

**NOTICE**

Dear Shareholders,

**NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PASSING OF THE RESOLUTIONS BY POSTAL BALLOT) RULES, 2011**

Notice is hereby given pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011, and subject to all other Acts, Rules, Regulations and statutes as applicable to the company, as amended from time to time, that resolutions appended below are proposed to be passed as a Special Resolutions by way of Postal Ballot.

The Members are requested to please read the Notes to this Notice, the attached Postal Ballot Form and the instructions thereon, detailing the manner and mode of voting, prior to casting their vote.

**ITEM NO. 1: MAKING INVESTMENTS, GIVING GUARANTEE OR PROVIDE SECURITY IN CONNECTION WITH A LOAN U/s 372A OF THE COMPANIES ACT, 1956**

**To consider, and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:**

**“RESOLVED THAT** pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force and the provisions of the Memorandum and Articles of Association of the Company, and subject to such other laws as may be applicable, and in continuation and modification of all the previous resolutions passed to this effect, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall be deemed to include any Committee thereof), either directly or through any other mode, at its absolute discretion, to invest/acquire from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of one or more bodies corporate, to make/ give from time to time any loan or loans to any body/bodies corporate, and give from time to time any guarantee(s) and/or provide any security, in connection with any loan(s) made, by any other person(s) to, or to any other person(s) by any body/ies corporate, in excess of the limits as calculated under the provisions of Section 372A, as per the details mentioned herein below:

<b>Name of the Company/ Body Corporate</b>	<b>Particulars of the Proposed Investment/ Inter-corporate Loan &amp; Guarantee</b>	<b>Maximum Limit (in Rs.)</b>
Arihant Abode Limited	For making loans for business activities & expansion, investment in Securities and to provide Corporate Guarantee & Security on any loan or finance obtained by the entity for the said purpose	Rs. 50,00,00,000
Arihant Technoinfra Private Limited	For making loans for business activities & expansion, investment in Securities and to provide Corporate Guarantee & Security on any loan or finance obtained by the entity for the said purpose	Rs. 30,00,00,000
Arihant Gruhnirman Private Limited	For making loans for business activities & expansion, investment in Securities and to provide Corporate Guarantee & Security on any loan or finance obtained by the entity for the said purpose	Rs. 40,00,00,000
	<b>Total</b>	<b>Rs. 120,00,00,000</b>

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board of Directors of the Company and/or Committee of Directors constituted for this purpose be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investment or loan made or guarantees given or securities to be provided and further to do all such acts, deeds,

matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.”

**ITEM NO. 2: INCREASE IN REMUNERATION AND CHANGE IN THE TERMS OF APPOINTMENT OF MR. DINKAR SAMANT, WHOLE TIME EXECUTIVE DIRECTOR OF THE COMPANY**

**To consider, and if thought fit, to pass 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 sub-paragraph B of Section II of Part II of 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 may be required, the consent of the Members, be and is hereby obtained for increase in remuneration of Mr. Dinkar Samant, Whole-time Executive Director of the Company from Rs. 32,50,000/- (Rupees Thirty Two Lacs Fifty Thousand Only) per annum to Rs. 37,00,000 (Thirty Seven Lacs Only) per annum, for a period of one years with effect from 1<sup>st</sup> April, 2013, as approved by the remuneration committee and other terms and conditions remaining unchanged as per the agreement entered into between him and the Company with the power to the Board of Directors to alter and modify the same, 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 is 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 of 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.”

**ITEM NO. 3: INCREASE IN REMUNERATION AND CHANGE IN THE TERMS OF APPOINTMENT OF MR. NIMISH SHAH, WHOLE TIME DIRECTOR OF THE COMPANY**

**To consider, and if thought fit, to pass 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 sub-paragraph B of Section II of Part II of Schedule XIII of 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 may be required, the consent of the Members, be and is hereby obtained for increase in remuneration of Mr. Nimish Shah, Whole-time Director of the Company from Rs. 20,00,000/- (Rupees Twenty Lacs Only) per Annum to Rs. 35,00,000/- (Thirty Five Lacs) per annum, for a period of one year with effect from 1<sup>st</sup> April, 2013, as approved by the remuneration committee and other terms and conditions remaining unchanged as per the agreement entered into between him and the Company with the power to the Board of Directors to alter and modify the same, 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. Nimish Shah 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 is 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 of 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.”

**ITEM NO. 4: TO SELL, LEASE OR OTHERWISE DISPOSE OFF THE WHOLE OR SUBSTANTIALLY WHOLE OF THE UNDERTAKING OF THE COMPANY**

**To consider, and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:**

“**RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) consent of the Company be and is hereby accorded to Board of Directors (hereinafter called “the Board” which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage and/or charge any of its movable and / or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create a mortgage/and or charge, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in

its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favour of any bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding Rs. 300, 00,00,000/- (Rupees Three hundred crores) at any point of time.

**RESOLVED FURTHER THAT** the securities to be created by the Company aforesaid may rank pari passu to the mortgages and/or charges already created or to be created by the company as may be agreed to between the concerned parties.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto to give effect to this resolution and for matter connected therewith or incidental thereto."

**Place: Navi Mumbai**  
**Date: 11<sup>TH</sup> May, 2013**

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

Sd/-

**Ashok B. Chhajer**  
**Chairman and Managing Director**

**NOTES:**

1. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. The Board of Directors, in its Meeting held on 11<sup>th</sup> May, 2013 has appointed CS Rachana Shanbhag, Practicing Company Secretary, Mumbai as the Scrutinizer to receive and scrutinize the completed ballot papers from the Shareholders.
3. The Postal Ballot Form and the self-addressed business reply envelope are enclosed for use of shareholders. This Notice is being sent under Registered Post Acknowledgement Due or any other secured mode of posting provided by Department of Post to all Members of the Company, whose names appear in the Register of Members as on 27<sup>th</sup> May, 2013 (being the last date of despatch of notice to members). Members are requested to carefully go through the instructions before casting their vote. **Members should note that voting will be provided ONLY by way of postal ballot and not through any electronic mode.**
4. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the duly completed Form in the attached pre-paid envelope, so as to reach the Scrutinizer on or before 26<sup>th</sup> June, 2013 failing which, it will be strictly treated as if no reply has been received from the member. The Scrutinizer will submit her report to the Chairman after completion of scrutiny on or before 27<sup>th</sup> June, 2013 at 4.00 p.m. at the Registered Office of the Company.
5. The Chairman, or in his absence, any other person authorised by the Chairman declare the result of the Postal Ballot on 27<sup>th</sup> June, 2013 at 5.00 p.m. at the Registered Office of the Company, and the resolutions will be taken as passed effectively as on the date of the declaration of the Result.
6. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company between 11:00 a.m. and 2:00 p.m. on all working days (Mon – Fri) upto the last date for receipt of postal ballot forms as mentioned hereinabove.

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

**Item No 1: Making Investments, giving guarantee or provide security in connection with a loan under Section 372A of the Companies Act, 1956:**

As per the provisions of Section 372A of the Companies Act, 1956 the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed ceiling of–

- (i) Sixty percent of the aggregate of the paid up share capital and free reserves, or
- (ii) One hundred percent of its free reserves, whichever is more,

if Special Resolution is passed by the shareholders of the lending Company.

Since the amount mentioned at the table in the resolution is in excess of above prescribed limits, approval of the members

by means of Special resolution through Postal Ballot is required. This permission is sought pursuant to the provisions of Section 372A read with section 192A and 292 of the Companies Act, 1956 to give powers to the Board of Directors for making further loans, investment, guarantees and providing securities, in connection with loans involving the Companies mentioned in the resolution.

Your company is in the business of construction and real estate development. Being a capital intensive industry and in view the necessity of obtaining new projects and constructions, it is hereby proposed by the Board of Directors to make investments in certain companies and provide financial assistance to the subsidiary companies for taking up new projects and business expansion.

Name of the Company	Brief Details of the Company
Arihant Abode Limited (AAL)	The Company holds 60% stake in AAL (Subsidiary of the company). The main objects of the company (in brief) is to carry on the business of Builder, developers, contractor, designers, architects, decorators, constructors and brokers of all types of buildings and structures
Arihant Technoinfra Private Limited (ATPL)	The company holds 60% stake in ATPL (Subsidiary of the company). The main objects of the company (in brief) is to carry on in India or abroad the business of Builder, developers, contractor, designers, architects, decorators, constructors and brokers of all types of buildings and structures and to develop, erect, install, alter, improve, add, establish, renovate, recondition, protect, participate, enlarge, repair and demolish.
Arihant Gruhnirman Private Limited (AGPL)	The Company holds 60% stake in AGPL (Subsidiary of the company). The main objects of the company (in brief) is to carry the business of infrastructure projects and services, realtors, builders, developers, contractors, erectors, and land estate agents, including to buy, sell, lease, sub-lease, exchange, rent out and to build, construct, develop, run, maintain, operate, and manage, residential spaces, apartments, services apartments, rooms, townships, special economic zones, information technology parks, bio-technology parks, industrial parks of all types & kinds, etc.

Considering the business of the aforesaid Companies, proposed projects and their future potential, the Directors are of the opinion that making investments by way of subscription or otherwise, giving of loans / advances / guarantees and securities to the aforesaid Companies will be in the interests of the Company.

Further, it is proposed that for the purpose of making business expansion and business activities, these companies AAL, ATPL and AGPL would be requiring financing, which they would be obtaining from banks, financial institutions and other sources. Such sources of funding require giving of corporate guarantees and securities to the loan obtained. It is proposed that such corporate guarantee and security to the tune mentioned in the resolution be made by Arihant Superstructures Limited.

These investments as approved by the Board of Directors, will be made in parts or tranches, as and when required. The returns on this investment will be within the limits mentioned in Section 372A (3) of the Companies Act, 1956.

No Director, other than Mr. Ashok Chhajer, Chairman and Managing Director, is interested in the said resolution. The Board recommends the Resolution for the approval of the Members, as a Special Resolution

**Item no. 2: Increase in remuneration and change in the terms of Appointment of Mr. Dinkar Samant, Whole Time Executive Director of the Company.**

The Company has been making a steady growth and increase in profits year on year for the past 3 years. However, on account of the recessionary tendencies prevailing in the market during the previous years and the capital intensive nature of the industry, the net profits to be considered for the purpose of calculating the managerial remuneration in terms of Section 349 and 350 are inadequate for making the desired payment to the Whole Time Director (WTD).

Further, considering the experience of Mr. Dinkar Samant, vis-a-vis his experience and expertise and the proposed benefit for the company by having him on the Board for guidance, and considering the industry average for remuneration to WTD, the company is proposing to pay Mr. Dinkar Samant just remuneration. The said increase has been approved by the Remuneration Committee of the Board of Directors. Further, on account of the applicability of the Sub Part B to Part II of Schedule XIII to the Act, the appointment of Mr. Dinkar Samant will be revised for a period of one years, with effect from 1<sup>st</sup> April 2013.

**Information in terms of Schedule XIII to the Companies Act, 1956**

**I. General Information:**

1	Nature of Industry	The company is engaged in the business of construction and real estate development
2	Date of Commencement of Commercial Production	The Company is in Business since 1983
3	Financial Performance based on given indicators	
a)	Profit/Loss before Depreciation, interest, tax, & exceptional items	Rs. 1601.49 lacs
b)	Profit/Loss after tax	Rs 490.85 lacs
c)	Net Worth	Rs 6415.28 lacs
d)	Book Value per share	Rs. 15.59/-
4	Export performance and net foreign exchange collaborations	N.A
5	Foreign investments or collaborations, if any.	N.A

**II. Information about of applicant/director**

Name	Mr. Dinkar Samant
Age	56 years
Qualification:	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
Experience in Specific Functional area	Worked for premier PSU & New Town Development Authority CIDCO for a long span of 25 years.
Job Profile & his suitability	Whole time Executive Director
Past Remuneration	Rs. 32,50,000/- p.a
Proposed Remuneration	Rs. 37,00,000/- p.a
Pecuniary & Other Relationship (directly or indirectly)	Except for receiving remuneration as a Whole time Director; Mr. Dinkar Samant has no pecuniary relationship with the company. He is not related to any other managerial personnel of the company.
Comparative Remuneration profile with respect to Industry, size of the Company, profile of the position, and person (in case expatriates the relevant details would be w.r.t. the country of his origin)	Proposed remuneration is in line with the industry standards The kind of experience and expertise which Mr.Dinkar Samat brings on the table is invaluable to the Company, and a person of his knowledge and caliber

## II. Other Information

Reason of loss or inadequate profits	Sales receipts were in line with the previous year, infact Arihant Group has achieved record sales of 1017 units in the financial year 2012-2013, however the construction cost and administration expenses have been increasing which has lowered the profits of the Company.
Steps taken or proposed to be taken for improvement	Company has launched six big projects, the projects have been able to generate outstanding sales bookings, however the Construction in these Projects is started just, as per the principles Accounting standards revenues could not be recognised from the same as construction has not reached upto 25% However the construction activities are in full swing, hence looking at the response which these projects have witnessed we are very positive that in the coming years we will be able to show stronger results than ever.
Expected increase in productivity and profits in measurable terms	Normal product cycle of the Real estate company is atleast 3-4 years, since we have launched couple of good projects in the last one year and few other expected to be launched in this Financial year.

## IV. Disclosure

1. The shareholders shall be notified of the managerial remuneration package payable to the managerial personnel
2. Disclosure relating to managerial remuneration shall be mentioned in the Boards' Report under the heading of the "Corporate Governance Report"
  - a) All elements of remuneration package such as salary, bonus benefits, etc of all the directors
  - b) Details of fixed components and performance linked incentives along with the performance criteria.
  - c) Service contract, notice period, severance fee
  - d) Stock option details, if any and detail herewith.

The above stated details may be considered to be taken as the Extract of appointment required to be circulated to the Members under Section 302 of the Act.

No Director, other than Mr. Dinkar Samant, , are interested in the said resolution. The Board recommends the Resolution for the approval of the Members.

### **Item no 3: Increase in remuneration and change in the terms of Appointment of Mr. Nimish Shah, Whole Time Director of ther Company**

The Company has been making a steady growth and increase in profits year on year for the past 3 years. However, on account of the recessionary tendencies prevailing in the market during the previous years and the capital intensive nature of the industry, the net profits to be considered for the purpose of calculating the managerial remuneration in terms of Section 349 and 350 are inadequate for making the desired payment to the Whole Time Director (WTD).

Further, considering the experience of Mr. Nimish Shah, vis-a-vis his experience and expertise and the proposed benefit for the company by having him on the Board for guidance, and considering the industry average for remuneration to WTD, the company is proposing to pay Mr. Nimish Shah just remuneration. The said increase has been approved by the Remuneration Committee of the Board of Directors. Further, on account of the applicability of the Sub Part B to Part II of Schedule XIII to the Act, the appointment of Mr. Nimish Shah will be revised for a period of one years, with effect from 1<sup>st</sup> April 2013.



**Information in terms of Schedule XIII to the Companies Act, 1956**

**I. General Information:**

1	Nature of Industry	The company is engaged in the business of construction and real estate development
2	Date of Commencement of Commercial Production	The Company is in Business since 1983
3	Financial Performance based on given indicators	
a)	Profit\Loss before Depreciation, interest, tax, & exceptional items	Rs. 1601.49 lacs
b)	Profit/Loss after tax	Rs 490.85 lacs
c)	Net Worth	Rs 6415.28 lacs
d)	Book Value per share	Rs. 15.59/-
4	Export performance and net foreign exchange collaborations	N.A
5	Foreign investments or collaborations, if any.	N.A

**I. Information about of applicant/director**

Name	Mr. Nimish Shah
Age	39 years
Qualification:	Bachelor of Engineering in Civil
Expertise & Experience in Specific Functional area	He is the core person of the company having more than 17 years of experience in construction and related activities. He is actively involved in all the nuances of engineering includes detailed Planning & Execution, Project Estimations, Infrastructure & Site organization of the projects. He was Involved in several turnkey projects of Water supply & Sewerage Scheme for Govt. of Maharashtra and successfully commissioned them.
Job Profile & his suitability	Whole Time Director & Chief Project Officer
Past Remuneration	Rs. 20,00,000/- p.a
Proposed Remuneration	Rs. 35,00,000/- p.a
Pecuniary & Other Relationship (directly or indirectly)	Except for receiving remuneration as a Whole time Director; Mr. Nimish Shah has no pecuniary relationship with the company. He is not related to any other managerial personnel of the company.
Comparative Remuneration profile with respect to Industry, size of the Company, profile of the position, and person (in case expatriates the relevant details would be w.r.t. the country of his origin)	Proposed remuneration is in line with the industry standards The kind of experience and expertise which Mr.Nimish Shah brings on the table is invaluable to the Company, and a person of his knowledge and caliber.

## I. Other Information

Reason of loss or inadequate profits	Sales receipts were in line with the previous year, infact Arihant Group has achieved record sales of 1017 units in the financial year 2012-2013, however the construction cost and administration expenses have been increasing which has lowered the profits of the Company.
Steps taken or proposed to be taken for improvement	Company has launched six big projects , the projects have been able to generate outstanding sales bookings, however the Construction in these Projects is started just, as per the principles Accounting standards revenues could not be recognised from the same as construction has not reached upto 25% However the construction activities are in full swing, hence looking at the response which these projects have witnessed we are very positive that in the coming years we will be able to show stronger results than ever.
Expected increase in productivity and profits in measurable terms	Normal product cycle of the Real estate company is atleast 3-4 years, since we have launched couple of good projects in the last one year and few other expected to be launched in this Financial year.

## I. Disclosure

1. The shareholders shall be notified of the managerial remuneration package payable to the managerial personnel
2. Disclosure relating to managerial remuneration shall be mentioned in the Boards' Report under the heading of the "Corporate Governance Report"
  - a) All elements of remuneration package such as salary, bonus benefits, etc of all the directors
  - b) Details of fixed components and performance linked incentives along with the performance criteria.
  - c) Service contract, notice period, severance fee
  - d) Stock option details, if any and detail herewith.

No Director, other than Mr. Nimish Shah, Whole time Directors, are interested in the said resolution. The Board recommends the Resolution for the approval of the Members.

### **Item no. 4: To sell, lease or otherwise dispose off the whole or substantially whole of the undertaking of the company**

Keeping in view the existing and proposed projects, the Company, for its construction, capital expenditure and working capital requirements, borrowed/will borrow by way of Construction Finance/ Rupee Term Loan/Foreign Currency Loan/Working Capital limits and/or Issue of Secured Redeemable Non-Convertible Debentures on private placement from Financial Institutions/NBFCs/Lenders/ Commercial Banks. The said borrowing/issue of non-convertible debentures are required to be secured by way of first and second charge/mortgage of all the movable and immovable properties, both present and future, of the Company.

Section 293(1)(a) of the Companies Act, 1956, provides, inter-alia, that the Board of Directors of a Public Limited Company shall not, without the consent of such members, sell, lease or otherwise dispose of the whole or substantially the whole of any such undertaking. Since first mortgage on entire fixed assets of the company on pari-passu basis with other existing term lenders and on second charge basis with the working capital lenders is or will be created by the Company in favour of the aforesaid lenders, the same may be regarded as disposal of Company's properties/undertaking and therefore, it is necessary for the members to pass a resolution under Section 293(1) (a) of the Companies Act, 1956 authorising Board of Directors to create mortgage/ charge on the assets of the Company for an amount not exceeding Rs. 300 Crores.

No Director, other than Mr. Ashok Chhajer, Chairman and Managing Director, is interested in the said resolution. The Board recommends the Resolution for the approval of the Members, as a Special Resolution

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

Sd/-

**Ashok B. Chhajer  
Chairman and Managing Director**

**Registered Address:**  
302, Persipolis Building,  
Plot No 74, Sector 17,  
Vashi, Navi Mumbai 400 70

**Date: 11<sup>th</sup> May, 2013**