details of Mr. Dinkar Samant, as required to be provided under Clause 49 of the Listing Agreement are, as follows:

Full Name	Mr. Dinkar Samant
Date of Birth	15 th June, 1956
Educational Qualifications	Graduated from Sir J J College of Architecture with First Class Honors & Masters in Civil-Town Planning from Pune Engineering
Expertise	Architecture & Town Development Planning
Previous Experience	Worked for premier PSU & New town Development Authority CIDCO for a long span of 25 years
Shareholding in the Company	Nil
Directorship/Chairmanship held in other Companies	N.A
Chairmanship/Membership of Committees in Public Companies	N.A

Mr. Dinkar Samant is proposed to be appointed as a Whole-time Executive Director with effect from 4th August 2012, for a period of five years. The said appointment has been recommended and approved by the Remuneration Committee of the Company on 4th August, 2012. The terms and conditions of Mr. Dinkar Samant's appointment are as follows:

Tenure of Appointment:	4 th August, 2012 to 3 rd August, 2017
Remuneration, in the form of salary, perquisites, bonus, commission, etc:	Rs. 32,50,000/- (per annum) The said remuneration is within the limits specified in the provisions of Section 309 read with Section 198 of the Act.
Applicability of Schedule XIII to the Act:	In the event of absence or inadequacy of profits, the minimum remuneration payable to Mr. Dinkar Samant will be governed by the provisions of Schedule XIII to the Act.
Power of the Board of Directors:	The Board of Directors have the power to modify and revise the remuneration of Mr. Dinkar Samant, so long as the same is within the limits of Section 198, 309 and the limits specified in Schedule XIII to the Act, as applicable.

The above may be considered to be an extract of the terms and conditions, in terms of the provisions of Section 302 of the Companies Act, 1956.

None of the Directors, other than Mr. Dinkar Samant is interested in the resolution. The Board of Directors recommend the above resolution to the members for their perusal.

**By Order of the Board,
Arihant Superstructures Limited**

Sd/-

**Rushabh Desai
Company Secretary**

**Date: 04th August, 2012
Place: Navi Mumbai**

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 29th Annual Report of the Company for the Financial Year ending on 31st March, 2012.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	2011-2012 (standalone)	2010-2011 (standalone)	2011-2012 (Consolidated)	2010-2011 (Consolidated)
Sales and Other Income	6883.46	10421.77	6891.13	10432.01
Profit before interest, depreciation & tax	1695.39	1267.72	1700.13	1270.78
Interest	484.17	171.75	484.13	171.96
Depreciation	28.01	14.96	29.18	15.95
Profit/ (Loss) before Tax	1183.21	1081.01	1186.78	1082.87
Provision for Tax	382.78	355.17	383.12	356.05
Profit/ (Loss) after Tax	800.43	725.83	803.66	726.82
Profit/(Loss) for the year	800.43	725.83	803.66	726.82
Add: Balance of Profit and Loss Account	676.91	46.99	677.51	46.99
Share of Minority	-	--	1.27	.69
Profit available for Appropriation	1477.33	772.82	1479.90	773.43
Less: Appropriation				
Proposed Equity Dividend	82.32	82.32	82.31	82.32
Tax on Proposed Equity Dividend	13.35	13.67	13.35	13.67
Less/Add: Earlier year Provisions	1.95	.07	1.95	.07
Balance of profit carried to Balance Sheet	1379.71	676.91	1382.27	677.51

During the year under review, your company's total income has been registered Rs. 6883.46 lacs in comparison of Rs. 10,421.77 lacs of previous financial year. The profit after tax (PAT) has been registered Rs. 800.43 lacs in comparison of Rs. 725.83 lacs of previous financial year.

RESERVES AND DIVIDEND:

The Board of Directors has recommended a Final Dividend of Rs. 0.20 per equity share for the financial year ending on 31st March, 2012. There are no transfers to the General Reserves for the financial year under review.

OPERATIONS REVIEW:

PROJECT "ARIHANT ADITA"

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

PROJECT "ARIHANT AYATI"

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

PROJECT "ARIHANT AGRIMA"

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

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 Project is virtually completed, we have applied for occupation certificate and the same is expected in next 2-3 months.

PROJECT “ARIHANT ARHAM”

On this residential project at Panvel, the construction activities for 31 buildings have been started. Multiple contractors and agencies have been engaged and marketing strategies have been successfully designed. Currently on 10 buildings work is running & on 12 building 70-80% of the work has been completed. Lift installation work has been started on completed buildings.

PROJECT “ARIHANT AMODINI”

This is a residential project located at Taloja (Navi Mumbai). Amodini will consist of approximately 126 flats, having approximately 1.36 lacs sq. ft. developable / saleable area. The land has been conveyed in the name of Arihant Superstructures Limited by way of Tripartite Agreement The construction activities is going on in full swing and the 12th slab is ongoing. We are providing the external amenities and the roof top terrace i.e. 23rd floor.

PROJECTS UNDER SUBSIDIARIES:

PROJECT “ARIHANT AKANKSHA”

This residential project is located at Panvel, Navi Mumbai. The Project is under approval stage and will approximately have 40 lacs sq. ft. of developable / saleable area. The project is proposed to be under Rental Housing Scheme of MMRDA. The Project is under planning stage shall comprise of approximately 3000 units with all modern amenities. It has a close proximity from the proposed international Airport.

PROJECT “ARIHANT ANMOL”

This is a residential project located at Jouvelli, Thane. With approximately 3.25 lacs sq. ft. of developable/ saleable area, It's a mini township with 600 units.

“PROJECT ARIHANT ARSHIYA”

This is a residential project located at Khopoli, the project has easy entry and exit access from Mumbai Pune Expressway at Khalapur toll naka, Arshiya is a thoughtfully planned residence consisting 1600 flats. The Project is recently launched and is in approval stage.

SUBSIDIARIES:

During the year under review,

- (a) Arihant Gruhnirman Private Limited has become a subsidiary of the Company. Arihant Gruhnirman Private Limited is in the business of realty and constructions;
- (b) Arihant Abode Limited, Arihant Vatika Realty Private Limited and Adeshwar Realty Private Limited continued to be the subsidiaries of the Company.

All the subsidiary companies are non-material, non-listed subsidiary companies as defined under Clause 49 of the Listing Agreements entered into with the stock exchanges. A statement pursuant to Section 212(2) of the Companies Act, 1956 relating to the subsidiary companies is attached to the accounts. As required under Section 212, the Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the Financial year ending on that date along with reports of the Auditors' and Directors' thereon is annexed and form part of the Annual Report.

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

LISTING:

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

CASH FLOW STATEMENT:

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended 31st March, 2012 is annexed hereto.

BOARD OF DIRECTORS:

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

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

Sr. No	Name of the Director	Designation on the Board
1.	Mr. Ashok B. Chhajer	Chairman and Managing Director
2.	Mr. Nimish Shah	Whole-time Executive Director
3.	Mr. Virendra Kumar Mital	Non Executive Independent Director
4.	Mr. Dinesh Chandra Babel	Non Executive Independent Director
5.	Mr. Vinayak V. Nalavde	Non Executive Independent Director
6.	Mr. Dinkar P. Samant	Whole-time Executive Director

On account of the requirement of Section 255 and Articles of Association, Mr. Virendra Mital is liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Board recommends his re-appointment.

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

During the year there was sad demise of Mr. Anant Karweer, Director of company on 01/12/2011. The Board would like to place on record it's appreciation towards the contribution and guidance received from Mr. Anant Karweer during his tenure. Mr. Vinayak Vaman Nalavde and Mr. Dinkar Samant were appointed during the period as Additional Directors. Due notice U/s 257 has been received from the members for their appointment as Directors on the Board of the Company. Mr. Dinkar Samant is also proposed to be appointed as a Whole-time Executive Director on the Board, in terms of the conditions as set out in the Notice of the AGM. The Board recommends their appointment on the Board.

During the period under review, Mr. Varaprasad Atluri, Non-Executive Director resigned from the Directorship on account of his pre-occupation. The Board would like to place on record it's appreciation towards the contribution and guidance received from Mr. Varaprasad Atluri during his tenure.

COMMITTEE OF THE BOARD OF DIRECTORS:

In pursuance of the Clause 49 of the Listing Agreement, the Company is required to have certain mandatory committees. In addition to those, the Company has certain non-mandatory Committee of the Board of Directors. The details of the Committees of Board of Directors as on 4th August, 2012 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. Vinayak V. Nalavde
Remuneration Committee	1.	Mr. Vinayak V. Nalavde (Chairman)
	2.	Mr. Dinesh Chandra Babel
	3.	Mr. Virendra Mital
Shareholders Grievance Committee	1.	Mr. Virendra Kumar Mital (Chairman)
	2.	Mr. Vinayak V. Nalavde
	3.	Mr. Dinesh Chandra Babel
Executive Committee (Non Mandatory Committee)	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Nimish Shah
	3.	Mr. Dinkar Samant
Share Transfer Committee	1.	Mr. Ashok Chhajer (Chairman)
	2.	Mr. Nimish shah
	3.	Mr. Dinkar Samant

Name of the Committee	Current Constitution of the Committee	
Business Planning & Development Committee (Non Mandatory Committee)	1.	Mr. Ashok Chhajjer (Chairman)
	2.	Mr. Vinayak V. Nalavde
	3.	Mr. Dinesh Babel

The Company Secretary is the Secretary for all mandatory Committees.

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, 2012, 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, 2012 on a going concern basis.

AUDITORS AND AUDITORS REPORT:

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

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

FIXED DEPOSIT:

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

UTILIZATION OF PROCEED OF PREFERENTIAL ISSUE:

During the year the amount raised through preferential Issue has been fully utilized as per the object of the Issue.

RIGHT ISSUE 2012:

During the year the Company had filed Letter of Offer with SEBI for the issue on Rights Basis of 1,37,19,997 Equity Shares of Rs. 10/- each at the Rs. 12/- (inclusive of Rs. 2/- per shares as premium). The details of Right Issue are as follow:

Particular	Details
Right Issue Open:	11 th May, 2012
Last date for request of Split	18 th May, 2012
Right Issue Close:	28 th May, 2012

Issue Price	Rs. 12/- per share (inclusive of Rs. 2 per share as premium)
Subscribed:	1.06 times
Allotment Date	31 st May, 2012
Listing Approval	01 st June, 2012
Trading Approval	07 th June, 2012

The Company has raised Rs. 1646.40 lacs from the above Rights Issues on 28th May, 2012. Rs. 1040.02 Lacs has been utilized as per the object of the Rights Issue and remaining Rs. 606.38 Lacs has been kept in fixed deposit, pending further utilization.

CORPORATE GOVERNANCE AND REPORT THEREON:

The Company is committed to maintain the highest standards of Corporate Governance. The Directors adhere to the requirements set out by the Securities and Exchange Board of India's Corporate Governance practices and have implemented all the stipulations prescribed. The Company has implemented several best Corporate Governance practices as prevalent in the country. The Report on Corporate Governance as of 31st March, 2012 as stipulated under Clause 49 of the Listing Agreement forms part of this Report.

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

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

PARTICULARS OF EMPLOYEES:

During the financial year 2011-12, no employee of the Company has been paid remuneration in excess of prescribed limit under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

INVESTORS' RELATION AND GRIEVANCES:

Investors' relations have been cordial during the year. As a part of compliance, the Company has formed Shareholders' and Investors' Grievance Committee to deal with the issues relating to investors. There were no investors' grievances pending as on 31st March, 2012. A confirmation to this effect has been received from the Company's Registrar and Share Transfer Agent.

ACCOUNTING STANDARDS AND CONSOLIDATED FINANCIAL STATEMENTS:

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

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

PERSONNEL:

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

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Sd/-

Ashok B. Chhajer
Chairman & Managing Director

Date: 04th August, 2012
Place: Navi Mumbai

ANNEXURE –‘A’

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2012

1. Conservation of energy:

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

2. Research and Development:

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

3. Technological absorption:

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

4. Foreign Exchange Earnings and Outgo:

There have been no foreign exchange earnings whereas expenditure of Rs. 1,67,431/- (Rupees One Lac Sixty Seven Thousand Four Hundred and Thirty One Only) has been incurred during the year under review.

For and on behalf of the Board of Directors

Sd/-

Place: Navi Mumbai
Date: 4th August, 2012

Ashok B. Chhajjer
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY

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

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

BOARD OF DIRECTORS

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As of 31st March, 2012, the Chairman & Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

COMPOSITION

The Board represents an optimum mix of professionalism, knowledge and experience. As on 31st March, 2012, the total strength of the Board is 6 directors with an Executive Chairman. The Board comprises of 3 Independent Directors (50%), 2 Executive Directors (33.33%), and 1 Non-Executive and Non-Independent Director (16.67%).

During the year, due to the sad demise of Mr. Anant Karweer, the composition of Board of Directors has been changed.

During the year, Mr. Vinayak V. Nalavde was appointed as an Independent Director of the company.

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

Board Meetings

The meetings of the Board are held at the Registered Office of the Company at 302, Persipolis Building, Plot No 74, Sector 17, Vashi, Navi Mumbai 400703. During the financial year 2011-12, there were 5 Board meetings 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:

5th May, 2011, 11th August, 2011, 10th November, 2011, 5th December, 2011, 11th February, 2012. The Board meets at least once in every quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The draft minutes of the proceedings of the Board of Directors/Committees are circulated in advance and the comments, if any, received from the Directors are incorporated in the minutes in consultation with the Chairman. The Company has an effective post meeting follow up, review and reporting mechanism for the decisions taken by the Board / Committees. The Company Secretary prepares the agenda notes, minutes etc. of meeting(s) in consultation with the Chairman of the Board for ensuring compliance with all applicable provisions of the Companies Act, 1956 and allied laws, rules, regulations and guidelines.

Composition and Attendance

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2011-12 and in last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/Memberships held by them in other companies are given herein below.

As at 31st March, 2012

Name of Directors	Category	No. of Board Meetings Held in Financial Year 2011-2012 (No. of Meeting Attended)		No. of Directorship in other companies [#]		No. of Board Committee membership/ Chairmanship ^{##}	
		Board Meeting	Last AGM	Chairman	Director	Chairman	Member
Mr. Ashok Chhajer	Chairman & Managing Director	5(5)	Yes	Nil	1	Nil	Nil
Mr. Nimish Shah	Whole Time Director	5(5)	Yes	Nil	Nil	Nil	Nil
Mr. Virendra Mital	Independent Non Executive	5(5)	Yes	Nil	Nil	Nil	Nil
Mr. Anant Karweer ¹	Independent Non Executive	3(3)	Yes	Nil	Nil	Nil	Nil
Mr. Dinesh Babel	Independent Non Executive	5(5)	Yes	Nil	1	Nil	2
Mr. Varaprasad Atluri	Non Independent Non Executive	5(2)	Yes	Nil	Nil	Nil	Nil
Mr. Vinayak V. Nalavde ²	Independent Non Executive	1(1)	NA	Nil	Nil	Nil	Nil

Note:

¹ demise on 01/12/2011

² appointment w.e.f. 11/02/2012

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

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

Notes:

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

RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

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

COMMITTEES OF THE BOARD

(i) Audit Committee

Composition

As on 31st March, 2012, the Audit Committee of the Board is headed under the stewardship of Mr. Dinesh Babel, an Independent Non-executive Director. Mr. Babel has vast, varied, diverse and enriched experience in Financial Management, Corporate affairs, Accounting, Costing and Audit matters.

During the year Mr. Vinayak V. Nalavde was appointed as member of audit committee. All the members have requisite financial, accounting and management experience. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement.

Terms of Reference

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

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

Meetings and Attendance

During the Financial year 2011-12 four meetings of the Audit Committee were held on 05/05/2011, 11/08/2011, 10/11/2011, 11/02/2012

Members	No of Meetings held during their tenure	No. of Meetings Attended
Mr. Dinesh Babel	4	4
Mr. Virendra Mital	4	4
Mr. Varaprasad Atluri	4	2
Mr. Vinayak V. Nalavde ¹	1	1

¹ w.e.f. 11/02/2012

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

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

(ii) Shareholders Grievance Committee

Composition

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

During the year, due to sad demise of Mr. Anant Karweer the committee was re-constituted and Mr. Vinayak V. Nalavde was appointed as member of committee in place of Mr. Anant B. Karweer

Terms of Reference

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

Meetings and Attendance

During the financial year 2011-12 four meetings of the Shareholders Grievances Committee were held on 05/05/2011, 11/08/2011, 10/11/2011, 11/02/2012

Members	No of Meetings held during the tenure	No. of Meetings Attended
Mr. Virendra Mital	4	4
Mr. Anant Karweer ¹	3	3
Mr. Dinesh Babel	4	4
Mr. Vinayak V. Nalavde ²	1	1

¹ Up to 01/12/2011

² w.e.f. 11/02/2012

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

Compliance Officer

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

Redressal of Investor Grievances

The Company's policy is to address all complaints, suggestions and grievances expeditiously and to send/issue replies at earliest except in case of dispute over facts or other legal impediments. During the year under review, 2 investors' complaints were received and resolved. There was no pending complaint and/or requests for share transfer, dematerialization etc., as on 31st March, 2012.

(iii) Share Transfer Committee

Composition

As on 31st March, 2012, the Share Transfer Committee comprised of 3 Directors. Mr. Ashok Chhajer is the Chairman of the committee. The other members of the Committee are Mr. Nimish Shah and Mr. Varaprasad Atluri.

Terms of Reference

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

Meetings and Attendance

During the year 2011-12 there was 2 (Two) meeting of the Share Transfer Committee was held on 30th June, 2011 & 30th July, 2011.

(iv) Remuneration Committee

Composition

As on 31st March, 2012, Remuneration Committee comprises of three Independent Non-Executive Directors. Mr. Vinayak V. Nalavde is the Chairman of the Committee. The other members of the Committee are Mr. Virendra Mital and Mr. Dinesh Babel.

Due to sad demise of Mr. Anant Karweer, the committee was re-constituted and Mr. Vinayak V. Nalavde was appointed as Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Terms of Reference

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

Meetings

During the year 2011-12, 1 (One) meeting of Remuneration Committee were held on 05th May, 2011.

Remuneration Policy

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

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

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

Directors' Remuneration

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Executive Directors based on the recommendations of the Remuneration Committee as per remuneration policy of the Company, within the ceilings fixed by the shareholders. The sitting fees paid to the Board of Directors was Rs. 20,000/- per Board Meeting and Rs. 5,000/- per Mandatory Committee Meeting.

Details of remuneration for the financial year ended 31st March 2012:

(i) Non Executive Directors

Name of the Director	Sitting Fees paid (Rs.)
Mr. Varaprasad Atluri	Nil
Mr. Dinesh Babel	1,45,000/-
Mr. Virendra Mital	1,45,000/-
Mr. Anant Karweer ¹	80,000/-
Mr. Vinayak V. Nalavde ²	30,000/-

- 1 demised on 01/12/2011
- 2 appointed w.e.f. 11/02/2012

(II) Managing Director and Executive Director

Name of the Director	Salary and Allowance (Rs.)	Service Contract
Mr. Ashok Chhajjer, Managing Director	24,00,000/-	5 yrs. w.e.f 15.01.2009
Mr. Nimish Shah, Whole time Director	20,00,000/-	5 yrs. w.e.f 13.04.2010

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

(a) Equity Shares held by Directors as on 31st March, 2012

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

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

CODE OF CONDUCT

The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries. An Annual affirmation has been obtained from all members of the Board and Senior Management Personnel as on 31st March, 2012. In terms of Clause 49 of the Listing Agreement, a declaration signed by the Managing Director is annexed at the end of the Report.

SUBSIDIARY MONITORING FRAMEWORK

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

- a) Financial Statements, in particular, the investments made by the unlisted subsidiary companies, have been reviewed periodically by the Audit Committee;
- b) Minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board, periodically
- c) None of the unlisted company is material subsidiary in terms of Clause 49 of the Listing Agreement.

ANNUAL GENERAL MEETINGS

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

YEAR	LOCATION	DAY, DATE & TIME	SPECIAL RESOLUTION
2008-2009	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703	Wednesday 12 th September, 2009 At 1.00 p.m.	Yes
2009-2010	Hotel Royal Orchid Central Grazia, Plot L-3, Sector-19, Palm Beach Road, Vashi, Navi Mumbai – 400705	Friday 17 th September, 2010 At 10.00 a. m.	Yes
2010-2011	Hotel Royal Orchid Central Grazia, Plot L-3, Sector-19, Palm Beach Road, Vashi, Navi Mumbai – 400705	Wednesday 03 rd August, 2011 At 05.00 p. m.	Yes

(b) Resolution passed through Postal Ballot during the year

A Postal Ballot Notice dated 11th August, 2011 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 Ms. Rachana Kamat, 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, 2011 has been followed for the Postal Ballot conducted during the year for the resolutions mentioned herein under. The result of the Postal Ballot was announced on 26th September, 2011 at the Registered Office and was also published in Free Press Journal (English) & Navshakti (Regional – Marathi) Details of voting pattern were as under:

Sr. No.	Description of Resolution	No. of valid postal Ballot	No. of Shares	Percentage of Total Paid-up Capital
1.	Special Resolution for to make inter-corporate investments	26	2,06,42,828	75.23
2.	Special resolution for issue Equity Shares on Right Basis	26	2,06,42,828	75.23

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 Note No. 29 to the Accounts in the Annual Report. All related party transactions are negotiated at arms' length basis and are only intended to further the interest of the Company. The Board has received disclosures from key management personnel relating to material, financial and commercial transactions where they and / or their relatives have personal interest.

b) Compliances

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

MEANS OF COMMUNICATION

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

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

Website and Exclusive Designated e-mail id

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

GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Day : Saturday
Date : 22nd September, 2012
Time : 06.00 p.m.
Venue : Hotel Royal Orchid Central Grazia,
Plot L-3, Sector-19, Palm Beach Road,
Vashi, Navi Mumbai – 400705
Maharashtra, India

b) Financial Calendar (Tentative)

Financial Year 1st April, 2012 to 31st March, 2013

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

Quarter ended	Latest by
30th June, 2012	14 th August, 2012
30th September, 2012	14 th November, 2012
31st December, 2012	14 th February, 2013
31st March, 2013	15 th May 2013*

**Instead of publishing quarterly unaudited financial results, the Company may opt to publish Audited Annual Accounts by 30th May, 2013.*

c) Book Closure Dates

From Monday, 17th September, 2012 to Saturday, 22nd September, 2012 (both days inclusive)

d) Dividend Payment Date

The Final Dividend, if declared, shall be paid/credited to the Shareholders on or before 22nd October, 2012.

e) Liquidity of Shares

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE), P.J. Tower, Dalal Street, Mumbai – 400 001. The shares of the Company are currently traded under the B group. The Company has paid the listing fees to BSE for 2012-13.

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

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

g) Corporate Identification Number (CIN): L51900MH1983PLC029643

h) Registrar and Share Transfer Agent (RTA)

Adroit Corporate Services Pvt Ltd,

19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka,
Mumbai 400059

i) Share Transfer Mechanism

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

j) Market Price Data:

The Equity Shares of the Company were traded on the Bombay Stock Exchange during the year 2011-2012.

Month	High Price	Low Price
Apr-11	71.00	58.00
May-11	83.95	55.05
Jun-11	72.00	61.00
Jul-11	71.95	58.00
Aug-11	72.95	52.00

Month	High Price	Low Price
Sep-11	71.00	59.00
Oct-11	71.90	54.00
Nov-11	73.95	50.00
Dec-11	58.05	48.95
Jan-12	62.10	54.25
Feb-12	65.45	56.00
Mar-12	74.00	50.15

i) Share Ownership Pattern as on 31.03.2012:

Sr. No.	Category	No. of shares held	%age
1.	Promoters and Promoter Group	14,35,624	5.23%
2.	Directors' & their Relatives	1,83,04,200	66.71%
3.	Foreign Institutional Investors	0	0
4.	NRIs & Foreign Nationals	0	0
5.	Mutual Funds & UTI	0	0
6.	Banks, Fls & Insurance Companies	0	0
7.	Bodies Corporate	1,56,374	0.57%
8.	Public	75,43,796	27.49%
	TOTAL	2,74,39,994	100%

ii) Distribution of equity Shareholding as on 31st March 2012:

Shares	No. of Shareholders	% of total Shareholders	Number of Shares	% of total no. of Shares
1- 5000	419	74.69	251315	0.92
5001 - 10000	21	3.74	173495	0.63
10001 - 20000	22	3.92	358474	1.31
20001 - 30000	29	5.17	741166	2.70
30001 - 40000	16	2.85	542133	1.98
40001 - 50000	5	0.89	226542	0.83
50001 - 100000	35	6.24	2807252	10.23
100000 & above	14	2.50	22339617	81.41
TOTAL	561	100	27439994	100.00

The Company has no dividend of the past years which are required to be transferred to the Investor and Education Protection Fund. Dividend had been declared by the Company for the year 2010-2011 in the Annual General Meeting held on 03rd August, 2011, some amount has not been claimed by the shareholders of the Company and the amount has been transferred to Unpaid dividend Account.

k) Dematerialization of Shares

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2012, 2,73,90,434 Equity Shares (constituting 99.82 %) were in dematerialized form.

l) Address for Investor Correspondence

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

Adroit Corporate Services Pvt Ltd,
19, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road, Marol Naka, Mumbai 400059
Telephone : 022-42270400, Fax: 022 - 28503748
Email: info@adroitcorporate.com
Website: www. adroitcorporate.com

RISK MANAGEMENT

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

COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

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

ADOPTION OF MANDATORY AND NON – MANDATORY REQUIREMENTS

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

- (a) **Remuneration Committee:** The Company has set-up a Remuneration Committee to commend, review remuneration of managerial personnel including their relatives. The composition of the committee and the details of meetings held are given elsewhere in this Report. The then Chairman of the Remuneration Committee was present at the last Annual General Meeting held on 3rd August, 2011 to answer the Shareholders' queries.
- (b) The financial statements of the Company, on stand-alone basis, are **unqualified**.

C.E.O. & C.F.O. CERTIFICATION

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

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

RECONCILIATION OF SHARE CAPITAL

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

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.

For and on behalf of the Board of Directors

Sd/-

Ashok B. Chhajjer
Chairman & Managing Director

Date: 04th August, 2012
Place: Navi Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The organized segment of Indian Real estate is only about two decade old. But now to get in place true governance has become the decisive point for the sector to prosper. A plethora of regulatory issues and policy hurdles contributed towards the slowdown in both announcement as well as implementation of fresh projects in 2011-12. There has been an inordinate delay in formulating this policies and getting them approved by the respective state governments. In Rajasthan, the conversion process has come to a stand still. The conversions were stopped earlier to restructure the process by the government. Though the revised laws have been drafted but they are still to be notified. In Maharashtra, a new notification was announced with respect to mandatory EWS housing in projects. But as the status is not clear yet, the developers cannot take a decision on the future expansion plans.

The Regulatory Bill is currently trying to put a regulator in place for the sector, but the problem is that every city and town in this country has a different development control regulator. While the bill will lay down and monitor strict timelines for execution of a project (with severe penal implications for the promoter/ developer), it will do nothing to address the inevitable delay that accompanies various approvals and make these timelines impossible to adhere to. We are already required to obtain more than 50 permissions for a project which takes them more than a year to secure. Customers currently have to bear too many types of taxes levied under various heads, including stamp duty on land & building, VAT and Service Tax, External Development Charges (EDC) and Internal Development Charges (IDC) are also collected by the Government. All these regulatory issues coupled with bundles of approvals and multiple tax layers for customers make it very hard for the industry as whole to develop and sell value homes in time.

Though the residential sector has witnessed concerns of oversupply in some metro cities, demand situation at tier two cities remained buoyant. In most markets where Arihant has a presence, the prices went up without any slowdown in volumes. On a longer run, the demand for residential units in India is expected to remain strong as estimates show huge deficit in the supply of mass housing units continue and according to estimates published by Cushman and Wakefield, demand for residential units in India is estimated to be over 7.5 million units between 2009 and 2013 - an average of 1.5 million units for each of the five years. A bulk of this demand is expected to come from middle income segment. The key drivers of this growth in demand of residential housing are discussed below First is the favourable demographic situation - large working population and rapid urbanization levels. Currently, 63 percent of India's population is in the age group of 15- 59 years and only 30 per cent of India's population in urban. Both these numbers are going to increase in the future. Besides, reduction in household sizes due to preference for nuclear families and urban migration will further boost demand for housing Second factor is driven by strong and sustained growth of the economy; disposable incomes are increasing at a significant pace. Per capita income has more than tripled from Rs. 16,700 in 2000-01 to Rs. 54,800 in 2010-11 According to research by the McKinsey Global Institute, the number of household earning over Rs. 5 lakh per annum will increase from 3.6 million in 2005 to 8.8 million in 2015. This is expected to give a considerable push to the demand for housing in the consumer segments that is our focus area. Third driver is the affordability. The rise in income opportunities and quality of jobs coupled with availability of home finance has brought down the average age of first time buyers of residential property considerably. Even as interest rates for home loans have increased significantly in the last couple of years and are now ranging between 9-10 per cent, these rates are still much lower than the highs of 18 per cent in the mid-1990s. Together, these factors have brought about a substantial increase in the affordability of a residential property. We estimate the price affordability - measured a number of years of income required to own a house - to be around 4-5 years as compared to 22 years in the mid- 1990s.

To sum up, while the longer term demand outlook remains robust and sustainable given the housing shortage the country faces, in the short term concerns remain over the prevailing uncertainties in the regulatory environment.

OPPORTUNITIES, THREATS AND RISK PERCEPTION:

Opportunities:

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

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

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

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

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

Threats & Risk Perception:

Timely Completion of Projects

Our ongoing and planned projects are subject to significant changes and modifications from our currently estimated management plans and timelines as a result of factors outside our control, including, among others:

- availability of raw materials and financing;
- increases in construction costs;
- natural disasters;
- reliance on third party contractors; and
- risk of decreased market demand during the development of a project.

Volatility in prices of, or shortages of, key building materials

During periods of volatility in the price of building materials, where prices have increased significantly or unexpectedly, we may not be able to pass the increase in construction costs through to our customers, particularly as we generally aim to pre-sell a significant portion of our residential units prior to project completion, which could reduce or eliminate the profits we attain with regards to our developments.

Competition in the real estate development

The real estate development industry in India, while fragmented, is highly competitive and increased competition between real estate developers may result in higher costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may materially and adversely affect our business, financial condition and operations.

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

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

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

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

3. STRATEGY:

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:

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.

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 Property development is no longer merely constructing a building and leasing or selling it out.

The tenants of today are well versed with professionally managed buildings. This has made the developers in India appreciate the need to maintain and manage their property in a systematic manner.

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

4. FINANCIAL REVIEW 2011-12:

Revenue & Profitability

In the Financial year 2011-12, the Company has recorded Rs. 68.83 Cr. as Total Income against Rs. 104.21 Cr revenue from previous year however Profit After Tax has increased from Rs. 7.25 Cr. to 8.00 Cr. Its profit before interest depreciation and tax increase from Rs. 12.67 Cr. to 16.95 Cr.

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

5. BUSINESS REVIEW 2011-12:

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

Homes

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

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

Arihant's dominant position in Indian homes segment:

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

Performance FY12

The year 2011-12 started with carrying forward the success of mid-income homes launched in FY11. However, with the change in the overall economic environment. This was primarily due to strong customer confidence and satisfaction in buying homes on account of certainty of future incomes, coupled with a perception and anticipation of price of homes being increased. Looking at the changed scenario, Arihant revamped few of its offerings and launched new Projects in line with the expectations of customers.

Launches FY12

Arihant Akriti a Project at Badlapur (West), Maharashtra

Arihant Anmol a Project at Badlapur (East) , Maharashtra

Arihant Arohi a project at Padle Thane

Arihant Amodini a Project at Taloja, Navi Mumbai

Future Outlook

The long term scenario and the projected demand of housing units in the middle income segment, have a long way to go. Housing is a basic necessity and will remain a priority for most individuals. The process of urbanization is only starting in India and more people are expected to come to cities for work and better lives. But as the cities are growing, so are the complexities in having them developed in organized manner. So many regulatory hurdles and policy issues block infrastructure and housing development. In the short term, regulatory concerns and blockages will affect the construction and area booked figures of the company. We have highlighted some of the aspects in which we operate and think differently than the crowd. We derive comfort in our approach from the performance in the past few years and do believe that we have laid the foundations for a strong growth platform for the company. Our strong cash flows, sound balance sheet and the right approach and tools will help us stand and outgrow the short term constraints the industry faces. The changing demographic mix and the increasing income levels will continue to drive the demand for real estate across all segments in which the company operates - Middle Income Housing & Active Senior Living. With the demand for 16 million homes in the next decade, the long term outlook remains buoyant with your company positioned very well to manage the short term concerns and capitalize on the long term demand.

6. HUMAN RESOURCE:

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

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

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

7. FINANCE AND CONTROL:

Real Estate firms have to increasingly depend on alternate sources of funding like NBFC, IPOs and Private Equity. Developers have also not been able to fully tap the PE route for raising funds because of high valuations. As banks do not lend for Land acquisition, Developers have been specially targeting PE funds. More so as the PE funds take less time for funding. But despite all that, it's still a challenge for Developers to raise funding as PE players are

looking at risk protected deal and are averse to both making bigger investments and funding Projects beyond major Metros especially Mumbai and Delhi-NCR and in such a scenario, Realty Firms, in order to generate cash, may have to resort to price cuts or equity sales in their Projects.

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

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

Internal Control System of the Company has been devised through its extensive experience that ensures control over various functions in its business. The Company has adequate Internal Control Systems in place, commensurate with its size and nature of operations. The Internal Auditor, inter alia, covers all significant areas of the Company's operations and submits the Report to the Audit Committee of the Company for their review in its meetings. The performance of the Company is regularly reviewed by the Audit Committee and/or the Board of Directors to ensure that it is in consonance with the overall corporate policy and in line with pre-set objectives.

8. LEGAL :

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

9. INFORMATION TECHNOLOGY :

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

Outlook

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

- Implementation of ERP system all across the Company and its functions.
- Project compliances monitoring (Pre Construction, Construction, Post Construction) – implement a robust Work-Flow System which will enable Top Management review of compliance status as well as storage of all relevant documents in a repository.
- Customer interaction to be a key – we intend to establish improved Customer Relationship Management.
- More on-line Management Information System through Business Intelligence modules.
- Extension of Automated Attendance System and Digital Video Surveillance Systems.

Cautionary Statement

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

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

ARIHANT SUPERSTRUCTURES LIMITED

We have examined the compliance of the conditions of Corporate Governance by **Arihant Superstructures Limited** for the year ended on 31st March 2012, 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**

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

**Date: 04th August, 2012
Place: Mumbai**

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

To,

The Board of Directors

Arihant Superstructures Limited

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

- (A) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2012 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/-
Ravindra Parakh
Manager (Accounts)
Navi Mumbai 4th August, 2012

AUDITORS REPORT

To
The Shareholders,
Arihant Superstructures Ltd.

We have audited the attached Balance Sheet of ARIHANT SUPERSTRUCTURES LTD. as on 31st March 2012 and also the annexed Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date (hereinafter referred to as 'Financial Statements'). These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit
 - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Account
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss 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, 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:-
 - i. In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2012; and
 - ii. In the case of the Statement of Profit & Loss, 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/-

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

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

on the Financial Statements for the year ended March 31, 2012

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 as per a phased program of verification. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) The management has conducted physical verification of inventory at reasonable intervals.
 - 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. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operation of the company and the same have been properly dealt with in the accounts.
3. a) The Company has granted unsecured loans to its three Subsidiary Companies. The maximum amount outstanding during the year was Rs. 3,140.53 Lakhs and year-end balance of the such loans amounted to Rs.3,140.11 Lakhs.
 - b) In our opinion, the rate of interest, and other terms and conditions of such loans are prima facie not prejudicial to the interests of the Company.
 - c) The receipts of Principal amounts and Interest have been as per stipulations.
 - d) There is no amount overdue in respect of loans granted to Companies, Firms or other Parties listed in the register maintained under Section 301 of the Act.
 - e) The Company has taken loans from two entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 2,936.55 Lakhs and the year-end balance was Rs. 2,024.03 Lakhs.
 - f) In our opinion, the rate of interest and other terms and conditions for such loans are, prima facie, not prejudicial to the interest of the Company.
 - g) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of property. During the course of our audit, no major weakness has been noticed in the internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) Such transactions have been made at prices which are reasonable having regard to the 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 deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

- 7 In our opinion, the Company has an adequate Internal Audit System commensurate with its size and the nature of its business.
- 8 We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9 According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
 - b) There are no amounts in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of any dispute
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to a Financial Institution or a Bank or Debenture holders during the year.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.
- 13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- 15 In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from Banks or Financial Institutions are not, prima facie, prejudicial to the interest of the Company.
- 16 According to the information and explanations given to us, the Company has not borrowed any term loans from banks and financial institutions during the year.
- 17 On the overall examination of the Balance Sheet, in our opinion, no funds raised on short-term basis have been used for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 19 No debentures have been issued during the year. Accordingly the provisions of clause 4 (xix) of the order is not applicable.
- 20 The Company has not raised money by rights issues during the year.
- 21 No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

Sd/-

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	274,399,940	274,399,940
(b) Reserves and surplus	4	162,971,245	92,691,137
		437,371,185	367,091,077
2 Non-current liabilities			
(a) Long-term borrowings	5	2,865,430	86,001,135
(b) Deferred tax liabilities (Net)	6	455,476	1,129,606
(c) Other Long term liabilities	7	-	805,601
(d) Long-term provisions	8	100,000	-
		3,420,906	87,936,342
3 Current liabilities			
(a) Short-term borrowings	9	378,276,034	139,176,500
(b) Trade payables	10	22,802,611	102,956,589
(c) Other current liabilities	10	339,965,201	217,787,714
(d) Short-term provisions	8	83,019,421	50,899,230
		824,063,266	510,820,034
TOTAL		1,264,855,357	965,847,452
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	22,264,575	23,292,669
(ii) Intangible assets	12	1,740,089	1,223,798
(b) Non-current investments	13	540,000	20,480,000
(d) Long-term loans and advances	14	344,086,439	197,051,912
		368,631,103	242,048,379
2 Current assets			
(a) Current investments	16	20,297,990	1,011,271
(b) Inventories	17	373,840,444	177,238,752
(c) Trade receivables	15	70,316,851	52,311,927
(d) Cash and cash equivalents	18	131,322,439	160,825,975
(e) Short-term loans and advances	14	86,118,581	115,972,668
(f) Other current assets	15	214,327,949	216,438,481
		896,224,254	723,799,073
TOTAL		1,264,855,357	965,847,452

See accompanying notes to the financial statements

As per our report of even date

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

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

For & on behalf of the board

Sd/-
Ashok Chhajjer
Chairman & MD

Sd/-
Rushabh Desai
Company Secretary

Place: Navi Mumbai
Date: 04.08.2012

Sd/-
Nimish Shah
Whole Time Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
Income			
Revenue from operations	19	645,409,435	1,016,506,867
Other income	20	42,936,451	25,670,166
Total Revenue		688,345,886	1,042,177,033
Expenses			
Cost of construction, land and development expenses	21	634,247,245	798,459,310
Purchases of Stock-in-Trade	22	4,500,000	84,450,000
Changes in inventories of finished goods, incomplete projects (WIP) and Stock-in-Trade	23	(196,601,692)	(35,550,975)
Employee benefits expense	24	16,716,627	14,334,028
Finance costs	25	48,459,188	19,039,757
Depreciation and amortization expense	26	2,801,264	1,495,629
Other expenses	27	59,902,739	51,848,308
Total expenses		570,025,371	934,076,057
Profit / (Loss) before tax		118,320,515	108,100,976
Tax expense:			
Current tax		38,951,987	34,500,000
Deferred tax		(674,130)	1,017,390
Profit / (Loss) for the period		80,042,658	72,583,586
Earnings per equity share:	28		
(1) Basic		2.92	2.94
(2) Diluted		2.92	2.94

See accompanying notes to the Financial Statements

As per our report of even date

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

 Talakchand N. Gala
 Proprietor
 MRN: 41186

 Place: Navi Mumbai
 Date: 04.08.2012

For & on behalf of the board

 Sd/-
 Ashok Chhajera
 Chairman & MD

 Sd/-
 Rushabh Desai
 Company Secretary

 Place: Navi Mumbai
 Date: 04.08.2012

 Sd/-
 Nimish Shah
 Whole Time Director

CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	118,320,515	108,100,976
Add: Non Cash Items		
Depreciation & Amortisation	2,801,264	1,495,629
Preliminary Expenses W/off	5,303,114	1,479,080
Non Operating Expenses		
Less: Non Operating Incomes		
Dividend Income	(275,152)	-
Profit from Investment	(102,476)	(1,011,271)
Interest Income	(26,989,327)	(24,649,019)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	99,057,937	85,415,395
(Increase)/ Decrease in Trade & Other Receivable	(334,979,638)	(359,675,793)
Increase/ (Decrease) in Current Laibilities & Provision	111,195,070	111,448,040
CASH GENERATED FROM OPERATIONS	(124,726,631)	(162,812,357)
Less: Tax Paid net of Refunds	(195,115)	(25,000,000)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(124,921,746)	(187,812,357)
Extra Ordinary Income / Expenditure		-
CASH FLOW AFTER EXTRAORDINARY ITEMS	(124,921,746)	(187,812,357)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase of Fixed Assets)	(2,289,461)	(20,863,030)
Sale of Fixed Assets		-
(Purchase of Investments)		(21,121,271)
Sale of Investments	653,281	-
Dividend Income	275,152	-
Profit from Investment	102,476	1,011,271
Interest Income	26,989,327	24,649,019
NET CASH USED FOR INVESTING ACTIVITIES	(25,730,775)	(16,324,011)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	124,999,940
Increase/(Decrease) in Secured Loan	(2,365,527)	85,916,163
Share Issue expenses	-	(4,326,494)
Proceeds from Share Premium	-	24,999,992
Dividend & Dividend Distribution Tax Paid	(9,599,230)	(8,732,131)
Increase/(Decrease) in Unsecured Loans	81,652,193	139,176,500
NET CASH FROM FINANCING ACTIVITIES	69,687,436	362,033,970
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(29,503,535)	157,897,602
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	160,825,975	2,928,373
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	131,322,439	160,825,975
	(29,503,535)	157,897,602

As per our report of even date

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

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

For & on behalf of the board

Sd/-
Ashok Chhajer
Chairman & MD

Sd/-
Nimish Shah
Whole Time Director

Sd/-
Rushabh Desai
Company Secretary

Place: Navi Mumbai
Date: 04.08.2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Arihant Superstructures Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements to conform to current year's classification, wherever necessary.

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c Tangible fixed asset

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs and directly attributable cost for bringing the asset to its working condition or the intended use.

Depreciation on fixed assets is calculated on a Straight-Line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

d Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds five years, the company amortizes the intangible asset over the best estimate of its useful life.

e Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f Impairment of tangible and intangible assets

The company assesses once in three years whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's/cash-generating unit's (CGU) net selling price and its value in use. Where the carrying amount of an asset/CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Previously recognised impairment loss and assets are reviewed and if required such loss is reversed depending on the change in circumstances.

g Investments

Investments are classified into long-term and current investments. Investments intended to be held for not more than a year, are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at cost less permanent diminution in value, if any. Current investments are stated at lower of cost and market value.

h Inventories

i. Construction materials and consumables

The construction materials and consumables are valued at lower of cost or net realisable value. The construction materials and consumables purchased for construction work issued to the construction work-in-progress are treated as consumed.

ii. Construction work-in-progress

The construction work-in-progress is valued at lower of cost or net realisable value. Cost includes cost of land, development rights, rates and taxes, construction costs, borrowing costs, other direct expenditures, allocated overheads and other incidental expenses.

iii. Finished stock of completed projects (ready units)

Finished stock of completed projects and stock in trade of units is valued at lower of cost or market value.

i Revenue recognition

During the year, the Company has followed the "Percentage Completion Method" of accounting as per the Guidance Note on Accounting for Real Estate Transactions issued by The ICAI. The revenue / income from real estate sales is recognized as revenue when there is no significant uncertainty exists regarding the realization and it is not unreasonable to expect ultimate collection. Revenue under this method is recognised in proportion to the actual project cost incurred as against the total estimated cost of the project under construction, subject to completion of construction work to a certain reasonable level depending on the type of the project.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

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

j Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency (indian rupee) by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency on the date of such transaction.

All monetary items denominated in foreign currency are converted into indian rupees at the year-end exchange rate. The exchange difference arising on such conversion and on settlement of the transactions are recognised in the statement of profit and loss. Non-monetary items in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on date of the transaction.

k Employee benefits

i. Defined contribution plans

Retirement benefits in the form of contribution to provident fund is charged to the statement of profit and loss.

ii. Defined benefits plan

Gratuity is in the nature of defined benefit plan. Company has made provision for gratuity during the year.

iii. Other employee benefits

Leave encashment is recognised as an expense in the statement of profit and loss as and when they occur.

l Taxation

Tax expense comprises current and deferred tax. Current tax is measured on the basis of taxable income determined in accordance with the provisions of Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

m Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

p Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(Amount in Rs.)

	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
3 SHARE CAPITAL				
Authorised Shares				
6,00,00,000 (31 March 2011 : 6,00,00,000) Equity Shares of Rs. 10/- each		60,00,00,000		60,00,00,000
1,50,00,000 (31 March 2011 : 1,50,00,000) Preference shares (PS) of Rs. 10/- each		15,00,00,000		15,00,00,000
Issued, subscribed and fully paid-up shares				
27439994 (31 March 2011 : 27439994) Equity Shares of Rs. 10/- each		274,399,940		274,399,940
Total issued, subscribed and fully paid-up share capital		274,399,940		274,399,940
a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period				
Equity Shares	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
At the beginning of the period	27,439,994	274,399,940	14,940,000	149,400,000
Preferential Issue during the period	-	-	12,499,994	124,999,940
Outstanding at the end of the period	<u>27,439,994</u>	<u>274,399,940</u>	<u>27,439,994</u>	<u>274,399,940</u>
b. Terms / rights attached to equity shares				
The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
During the year ended 31 March 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs.0.20 (31 March 2011 : Rs. 0.30).				
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
c. Details of shareholders holding more than 5% shares in the company				
	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
Equity Shares of Rs. 10 each fully paid				
Mr. Ashok Bhanwarlal Chhajjer	18,200,000	66.62%	18,200,000	66.62%
As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.				

(Amount in Rs.)

	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
4 RESERVES & SURPLUS				
Securities Premium account				
Balance as per the last financial statements		24,999,992		-
Add: collected during the year		-		24,999,992
Less: amounts utilised		-		-
Closing Balance	(a)	24,999,992		24,999,992
General Reserve				
Balance as per the last financial statements		-		-
Add: amount transferred from surplus balance in the statement of profit and loss		-		1,017,390
Less: Utilised during the Year		-		(1,017,390)

		(Amount in Rs.)	
		31-Mar-12	31-Mar-11
Closing Balance	(b)	-	-
Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements	(c)	67,691,145	4,699,393
Profit for the Year	(d)	80,042,658	72,583,586
Less: Appropriations			
Proposed final equity dividend		8,231,998	8,231,998
Tax on proposed equity dividend		1,335,436	1,367,232
Excess Dividend Provision adj.		-	(7,396)
Earlier Income Tax Provision		195,115	-
Transfer to general reserve		-	-
Total appropriations	(e)	9,762,549	9,591,835
Net surplus in the statement of profit and loss	(f) = (c + d - e)	137,971,253	67,691,145
Total reserves and surplus	(a + b + f)	162,971,245	92,691,137

5 LONG TERM BORROWINGS

	Non-current portion		Current maturities	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Secured Loans				
Indian rupee loan from banks (secured)	-	81,282,358	81,282,358	534,076
From financial institutions (secured)	2,865,430	4,718,777	1,853,347	1,831,451
	<u>2,865,430</u>	<u>86,001,135</u>	<u>83,135,705</u>	<u>2,365,527</u>
The above amount includes,				
secured borrowings	2,865,430	86,001,135	83,135,705	2,365,527
Amount disclosed under the head "other current liabilities" (note 10)			(83,135,705)	(2,365,527)
Net Amount	<u>2,865,430</u>	<u>86,001,135</u>	<u>-</u>	<u>-</u>

Indian rupee loan from banks are secured against Plot no. 10, Sec 35H, Kharghar, Navi Mumbai & other customer receivables from the project Arihant Abhilasha and Vehicles.

Indian rupee loan from financial institutions are secured against Vehicles.

		(Amount in Rs.)	
		31-Mar-12	31-Mar-11
6 DEFERRED TAX LIABILITIES (NET)			
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting		1,695,993	1,129,606
Others		-	-
Gross deferred tax liability		<u>1,695,993</u>	<u>1,129,606</u>
Deferred tax asset			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years		1,240,517	-
Others		-	-
Gross deferred tax asset		<u>1,240,517</u>	<u>-</u>
Net deferred tax liability		<u>455,476</u>	<u>1,129,606</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
7	OTHER LONG TERM LIABILITIES		
	Trade payables (refer note 32 for details of dues to micro and small enterprises)	-	805,601
		<u>-</u>	<u>805,601</u>
8	PROVISIONS		
		Long Term	Short Term
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Provision for Gratuity	100,000	-
	Proposed equity dividend	-	-
	Provision for tax on proposed equity dividend	-	8,231,998
	Provision for Tax	-	1,367,232
		-	1,335,436
		-	73,451,987
		<u>100,000</u>	<u>41,300,000</u>
		<u>-</u>	<u>83,019,421</u>
		<u>-</u>	<u>50,899,230</u>
9	SHORT-TERM BORROWINGS		
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Bank O/D (Federal Bank Ltd - 3695)	97,221,082	-
	From Directors	199,402,759	107,943,557
	From Body Corporates	81,652,193	31,232,943
		<u>378,276,034</u>	<u>139,176,500</u>
	Bank Overdraft from banks is secured against Fixed Deposits. Bank Overdraft is repayable on Maturity of Fixed Deposits.		
10	OTHER CURRENT LIABILITIES		
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Trade payables (refer note 32 for details of dues to micro and small enterprises)	22,802,611	102,956,589
	Bookings	220,426,347	205,960,068
	Current maturities of long-term borrowings (note 5)	83,135,705	2,365,527
	Others		
	Service tax payable	3,488,650	7,050,124
	VAT Payable	43,834	-
	TDS payable	2,383,198	1,034,098
	Book OD	27,972,068	566,867
	Other Liabilities	2,515,399	811,030
		<u>362,767,812</u>	<u>320,744,303</u>

11 TANGIBLE ASSETS

	<u>Shop</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Office Equipments</u>	<u>Plant & Machinery</u>	<u>Total</u>
Gross:						
As at 01.04.2010	-	53,778	3,352,443	874,210	-	4,280,431
Additions	1,644,720	3,637,568	11,505,591	2,829,156	570,000	20,187,035
Adjustments	-	-	-	-	-	-
Sub Total	1,644,720	3,691,346	14,858,034	3,703,366	570,000	24,467,466
Less: Disposals	-	-	-	-	-	-
Gross Block at the Year End 31.03.2011	1,644,720	3,691,346	14,858,034	3,703,366	570,000	24,467,466
Additions	-	44,888	276,821	504,985	450,266	1,276,960
Adjustments	-	-	-	-	85,500	85,500
Sub Total	1,644,720	3,736,234	15,134,855	4,208,351	934,766	25,658,926
Less: Disposals	-	-	-	-	-	-
Gross Block at the Year End 31.03.2012	1,644,720	3,736,234	15,134,855	4,208,351	934,766	25,658,926
Less: Depreciation/ Amortization						
Accumulated Depreciation as at 01.04.2010	-	-	32,689	1,647	-	34,336
Depreciation for the year	17,775	54,346	792,094	270,683	5,563	1,140,461
Total Depreciation at the Year end 2011	17,775	54,346	824,783	272,330	5,563	1,174,797
Depreciation for the year	26,810	235,036	1,435,787	482,976	38,945	2,219,554
Total Depreciation at the Year end 2012	44,585	289,382	2,260,570	755,306	44,508	3,394,351
Net Carrying Value						
At 31 March 2011	1,626,945	3,637,000	14,033,251	3,431,036	564,437	23,292,669
At 31 March 2012	1,600,135	3,446,852	12,874,285	3,453,045	890,258	22,264,575

12 INTANGIBLE ASSETS

Gross:	Software	TradeMark	Total
As at 01.04.2010	1,062,714	66,000	1,128,714
Additions	675,995	-	675,995
Other Adjustments	-	-	-
Sub Total	1,738,709	66,000	1,804,709
Less: Disposals	-	-	-
Gross Block at the Year End 31.03.2011	1,738,709	66,000	1,804,709
Additions	1,098,001	-	1,098,001
Other Adjustments	-	-	-
Sub Total	2,836,710	66,000	2,902,710
Less: Disposals	-	-	-
Gross Block at the Year End 31.03.2012	2,836,710	66,000	2,902,710

Less: Depreciation/Amortization

Accumulated Amortization as at 01.04.2010	212,543	13,200	225,743
Amortization for the year	341,968	13,200	355,168
Impairment loss/Reversal of Impairment Loss	-	-	-
Total Amortization at the Year end 31.03.2011	<u>554,511</u>	<u>26,400</u>	<u>580,911</u>
Amortization for the year	568,510	13,200	581,710
Impairment loss/Reversal of Impairment Loss	-	-	-
Total Amortization at the Year end 31.03.2012	<u>1,123,021</u>	<u>39,600</u>	<u>1,162,621</u>
Net Carrying Value			
At 31 March 2011	<u>1,184,198</u>	<u>39,600</u>	<u>1,223,798</u>
At 31 March 2012	<u>1,713,689</u>	<u>26,400</u>	<u>1,740,089</u>

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

13 NON-CURRENT INVESTMENTS

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Investment in equity instruments (unquoted)		
Investment in Subsidiary		
30,000 (31 March 2011: 30,000) Equity shares of Rs. 10 each fully paid-up in M/s. Arihant Abode Ltd	300,000	300,000
6,000 (31 March 2011: 6,000) Equity shares of Rs. 10 each fully paid-up in M/s. Arihant Vatika Realty Pvt Ltd	60,000	60,000
10,000 (31 March 2011: 10,000) Equity shares of Rs. 10 each fully paid-up in M/s. Adeshwar Realty Pvt Ltd	110,000	110,000
6,000 (31 March 2011: 0) Equity shares of Rs. 10 each fully paid-up in M/s. Arihant Gruhnirman Pvt. Ltd	60,000	-
Investment in Mutual Fund		
Birla Mutual Fund (refer note 16 - Current Investment)	-	20,000,000
Other Investments		
5% (31 March 2011: 5%) share in the partnership firm M/s. Aksh Realty LLP	10,000	10,000
	<u>540,000</u>	<u>20,480,000</u>

14 LOANS & ADVANCES

	<u>Long Term</u>		<u>Short Term</u>	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Security deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	30,075,566	27,215,463	-	-
Loan and advances to related parties (Refer note 29)				
(Unsecured, considered good)				
Adeshwar Realty Pvt. Ltd	927,871	927,871	-	40,000
Arihant Abode Ltd	282,148,029	147,962,665	-	-
Arihant Vatika Realty LLP	30,934,973	20,945,913	-	-
Advances recoverable in cash or kind				
Unsecured considered good			16,119,536	73,322,470

Other loans and advances				
Advance income-tax	-	-	69,142,269	41,667,716
Prepaid expenses	-	-	261,376	86,582
Loans to employees	-	-	58,500	319,000
Balances with statutory/government authorities	-	-	536,900	536,900
	<u>344,086,439</u>	<u>197,051,912</u>	<u>86,118,581</u>	<u>115,972,668</u>

(Amount in Rs.)

15 TRADE RECEIVABLES AND OTHER ASSETS

TRADE RECEIVABLES

<u>Short Term</u>		<u>31-Mar-12</u>	<u>31-Mar-11</u>
Unsecured, considered good unless stated otherwise			
Outstanding for a period exceeding six months from the date they are due for payment		-	936,267
Other receivables		70,316,851	51,375,660
		<u>70,316,851</u>	<u>52,311,927</u>

OTHER ASSETS

<u>Short Term</u>		<u>31-Mar-12</u>	<u>31-Mar-11</u>
Unamortized expenditure			
Share Issue Expenses		-	5,298,114
Preliminary Expenses		-	5,000
		-	5,303,114
Others			
Interest accrued on fixed deposits		3,647,088	2,976,292
Land Cost		210,680,861	208,159,075
		<u>214,327,949</u>	<u>211,135,367</u>
		<u>214,327,949</u>	<u>216,438,481</u>

16 CURRENT INVESTMENTS

		<u>31-Mar-12</u>	<u>31-Mar-11</u>
Investment in Mutual Fund			
Birla Mutual Fund		20,000,000	-
Current portion of long-term investments (valued at cost)			
Arihant Aksh Realty LLP		297,990	1,011,271
[Includes accumulated share of profit Rs. Nil (31 March 2011: 10,11,270.59)]			
		<u>20,297,990</u>	<u>1,011,271</u>

17 INVENTORIES

		<u>31-Mar-12</u>	<u>31-Mar-11</u>
Incomplete Projects (WIP) (refer note 23)		369,402,912	106,122,085
Traded goods (flats)		4,437,532	71,116,667
		<u>373,840,444</u>	<u>177,238,752</u>

Incomplete Projects (WIP) is valued at cost, whereas other inventories are valued at lower of cost and net realisable value

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
18 CASH & BANK BALANCES		
<u>Current</u>		
Cash and cash equivalents		
Balance with banks		
On current accounts	1,116,981	3,075,819
Cash on hand	1,885,128	1,250,156
	<u>3,002,109</u>	<u>4,325,975</u>
Deposits with original maturity for more than 3 months but less than 12 months	128,320,330	156,500,000
	<u>131,322,439</u>	<u>160,825,975</u>
19 REVENUE FROM OPERATIONS		
Sale of products		
Manufactured (unfinished) goods	556,988,310	637,761,850
Traded goods	85,571,125	13,691,000
Other operating revenue	2,850,000	365,054,017
	<u>645,409,435</u>	<u>1,016,506,867</u>
Details of product sold		
Manufactured (unfinished) goods sold		
Arihant Arham	336,903,764	381,102,794
Arihant Abhilasha	179,929,215	256,659,056
Arihant Amodini	40,155,331	
	<u>556,988,310</u>	<u>637,761,850</u>
Traded goods sold		
Arihant Abhilasha Flats	85,571,125	13,691,000
	<u>85,571,125</u>	<u>13,691,000</u>
Other operating revenue		
Contract Income	-	364,257,723
Sale of Dombivali Land	2,850,000	-
Discount Received	-	796,294
	<u>2,850,000</u>	<u>365,054,017</u>
	<u>645,409,435</u>	<u>1,016,506,867</u>
20 OTHER INCOME		
Interest income on		
Bank deposits	15,569,495	9,875,185
Long-term investments	26,989,327	14,773,834
Dividend income on Current investments	275,152	
Other non-operating income	102,476	1,021,147
	<u>42,936,451</u>	<u>25,670,166</u>
21 COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
Land Cost	114,562,110	137,730,326
Purchases	314,283,444	209,411,643
Direct Expenses	205,401,691	96,183,117
Contract Expenses	-	355,134,224
	<u>634,247,245</u>	<u>798,459,310</u>

	(Amount in Rs.)	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>
<u>Details of Land Cost</u>		
Arihant Abhilasha Land	(6,489,000)	46,175,206
Arihant Amodini Land	121,051,110	-
Arihant Arham Land	-	91,555,120
	114,562,110	137,730,326
<u>Details of Purchases</u>		
Arihant Abhilasha	81,738,951	79,928,990
Arihant Arham	146,288,914	127,841,215
Arihant Amodini	21,205,910	-
Arihant Adita	29,457,250	1,312,631
Arihant Agrima	35,570,787	14,893
Arihant Ayati	21,632	313,914
	314,283,444	209,411,643
<u>Details of Direct Expenses</u>		
Arihant Abhilasha	44,043,522	52,366,656
Arihant Amodini	16,457,190	-
Arihant Arham	81,182,828	38,694,415
Arihant Adita	21,023,640	3,807,378
Arihant Agrima	41,230,364	410,016
Arihant Arohi	1,066,885	-
Arihant Ayati	397,262	904,652
	205,401,691	96,183,117
22 PURCHASE OF STOCK IN TRADE		
Flats	4,500,000	84,450,000
	4,500,000	84,450,000
23 (INCREASE) / DECREASE IN INVENTORIES		
<u>Inventories at the end of the year</u>		
Traded Goods	4,437,532	71,116,667
Incomplete Projects (WIP)	369,402,912	106,122,085
	373,840,444	177,238,752
<u>Inventories at the beginning of the year</u>		
Traded Goods	71,116,667	-
Incomplete Projects (WIP)	106,122,085	141,687,777
	177,238,752	141,687,777
	(196,601,692)	(35,550,975)
<u>Details of inventory</u>		
Traded goods - Flats	4,437,532	71,116,667
	4,437,532	71,116,667
<u>Incomplete Projects (WIP)</u>		
Arihant Abhilasha	12,588,810	-
Arihant Amodini	130,489,460	-
Arihant Arham	90,793,338	99,358,601
(a)	233,871,608	99,358,601

	(Amount in Rs.)	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>
<u>Incomplete Projects (WIP) [Revenue not recognised]</u>		
Arihant Adita	55,600,899	5,120,009
Arihant Agrima	77,226,060	424,909
Arihant Arohi	1,066,885	-
Arihant Ayati	1,637,460	1,218,566
	(b) <u>135,531,304</u>	<u>6,763,484</u>
	(a + b) <u>369,402,912</u>	<u>106,122,085</u>
24 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	15,649,946	12,744,249
Contribution to provident fund	73,500	73,500
Gratuity expense	100,000	-
Software training expenses	-	420,256
Staff welfare expenses	893,181	1,096,023
	<u>16,716,627</u>	<u>14,334,028</u>
25 FINANCE COSTS		
Interest	48,417,175	17,175,277
Bank charges	42,013	67,777
Loan borrowing costs	-	1,796,703
	<u>48,459,188</u>	<u>19,039,757</u>
26 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	2,219,554	1,140,461
Amortization of intangible assets	581,710	355,168
	<u>2,801,264</u>	<u>1,495,629</u>
27 OTHER EXPENSES		
Selling & Distribution	20,697,790	30,109,893
Professional & Legal Fees	3,309,768	4,818,671
Rent, Rates & Taxes	1,842,847	1,466,765
Compensation	14,940,250	4,100,650
Director Remuneration	4,050,000	1,420,000
Administrative Expenses	15,062,084	9,932,329
	<u>59,902,739</u>	<u>51,848,308</u>
	<u>127,879,818</u>	<u>86,717,722</u>
Payment to auditor		
<u>As auditor:</u>		
Audit fee	449,440	275,750
Tax audit fee	56,180	165,450
VAT Audit Fee	56,180	82,725
Limited review	554,075	330,900
<u>In other capacity</u>		
Taxation matters	112,360	82,725
	<u>1,228,235</u>	<u>937,550</u>

28 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Total operations for the year		
Profit/(loss) after tax	80,042,658	72,583,586
Less : Adjustments	-	-
Net profit/(loss) for calculation of basic EPS and diluted EPS	80,042,658	<u>72,583,586</u>

	<u>No.</u>	<u>No.</u>
Weighted average number of equity shares in calculating basic and diluted EPS	27,439,994	24,666,023

29 RELATED PARTY DISCLOSURE

Names of related parties and related party relationship

<u>Sr</u>	<u>Name</u>	<u>Relationship</u>
1	Ashok B Chhajjer	Chairman and Managing Director
2	Nimish Shah	Whole Time Director
3	Arihant Abode Ltd	Subsidiary Company
4	Arihant Gruhnirman Pvt Ltd	Subsidiary Company
5	Adeshwar Realty Pvt Ltd	Wholly owned Subsidiary Company
6	Arihant Vatika Realty Pvt Ltd	Subsidiary Company
7	Sarvodaya Refinery Pvt Ltd	Relative of KMP has significant influence

Related party transactions

a. Loans given/taken and repayment thereof

<u>Sr</u>	<u>Name</u>	<u>Loans given</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Interest accrued</u>	<u>Amount receivable from Related parties</u>
1	Arihant Abode Ltd	260,562,665	-	-	21,585,364	282,148,029
2	Adeshwar Realty Pvt Ltd	33,367,871	-	32,440,000	-	927,871
3	Arihant Vatika Realty Pvt Ltd	28,445,913	-	-	2,489,060	30,934,973
4	Sarvodaya Refinery Pvt Ltd	-	3,000,000	-	451,233	3,000,000
5	Mr. Ashok B Chhajjer	-	419,675,727	244,408,970	24,136,002	199,402,759

b. Remuneration to key managerial personnel

<u>Sr</u>	<u>Name</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
1	Mr. Ashok B Chhajjer	2,400,000	120,000
2	Mr. Nimish Shah	1,650,000	1,300,000

30 CONTINGENT LIABILITIES

The Maharashtra Chamber of Housing Industry (MCHI) had filed writ petition in Bombay High Court challenging the levy of MVAT w.e.f. June 20, 2006 under the Maharashtra Value Added Tax Act, 2002 on property under construction, which has been recently dismissed by the High Court. Under the premises ownership agreement / letter of allotment entered into by the Company, such liability ultimately needs to borne by the purchaser of the premises, for which the purchaser have created lien on bank deposit or has given bank guarantees / registered undertakings and / or adequately indemnified the Company and hence no provision had been made in the books for the agreements registered prior to 01.04.2010.

31 UTILIZATION OF MONEY RAISED THROUGH PREFERENTIAL ISSUE OF EQUITY SHARES

During the year ended 31 March 2011, the company has raised Rs.14,99,99,932/- through preferential issue of equity shares, for the projects of the Subsidiary Companies. Given below are the details of utilization of proceeds raised through public issue.

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Unutilized amount at the beginning of the year	22,199,932	-
Add: Raising of funds	-	149,999,932
Less: amount utilized for the purpose of issue during the year	<u>22,199,932</u>	<u>127,800,000</u>
Unutilized amount at the end of the year (parked in fixed deposits with Bank)	<u><u>-</u></u>	<u><u>22,199,932</u></u>

32 In our opinion there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

33 EXPENDITURE IN FOREIGN CURRENCY

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Travelling & Conveyance	<u>167,431</u>	<u>90,136</u>
	<u><u>167,431</u></u>	<u><u>90,136</u></u>

35 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.

36 SUBSEQUENT EVENT

On 31st May 2012 the company allotted/issued 1,37,19,997 Equity Shares of Rs. 12 each (including premium of Rs.2 each) on Rights basis in the ratio of 1 equity shares for every 2 equity shares held for the purpose of Project Arihant Agrima.

37 In the opinion of the management; there are no commitments outstanding as on the Balance Sheet date.

38 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.

39 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.

40 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

As per our report of even date

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

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

For & on behalf of the board

Sd/-
Ashok Chhajer
Chairman & MD

Sd/-
Rushabh Desai
Company Secretary

Place: Navi Mumbai
Date: 04.08.2012

Sd/-
Nimish Shah
Whole Time Director

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

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting 3rd Annual Report for the year ended on 31st March, 2012.

1. Financial Results:

(Rs. In Lacs)

Particulars	2011-2012 (Standalone)	2010-2011 (Standalone)
Sales and Other Income	5.00	9.23
Profit before interest, depreciation & tax	3.79	2.55
Interest	--	--
Depreciation	1.07	0.89
Profit/ (Loss) before Tax	2.72	1.66
Provision for Tax	0.07	(0.80)
Profit/ (Loss) after Tax	2.65	0.86
Profit/(Loss) for the year	2.65	0.86
Add: Balance of Profit and Loss Account	1.01	0.15
Profit available for Appropriation	3.66	1.50

2. Subsidiary Company:

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

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 41,15,99,910/- 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, 2012, is being recommended, taking into account the profit earned by the Company.

4. Operations:

The Company has registered total income for the year is Rs.5.00 lacs as Compared to Rs. 9.23 lacs of last financial year and Profit after Tax is Rs. 2.65 lacs compared to Rs. 0.86 lacs of last financial year.

5. Directors:

As on 31st March, 2012, the Board consist four directors namely Mr. Ashok Chhajer, Mr. Abhishek Balar, Mr. Akshay Agarwal and Mr. Lalit Bothra.

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

6. Directors' Responsibility Statement:

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

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2012, 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, 2012 on a going concern basis.

7. Fixed Deposit:

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

8. Auditors:

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

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

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

10. Particulars of Employees:

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

11. Personnel:

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

12. Accounting Standards and Accounting Policies:

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

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

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

14. Acknowledgements:

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

For and on behalf of the Board of Directors

Date: 03rd August, 2012

Place: Navi Mumbai

Sd/-
(Akshay Agarwal)
Director

Sd/-
(Abhishek Balar)
Director

ANNEXURE 'A'

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2012

1. Conservation of energy:

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

2. Research and Development:

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

3. Technological absorption:

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

4. Foreign Exchange Earnings and Outgo:

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

AUDITORS REPORT

To
The Shareholders,
Arihant Abode Ltd.

We have audited the attached Balance Sheet of **ARIHANT ABODE LTD.** as on 31st March 2012 and also the annexed Statement of Profit & Loss and Cash Flow Statement for the year ended on that date (herein referred as 'Financial Statement'). These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These standards require that we plan and perform the audit to obtain responsible assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books;
 - c) The Balance Sheet and the Statement of Profit & Loss dealt with by this Report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet and the Statement of 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, 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view;
 - i. In the case of Balance Sheet of the State of affairs of the company as at 31st March, 2012; and
 - ii. In the case of the Statement of Profit and Loss, 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

Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

***Annexure to the Auditors' Report of ARIHANT ABODE LIMITED,
on the Financial Statements for the year ended March 31, 2012**

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 as per a phased program of verification. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its Assets. No material discrepancies were noticed on such verification.
- c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) The management has conducted physical verification of inventory at reasonable intervals.
- 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. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operation of the company and the same have been properly dealt with in the accounts.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (a) to (d) of the order are not applicable to the Company.
- b) The Company has taken loans from fourteen Entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding anytime during the period is Rs. 5722.55 Lakhs and year-end balance is Rs.5109.15 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- d) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of property. During the course of our audit, no major weakness has been noticed in the internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) Such transactions have been made at prices which are reasonable having regard to the 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 deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate Internal Audit System commensurate with its size and the nature of its business.
8. According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

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

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

Sd/-
Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	500,000	500,000
(b) Reserves and surplus	4	366,167	101,397
		<u>866,167</u>	<u>601,397</u>
2 Non-current liabilities			
(a) Deferred tax liabilities (Net)	5	56,017	48,586
		<u>56,017</u>	<u>48,586</u>
3 Current liabilities			
(a) Short-term borrowings	6	510,914,564	363,734,315
(b) Trade payables	7	10,196	-
(c) Other current liabilities	7	27,700,468	6,613,869
(d) Short-term provisions	8	-	30,689
		<u>538,625,228</u>	<u>370,378,873</u>
TOTAL		<u>539,547,412</u>	<u>371,028,856</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	1,625,107	1,731,920
		<u>1,625,107</u>	<u>1,731,920</u>
2 Current assets			
(a) Inventories	10	45,179,502	25,195,420
(b) Cash and cash equivalents	11	79,716,024	7,896,991
(c) Short-term loans and advances	12	402,403	1,055,380
(d) Other current assets	13	412,624,376	335,149,145
		<u>537,922,305</u>	<u>369,296,936</u>
TOTAL		<u>539,547,412</u>	<u>371,028,856</u>
See accompanying notes to the financial statements		-	-

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Sd/-

Abhishek Balar

Director

Place: Navi Mumbai

Date: 03.08.2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
Income			
Revenue from operations	14	162,240	240,000
Other income	15	338,507	683,206
Total Revenue		<u>500,747</u>	<u>923,206</u>
Expenses			
Cost of materials consumed	16	15,890,813	13,162,838
(Increase)/ Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	17	(19,984,082)	(25,195,420)
Employee benefits expense	18	685,519	390,239
Finance costs	19	16,843	18,035
Depreciation and amortization expense	20	106,813	89,149
Other expenses	21	3,512,640	12,292,835
Total expenses		<u>228,546</u>	<u>757,676</u>
Profit / (Loss) before exceptional and extraordinary items and tax		<u>272,201</u>	<u>165,530</u>
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		<u>272,201</u>	<u>165,530</u>
Extraordinary Items		-	-
Profit / (Loss) before tax		<u>272,201</u>	<u>165,530</u>
Tax expense:			
Current tax		-	30,688
Deferred tax		7,431	48,586
Profit / (Loss) for the period from continuing operations		<u>264,770</u>	<u>86,256</u>
Earnings per equity share:	22		
(1) Basic		5.30	1.73
(2) Diluted		5.30	1.73
See accompanying notes to the financial statements			

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Sd/-

Abhishek Balar

Director

Place: Navi Mumbai

Date: 03.08.2012

CASH FLOW STATEMENT FOR THE YEAR 31 MARCH 2012

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Tax and Extraordinary Items	272,201	165,530
Add: <u>Non Cash Items</u>		
Depreciation	106,813	89,149
Preliminary Expenses W/off	23,418	7,806
Less: <u>Non Operating Incomes</u>		
Dividend Income	(311,298)	-
Other income	(27,209)	(683,206)
OPERATING PROFIT BEFORE WORKING CAPITAL	63,925	(420,721)
(Increase)/ Decrease in Trade & Other Receivable	(96,829,754)	(134,438,278)
Increase/ (Decrease) in Current Liabilities & Provision	21,066,106	(229,752,240)
CASH GENERATED FROM OPERATIONS (A)	(75,699,723)	(364,611,239)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
(Purchase of Fixed Assets)	-	(1,824,205)
Sale of Fixed Assets	-	3,136
Dividend Income	311,298	-
Interest Income	27,209	683,206
NET CASH USED FOR INVESTING ACTIVITIES (B)	338,507	(1,137,863)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase/(Decrease) in Unsecured Loans	147,180,249	363,734,315
CASH GENERATED FROM FINANCING ACTIVITIES (C)	147,180,249	363,734,315
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C	71,819,033	(2,014,787)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	7,896,991	9,911,778
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	79,716,024	7,896,991
	71,819,033	(2,014,787)
	-	-

As per our report of even date
 For T N Gala & Associates
 Chartered Accountants
 FRN: 102951W
 Sd/-
 Talakchand N. Gala
 Proprietor
 MRN: 41186

Place: Navi Mumbai
 Date: 03.08.2012

For & on behalf of the board

Sd/-
 Akshay Agarwal
 Director

Sd/-
 Abhishek Balar
 Director

Place: Navi Mumbai
 Date: 03.08.2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Arihant Abode Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a. Presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed asset

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs and directly attributable cost for bringing the asset to its working condition or the intended use.

Depreciation on fixed assets is calculated on a Straight-Line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

d. Revenue recognition

All revenue and expenditures are generally accounted on accrual basis as they are earned or incurred.

e. Inventories

i. Construction materials and consumables

The construction materials and consumables are valued at lower of cost or net realisable value. The construction materials and consumables purchased for construction work issued to the construction work-in-progress are treated as consumed.

ii. Construction work-in-progress

The construction work-in-progress is valued at lower of cost or net realisable value. Cost includes cost of land, development rights, rates and taxes, construction costs, borrowing costs, other direct expenditures, allocated overheads and other incidental expenses.

iii. Finished stock of completed projects (ready units)

Finished stock of completed projects and stock in trade of units is valued at lower of cost or market value.

f Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured on the basis of taxable income determined in accordance with the provisions of Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

g Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

h Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

i Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(Amount in Rs.)

3 SHARE CAPITAL

Authorised Share Capital	31-Mar-12	<u>31-Mar-11</u>
50,000 (31 March 2011 : 50,000) Equity Shares of Rs. 10/- each	500,000	<u>500,000</u>
Issued, subscribed and fully paid-up shares		
50,000 (31 March 2011 : 50,000) Equity Shares of Rs. 10/- each	500,000	<u>500,000</u>
Total issued, subscribed and fully paid-up share capital	500,000	<u>500,000</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Equity Shares	31-Mar-12		<u>31-Mar-11</u>	
	No.	Rs.	<u>No.</u>	<u>Rs.</u>
At the beginning of the period	50,000	500,000	50,000	500,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	50,000	500,000	<u>50,000</u>	<u>500,000</u>

b. Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

- c. Shares held by holding / ultimate holding company and / or their subsidiaries / associates
Out of equity shares issued by the company, shares held by its holding company, are as below:

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Arihant Superstructures Limited, the holding company		
30,000 (31March 2011 : 30,000) equity shares of Rs. 10 each fully paid	300,000	300,000
	<u>300,000</u>	<u>300,000</u>

- d. Details of shareholders holding more than 5% shares in the company

	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
Equity Shares of Rs. 10 each fully paid				
Akshay Agarwal	2,575	5.15%	2,575	5.15%
Sujata Agarwal	2,525	5.05%	2,525	5.05%

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
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4 RESERVES & SURPLUS

Surplus / (deficit) in the statement of profit and loss

Balance as per last financial statements	101,397	15,141
Profit for the Year	264,770	86,256
Total reserves and surplus	<u>366,167</u>	<u>101,397</u>

5 DEFERRED TAX LIABILITIES (NET)

Deferred tax liability

Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	60,841	48,586
Others		

Gross deferred tax liability	<u>60,841</u>	<u>48,586</u>
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Deferred tax asset

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent year	4,824	-
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Gross deferred tax asset	<u>4,824</u>	<u>-</u>
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Net deferred tax liabilities	<u>56,017</u>	<u>48,586</u>
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6 SHORT-TERM BORROWINGS

Loan and advances from related parties repayable on demand (unsecured) (refer note 23)

	510,914,564	363,734,315
	<u>510,914,564</u>	<u>363,734,315</u>

7 OTHER CURRENT LIABILITIES

Trade payables (refer note 24 for details of dues to micro and small enterprises)

	10,196	-
	<u>10,196</u>	<u>-</u>

Other liabilities

Booking - Arihant Akanksha	3,000,000	1,945,000
Retention - Arihant Akanksha	4,590	3,750
Salary payable	41,100	6,835
Audit fees payable	75,843	64,525
TDS payable	1,427,035	871,423
Professional fees Payable	25,280	22,336
Electricity payable	26,620	-
Payable for Land	23,100,000	3,700,000
	<u>27,700,468</u>	<u>6,613,869</u>

(Amount in Rs.)

	31-Mar-12	31-Mar-11	
8 PROVISIONS			
<u>Short Term</u>			
Provision for Tax	-	30,689	
	-	30,689	
9 FIXED ASSETS			
	Furniture & Fixtures	Office Equipment	Total
Gross:			
As at 01.04.2010			
Additions	1,288,689	535,516	1,824,205
Adjustments	-	-	-
Sub Total	1,288,689	535,516	1,824,205
Less: Disposals	3,136	-	3,136
Gross Block at the Year End 31.03.2011	1,285,553	535,516	1,821,069
Additions	-	-	-
Sub Total	1,285,553	535,516	1,821,069
Less: Disposals	-	-	-
Gross Block at the Year End 31.03.2012	1,285,553	535,516	1,821,069
Less: Depreciation/Amortization			
Accumulated Depreciation as at 01.04.2010	-	-	-
Depreciation for the year	66,989	22,160	89,149
Total Depreciation at the Year end 2011	66,989	22,160	89,149
Depreciation for the year	81,376	25,437	106,813
Total Depreciation at the Year end 2012	148,365	47,597	195,962
Net Carrying Value			
At 31 March 2011	1,218,564	513,356	1,731,920
At 31 March 2012	1,137,188	487,919	1,625,107
10 INVENTORIES			
Incomplete Projects (WIP) - Arihant Akanksha (refer note 17)	45,179,502	25,195,420	
	45,179,502	25,195,420	
11 CASH & BANK BALANCES			
<u>Current</u>	31-Mar-12	31-Mar-11	
Cash and cash equivalents			
Balance with banks - in current accounts	53,557	522,956	
Cash on hand	970,067	524,335	
Other bank balances			
Deposits with original maturity for more than 3 months but less than 12 months	78,692,400	6,849,700	
	79,716,024	7,896,991	

	(Amount in Rs.)	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>
12 LOANS & ADVANCES		
<u>Short Term</u>		
Advances recoverable in cash or kind		
Unsecured considered good - consultancy fees	100,000	-
Other loans and advances		
Advance income-tax	302,403	555,380
Pre-paid expense	-	500,000
	<u>402,403</u>	<u>1,055,380</u>
13 OTHER CURRENT ASSETS		
<u>Short Term</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Land - Palaspe (Akanksha)	400,246,984	323,915,702
Advance for land	10,082,000	11,082,000
Interest accrued on fixed deposits	2,295,392	128,025
Preliminary expense pending amortisation	-	23,418
	<u>412,624,376</u>	<u>335,149,145</u>
14 REVENUE FROM OPERATIONS		
Brokerage income	162,240	240,000
	<u>162,240</u>	<u>240,000</u>
15 OTHER INCOME		
Interest income on		
Bank deposits	-	683,206
IT refund	27,209	-
Dividend income on Current investments	311,298	-
	<u>338,507</u>	<u>683,206</u>
16 COST OF MATERIAL CONSUMED		
Purchases (Arihant Akanksha)	9,222,686	12,127,270
Direct Expenses (Arihant Akanksha)	6,668,127	1,035,568
	<u>15,890,813</u>	<u>13,162,838</u>
17 (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the end of the year		
Incomplete Projects (WIP)	45,179,502	25,195,420
	<u>45,179,502</u>	<u>25,195,420</u>
Inventories at the beginning of the year		
Incomplete Projects (WIP)	25,195,420	-
	<u>25,195,420</u>	<u>-</u>
	<u>(19,984,082)</u>	<u>(25,195,420)</u>
18 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	671,400	307,180
Software Training Expenses	-	19,000
Staff welfare expenses	14,119	64,059
	<u>685,519</u>	<u>390,239</u>
19 FINANCE COSTS		
Interest	-	877
Bank charges	16,843	17,158
	<u>16,843</u>	<u>18,035</u>

(Amount in Rs.)

31-Mar-12 31-Mar-11
20 DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation of tangible assets	106,813	89,149
	106,813	89,149

21 OTHER EXPENSES

Selling & Distribution	15,000	775,500
Professional & Legal Fees	625,204	300,105
Rent, Rates & Taxes	2,395,121	1,944,570
Compensation	-	9,005,877
Administrative Expenses	477,315	266,783
	3,512,640	12,292,835

Payment to auditor

As auditor:

Audit fee	56,180	44,120
Tax audit fee	28,090	27,575
Limited Review	55,409	68,938
	139,679	140,633

22 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-12	31-Mar-11
Net profit/(loss) for calculation of basic and diluted EPS	264,770	86,256
	No.	No.
Weighted average number of equity shares in calculating basic and diluted EPS	50,000	50,000

23 RELATED PARTY DISCLOSURE
Names of related parties and related party relationship

a. Related parties where control exists

<u>Sr</u>	<u>Name of Party</u>	<u>Relationship</u>
1	Arihant Superstructures Ltd	Holding Company
2	Abhishek Balar	Director/ Key Management Personal
3	Akshay Agarwal	Director/ Key Management Personal
4	Ashok B. Chhajjer	Director/ Key Management Personal
5	Lalit Parasmal Bothra	Director/ Key Management Personal
6	Balar Fabrics Pvt Ltd	Enterprise in which KMP has significant influence
7	Jagprem Chemicals Pvt Ltd	Enterprise in which KMP has significant influence
8	Marnite Enterprises Pvt. Ltd.	Enterprise in which KMP has significant influence
9	Marnite Shoppe Pvt. Ltd.	Enterprise in which KMP has significant influence
10	Marnite Steel Pvt. Ltd.	Enterprise in which KMP has significant influence
11	Pragya Textiles Pvt. Ltd	Enterprise in which KMP has significant influence
12	Shree Bhairavnath Garment Pvt Ltd	Enterprise in which KMP has significant influence
13	Tulsi Guru Textile Pvt Ltd	Enterprise in which KMP has significant influence
14	Vivek Textech Pvt Ltd	Enterprise in which KMP has significant influence

Related party transactions

a. Loans given/taken and repayment thereof

<u>Sr</u>	<u>Name</u>	<u>Opening Payable</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Interest accrued</u>	<u>Amount payable to Related parties</u>
1	Arihant Superstructures Ltd	147,962,665	112,600,000	-	23,983,738	282,148,029
2	Abhishek Balar	-	2,435,000	1,615,000	63,884	877,496
3	Akshay Agarwal	34,784,931	11,670,000	14,500,000	4,279,244	35,806,250
4	Ashok B. Chhajjer	18,178,142	70,650,000	58,450,000	4,231,068	34,186,103
5	Lalit Parasmal Bothra	10,107,034	600,000	8,500,000	714,403	2,849,996
6	Balar Fabrics Pvt Ltd	3,678,126	-	-	442,584	4,076,452
7	Jagprem Chemicals Pvt Ltd	12,869,714	-	9,000,000	660,926	4,464,547
8	Marnite Enterprises Pvt. Ltd.	2,403,710	10,200,000	2,000,000	464,994	11,022,206
9	Marnite Shoppe Pvt. Ltd.	21,717,525	5,293,500	9,000,000	1,746,456	19,582,836
10	Marnite Steel Pvt. Ltd.	12,246,852	-	5,293,500	1,452,765	8,260,839
11	Pragya Textiles Pvt. Ltd	10,944,572	-	1,615,000	1,184,738	10,395,836
12	Shree Bhairavnath Garment Pvt Ltd	74,449,860	17,850,000	19,000,000	8,882,695	81,294,285
13	Tulsi Guru Textile Pvt Ltd	6,451,824	-	-	776,340	7,150,530
14	Vivek Textech Pvt Ltd	7,939,360	-	-	955,333	8,799,159
		<u>363,734,315</u>				<u>510,914,564</u>

24 In our opinion there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

25 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.

26 In our opinion there are no contingent liabilities as on year end.

27 In our opinion there are no commitments outstanding as on year end.

28 In the opinion of the management; loans and advances 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.

29 Balances of certain 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.

30 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, prervised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Place: Navi Mumbai

Date: 03.08.2012

Sd/-

Abhishek Balar

Director

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting Annual Report for the year ended on 31st March, 2012.

1. Financial Results:

(Rs. In Lacs)

Particulars	2011-2012 (Standalone)	2010-2011 (Standalone)
Sales and Other Income	1.24	0.60
Profit before interest, depreciation & tax	0.62	0.22
Interest		--
Depreciation	0.08	0.08
Profit/ (Loss) before Tax	0.54	0.14
Provision for Tax	(0.17)	(0.04)
Profit/ (Loss) after Tax	0.37	0.10
Profit/(Loss) for the year	0.37	0.10
Add: Balance of Profit and Loss Account	0.24	0.14
Profit available for Appropriation	0.61	0.24

2. Subsidiary Company:

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

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 41,15,99,910/- 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, 2012, is being recommended, taking into account the profit earned by the Company.

4. Operations:

During the year under review, your Company has registered total income of Rs. 1.24 lacs against Rs. 0.60 lacs in the previous year and Profit after tax has been Rs. 0.37 Lacs in comparison of previous Rs. 0.10 Lacs.

5. Directors:

As on 31st March, 2012 Board comprises three directors namely Mr. Ashok Chhajer, Mrs. Sangeeta Chhajer and Mr. Akshay Agarwal.

As per the provisions of Section 255 the Companies Act, 1956 Mrs. Sangeeta Chhajer, Director of your Company, is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offers herself 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, 2012, 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, 2012 on a going concern basis.

7. Fixed Deposit:

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

8. Auditors:

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

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

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

10. Particulars of Employees:

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

11. Accounting Standards and Financial Statements:

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

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

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

13. Acknowledgements:

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

For and on behalf of the Board of Directors

Date: 03rd August, 2012
Place: Navi Mumbai

Sd/-
(Akshay Agarwal)
Director

Sd/-
(Sangeeta Chhajjer)
Director

AUDITORS REPORT

To

The Shareholders,

Arihant Vatika Realty Pvt Ltd.

We have audited the attached Balance Sheet of **Arihant Vatika Realty Pvt Ltd.** as on 31st March 2012 and also the annexed Statement of Profit & Loss and Cash Flow Statement for the year ended on that date (hereinafter referred to as 'Financial Statements'). These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain responsible assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a responsible basis for our opinion.

1. The Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of The Companies Act 1956 is applicable to the Company and annexed herewith.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books.
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss 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, 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:-
 - a. In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2012;
 - b. In the case of the Statement of Profit and Loss of the Profit for the year ended on that date; and,
 - c. In the case of the Cash flow statement, of the Cash Flows for the year ended on that date.

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

Sd/-
Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

Annexure to the Auditors' Report of ARIHANT VATIKA REALTY PVT LTD.
on the Financial Statements for the year ended March 31, 2012.

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 Asset have been physically verified by the Management as per phased program of verification. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its Assets. No material discrepancies were noticed on such verification.
- c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) The management has conducted physical verification of inventory at reasonable intervals.
- 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. The discrepancies noticed on verification between physical inventories and book records were not material in relation to the operation of the company and the same have been properly dealt with in the accounts.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (a) to (d) of the order are not applicable to the Company.
- b) The Company has taken loans from five entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding was Rs. 989.32 Lakhs and year-end balance is Rs. 785.10 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- d) In respect of loans taken, the principal amount and interest amount are payable on demand in accordance with the terms and conditions, and payment of interest has been regular in accordance with such terms and conditions.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of property. During the course of our audit, no major weakness has been noticed in the internal controls
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) Such transactions have been made at prices which are reasonable having regard to the 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 deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. In our opinion, the Company has an adequate Internal Audit System commensurate with its size and the nature of its business.
8. According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
9. According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.

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

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

Sd/-
Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	100,000	100,000
(b) Reserves and surplus	4	60,788	23,500
		<u>160,788</u>	<u>123,500</u>
2 Current liabilities			
(a) Short-term borrowings	5	78,510,053	44,947,945
(b) Trade payables	6	14,374,280	22,336
(c) Other current liabilities	6	360,043	164,911
		<u>93,244,376</u>	<u>45,135,192</u>
TOTAL		<u>93,405,164</u>	<u>45,258,692</u>
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	69,433	77,576
(b) Deferred tax assets (net)	8	135	(1,457)
		<u>69,568</u>	<u>76,119</u>
2 Current assets			
(a) Inventories	11	27,108,721	15,119,944
(b) Cash and cash equivalents	12	538,815	1,121,232
(c) Short-term loans and advances	9	128,480	253,197
(d) Other current assets	10	65,559,580	28,688,200
		<u>93,335,596</u>	<u>45,182,573</u>
TOTAL		<u>93,405,164</u>	<u>45,258,692</u>
See accompanying notes to the financial statements		-	-

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Navi Mumbai

Date: 03.08.2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
Income			
Revenue from operations	13	123,500	60,000
Other income	14	893	181
Total Revenue		<u>124,393</u>	<u>60,181</u>
Expenses			
Cost of construction, land and development expenses	15	11,165,974	14,764,350
(Increase)/ Decrease in inventories of finished goods work-in-progress and Stock-in-Trade	16	(11,988,777)	(15,119,944)
Employee benefits expense	17	452,982	214,940
Finance costs	18	14,888	1,911
Depreciation and amortization expense	19	8,143	8,144
Other expenses	20	417,220	177,000
Total expenses		<u>70,430</u>	<u>46,401</u>
Profit / (Loss) before exceptional and extraordinary items and tax		53,963	13,780
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		53,963	13,780
Extraordinary Items		-	-
Profit / (Loss) before tax		53,963	13,780
Tax expense:			
Current tax		18,267	2,803
Deferred tax		(1,592)	1,457
Profit / (Loss) for the period		<u>37,288</u>	<u>9,520</u>
Earnings per equity share:	21		
(1) Basic		3.73	0.95
(2) Diluted		3.73	0.95
See accompanying notes to the financial statements			

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Navi Mumbai

Date: 03.08.2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Arihant Vatika Realty private limited (the company) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c Revenue recognition

All revenue and expenditures are generally accounted on accrual basis as they are earned or incurred.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

d Tangible fixed asset

Fixed assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs and directly attributable cost for bringing the asset to its working condition or the intended use.

Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a Straight-Line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

e Impairment of tangible assets

The company assesses once in three years whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's/cash-generating unit's (CGU) net selling price and its value in use. Where the carrying amount of an asset/CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Previously recognised impairment loss and assets are reviewed and if required such loss is reversed depending on the change in circumstances.

f Inventories

i. Construction materials and consumables

The construction materials and consumables are valued at lower of cost or net realisable value. The construction materials and consumables purchased for construction work issued to the construction work-in-progress are treated as consumed.

ii. Construction work-in-progress

The construction work-in-progress is valued at lower of cost or net realisable value. Cost includes cost of land, development rights, rates and taxes, construction costs, borrowing costs, other direct expenditures, allocated overheads and other incidental expenses.

iii. Finished stock of completed projects (ready units)

Finished stock of completed projects and stock in trade of units is valued at lower of cost or market value.

g Taxation

Tax expense comprises current and deferred tax. Current tax is measured on the basis of taxable income determined in accordance with the provisions of Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

h Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

i Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

j Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
3	SHARE CAPITAL		
	Authorised Share Capital		
	1,00,000 (31 March 2011 : 1,00,000) Equity Shares of Rs. 10/- each	<u>1,00,000</u>	<u>1,00,000</u>
	Issued, subscribed and fully paid-up shares		
	10,000 (31 March 2011 : 10,000) Equity Shares of Rs. 10/- each	<u>100,000</u>	<u>100,000</u>
	Total issued, subscribed and fully paid-up share capital	<u>100,000</u>	<u>100,000</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Equity Shares	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
At the beginning of the period	10,000	100,000	10,000	100,000
Issued during the period - Bonus	-	-	-	-
Outstanding at the end of the period	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>	<u>100,000</u>

b. Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs. NIL(31 March 2011 : Rs. NIL).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d. Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of equity and preference shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Arihant Superstructure Limited, the holding company		
6,000 (31st March 2011 : 6,000) equity shares of Rs. 10 each fully paid	60,000	60,000

f. Details of shareholders holding more than 5% shares in the company

	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
Equity Shares of Rs. 10 each fully paid				
Sujata Agarwal	1,570	15.70%	1,570	15.70%
Akshay Agarwal	1,150	11.50%	1,150	11.50%

4 RESERVES & SURPLUS

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	23,500	13,980
Profit for the Year	37,288	9,520
Less: Appropriations	-	-
Total reserves and surplus	<u>60,788</u>	<u>23,500</u>

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
5 SHORT-TERM BORROWINGS		
Unsecured loan and advances from related parties repayable on demand (refer note 22)	78,510,053	44,947,945
	78,510,053	44,947,945
6 OTHER CURRENT LIABILITIES		
Trade payables	14,374,280	22,336
Other liabilities		
Retention - Anmol	5,725	5,725
Others		
Salary payable	95,800	-
TDS payable	207,956	118,738
Audit fees payable	50,562	39,708
Deposit Towards Books	-	740
	14,734,323	187,247
7 TANGIBLE ASSET		
Vehicle Motor Bike		
Gross Block	85,720	-
At the beginning		
Additions	-	85,720
Sub Total	85,720	85,720
Less: Disposals	-	-
At the End	85,720	85,720
Less: Accumulated Depreciation		
Accumulated Depreciation as in the beginning	8,144	-
Depreciation for the year	8,143	8,144
Total Depreciation at the Year end	16,287	8,144
Net Carrying Value	69,433	77,576
8 DEFERRED TAX ASSETS (NET)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2,318	1,457
Gross deferred tax liability	2,318	1,457
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in future	2,453	-
Gross deferred tax asset	2,453	-
Net deferred tax asset	135	(1,457)
9 LOANS & ADVANCES		
<u>Short Term</u>		
Deposit Kulgaon badlapur Muncipal Corporation	85,000	-
Advances recoverable in cash or kind		
Unsecured considered good - Dimension Architect	-	250,000
Other loans and advances		
Advance Income Tax (net of provision for tax)	43,480	3,197
	128,480	253,197

	<u>31-Mar-12</u>	(Amount in Rs.) <u>31-Mar-11</u>
10 OTHER CURRENT ASSETS		
Other Short Term Assets		
Land - Juveli (Anmol)	65,559,580	28,672,320
Preliminary expenses (pending amortisation)	-	15,880
	<u>65,559,580</u>	<u>28,688,200</u>
11 INVENTORIES		
Incomplete Projects (WIP) (valued at cost) of Arihant Anmol	27,108,721	15,119,944
	<u>27,108,721</u>	<u>15,119,944</u>
12 CASH & BANK BALANCES		
<u>Current</u>		
Cash and cash equivalents		
Balance with banks in current accounts	372,875	965,647
Cash on hand	165,940	155,585
	<u>538,815</u>	<u>1,121,232</u>
13 REVENUE FROM OPERATIONS		
Brokerage income	123,500	60,000
	<u>123,500</u>	<u>60,000</u>
14 OTHER INCOME		
Interest on Income Tax Refund	153	181
Sundry Balance W/off	740	-
	<u>893</u>	<u>181</u>
15 COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
Purchases (Arihat Anmol)	10,061,924	14,420,174
Direct Expenses	1,104,050	344,176
	<u>11,165,974</u>	<u>14,764,350</u>
Details of Direct Expenses		
Arihant Anmol	1,104,050	127,457
Arihant Konark	-	216,719
	<u>1,104,050</u>	<u>344,176</u>
16 (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the end of the year		
Work-in-progress (Arihant Anmol)	27,108,721	15,119,944
	<u>27,108,721</u>	<u>15,119,944</u>
Inventories at the beginning of the year		
Work-in-progress (Arihant Anmol)	15,119,944	-
	<u>15,119,944</u>	<u>-</u>
	<u>(11,988,777)</u>	<u>(15,119,944)</u>

	31-Mar-12	(Amount in Rs.) <u>31-Mar-11</u>
17 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	452,015	214,940
Staff welfare expenses	967	
	452,982	<u>214,940</u>
18 FINANCE COSTS		
Bank charges	14,888	1,911
	14,888	<u>1,911</u>
19 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	8,143	8,144
	8,143	<u>8,144</u>
20 OTHER EXPENSES		
Selling & Distribution	83,608	5,239
Professional & Legal Fees	235,770	107,629
Administrative Expenses	81,962	56,192
Preliminary Expenses	15,880	7,940
	417,220	<u>177,000</u>
Payment to auditor		
As auditor:		
Audit fee	56,180	44,120
Limited review	55,409	52,393
	111,589	<u>96,513</u>
21 EARNINGS PER SHARE (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
	31-Mar-12	<u>31-Mar-11</u>
Total operations for the year		
Net profit/(loss) for calculation of basic EPS & diluted EPS	37,288	9,520
	No.	<u>No.</u>
Weighted average number of equity shares in calculating basic EPS & diluted EPS	10,000	10,000
22 RELATED PARTY DISCLOSURE		
<u>Names of related parties and related party relationship</u>		
a. <u>Related parties where control exists</u>		
<u>Sr</u>	<u>Name of Related Party</u>	<u>Relationship</u>
1	Ashok B Chhajer	Director and KMP
2	Sangeeta Ashok Chhajer	Director
3	Akshay Agarwal	Director and KMP
4	Arihant Superstructures Ltd	Holding Company

Related party transactions Taken Palce during year

a. Loans given/taken and repayment thereof

<u>Sr</u>	<u>Name</u>	<u>Opening Balance</u>	<u>Loans given</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Interest accrued</u>	<u>Amount payable to Related parties</u>
1	Akshay Agarwal	7,564,356	-	25,000,000	-	1,174,045	11,120,997
2	Ashok Chhajer	8,170,755	-	26,500,000	25,518,552	989,128	10,042,418
3	Sangeeta Chhajer	2,450,647	-	36,450,000	19,800,000	1,946,116	20,852,151
4	Arihant Superstructure Ltd	20,945,913	-	7,500,000	-	2,765,623	30,934,973

23 In our opinion there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

24 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.

25 In our opinion there are no contingent liabilities as on year end.

26 In our opinion there are no commitments outstanding as on year end.

27 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.

28 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.

29 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, prerevised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

For & on behalf of the board

Sd/-

Akshay Agarwal

Director

Sd/-

Sangeeta Chhajer

Director

Place: Navi Mumbai

Date: 03.08.2012

Place: Navi Mumbai

Date: 03.08.2012

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting Annual Report for the year ended on 31st March, 2012.

1. Financial Results:

(Rs. In Lacs)

Particulars	2011-2012 (Standalone)	2010-2011 (Standalone)
Sales and Other Income	0.55	0.49
Profit before interest, depreciation & tax	0.10	0.36
Interest	--	0.20
Depreciation	0.02	0.02
Profit/ (Loss) before Tax	0.08	0.14
Provision for Tax	(0.02)	(0.05)
Profit/ (Loss) after Tax	0.06	0.09
Profit/(Loss) for the year	0.06	0.09
Add: Balance of Profit and Loss Account	0.14	0.05
Profit available for Appropriation	0.19	0.14

2. Subsidiary Company:

Arihant Superstructures Limited (ASL) currently holds 100% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 41,15,99,910/- 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, 2012, is being recommended, taking into account the profit earned by the Company

4. Operations:

During the year under review, your Company has registered total income of Rs. 0.55 Lacs in comparison of Rs. 0.49 lacs of last financial year and Profit after tax Rs. 0.06 Lacs in comparison of 0.09 Lacs of last financial year

5. Directors:

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

Mrs Sangeeta Chhajjer Director of your company is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offer herself 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, 2012, 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, 2012 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:

The Board of Directors have, at their meeting held on 4th August, 2012 have recommended the re-appointment of M/s. T. N. Gala & Co., as Statutory Auditors to hold office till the conclusion of next Annual General Meeting of the Company.

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

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

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

10. Particulars of Employees:

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

11. Accounting Standards and accounting policies

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

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

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

13. Acknowledgements:

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

For & on behalf of the Board of Directors

Date: 03rd August, 2012
Place: Navi Mumbai

Sd/-
(Ashok B. Chhajer)
Director

Sd/-
(Sangeeta Chhajer)
Director

ANNEXURE A

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2012

1. Conservation of energy:

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

2. Research and Development:

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

3. Technological absorption:

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

4. Foreign Exchange Earnings and Outgo:

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

AUDITORS REPORT

To
The Shareholders,
Adeshwar Realty Pvt. Ltd.

We have audited the attached Balance Sheet of **Adeshwar Realty Pvt. Ltd.** as on 31st March 2012 and also the annexed Statement of Profit & Loss and Cash flow statement for the year ended on that date (herein referred to as 'Financial Statement'). These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books;
 - c) The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet, the Statement of Profit & Loss and the 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, 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
 - a. In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2012;
 - b. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - c. In the case of the Cash flow statement, of the Cash Flows for the year ended on that date.

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

Sd/-
Talakchand N Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

**Annexure to the Auditors' Report of ADESHWAR REALTY PVT LTD.
on the Financial Statements for the year ended March 31, 2012**

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 as per a phased program of verification. In our opinion, the frequency of verification of the Fixed Assets is reasonable having regards to the size of the Company and nature of its Assets. No material discrepancies were noticed on such verification.
- c) In our opinion, a substantial part of Fixed Assets has not been disposed off during the year.
2. a) Company does not held any inventory. Accordingly, reporting under this clause is not applicable.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (a) to (d) of the order are not applicable to the Company.
- b) The Company has taken loans from one entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is Rs.333.28 Lakhs and year-end balance is Rs.9.28 Lakhs.
- c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- b) In respect of loans taken, the principal amount is payable on demand in accordance with the terms and conditions.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of property. During the course of our audit, no major weakness has been noticed in the internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b) Such transactions have been made at prices which are reasonable having regard to the 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 deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7 In our opinion, the Company has an adequate Internal Audit System commensurate with its size and the nature of its business.
- 8 According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
- 9 According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
 - b) There are no amounts in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

- 11 The Company has not defaulted in repayment of dues to a Financial Institution or a Bank or Debenture holders during the year.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.
- 13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/ Society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- 15 The Company has not obtained loans from Banks or Financial Institutions. Accordingly the provisions of clause 4 (xv) of the order is not applicable.
- 16 According to the information and explanations given to us, the Company has not borrowed any term loans from banks and financial institutions during the year.
- 17 On the Overall examination of the Balance Sheet, in our opinion no funds raised on short-term basis have been used for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- 19 No debentures have been issued during the year. Accordingly the provisions of clause 4 (xix) of the order is not applicable.
- 20 The Company has not raised any money thorough the public issue during the year.
- 21 No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

Sd/-
Talakchand N Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

	31-Mar-12	31-Mar-11
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit Before Tax and Extraordinary Items	7,988	13,997
Less: <u>Non Cash Items</u>		
Depreciation Reversal	-	(7,774)
Add: <u>Non Cash Items</u>		
Depreciation	2,139	2,140
Preliminary Expenses W/off	-	4,110
OPERATING PROFIT BEFORE WORKING CAPITAL	10,127	12,473
(Increase)/ Decrease in Trade & Other Receivable	(1,380)	998,627
Increase/ (Decrease) in Current Laibilities & Provision	12,997	(7,576)
CASH GENERATED FROM OPERATIONS	21,744	1,003,524
Less: Tax Paid net of Refunds	-	-
CASH FLOW BEFORE EXTRAORDINARY ITEMS	21,744	1,003,524
<u>Extra Ordinary Items / Adjustments</u>	-	-
CASH FLOW AFTER EXTRAORDINARY ITEMS (A)	21,744	1,003,524
NET CASH USED FOR INVESTING ACTIVITIES (B)	-	-
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Increase/(Decrease) in Unsecured Loans	(40,000)	(1,106,129)
NET CASH FROM FINANCING ACTIVITIES (C)	(40,000)	(1,106,129)
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	(18,256)	(102,605)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	63,602	166,207
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	45,346	63,602
	(18,256)	(102,605)

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 03.08.2012

For & on behalf of the board

Sd/-

Ashok Chhajjer

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Navi Mumbai

Date: 03.08.2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Adeshwar Realty Private Limited (the company) is a Private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c Tangible fixed asset

Fixed asset, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs and directly attributable cost for bringing the asset to its working condition or the intended use. Depreciation on fixed asset is calculated on a Straight-Line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

d Revenue recognition

All revenue and expenditures are generally accounted on accrual basis as they are earned or incurred.

e Taxation

Tax expense comprises current and deferred tax. Current tax is measured on the basis of taxable income determined in accordance with the provisions of Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

f Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

g Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

h Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
3	SHARE CAPITAL		
	Authorised Share Capital		
	1,00,000 (31 March 2011 : 1,00,000) Equity Shares of Rs. 10/- each	<u>1,00,000</u>	<u>1,00,000</u>
	Issued, subscribed and fully paid-up shares		
	10,000 (31 March 2011 : 10,000) Equity Shares of Rs. 10/- each	<u>100,000</u>	<u>100,000</u>
	Total issued, subscribed and fully paid-up share capital	<u>100,000</u>	<u>100,000</u>
a.	Reconciliation of the shares outstanding at the beginning and at the end of reporting period		
	Equity Shares	<u>31-Mar-12</u>	<u>31-Mar-11</u>
		<u>No.</u>	<u>Rs.</u>
	At the beginning of the period	10,000	100,000
	Issued during the period	<u>-</u>	<u>-</u>
	Outstanding at the end of the period	<u>10,000</u>	<u>100,000</u>
b.	Terms / rights attached to equity shares		
	The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
c.	Shares held by holding / ultimate holding company and / or their subsidiaries / associates		
	Out of equity shares issued by the company, shares held by its holding company are as below:		
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Arihant Superstructures Limited, the holding company		
	10,000 (31 March 2011 : 10,000) equity shares of Rs. 10 each fully paid	<u>100,000</u>	<u>100,000</u>
		<u>100,000</u>	<u>100,000</u>
	As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.		
		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
4	RESERVES & SURPLUS		
	Surplus / (deficit) in the statement of profit and loss		
	Balance as per last financial statements	<u>13,842</u>	<u>4,940</u>
	Add: Profit for the year	<u>5,516</u>	<u>8,902</u>
	Total reserves and surplus	<u>19,358</u>	<u>13,842</u>

(Amount in Rs.)

	31-Mar-12	31-Mar-11
5 DEFERRED TAX LIABILITIES		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial statements	974	912
Net deferred tax liabilities	974	912
6 SHORT-TERM BORROWINGS		
Loan and advances from related parties repayable on demand (unsecured) (refer note 18)	927,871	967,871
	927,871	967,871
7 OTHER CURRENT LIABILITIES		
TDS payable	2,206	1,986
Audit fees payable	22,472	5,515
	24,678	7,501
8 PROVISIONS		
<u>Short Term</u>		
Provision for Tax	2,410	4,180
	2,410	4,180
9 FIXED ASSETS		
Furniture		
Gross Block	33,800	33,800
At the beginning		
Additions	-	-
Sub Total	33,800	33,800
Less: Disposals	-	-
At the End	33,800	33,800
Less: Accumulated Depreciation		
Accumulated Depreciation as in the beginning	7,442	5,302
Depreciation for the year	2,139	2,140
Total Depreciation at the Year end	9,581	7,442
Net Carrying Value	24,219	26,358
10 CASH & BANK BALANCES		
<u>Current</u>		
Cash and cash equivalents		
Balance with banks in current accounts	39,746	57,712
Cash on hand	5,600	5,890
	45,346	63,602
11 LOANS & ADVANCES		
<u>Short Term</u>		
Advances recoverable in cash or kind		
Unsecured considered good - A J Mendonca	1,000,000	1,000,000
Other loans and advances		
Advance income-tax	5,500	4,120
Income Tax refund (A.Y 10-11)	226	226
	1,005,726	1,004,346

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
12	REVENUE FROM OPERATIONS		
	Brokerage Income	55,000	41,200
		<u>55,000</u>	<u>41,200</u>
13	OTHER INCOME		
	Other non-operating income	-	7,774
		<u>-</u>	<u>7,774</u>
14	FINANCE COSTS		
	Interest	-	19,857
	Bank charges	111	-
		<u>111</u>	<u>19,857</u>
15	DEPRECIATION AND AMORTIZATION EXPENSE		
	Depreciation of tangible assets	2,139	2,140
		<u>2,139</u>	<u>2,140</u>
16	OTHER EXPENSES		
	Audit Fees	22,472	5,515
	Misc. Expenses	30	60
	Preliminary Expenses	-	4,110
	Printing & Stationery	-	295
	Professional Fees	22,060	-
	ROC fees	200	3,000
		<u>44,762</u>	<u>12,980</u>
	Payment to auditor		
	As auditor:		
	Audit fee	22,472	5,515
		<u>22,472</u>	<u>5,515</u>
17	EARNINGS PER SHARE (EPS)		
	The following reflects the profit and share data used in the basic and diluted EPS computations:		
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
	Profit/(loss) after tax for calculation of basic and diluted EPS	5,516	8,902
		<u>No.</u>	<u>No.</u>
	Weighted average number of equity shares in calculating basic and diluted EPS	10,000	10,000

18 RELATED PARTY DISCLOSURE
Names of related parties and related party relationship

a. Related parties where control exists

Name of Party	Relationship
Arihant Superstructures Ltd	Holding Company
Ashok B Chhajjer	Director & KMP
Sangeeta A. Chhajjer	Director & KMP

Related party transactions

a. Loans given/taken and repayment thereof

<u>Name</u>	<u>Opening Balance</u>	<u>Loans given</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Amount payable to Related parties</u>
Arihant Superstructure Ltd	967,871	-	32,400,000	32,440,000	927,871

19 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.

- 20** In our opinion there are no contingent liabilities as on year end.
- 21** In our opinion there are no commitments outstanding as on year end.
- 22** In the opinion of the management; loans and advances 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.
- 23** Balances of certain 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.
- 24** The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, prerevised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

For & on behalf of the board

Sd/-

Ashok Chhajjer

Director

Sd/-

Sangeeta Chhajjer

Director

Place: Navi Mumbai

Date: 03.08.2012

Place: Navi Mumbai

Date: 03.08.2012

DIRECTOR'S REPORT

To

The Members,

Your Directors have pleasure in presenting Annual Report for the year ended on 31st March, 2012.

1. Financial Results:

(Rs. In Lacs)

Particulars	2011-2012 (Standalone)	2010-2011 (Standalone)
Sales and Other Income	0.88	0.00
Profit before interest, depreciation & tax	0.23	0.00
Interest	0.00	0.00
Depreciation	0.00	0.00
Exceptional item	(0.16)	0.16
Profit/ (Loss) before Tax	0.23	(0.16)
Provision for Tax	0.07	0.00
Profit/ (Loss) after Tax	0.16	0.00
Profit/(Loss) for the year	0.16	0.00
Add: Balance of Profit and Loss Account	0.00	0.00
Profit available for Appropriation	0.16	0.00

2. Subsidiary Company:

Arihant Superstructures Limited (ASL) currently holds 100% of the Paid up Share Capital of the Company.

ASL is a Company listed on the Bombay Stock Exchange, having a paid up share capital of Rs. 41,15,99,910/- 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, 2012, is being recommended, taking into account the profit earned by the Company

4. Operations:

During the year under review, your Company has registered total income of Rs. 0.88 Lacs in comparison of Nil Income of last financial year and Profit after tax Rs. 0.16 Lacs in comparison of Nil of last financial year

5. Directors:

As on date of this Report Board of Directors consists of Five Directors namely Mr. Ashok Chhajjer, Mrs. Sangeeta Chhajjer, Mr. Abhishek Balar, Akshay Agarwal and Lalitkumar Bothra.

Mr. Lalitkumar P. Bothra Director of your company is liable to retire by rotation in the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

6. Directors' Responsibility Statement:

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

- (i) that in preparation of the annual accounts for the financial year ended 31st March, 2012, 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, 2012 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:

The Board of Directors have, at their meeting held on 3rd August, 2012 have recommended the re-appointment of M/s. T. N. Gala & Co., as Statutory Auditors to hold office till the conclusion of next Annual General Meeting of the Company.

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

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

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

10. Particulars of Employees:

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

11. Accounting Standards and accounting policies

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

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

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

13. Acknowledgements:

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

For & on behalf of the Board of Directors

Date: 4th August, 2012
Place: Navi Mumbai

Sd/-
(Akshay Agarwal)
Director

Sd/-
(Sangeeta Chhajjer)
Director

ANNEXURE A

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 forming part of Directors' Report for the year ending March 31, 2012

1. Conservation of energy:

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

2. Research and Development:

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

3. Technological absorption:

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

4. Foreign Exchange Earnings and Outgo:

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

AUDITORS REPORT

To
The Shareholders,
Arihant Gruhnirman Pvt. Ltd.

We have audited the attached Balance Sheet of **Arihant Gruhnirman Pvt. Ltd.** as on 31st March 2012 and also the annexed Statement of Profit & Loss and Cash Flow Statement for the year ended on that date (herein referred to as 'Financial Statement'). These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain responsible assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a responsible basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper Books of Account, as required by Law, have been kept by the Company so far as appears from our examination of books;
 - c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
 - d) In our opinion the Balance Sheet, Statement of Profit & Loss 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, 2012 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of Act;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view:
 - a. In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2012;
 - b. In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - c. In the case of the Cash flow statement, of the Cash Flows for the year ended on that date.

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

Talakchand N Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

**Annexure to the Auditors' Report of ARIHANT GRUHNIRMAN PVT LTD,
on the Financial Statements for the year ended March 31, 2012**

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 does not own any Fixed Asset. Accordingly, reporting under this clause is not applicable.
2. a) Company does not held any inventory. Accordingly, reporting under this clause is not applicable.
3. a) Company has not granted any loans to parties covered under register maintained under Section 301 of the Act. Accordingly, paragraphs 4 (iii) (a) to (d) of the order are not applicable to the Company.
 - b) The Company has taken loans from four entities covered in the register maintained under Section 301 of the Act. The maximum amount outstanding was Rs. 741.17 Lakhs and year-end balance was Rs.645.95 Lakhs.
 - c) In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
 - d) In respect of loans taken, the principal amount is payable on demand in accordance with the terms and conditions.
- 4 In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) Such transactions have been made at prices which are reasonable having regard to the 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 deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7 In our opinion, the Company has an adequate Internal Audit System commensurate with its size and the nature of its business.
- 8 According to information and explanations offered to us, Central Government has not prescribed any maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
- 9 According to the information and explanations given to us in respect of statutory dues:
 - a) Undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty Excise Duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
 - b) There are no amounts in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- 11 The Company has not defaulted in repayment of dues to a Financial Institution or a Bank or Debenture holders during the year.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4 (xii) of the Order are not applicable.
- 13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/ Society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- 14 In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

- 15 The Company has not obtained loans from Banks or Financial Institutions. Accordingly the provisions of clause 4 (xv) of the order is not applicable.
- 16 According to the information and explanations given to us, the Company has not borrowed any term loans from banks and financial institutions during the year.
- 17 On the Overall examination of the Balance Sheet, in our opinion no funds raised on short-term basis have been used for long-term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- 19 No debentures have been issued during the year. Accordingly the provisions of clause 4 (xix) of the order is not applicable.
- 20 The Company has not raised any money through the public issue during the year.
- 21 No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

Sd/-

Talakchand N Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 03.08.2012

BALANCE SHEET AS AT 31 MARCH 2012

(Amount in Rs.)

	Notes	<u>31-Mar-12</u>	<u>31-Mar-11</u>
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	100,000	100,000
(b) Reserves and surplus	4	15,835	-
		115,835	100,000
2 Current liabilities			
(a) Short-term provisions	5	14,373	-
(b) Short-term borrowings	6	64,594,780	29,500
(c) Other current liabilities	7	627,260	16,545
		65,236,413	46,045
TOTAL		65,352,248	146,045
II ASSETS			
1 Non-current assets			
(a) Deferred tax assets	8	7,292	-
		7,292	-
2 Current assets			
(a) Short-term loans and advances	9	64,993,709	-
(b) Other current assets	10	-	46,090
(c) Cash and cash equivalents	11	351,247	99,955
		65,344,956	146,045
TOTAL		65,352,248	146,045
See accompanying notes to the financial statements		-	-

As per our report of even date
 For T N Gala & Associates
 Chartered Accountants
 FRN: 102951W

Sd/-

Talakchand N. Gala
 Proprietor
 MRN: 41186

Place: Navi Mumbai
 Date: 03.08.2012

For & on behalf of the board

Sd/-

Akshay Agarwal
 Director

Place: Navi Mumbai
 Date: 03.08.2012

Sd/-

Sangeeta Chhajer
 Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Arihant Gruhanirman Private Limited (the company) is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c Revenue recognition

All revenue and expenditures are generally accounted on accrual basis as they are earned or incurred.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

d Taxation

Tax expense comprises current and deferred tax. Current tax is measured on the basis of taxable income determined in accordance with the provisions of Income-tax Act, 1961.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

e Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

f Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

g Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

3 SHARE CAPITAL

Authorised Share Capital			31-Mar-12	<u>31-Mar-11</u>
1,00,000 (31 March 2011 : 1,00,000) Equity Shares of Rs. 10/- each			1,00,000	<u>1,00,000</u>
Issued, subscribed and fully paid-up shares				
10,000 (31 March 2011 : 10,000) Equity Shares of Rs. 10/- each			100,000	<u>100,000</u>
Total issued, subscribed and fully paid-up share capital			100,000	<u>100,000</u>
a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period				
Equity Shares	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
At the beginning of the period	10,000	100,000	-	-
Issued during the period	-	-	10,000	100,000
Outstanding at the end of the period	<u>10,000</u>	<u>100,000</u>	<u>10,000</u>	<u>100,000</u>
b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates				
Out of equity shares issued by the company, shares held by its holding company, are as below:			<u>31-Mar-12</u>	<u>31-Mar-11</u>
Arihant Universal Realty Private Limited, the holding company				
5,100 equity shares of Rs. 10 each fully paid			-	51,000
Arihant Superstructures Limited, the holding company				
6,000 (31March 2011 : NIL) equity shares of Rs. 10 each fully paid			60,000	-
			60,000	<u>51,000</u>
c. Details of shareholders holding more than 5% shares in the company				
	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
Equity Shares of Rs. 10 each fully paid				
Ashok Chhajer	-	0.00%	3,900	39.00%
Sangeeta Chhajer	-	0.00%	500	5.00%
Lalit Bothra	975	9.75%	500	5.00%
Abhishek Balar	650	6.50%	-	0.00%
Sujata Agarwal	650	6.50%	-	0.00%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4 RESERVES & SURPLUS

		31-Mar-12	<u>31-Mar-11</u>
Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements		-	-
Profit for the Year		15,835	-
Total reserves and surplus		15,835	<u>-</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
5	PROVISIONS		
	<u>Short Term</u>		
	Provision for Tax	14,373	-
		<u>14,373</u>	<u>-</u>
6	SHORT-TERM BORROWINGS		
	Loan and advances from related parties repayable on demand (unsecured) (refer note 16)	64,594,780	29,500
		<u>64,594,780</u>	<u>29,500</u>
7	OTHER CURRENT LIABILITIES		
	TDS payable	621,642	-
	Audit fees payable	5,618	11,030
	Professional Fees Payable	-	5,515
		<u>627,260</u>	<u>16,545</u>
8	DEFERRED TAX ASSETS		
	Deferred tax Assets		
	Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent year	7,292	-
	Others	-	-
	Net deferred tax asset	<u>7,292</u>	<u>-</u>
9	LOANS & ADVANCES		
	<u>Short Term</u>		
	Advance for Khargar Land (Plot No. 5, Sec 29)	27,869,624	-
	Advance for Land Panvel (Takka)	2,436,955	-
	Advance for Ulwe Plot	33,209,843	-
	Advance Tax / TDS (FY 2011-12)	8,787	-
	Advances recoverable in cash or kind (Unsecured considered good)		
	Stamp Duty & Registration Juveli- Receivable	1,468,500	-
		<u>64,993,709</u>	<u>-</u>
10	TRADE RECEIVABLES AND OTHER ASSETS		
	<u>Short Term</u>		
	<u>Other assets</u>		
	Preliminary expenses (pending amortisation)		46,090
		-	<u>46,090</u>
11	CASH & BANK BALANCES		
	<u>Current</u>		
	Cash and cash equivalents		
	Balance with banks - On current accounts	234,501	99,955
	Cash on hand	116,746	-
		<u>351,247</u>	<u>99,955</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
12	REVENUE FROM OPERATIONS		
	Brokerage income	87,870	-
		<u>87,870</u>	<u>-</u>
13	FINANCE COSTS		
	Bank charges	4,992	45
		<u>4,992</u>	<u>45</u>
14	OTHER EXPENSES		
	Audit Fees	5,618	11,030
	Misc. Expenses	154	-
	Preliminary Expenses	29,500	-
	Professional Fees	-	5,515
	ROC fees	7,500	-
	Stamping, Notrisation & Franking Expenses	600	-
		<u>43,372</u>	<u>16,545</u>
	Payment to auditor		
	As auditor:		
	Audit fee	5,618	11,030
		<u>5,618</u>	<u>11,030</u>
15	EARNINGS PER SHARE (EPS)		
	The following reflects the profit and share data used in the basic and diluted EPS computations:		
	Profit/(loss) after tax for calculation of basic and diluted EPS	15,835	-
		<u>No.</u>	<u>No.</u>
	Weighted average number of equity shares for calculating basic and diluted EPS	10,000	2,822
16	RELATED PARTY DISCLOSURE		
	<u>Names of related parties and related party relationship</u>		
	a. Related parties where control exists		
	Name of Party	Relationship	
	Arihant Superstructures Limited	Holding Company	
	Abhishek Balar	Director & Key Management Personal	
	Akshay Agarwal	Director & Key Management Personal	
	Ashok B. Chhajjer	Director & Key Management Personal	
	Lalit P. Bothra	Director	
	Arihant Universal Realty Pvt. Ltd.	Enterprise in which KMP has significant influence	
	Shree Bhairavnath Garment Pvt Ltd	Enterprise in which KMP has significant influence	
	Marnite Shoppe Pvt. Ltd.	Enterprise in which KMP has significant influence	
	Jagprem Chemicals Pvt Ltd	Enterprise in which KMP has significant influence	

Related party transactions

a. Loans given/taken and repayment thereof

<u>Name</u>	<u>Opening Balance</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Interest accrued</u>	<u>Amount payable to Related parties</u>
Arihant Universal Realty Pvt. Ltd.	29,500	4,500,000	4,500,000	-	-
Ashok B. Chhajjer	-	58,600,000	26,600,000	3,341,107	35,006,996
Jagprem Chemicals Pvt Ltd	-	9,000,000	-	955,233	9,859,710
Marnite Shoppe Pvt. Ltd.	-	9,000,000	-	961,644	9,865,480
Shree Bhairavnath Garment Pvt Ltd	-	9,000,000	-	958,438	9,862,594

17 As per the information given by the Management, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

18 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.

19 As per the information and explanations of the management there are no contingent liabilities as on year end.

20 As per the information and explanations of the management there are no commitments outstanding as on year end.

21 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.

22 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.

22 The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, prerevised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

23 The Previous Year's Figures are uncomparable since the company has been incorporated on 19th December, 2010 and hence the figures of the previous years correspond to three to four months activity only.

As per our report of even date
For T N Gala & Associates
Chartered Accountants
FRN: 102951W

For & on behalf of the board

Sd/-
Talakchand N. Gala
Proprietor
MRN: 41186

Sd/-
Akshay Agarwal
Director

Sd/-
Sangeeta Chhajjer
Director

Place: Navi Mumbai
Date: 03.08.2012

Place: Navi Mumbai
Date: 03.08.2012

AUDITORS REPORT

To,

The Board of Directors of
Arihant Superstructures Ltd.

1. We have audited the attached Consolidated Balance Sheet of Arihant Superstructures Ltd. (the Company) and its subsidiaries (collectively referred to as 'the Group') as at 31 March 2012, the Consolidated Statement of Profit & Loss and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of Separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the management of Arihant Superstructures Ltd. in accordance with the requirements of Accounting Standard (AS) -21, 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule, 2006.
4. 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 2012;
 - b) in the case of the Consolidated Statement of Profit & Loss, of the profit of the Group for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

Sd/-

Talakchand N. Gala
Proprietor
MRN: 041186

Place: Navi Mumbai
Date: 04.08.2012

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	274,399,940	274,399,940
(b) Reserves and surplus	4	163,246,278	92,769,918
		437,646,218	367,169,858
2 Minority Interest		457,115	289,958
3 Non-current liabilities			
(a) Long-term borrowings	5	2,865,430	86,001,135
(b) Deferred tax liabilities (Net)	6	505,040	1,180,561
(c) Other Long term liabilities	7	-	805,601
(d) Long-term provisions	8	100,000	-
		3,470,470	87,987,297
4 Current liabilities			
(a) Short-term borrowings	9	719,212,429	378,950,182
(b) Trade payables	10	60,328,300	106,710,736
(c) Other current liabilities	10	1,474,557,679	220,842,184
(d) Short-term provisions	8	83,054,471	50,936,902
		2,337,152,878	757,440,005
TOTAL		2,778,726,681	1,212,887,117
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	23,983,334	25,128,523
(ii) Intangible assets	12	1,740,089	1,223,798
(b) Non-current investments	13	10,000	20,010,000
(d) Long-term loans and advances	14	30,160,566	27,215,463
		55,893,989	73,577,784
2 Current assets			
(a) Current investments	16	20,297,990	1,011,271
(b) Inventories	17	446,128,667	217,554,116
(c) Trade receivables	15	1,199,338,093	52,311,927
(d) Cash and cash equivalents	18	211,973,871	169,907,800
(e) Short-term loans and advances	14	162,664,166	129,330,394
(f) Other current assets	15	682,429,905	569,193,826
		2,722,832,692	1,139,309,333
TOTAL		2,778,726,681	1,212,887,117
See accompanying notes to the financial statements		-	-

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 04.08.2012

For & on behalf of the board

Sd/-

Ashok Chhajer
Chairman & MD

Sd/-

Nimish Shah
Whole Time Director

Sd/-

Rushabh Desai
Company Secretary

Place: Navi Mumbai

Date: 04.08.2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

	Notes	31-Mar-12	31-Mar-11
Income			
Revenue from operations	19	645,838,045	1,016,848,067
Other income	20	43,275,850	26,353,553
Total Revenue		689,113,895	1,043,201,620
Expenses			
Cost of construction, land and development expenses	21	661,304,032	826,386,498
Purchases of Stock-in-Trade	22	4,500,000	84,450,000
Changes in inventories of finished goods, incomplete projects (WIP) and Stock-in-Trade	23	(228,574,551)	(75,866,339)
Employee benefits expense	24	17,855,128	14,939,207
Finance costs	25	48,496,022	19,079,560
Depreciation and amortization expense	26	2,918,359	1,594,529
Other expenses	27	63,920,733	64,330,095
Total expenses		570,419,723	934,913,550
Profit / (Loss) before exceptional items and tax		118,694,172	108,288,070
Exceptional items		16,590	-
Profit / (Loss) before tax		118,677,582	108,288,070
Tax expense:			
Current tax		38,987,037	34,537,672
Deferred tax		(675,521)	1,068,345
Profit / (Loss) before Minority Interest		80,366,066	72,682,053
Minority Interest		127,157	38,310
Profit / (Loss) after Minority Interest		80,238,909	72,643,743
Earnings per equity share:	28		
(1) Basic		2.93	2.95
(2) Diluted		2.93	2.95
See accompanying notes to the Financial Statements			

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 04.08.2012

For & on behalf of the board

Sd/-

Ashok Chhajer

Chairman & MD

Sd/-

Nimish Shah

Whole Time Director

Sd/-

Rushabh Desai

Company Secretary

Place: Navi Mumbai

Date: 04.08.2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2011-2012

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	118,677,582	108,100,976
Add: Non Cash Items		
Depreciation & Amortisation	2,918,359	1,495,629
Preliminary Expenses W/off	5,371,912	1,479,080
Non Operating Expenses		
Less: <u>Non Operating Incomes</u>		
Dividend Income	(586,450)	-
Profit from Investment	(130,578)	(1,011,271)
Interest Income	(26,989,327)	(24,649,019)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGE	99,261,498	85,415,395
(Increase)/ Decrease in Trade & Other Receivable	(1,530,447,583)	(359,675,793)
Increase/ (Decrease) in Current Laibilities & Provision	1,366,787,203	111,448,040
CASH GENERATED FROM OPERATIONS	(64,398,883)	(162,812,357)
Less: Tax Paid net of Refunds	(195,115)	(25,000,000)
CASH FLOW BEFORE EXTARORDINARY ITEMS	(64,593,998)	(187,812,357)
Extra Ordinary Income / Expenditure		-
CASH FLOW AFTER EXTARORDINARY ITEMS	(a) (64,593,998)	(187,812,357)
CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase of Fixed Assets)	(2,289,461)	(20,863,030)
(Purchase of Investments)	-	(21,121,271)
Sale of Investments	713,281	-
Dividend Income	586,450	-
Profit from Investment	130,578	1,011,271
Interest Income	26,989,327	24,649,019
NET CASH USED FOR INVESTING ACTIVITIES	(b) 26,130,175	(16,324,011)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	-	124,999,940
Increase/(Decrease) in Secured Loan	(2,365,527)	85,916,163
Share Issue expenses	-	(4,326,494)
Proceeds from Share Premium	-	24,999,992
Dividend & Dividend Distribution Tax Paid	-	(8,732,131)
Increase/(Decrease) in Unsecured Loans	82,895,421	139,176,500
NET CASH FROM FINANCING ACTIVITIES	(c) 80,529,894	362,033,970
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(a+b+c) 42,066,071	157,897,602
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	169,907,800	2,928,373
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	211,973,871	160,825,975
	42,066,071	157,897,602

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 04.08.2012

For & on behalf of the board

Sd/-

Ashok Chhajer
Chairman & MD

Sd/-

Nimish Shah
Whole Time Director

Sd/-

Rushabh Desai
Company Secretary

Place: Navi Mumbai

Date: 04.08.2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 CORPORATE INFORMATION

Arihant Superstructures Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company, together with its subsidiaries (collectively referred to as the 'Group'), is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Group span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a Change in presentation and disclosure of financial statements

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

b Principles of Consolidation

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

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

- i. Consolidated Financial Statements normally include Consolidated Balance Sheet, Consolidated Statement of Profit & Loss Account, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements and Explanatory Statements that form an integral part thereof. The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the parent for Standalone Financial Statements.
- ii. The Consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries, which are more than 50 per cent owned or controlled as at March 31, 2012.
- 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.

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'.

Minority Interest in the net assets of Consolidated subsidiaries consists of:

- i. the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
- ii. the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.

The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

c Investments

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

d Other Significant Accounting Policy

These are set out under Note no 2.1 - Summary of Significant Accounting Policy as given in the company's Standalone / Separate Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(Amount in Rs.)

3 SHARE CAPITAL

Authorised Shares	31-Mar-12	<u>31-Mar-11</u>
6,00,00,000 (31 March 2011 : 6,00,00,000) Equity Shares of Rs. 10/- each	60,00,00,000	60,00,00,000
1,50,00,000 (31 March 2011 : 1,50,00,000) Preference shares (PS) of Rs. 10/- each	15,00,00,000	<u>15,00,00,000</u>
Issued, subscribed and fully paid-up shares		
27439994 (31 March 2011 : 27439994) Equity Shares of Rs. 10/- each	274,399,940	274,399,940
Total issued, subscribed and fully paid-up share capital	274,399,940	274,399,940

a. Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Equity Shares	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
At the beginning of the period	27,439,994	274,399,940	14,940,000	149,400,000
Preferential Issue during the period	-	-	12,499,994	124,999,940
Outstanding at the end of the period	<u>27,439,994</u>	<u>274,399,940</u>	<u>27,439,994</u>	<u>274,399,940</u>

b. Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the amount of per share dividend recognised as distributions to equity shareholders was Rs. 0.20 (31 March 2011 : Rs. 0.30).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
Equity Shares of Rs. 10 each fully paid				
Mr. Ashok Bhanwarlal Chhajjer	18,200,000	66.62%	18,200,000	66.62%

4 RESERVES & SURPLUS

Securities Premium account		31-Mar-12	<u>31-Mar-11</u>
Balance as per the last financial statements		24,999,992	-
Add: collected during the year		-	24,999,992
Less: amounts utilised		-	-
Closing Balance	(a)	24,999,992	24,999,992
Capital Reserves	(b)	18,627	18,627
General Reserve			
Balance as per the last financial statements		-	-
Add: amount transferred from surplus balance in the statement of profit and loss		-	1,017,390
Less: Utilised during the Year		-	<u>(1,017,390)</u>
Closing Balance	(c)	-	-

Surplus / (deficit) in the statement of profit and loss			
Balance as per last financial statements	(d)	67,751,299	4,699,393
Profit for the Year	(e)	80,238,909	72,643,743
Less: Appropriations			
Proposed final equity dividend		8,231,998	8,231,998
Tax on proposed equity dividend		1,335,436	1,367,232
Excess Dividend Provision adj.		-	(7,394)
Earlier Income Tax Provision		195,115	-
Transfer to general reserve		-	-
Total appropriations	(f)	9,762,549	9,591,837
Net surplus in the statement of profit and loss	(g) = (d+e-f)	138,227,659	67,751,299
Total reserves and surplus	(a+b+c+g)	163,246,278	92,769,918

5 LONG TERM BORROWINGS

	<u>Non-current portion</u>		<u>Current maturities</u>	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Secured Loans				
Indian rupee loan from banks (secured)	-	81,282,358	81,282,358	534,076
From financial institutions (secured)	2,865,430	4,718,777	1,853,347	1,831,451
	<u>2,865,430</u>	<u>86,001,135</u>	<u>83,135,705</u>	<u>2,365,527</u>
The above amount includes,				
secured borrowings	2,865,430	86,001,135	83,135,705	2,365,527
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(83,135,705)	(2,365,527)
Net Amount	<u>2,865,430</u>	<u>86,001,135</u>	<u>-</u>	<u>-</u>

Indian rupee loan from banks are secured against Plot no. 10, Sec 35H, Kharghar, Navi Mumbai & other customer receivables from the project Arihant Abhilasha and Vehicles.

Indian rupee loan from financial institutions are secured against Vehicles.

6 DEFERRED TAX LIABILITIES (NET)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	1,760,126	1,180,561
Others	-	-
Gross deferred tax liability	1,760,126	1,180,561
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years	1,255,086	-
Others	-	-
Gross deferred tax asset	1,255,086	-
Net deferred tax liability	505,040	1,180,561

7 OTHER LONG TERM LIABILITIES

Trade payables (refer note 32 for details of dues to micro and small enterprises)	-	805,601
	<u>-</u>	<u>805,601</u>

8 PROVISIONS

	<u>Long Term</u>		<u>Short Term</u>	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Provision for Gratuity	100,000	-	-	-
Proposed equity dividend	-	-	8,231,998	8,231,998
Provision for tax on proposed equity dividend	-	-	1,335,436	1,367,232
Provision for Tax	-	-	73,487,037	41,337,672
	<u>100,000</u>	<u>-</u>	<u>83,054,471</u>	<u>50,936,902</u>

9 SHORT-TERM BORROWINGS

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Indian rupee loan from banks (secured)		
Bank Overdraft (Federal Bank Ltd - 3695)	97,221,082	-
Other loans and advances		
From Directors	350,145,166	189,999,422
From Body Corporates	271,846,181	188,950,760
	<u>719,212,429</u>	<u>378,950,182</u>

Bank Overdraft from banks is secured against Fixed Deposits. Bank Overdraft is repayable on Maturity of Fixed Deposits.

10 OTHER CURRENT LIABILITIES

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Trade payables (refer note 32 for details of dues to micro and small enterprises)	60,328,300	106,710,736
Bookings	1,352,447,589	207,905,068
Current maturities of long-term borrowings (note 5)	83,135,705	2,365,527
Others		
Service tax payable	3,488,650	7,050,124
VAT Payable	43,834	-
TDS payable	4,642,037	2,026,245
Book OD	27,972,068	566,867
Other Liabilities	2,827,796	928,353
	<u>1,534,885,979</u>	<u>327,552,920</u>

11 TANGIBLE ASSETS

	<u>Shop</u>	<u>Furniture & Fixtures</u>	<u>Vehicles</u>	<u>Office Equipments</u>	<u>Plant & Machinery</u>	<u>Total</u>
Gross:						
As at 01.04.2010	-	87,578	3,352,443	874,210	-	4,314,231
Additions	1,644,720	4,923,121	11,591,311	3,364,672	570,000	22,093,824
Adjustments	-	-	-	-	-	-
Sub Total	<u>1,644,720</u>	<u>5,010,699</u>	<u>14,943,754</u>	<u>4,238,882</u>	<u>570,000</u>	<u>26,408,055</u>
Less: Disposals	-	-	-	-	-	-
Gross Block at the Year End 31.03.2011	<u>1,644,720</u>	<u>5,010,699</u>	<u>14,943,754</u>	<u>4,238,882</u>	<u>570,000</u>	<u>26,408,055</u>
Additions	-	44,888	276,821	504,985	450,266	1,276,960
Adjustments	-	-	-	-	85,500	85,500
Sub Total	<u>1,644,720</u>	<u>5,055,587</u>	<u>15,220,575</u>	<u>4,743,867</u>	<u>934,766</u>	<u>27,599,515</u>
Less: Disposals	-	-	-	-	-	-
Gross Block at the Year End 31.03.2012	<u>1,644,720</u>	<u>5,055,587</u>	<u>15,220,575</u>	<u>4,743,867</u>	<u>934,766</u>	<u>27,599,515</u>

Less: Depreciation/Amortization

Accumulated Depreciation as at 01.04.2010	-	-	32,689	1,647	-	34,336
Depreciation for the year	<u>17,775</u>	<u>128,777</u>	<u>800,238</u>	<u>292,843</u>	<u>5,563</u>	<u>1,245,196</u>
Total Depreciation at the Year end 2011	17,775	128,777	832,927	294,490	5,563	1,279,532
Depreciation for the year	<u>26,810</u>	<u>318,550</u>	<u>1,443,930</u>	<u>508,414</u>	<u>38,945</u>	<u>2,336,649</u>
Total Depreciation at the Year end 2012	44,585	447,327	2,276,857	802,904	44,508	<u>3,616,181</u>
Net Carrying Value						
At 31 March 2011	<u>1,626,945</u>	<u>4,881,922</u>	<u>14,110,827</u>	<u>3,944,392</u>	<u>564,437</u>	<u>25,128,523</u>
At 31 March 2012	<u>1,600,135</u>	<u>4,608,260</u>	<u>12,943,718</u>	<u>3,940,963</u>	<u>890,258</u>	<u>23,983,334</u>

12 INTANGIBLE ASSETS

Gross:

	Software	TradeMark	Total
As at 01.04.2010	1,062,714	66,000	1,128,714
Additions	675,995	-	675,995
Other Adjustments	-	-	-
Sub Total	<u>1,738,709</u>	<u>66,000</u>	<u>1,804,709</u>
Less: Disposals	-	-	-
Gross Block at the Year End 31.03.2011	<u>1,738,709</u>	<u>66,000</u>	<u>1,804,709</u>
Additions	1,098,001	-	1,098,001
Other Adjustments	-	-	-
Sub Total	<u>2,836,710</u>	<u>66,000</u>	<u>2,902,710</u>
Less: Disposals	-	-	-
Gross Block at the Year End 31.03.2012	<u>2,836,710</u>	<u>66,000</u>	<u>2,902,710</u>

Less: Depreciation/Amortization

Accumulated Amortization as at 01.04.2010	212,543	13,200	225,743
Amortization for the year	341,968	13,200	355,168
Impairment loss/Reversal of Impairment Loss for the Year	-	-	-
Total Amortization at the Year end 31.03.2011	<u>554,511</u>	<u>26,400</u>	<u>580,911</u>
Amortization for the year	568,510	13,200	581,710
Impairment loss/Reversal of Impairment Loss for the Year	-	-	-
Total Amortization at the Year end 31.03.2012	<u>1,123,021</u>	<u>39,600</u>	<u>1,162,621</u>
Net Carrying Value			
At 31 March 2011	<u>1,184,198</u>	<u>39,600</u>	<u>1,223,798</u>
At 31 March 2012	<u>1,713,689</u>	<u>26,400</u>	<u>1,740,089</u>

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

	(Amount in Rs.)			
	<u>31-Mar-12</u>		<u>31-Mar-11</u>	
13 NON-CURRENT INVESTMENTS				
Investment in Mutual Fund				
Birla Mutual Fund (refer note 16 - Current Investment)		-		20,000,000
Other Investments				
5% (31 March 2011: 5%) share in the partnership firm M/s. Aksh Realty LLP		10,000		10,000
		10,000		<u>20,010,000</u>
14 LOANS & ADVANCES				
	<u>Long Term</u>		<u>Short Term</u>	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Security deposit				
Unsecured, considered good	30,160,566	27,215,463	-	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	90,817,958	85,654,470
Other loans and advances				
Advance income-tax	-	-	69,520,932	42,233,442
Prepaid expenses	-	-	261,376	586,582
Loans to employees	-	-	58,500	319,000
Balances with statutory/government authorities	-	-	2,005,400	536,900
	30,160,566	<u>27,215,463</u>	162,664,166	<u>129,330,394</u>
15 TRADE RECEIVABLES AND OTHER ASSETS				
<u>TRADE RECEIVABLES</u>				
Short Term			<u>31-Mar-12</u>	<u>31-Mar-11</u>
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment			-	936,267
Other receivables			1,199,338,093	51,375,660
			1,199,338,093	<u>52,311,927</u>
Short Term			<u>31-Mar-12</u>	<u>31-Mar-11</u>
<u>OTHER ASSETS</u>				
Unamortized expenditure				
Share Issue Expenses			-	5,337,412
Preliminary Expenses			-	5,000
			-	<u>5,342,412</u>
Others				
Interest accrued on fixed deposits			5,942,480	3,104,317
Land Cost			676,487,425	560,747,097
			682,429,905	563,851,414
			682,429,905	<u>569,193,826</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
16	CURRENT INVESTMENTS		
	Investment in Mutual Fund		
	Birla Mutual Fund	20,000,000	-
	Current portion of long-term investments (valued at cost)		
	Arihant Aksh Realty LLP	297,990	1,011,271
	[Includes accumulated share of profit Rs. Nil (31 March 2011: 10,11,270.59)]		
		<u>20,297,990</u>	<u>1,011,271</u>
17	INVENTORIES		
	Incomplete Projects (WIP) (refer note 22)	441,691,135	146,437,449
	Traded goods (flats)	4,437,532	71,116,667
		<u>446,128,667</u>	<u>217,554,116</u>
	Incomplete Projects (WIP) is valued at cost, whereas other inventories are valued at lower of cost and net realisable value		
18	CASH & BANK BALANCES		
	<u>Current</u>		
	Cash and cash equivalents		
	Balance with banks		
	On current accounts	1,817,660	4,622,134
	Cash on hand	3,143,481	1,935,966
		<u>4,961,141</u>	<u>6,558,100</u>
	Other bank balances		
	Recurring Deposits	2,692,400	1,349,700
	Deposits with original maturity for more than 3 months but less than 12 months	204,320,330	162,000,000
		<u>211,973,871</u>	<u>169,907,800</u>
19	REVENUE FROM OPERATIONS		
	Sale of products		
	Manufactured (unfinished) goods	556,988,310	637,761,850
	Traded goods	85,571,125	13,691,000
	Other operating revenue	3,278,610	365,395,217
		<u>645,838,045</u>	<u>1,016,848,067</u>
	Details of product sold		
	<u>Manufactured (unfinished) goods sold</u>		
	Arihant Arham	336,903,764	381,102,794
	Arihant Abhilasha	179,929,215	256,659,056
	Arihant Amodini	40,155,331	-
		<u>556,988,310</u>	<u>637,761,850</u>
	<u>Traded goods sold</u>		
	Arihant Abhilasha Flats	85,571,125	13,691,000
		<u>85,571,125</u>	<u>13,691,000</u>
	<u>Other operating revenue</u>		
	Contract Income	-	364,257,723
	Sale of Dombivali Land	2,850,000	-
	Discount Received	-	796,294
	Brokerage Income	428,610	341,200
		<u>3,278,610</u>	<u>365,395,217</u>
		<u>645,838,045</u>	<u>1,016,848,067</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
20	OTHER INCOME		
	Interest income on		
	Bank deposits	15,569,495	10,558,391
	Short-term investments	26,989,327	14,773,834
	Dividend income on Current investments	586,450	
	Other non-operating income	130,578	1,021,328
		<u>43,275,850</u>	<u>26,353,553</u>
21	COST OF CONSTRUCTION, LAND AND DEVELOPMENT EXPENSES		
	Land Cost	114,562,110	137,730,326
	Purchases	333,568,054	235,959,087
	Direct Expenses	213,173,868	97,562,861
	Contract Expenses	-	355,134,224
		<u>661,304,032</u>	<u>826,386,498</u>
	<u>Details of Land Cost</u>		
	Arihant Abhilasha Land	(6,489,000)	46,175,206
	Arihant Amodini Land	121,051,110	-
	Arihant Arham Land	-	91,555,120
		<u>114,562,110</u>	<u>137,730,326</u>
	<u>Details of Purchases</u>		
	Arihant Abhilasha	81,738,951	79,928,990
	Arihant Arham	146,288,914	127,841,215
	Arihant Amodini	21,205,910	-
	Arihant Adita	29,457,250	1,312,631
	Arihant Agrima	35,570,787	14,893
	Arihant Ayati	21,632	313,914
	Arihant Anmol	10,061,924	14,420,174
	Arihant Akanksha	9,222,686	12,127,270
		<u>333,568,054</u>	<u>235,959,087</u>
	<u>Details of Direct Expenses</u>		
	Arihant Abhilasha	44,043,522	52,366,656
	Arihant Amodini	16,457,190	-
	Arihant Arham	81,182,828	38,694,415
	Arihant Adita	21,023,640	3,807,378
	Arihant Agrima	41,230,364	410,016
	Arihant Arohi	1,066,885	-
	Arihant Ayati	397,262	904,652
	Arihant Vatika	1,104,050	127,457
	Arihant Konnark	-	216,719
	Arihant Akanksha	6,668,127	1,035,568
		<u>213,173,868</u>	<u>97,562,861</u>
22	PURCHASE OF STOCK IN TRADE		
	Flats	4,500,000	84,450,000
		<u>4,500,000</u>	<u>84,450,000</u>

		(Amount in Rs.)	
		<u>31-Mar-12</u>	<u>31-Mar-11</u>
23	(INCREASE) / DECREASE IN INVENTORIES		
	<u>Inventories at the end of the year</u>		
	Traded Goods	4,437,532	71,116,667
	Incomplete Projects (WIP)	441,691,135	146,437,449
		446,128,667	217,554,116
	<u>Inventories at the beginning of the year</u>		
	Traded Goods	71,116,667	-
	Incomplete Projects (WIP)	146,437,449	141,687,777
		217,554,116	141,687,777
		(228,574,551)	(75,866,339)
	Details of inventory		
	Traded goods - Flats	4,437,532	71,116,667
		4,437,532	71,116,667
	<u>Incomplete Projects (WIP)</u>		
	Arihant Abhilasha	12,588,810	-
	Arihant Amodini	130,489,460	-
	Arihant Arham	90,793,338	99,358,601
		233,871,608	99,358,601
	<u>Incomplete Projects (WIP) [Revenue not recognised]</u>		
	Arihant Adita	55,600,899	5,120,009
	Arihant Agrima	77,226,060	424,909
	Arihant Arohi	1,066,885	-
	Arihant Ayati	1,637,460	1,218,566
	Arihant Vatika	27,108,721	15,119,944
	Arihant Akanksha	45,179,502	25,195,420
		207,819,527	47,078,848
		441,691,135	146,437,449
24	EMPLOYEE BENEFIT EXPENSE		
	Salaries, wages and bonus	16,773,361	13,266,369
	Contribution to provident fund	73,500	73,500
	Gratuity expense	100,000	-
	Software training expenses	-	439,256
	Staff welfare expenses	908,267	1,160,082
		17,855,128	14,939,207
25	FINANCE COSTS		
	Interest	48,417,175	17,196,011
	Bank charges	78,847	86,846
	Loan borrowing costs	-	1,796,703
		48,496,022	19,079,560
26	DEPRECIATION AND AMORTIZATION EXPENSE		
	Depreciation of tangible assets	2,336,649	1,239,361
	Amortization of intangible assets	581,710	355,168
		2,918,359	1,594,529

(Amount in Rs.)

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
27 OTHER EXPENSES		
Selling & Distribution	20,796,398	30,890,632
Professional & Legal Fees	4,190,402	5,223,630
Rent, Rates & Taxes	4,237,968	3,411,335
Compensation	14,940,250	13,106,527
Director Remuneration	4,050,000	1,420,000
Administrative Expenses	15,705,715	10,277,972
	63,920,733	64,330,095
	133,190,242	99,943,391
Payment to auditor		
<u>As auditor:</u>		
Audit fee	550,564	275,750
Tax audit fee	95,506	165,450
VAT Audit Fee	56,180	82,725
Limited review	554,075	330,900
<u>In other capacity</u>		
Taxation matters	140,450	82,725
	1,396,775	937,550

28 EARNINGS PER SHARE (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Total operations for the year		
Profit/(loss) after tax	80,366,066	72,682,053
Less : Adjustments	-	-
Net profit/(loss) for calculation of basic EPS and diluted EPS	80,366,066	72,682,053
	No.	No.
Weighted average number of equity shares in calculating basic and diluted EPS	27,439,994	24,666,023

29 RELATED PARTY DISCLOSURE

Names of related parties and related party relationship

<u>Sr</u>	<u>Name</u>	<u>Relationship</u>
1	Ashok B Chhajjer	Chairman and Managing Director
2	Nimish Shah	Whole Time Director
3	Arihant Abode Ltd	Subsidiary Company
4	Arihant Gruhnirman Pvt Ltd	Subsidiary Company
5	Adeshwar Realty Pvt Ltd	Wholly owned Subsidiary Company
6	Arihant Vatika Realty Pvt Ltd	Subsidiary Company
7	Sarvodaya Refinery Pvt Ltd	Relative of KMP has significant influence

Related party transactions

a. Loans given/taken and repayment thereof

<u>Sr</u>	<u>Name</u>	<u>Loans given</u>	<u>Loans taken</u>	<u>Repayment</u>	<u>Interest accrued</u>	<u>Amount receivable from Related parties</u>
1	Arihant Abode Ltd	260,562,665	-	-	21,585,364	282,148,029
2	Adeshwar Realty Pvt Ltd	33,367,871	-	32,440,000	-	927,871
3	Arihant Vatika Realty Pvt Ltd	28,445,913	-	-	2,489,060	30,934,973
4	Sarvodaya Refinery Pvt Ltd	-	3,000,000	-	451,233	3,000,000
5	Mr. Ashok B Chhajjer	-	419,675,727	244,408,970	24,136,002	199,402,759

b. Remuneration to key managerial personnel

<u>Sr</u>	<u>Name</u>	<u>31-Mar-12</u>	<u>31-Mar-11</u>
1	Mr. Ashok B Chhajjer	2,400,000	120,000
2	Mr. Nimish Shah	1,650,000	1,300,000

30 CONTINGENT LIABILITIES

The Maharashtra Chamber of Housing Industry (MCHI) has filed a writ petition in Bombay High Court challenging the levy of MVAT w.e.f. June 20, 2006 under the Maharashtra Value Added Tax Act, 2002 on property under construction, which has been recently dismissed by the High Court. Under the premises ownership agreement / letter of allotment entered into by the Group, such liability ultimately needs to borne by the purchaser of the premises, for which the purchaser have created lien on bank deposit or has given bank guarantees / registered undertakings and / or adequately indemnified the group and hence no provision had been made in the books.

31 UTILIZATION OF MONEY RAISED THROUGH PREFERENTIAL ISSUE OF EQUITY SHARES

During the year ended 31 March 2011, the group has raised Rs.14,99,99,932/- through preferential issue of equity shares, for the projects of the Subsidiary Companies. Given below are the details of utilization of proceeds raised through public issue.

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Unutilized amount at the beginning of the year	22,199,932	-
Add: Raising of funds	-	149,999,932
Less: amount utilized for the purpose of issue during the year	22,199,932	127,800,000
Unutilized amount at the end of the year (parked in fixed deposits with Bank)	<u>-</u>	<u>22,199,932</u>

32 As per the information given by the Management, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as at March 31, 2012.

33 EXPENDITURE IN FOREIGN CURRENCY

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Travelling & Conveyance	167,431	124,816
	<u>167,431</u>	<u>124,816</u>

35 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.

36 In the opinion of the management; there are no commitments outstanding as on the Balance Sheet date.

- 37** 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.
- 38** 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.
- 39** The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, prerevised Schedule VI to the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this year's classification.

As per our report of even date

For T N Gala & Associates

Chartered Accountants

FRN: 102951W

Sd/-

Talakchand N. Gala

Proprietor

MRN: 41186

Place: Navi Mumbai

Date: 04.08.2012

For & on behalf of the board

Sd/-

Ashok Chhajjer

Chairman & MD

Sd/-

Nimish Shah

Whole Time Director

Sd/-

Rushabh Desai

Company Secretary

Place: Navi Mumbai

Date: 04.08.2012

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Sr No	Particulars	Name of the Subsidiary			
		Arihant Abode Ltd	Arihant Vatika Realty Pvt Ltd	Adeshwar Realty Pvt Ltd	Arihant Gruhnirman Pvt Ltd
1.	Date from which they became Subsidiary Company	26 th March 2010	26 th March 2010	21 st August 2010	29 th November 2011
2.	Financial Year of the Subsidiary ended on	31 st March, 2012	31 st March, 2012	31 st March, 2012	31 st March, 2012
3.	Extent of interest of the Holding Company in Subsidiary Company at the end of the Financial Year				
	a. Number of shares held	30,000 Shares	6,000 Shares	10,000 Shares	6,000 Shares
	b. Extent of Holding	60%	60%	100%	60%
4.	Net aggregate amount of profits / losses so far as it concerns to the members of the Holding Company				
	(i) not dealt with, in the Company's account	Rs. 158,862/-	Rs. 22,373/-	Rs. 5,516/-	Rs. 9,501/-
	a. For the Financial Year ended 31/03/2012	Rs. 51,753/-	Rs. 5,712/-	Rs. 2,688/-	Not Applicable
	b. For the previous Financial Years since it became a subsidiary	NIL	NIL	NIL	NIL
	(ii) dealt with, in the Company's account	NIL	NIL	Not Applicable	NIL
	a. For the Financial Year ended 31/03/2012				
	c. For the previous financial years since it became a subsidiary				

As per our report of even date

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

Sd/-
Talakchand N. Gala
Proprietor
MRN: 41186

Place: Navi Mumbai
Date: 04.08.2012

For & on behalf of the board

Ashok Chhajjer
Chairman & MD

Nimish Shah
Whole Time Director

Rushabh Desai
Company Secretary

Place: Navi Mumbai
Date: 04.08.2012

ARIHANT SUPERSTRUCTURES LIMITED

Regd. Office: 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai – 400 703 Maharashtra, India,
Phone: 0122- 4111 3333 Fax: 022 2788 2946

Dear Shareholders,

Re: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars (No. 17/2011 dated 21.4.2011 and No.18/2011 dated 29.4.2011) stating that the service of document by a company can be made through electronic mode.

We trust that you would wholeheartedly support this initiative of the MCA in the conservation of paper and promoting a greener environment. By registering yourself with the Company for e-communication, you will be able to receive documents like the notice, including copies of the Balance Sheet, Auditors Report, Directors Report etc. through the electronic mode (subject to the terms and conditions as specified by the Ministry of Corporate Affairs or any Statutory Authority in this regard) and without loss in postal transit.

In furtherance of the above mentioned initiative of the MCA, we propose to send the abovementioned documents in electronic form, to the e-mail address provided by you and made available to us by the Depositories.

In case you desire to receive abovementioned documents in electronic form, please inform us by sending us an e-mail on investor@asl.net.in mentioning your DP ID, Client ID or Registered Folio Number with the message "Save paper". Your mail will be considered as an affirmation and accordingly the abovementioned documents will be sent to you in electronic form.

In case we do not receive any mail from you, then the Company will send you physical copy of the said documents.

The Annual Report will also be displayed on Company's website www.asl.net.in in due course of time.

Please note that you will be entitled to be furnished, free of cost, with a copy of the Annual Report upon receipt of a requisition from you, any time, as a member of the Company.

Looking forward to your co-operation in the protection of our environment.

**For & on behalf of
Arihant Superstructures Limited**

Sd/-

**Rushabh Desai
(Company Secretary)**

ARIHANT SUPERSTRUCTURES LIMITED

Regd. Office: 302,"Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai –400703.
Maharashtra India. Phones: 022 – 41113333 Fax :022-27882946.

Entrance Pass (To be presented at the entrance)

29th Annual General Meeting on 22nd September 2012 at 6:00 p.m.
**At Hotel Royal Orchid Central Grazia, Plot L-3, Sector-19, Palm Beach Road, Vashi,
Navi Mumbai – 400705 Maharashtra, India**

FolioNo. _____ DPIDNo _____ ClientIDNo. _____

Name of Shareholder: _____

No. of Shares held _____

Signature _____

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

ARIHANT SUPERSTRUCTURES LIMITED

Regd. Office: 302,"Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai –400703.
Maharashtra India. Phones: 022 – 41113333 Fax : 022-27882946.

PROXY FORM

I/We _____ of _____ in the district of _____ being
a member(s) of the above named Company, hereby appoint _____ of _____
in the district of _____ or failing him _____ of _____ in the
district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the
29th Annual General Meeting of Arihant Superstructures Limited to be held on 22nd September, 2012 and at any
adjournment thereof.

FolioNo. _____ DPID* _____ Client ID* _____

No. of Shares held _____

Signed this _____ day of _____, 2012 Signature _____

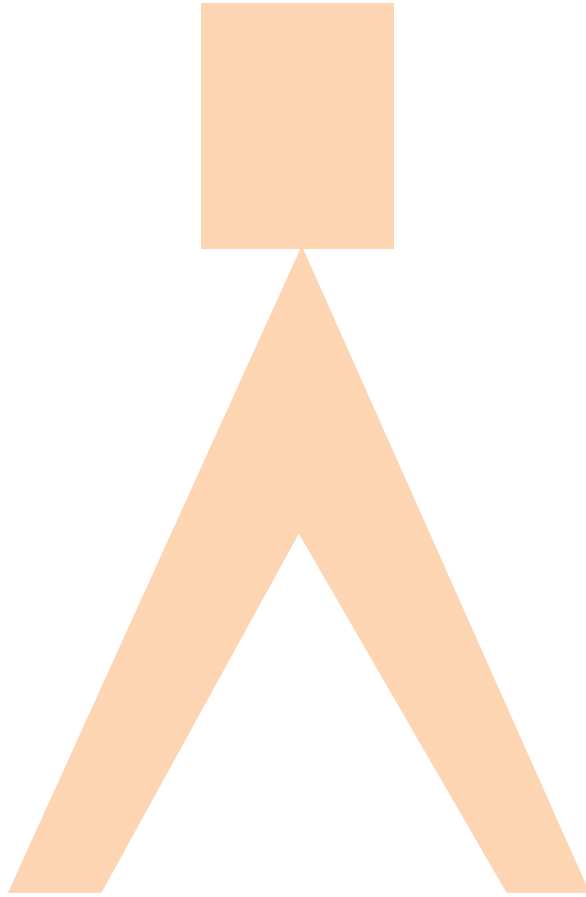
Affix 15
Paise
Revenue
Stamp

*Applicable for investors holding shares in electronic form.

Notes:

1. The Proxy need not be a member.
2. The form of proxy, duly signed across 15 paise revenue stamp should reach the Company, not less than 48 hours before the time fixed for the meeting.

BOOK-POST



If undelivered Please return to

Regd. Office: 302, Persipolis Building, Plot No. 74,
Sector-17, Vashi, Navi Mumbai – 400703, Maharashtra, India,
Phones: 022 – 41113333 Fax: 022-27882946