

2<sup>nd</sup> December, 2020

To ,

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|--|---|
| BSE Ltd.<br>Floor 25, P.J. Towers<br>Dalal Street<br>Mumbai 400 001<br><b>Scrip Code- 531381</b> | The Manager Listing Department<br>National Stock Exchange of India Ltd.<br>"Exchange Plaza", C-1, Block-G<br>Bandra-Kurla Complex Bandra (East)<br>Mumbai 400 051<br><b>Symbol- ARIHANT</b> |
|--|---|

Dear Sir / Madam,

**Subject: Regulation 34- Notice of 27<sup>th</sup> Annual General Meeting & Annual Report for the financial year 2019-20**

Dear Sirs,

Please find enclosed copy of the Notice of the 27<sup>th</sup> Annual General Meeting and Annual Report for the financial year 2019-20. The above is also being uploaded on the website of the Company [www.arihantspaces.com](http://www.arihantspaces.com)

Kindly take the above on your record and oblige.

Thanking You,  
For **ARIHANT FOUNDATIONS & HOUSING LIMITED,**

  
**Company Secretary**

**ARIHANT FOUNDATIONS & HOUSING LIMITED***(Incorporated under the Companies Act, 1956)*

CIN L70101TN1992PLC022299

**CORPORATE STRUCTURE**

| BOARD OF DIRECTORS   |   | BOARD COMMITTEES   |
|--|---|--|
| Mr. Kamal Lunawath   | Chairman and Managing Director            | <b>Audit Committee</b><br>Mr. Ravikant Choudhry- Chairman*<br>Mr. Karan Bhasin – Chairman**<br>Mr. Kamal Lunawath- Member<br>Mrs. Ann Gonzalvez – Member***<br>Mr. Prateek Khicha# |
| Mr. Vimal Lunawath   | CFO and Whole time Director               |  |
| Mr. Bharat M Jain  | Whole time Director                       | <b>Stakeholder Relationship Committee</b>  |
| Mr. Ravikant Choudhry  | Director                                  | Mr. Karan Basin – Chairman**<br>Mr. Ravikant Choudhry- Member*<br>Mr. Vimal Lunawath- Member<br>Mrs. Ann Gonzalvez – Member ***<br>Mr. Prateek Khicha#                             |
| Mr. Karan Bhasin   | Director                                  | <b>Nomination &amp; Remuneration Committee</b>   |
| Mr. Prateek Khicha#  | Director                                  | Mr. Ravikant Choudhry- Chairman*<br>Mr. Karan Bhasin – Member**<br>Mrs. Ann Gonzalvez- Member<br>Mr. Prateek Khicha#   |
| Mrs. Ann Gonzalvez   | Director                                  |  |
| <b>Company Secretary</b>   |   | <b>Auditors</b>  |
| Mr. Sharon Josh  |   | M/s. S. Ramachandra Rao & Associates<br>Chartered Accountants<br>No.11, Porur Gardens Phase-1,<br>Vanagaram, Chennai 600 095   |
| <b>Bankers</b>   |   | <b>Legal Advisor</b>   |
| HDFC Limited<br>Kotak Mahindra Bank<br>Vijaya Bank   | ICICI Bank Ltd<br>Standard Chartered Bank | K Venkatasubramanian<br>141, Luz Church Road,<br>Mylapore, Chennai- 600005   |
| <b>Registered Office &amp; Administrative Office</b>   |   |  |
| No.3, Ganapathy Colony, Off. Cenotaph Road, Teynampet, Chennai- 600018   |   |  |
| <b>Registrar and Share Transfer Agents</b>   |   |  |
| M/s. Cameo Corporate Services Limited<br>V Floor, Subramanian Building, No.1, Club House Road, Anna Salai, Chennai- 600002 |   |  |
| <b>Internal Auditors</b>   |   |  |
| Mr. Arun Rajan   |   |  |

\*Mr. Ravikant Choudhry passed away on 27th May 2020. Hence the committees were reconstituted

\*\* Mr. Karan Bhasin has been introduced in the committees and appointed as Chairman of Audit Committee, Stake Holders Relationship Committee and Nomination remuneration Committee.

\*\*\*Mrs. Ann Gonzalvez was appointed as member in Audit Committee and Stakeholder Relationship Committee on 12th May 2020 and removed pursuant to appointment of Mr. Prateek Khicha on 30th September 2020.

#Mr. Prateek Khicha Appointed with effect from 30th September 2020

## **C O N T E N T S**

AGM Notice

Directors' Report, Management Discussion & Analysis

Corporate Governance Report

Auditors' Report on Corporate Governance

Extract of Annual Return

Secretarial Auditors' Report

Auditors' Report (Standalone)

Balance Sheet (Standalone)

Profit and Loss Statement (Standalone)

Cash Flow Statement (Standalone)

Notes to Financial Statements (Standalone)

Auditors' Report (Consolidated)

Balance Sheet (Consolidated)

Profit and Loss Statement (Consolidated)

Cash Flow Statement (Consolidated)

Notes to Financial Statements (Consolidated)

**NOTICE OF 27<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 27th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Wednesday the 23<sup>rd</sup> day of December, 2020 through Video Conferencing (VC)/Other Audio Visual Means ("OAVM") at 9.30 A.M. IST to transact, the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Standalone Financial Statements of the Company for the period ended 31.03.2020 together with the Directors' Report and the Auditors' Report and the consolidated financial statements for the period ended 31.03.2020 together with the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Bharatkumar Mangilal Jain (DIN: 00083236), who retires by rotation and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS****3. APPOINTMENT OF MR. PRATEEK KHICHA AS AN INDEPENDENT DIRECTOR OF THE COMPANY**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. PRATEEK KHICHA (DIN: 01210581), who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1) (b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, and in respect of whom

the Company has received a notice in writing from a Member under Section 160(1) of the Act signifying his intention to propose Mr. Prateek Khicha's candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from 30<sup>th</sup> September, 2020 upto 29<sup>th</sup> September, 2025."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof) and / or Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board  
For Arihant Foundations & Housing Limited  
Sd/-  
(Sharon Josh)  
Company Secretary

Place: Chennai  
Date: 12/11/2020

**I. Notes:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated 5th May 2020 read with circulars dated 8th April 2020 and 13<sup>th</sup> April 2020 (collectively referred to as 'MCA Circulars') and SEBI circular dated 12<sup>th</sup> May 2020 permitted holding of the annual general meeting ('AGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') and MCA Circulars, the AGM of the Company is being conducted through VC/OAVM hereinafter called as 'e-AGM'.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting annexed here to.

3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment at this AGM is annexed.
4. The deemed venue for 27<sup>th</sup> e-AGM shall be the Registered Office of the Company at No.3, Ganapathy Colony, 3rd Street, off Cenotaph road, Teynampet, Chennai – 600 018.
5. Pursuant to the Circular No. 14/2020 dated April 08,2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Institutional / Corporate shareholders are required to send a scanned copy (pdf/jpg format) of its board or governing body's resolution/authorisation, etc., authorising their representative to attend the e-AGM on its behalf and to vote through remote e-voting. The said resolution/authorisation shall be sent to the scrutinizer by email through its registered email address to vsureshpcs@gmail.com with a copy marked to investors@arihants.co.in
7. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM, i.e., from 9:15 AM to 11:45 AM. and will be available for 1,000 members on a first come first-served basis. This rule would however not apply to participation of shareholders holding 2% or more shareholding, promoters, institutional investors, directors, key and senior managerial personnel, auditors, etc.
8. Institutional investors, who are members of the Company are encouraged to attend and vote at the 27<sup>th</sup> e-AGM of the Company.
9. The Company has appointed M/s Cameo Corporate Services Limited, Chennai as its Registrar & Share Transfer Agent and depository interface of the Company with CDSL and NSDL. Shareholders intending to hold their shares in electronic form may approach their depository participants for dematerialisation of shares. Members are requested to notify immediately any change in their address and send their shares for effecting transfers/transmission to M/s Cameo Corporate Services Limited.
10. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, the listed companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, SEBI Circular dated 12 May 2020, Notice of 27<sup>th</sup> e-AGM along with the Annual Report for FY2020 is being sent only through electronic mode to those members whose email addresses are registered with the Company/depositories. Members may note that the Notice and Annual Report for FY2020 will also be available on the Company's website at <https://arihantspaces.com/investors/announcements/> /website of the stock exchanges i.e., BSE Limited at [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and on the website of Cameo at <https://cameoindia.com/>
11. To receive communications through electronic means, including Annual Reports and Notices, members are requested to kindly register/update their email address with their respective depository participant, where shares are held in electronic form. In case of shares held in physical form, members are advised to register their e-mail address with [murali@cameoindia.com](mailto:murali@cameoindia.com). Further, the Company had availed of services offered by CDSL to update email addresses of shareholders of the Company having their holding with a depository participant registered with CDSL and have not registered their email addresses. Members are requested to register their email id to receive communications through electronic means.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members

holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Share Transfer Agent or to the Company

13. Further, those members who have not registered their email addresses and in consequence could not be served the Annual Report for FY2020 and Notice of 27th e-AGM, may temporarily get themselves registered with Cameo, by clicking the link: <https://cameo.com/emailreg> for receiving the same. Members are requested to support our commitment to environment protection by choosing to receive the Company's communication through email going forward.
14. With a view to enable the Company to serve the members better, members who hold shares in identical names and in the same order of names in more than one folio are requested to write to the Company to consolidate their holdings in one folio.
15. SEBI vide its notification dated 8 June 2018 as amended on 30 November 2018, has stipulated that w.e.f. 1 April 2019, the transfer of securities (except transmission or transposition of shares) shall not be processed, unless the securities are held in the dematerialised form. The Company has complied with the necessary requirements as applicable.
16. Members who still hold share certificates in physical form are advised to dematerialise their shareholding to also avail of numerous benefits of dematerialisation, which include easy liquidity, ease of trading and transfer, savings in stamp duty and elimination of any possibility of loss of documents and bad deliveries.
17. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e-AGM.
18. The Company has been maintaining, inter alia, the following statutory registers at its registered office at No.3, Ganapathy Colony, 3rd Street, Off Cenotaph road, Teynampet, Chennai – 600 018.

- i) Register of contracts or arrangements in which directors are interested under section 189 of the Act.
- ii) Register of directors and key managerial personnel and their shareholding under section 170 of the Act.

In accordance with the MCA Circulars, the said registers will be made accessible for inspection through electronic mode and shall remain open and be accessible to any member during the continuance of the meeting.

19. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance by visiting URL <https://emeetings.cameo.com/> and clicking on the tab 'Post your Queries' during the period starting from 1<sup>st</sup> December 2020 (9.00 a.m.) upto 16<sup>th</sup> December 2020 (5.00 p.m.) mentioning their name, demat account no./Folio no., e-mail Id, mobile number, etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
20. Pursuant to section 72 of the Act, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 (a copy of which is available on the Company's website at <https://arihantspaces.com/> or with Cameo). In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
21. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.
22. In case a person becomes a member of the Company after dispatch of e-AGM Notice, and is a member as on the cut-off date for e-voting, i.e., Wednesday 16<sup>th</sup> December 2020, such person may obtain the user id and password from cameo by email request on [murali@cameoindia.com](mailto:murali@cameoindia.com).
23. At the 24th AGM held on 22<sup>nd</sup> September 2017 the Members approved appointment of M/s. S. Ramachandra Rao & Associates, Chartered



Accountants (Firm Registration No. 007735S) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 29<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the twenty-seventh AGM.

24. The Register of Members and Share Transfer Books of the Company will remain closed from 17.12.2020 to 23.12.2020(Both days inclusive).
25. Pursuant to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("Rules") notified by the Ministry of Corporate Affairs on 28th February, 2017, the Company is required to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years to the IEPF. The shareholders are requested to claim the unpaid dividend amount(s) immediately, failing which their shares shall be transferred to the demat account of the IEPF Authority as per the procedure stipulated in the Rules as amended from time to time.
26. Members are requested to note that trading of Company's shares through Stock Exchange is permitted only in demat form. Further, the Securities and Exchange Board of India(SEBI) mandated that all the transfers of the shares in the physical form shall not be allowed after 31st March 2019. Accordingly, members who have not yet converted their holdings into electronic demat form may do so immediately for their own interest
27. Details under Reg. 36(3) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, in respect of the Director seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/ re-appointment.
28. Pursuant to the provisions of sections 108, read with Rule 20 of the Companies (Management and Administration) Rules 2014 as amended from time to time, and Regulation 44 of SEBI Listing Regulations the company is pleased to offer e –voting facility to all the members of the company. The company has entered into an agreement with Central Depository services Limited(CDSL) for facilitating e – voting. The Board of Directors has appointed Mr. V Suresh,Practising Company Secretary, Chennai, as the Scrutinizer for conducting the e-voting process for the Twenty Seventh Annual General Meeting in a fair and transparent manner
  - The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again
  - The voting period begins on Saturday, 19<sup>th</sup> December, 2020 at 9.00 AM and ends on Tuesday, 22<sup>nd</sup> December, 2020 at 5.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16.12.2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
29. The Procedure and instructions for members for voting through electronic means are as under:
  - i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - ii) Click on Shareholders.
  - iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

iv) Next enter the Image Verification as displayed and Click on Login.

v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

vi) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |   |
|---|---|
| PAN   | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| DOB   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |
| Dividend Bank Details   | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>   |

vii) After entering these details appropriately, click on "SUBMIT" tab.

viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

x) Click on the EVSN: 201119005 for the relevant ARIHANT FOUNDATIONS AND HOUSING LIMITED on which you choose to vote.

xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.



- xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile
- xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xix) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than Forty Eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xx) The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company <https://arihantspaces.com/> and on the website of CSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.
30. CDSL e-Voting System – For Remote e-voting and e-voting during AGM
- i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the

- Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- ii) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  - iii) In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://arihantspaces.com/> The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com)
  - iv) The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act 2013.
31. Instructions for shareholders attending/joining through VC/OVAM are as under
    - i) Shareholders will be provided with a facility to attend the AGM through VC/OAVM facilitated by the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/memberslogin by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
    - ii) Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
    - iii) Further, the shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
    - iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches
    - v) Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.
    - vi) Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

32. Instructions for shareholders for e-voting during the AGM are as under:

i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

ii) Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

iii) If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

iv) Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM.

However, they will not be eligible to vote at the AGM.

33. General Instructions

a. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 27th e-AGM and announce the start of the casting of vote through the e-voting system of Cameo.

b. The Scrutiniser shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting and make a consolidated Scrutinisers' report of the total votes cast in favour or against, if any, to the Chairman or in his absence Vice-Chairman of the Company, who shall countersign the same.

c. The scrutiniser shall submit his report to the Chairman or Vice-Chairman of the Company, as the case may be, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website <https://arihantspaces.com/investors/announcements/> and on the website of Cameo - / and shall also be communicated to the stock exchanges. The resolutions shall be deemed to be passed at the e-AGM of the Company

34. In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting are given

a. Mr. Prateek Khicha

Mr. Prateek Khicha holds a Postgraduate's degree in Marketing from pune University. He is an Industrialist and the Promoter of Khicha Phoschem Ltd.

|                                     |                |
|-------------------------------------|----------------|
| Name                                | PRATEEK KHICHA |
| Director Identification Number(DIN) | 01210581       |
| Date of Birth                       | 31-03-1980     |
| Nationality                         | INDIAN         |
| Date of appointment on the Board    | 30-09-2020     |
| Relationship with other Directors   | NIL            |
| Qualification                       | MBA            |

|   |  |
|---|--|
| Expertise in specific functional Areas                | Mr. Prateek has more than 15 years of experience in the field of Operations and Marketing. |
| Directorships held in other Companies                 |  |
| as on March 31,2020 (excluding foreign companies)     | KHICHA PHOSCHEM LTD<br>KUNDAN PHOSPHATES LIMITED   |
| Membership of Committee of other Companies            | NIL  |
| Number of Shares held in the Company                  | NIL  |
| Number of Board meetings attended during FY 2019 – 20 | NIL  |

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(Sharon Josh)  
Company Secretary

Place: Chennai  
Date: 12.11.2020

### **EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Item No.3 of the accompanying Notice dated 12th November 2020.

In respect of item No. 3

The Company received a notice from a Member under Section 160 of the Companies Act, 2013, signifying his intention to propose the candidature of Mr. Prateek Khicha (DIN: 01210581), for the office of Independent Director of the Company.

Mr. Prateek Khicha is a post graduate in marketing from Pune University having more than 15 years of experience working in the field of operations and marketing. He started his career as Managing Director of Khicha Phoschem Ltd and is expert in the particular field. Accordingly, in compliance with the provisions of section 149, 152 and other applicable provisions if any, and the requirements of Listing agreement, of the Act, Mr.Prateek Khicha),is proposed to be appointed as Independent Director (Non– Executive) of the Company for a term of five consecutive years from the conclusion of this Annual General Meeting.

Notice u/s 160(1) of the Act, along with deposit of Rs. 1,00,000/- each, as required under that section, has been received from a member of the company proposing the appointment of all the above independent directors of the company.

In terms of proviso to 152(5), the Board of Directors is of the opinion that Mr. Prateek Khicha fulfils the

conditions specified in the Act for her appointment as an Independent Director. After taking into consideration the recommendation of the Nomination & Remuneration Committee, the Board is of the opinion that Mr. Prateek Khicha's vast knowledge and varied experience will be of great value to the Company and has recommended the Resolution at Item No.3 of this Notice relating to the appointment of Mr. Prateek Khicha as an "Independent Director" (non executive), not liable to retire by rotation for a period of five consecutive years w.e.f. 30<sup>th</sup> September 2020 till 29<sup>th</sup> September 2025.

Mr. Prateek Khicha has given a declaration to the Board that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations.

The Company has also received:-

- i. the consent in writing to act as Director and
- ii. intimation that he is not disqualified under section 164(2) of the Companies Act, 2013.
- iii. a declaration to the effect that he is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI)

A copy of the draft letter for the appointment of Mr. Prateek Khicha as Independent Director setting out the terms & conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Except, Mr. Prateek Khicha, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

By Order of the Board  
For Arihant Foundations & Housing Limited

Sd/-  
(Sharon Josh)  
Company Secretary

Place: Chennai  
Date: 12.11.2020

**DIRECTORS' REPORT**

Your Directors are pleased to present the Directors' Report of your Company together with the Audited Financial Statements and the Auditors' Report for the period ended 31st March, 2020. The summarized financial results for the Financial Year are as under:

**WORKING RESULTS:****FINANCIAL PERFORMANCE:**

During the year under review, company has Revenue from operation of Rs. 1719.64 Lakhs (Previous Year: Rs.6295.93 Lakhs) and Other Income of Rs.2506.04Lakhs (Previous Year: Rs.3205.42Lakhs), and the Gross Profit of the Company amounted to Rs. 201.69 Lakhs (Previous Year: Profit of Rs.201.52Lakhs). After providing for Interest & Finance charges, and Depreciation, the Company has performed well during the year under review despite poor market conditions and without taking up any new project during the year with a Profit after Tax of is Rs. 151.61 Lakhs as compared to the previous year profit of Rs.146.59Lakhs).

| S. No. | Particulars   | (Rs. In Lakhs)   |  |
|--------|---|--|--|
|        |   | 1 <sup>st</sup> April 2019-<br>31 <sup>st</sup> March 2020 | 1 <sup>st</sup> April 2018-<br>31 <sup>st</sup> March 2019 |
| I.     | <b>Total Revenue</b>  | 4225.68  | 9501.35  |
| II.    | <b>Total Expenses</b>   | 4023.98  | 9299.83  |
| III    | <b>Profit before exceptional and extraordinary items and tax (I-II)</b> | 201.69   | 201.52   |
| IV     | Exceptional items   | -  | -  |
| V      | <b>Profit before extraordinary items and tax (III - IV)</b>             | 201.69   | 201.52   |
| VI     | Tax expense:  |  |  |
|        | (1) Current tax   | 39.89  | 40.19  |
|        | (2) Deferred tax  | 10.18  | 14.73  |
| VII    | <b>Profit (Loss) for the period from continuing operations</b>          | 151.61   | 146.59   |
| VIII   | Transfer to Capital Redemption Reserve                                  | -  | -  |
| IX     | <b>Profit (Loss) for the period (VII- VIII)</b>                         | 151.61   | 146.59   |

**DIVIDEND**

Your directors do not declare any Dividend for the financial year ended, 31<sup>st</sup> March 2020 due to inadequate profit and to Conserve reserves.

**DEPOSITS**

During the year under review, the company didn't raise funds by way of fixed deposits from Public.

**Subsidiaries& Joint Ventures / Associates**

There are Seven subsidiaries and one joint ventures of your Company as on 31<sup>st</sup> March, 2020. M/s Arihant Griha Limited, Vaikunt Housing Limited, Varenya Constructions Limited ,Transperent Heights Real Estate



Limited and Verge Realty Private Limited are the wholly-owned subsidiaries and M/s. Escapade Real Estate Private Limited is the subsidiary of your Company with 66.67% stake and M/s. North Town Estates Private Limited with 65% stake. M/s. ArihantUnitech Realty Projects Limited is Joint Venture entity of your Company.

Details of financial statements of subsidiaries are given in AoC-1 as Annexure 1.

## Performance, Plans and Prospects of your Company

### ONGOING PROJECTS

| Project name       | Location                               | Area (Sqft) |
|--------------------|--|-------------|
| Arihant Vihaana    | Kilpauk Garden Road, Kilpauk, Chennai. | 56,580      |
| Arihant Sriniketan | Ganapathy Colony, Teynampet, Chennai.  | 15,207      |
| Arihant Vinyasa    | Ganapathy Colony, Teynampet, Chennai.  | 7,288       |
| Arihant Vilaya     | Koramangala, Bengaluru.                | 16,699      |
| <b>TOTAL</b>       |  | 95,774      |

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments made during the year are given in the Note:11 to the Financial Statements.

### DIRECTORS:

During the period the Composition of Directors the Company was in compliance with Section 149 of the Companies Act and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

### A) CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the period under review, the following are the changes in directors and Key Managerial Personnel

| SI No | Name                   | Designation | Appointment/ Resignation | Date       |
|-------|------------------------|-------------|--------------------------|------------|
| 1     | Mr. Damodaran Arumugam | Director    | Resignation              | 01/04/2019 |

### B) DECLARATION BY INDEPENDENT DIRECTORS

A declaration by the Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 was taken on record by the Board in their meeting held on April 29, 2019. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company <https://arihantspaces.com/investors/code-of-conduct/> The Company has also disclosed the Directors' familiarization programme on its website <https://arihantspaces.com/investors/code-of-conduct/>

The independent directors have met on 30.05.2020 and reviewed the performance of non-executive directors, chairman and executive directors and analyzed the flow of information to the Board. All the Independent directors were present at the meeting.

The Board also evaluated its own performance and that of its committees & Independent Directors.

**NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the year, 9 (Nine) Board Meetings and 4 (four) Audit Committee Meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**AUDIT COMMITTEE:**

The **Audit Committee** had a number of meetings, both formal and internal interactions with the management team in reviewing Accounts, Finances, Compliances and Risks, and in ensuring improved internal reporting, analyses and financial performances. Given the increasing complexities presented by the new Companies Act and other Laws, the Audit Committee has also focused on Compliance and Governance to meet the needs of the present and the future. When necessary, external consultants have been brought in to support the Committee and the Management team. We are happy to report to you that governance of your Company is of a high order as a result. Further improvements are being implemented.

**Nomination and Remuneration Committee** has been active in its role as stipulated in Section 178 of the Companies Act 2013. The policy of remuneration of the Directors, KMPs and employees are stated elsewhere in the report.

**FINANCE**

All taxes and statutory dues have been paid. Payment of interest and instalments to the Financial Institutions and Banks are being made as per schedule. Your Company had not collected any Fixed Deposits during the Financial Year.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Indian Accounting Standards (IND-AS) on consolidated financial statements read with Accounting Standard IND-AS-28 on investment in associates and on financial reporting of interest in Joint Venture, Auditors Report on the consolidated financial statements, audited consolidated Balance

Sheet, Profit and Loss account and Cash flow statements are provided in the Annual Report.

**REPORT ON CORPORATE GOVERNANCE**

In accordance with the Indian Accounting Standards (IND-AS) on consolidated financial statements read with Accounting Standard IND-AS-28 on investment in associates and on financial reporting of interest in Joint Venture, Auditors Report on the consolidated financial statements, audited consolidated Balance Sheet, Profit and Loss account and Cash flow statements are provided in the Annual Report.

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

The necessary details are furnished in Notes to Financial statements no. 2

**PARTICULARS OF EMPLOYEES:**

Details of employees covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in Annexure 3 to this annual report. Employees at all levels have performed well.

**DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up by your Company to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The number of complaints filed during the year was Nil.

**RELATED PARTY TRANSACTIONS**

All transactions entered into with Related Parties (as defined under the Companies Act, 2013) during

the financial year were in the ordinary course of business and on an Arm's length pricing basis, and do not attract the provisions of Section 188 of the Companies Act, 2013 and within the ambit of Reg. 23 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements.

The Board has approved a policy for related party transactions which has been uploaded on the Company's website. <https://arihantspaces.com/investors/code-of-conduct/>

Details of transactions with related parties are given in Form AOC - 2 which is attached to this report as Annexure 4.

#### **REMUNERATION POLICY OF THE COMPANY**

The objective of the remuneration policy of the Company is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following

statements in terms of Section 134(3)(c) of the Companies Act, 2013:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii) the directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) the directors have prepared the annual accounts on a going concern basis.
- v) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **VIGIL MECHANISM / WHISTLE BLOWER MECHANISM**

The Company has a vigil mechanism to deal with instance of fraud and mismanagement, if any. The

details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

### **CORPORATE SOCIAL RESPONSIBILITY**

Obligation to incur expenses under Corporate Social Responsibility is not applicable to your Company for the current year. A CSR committee of the Board, however has been constituted and a policy on Corporate Social Responsibility Policy has been uploaded on the Company's website <https://arihantspaces.com/investors/code-of-conduct/> The Committee has been reconstituted with Mr. Prateek Khicha, Mr.Kamal Lunawath and Mr.Vimal Lunawath

### **STATEMENT PURSUANT TO LISTING AGREEMENT**

Your Company's shares are listed with the National Stock Exchange of India Ltd and the BSE Ltd. We have paid the respective annual listing fees and there are no arrears.

### **REPORT ON CORPORATE GOVERNANCE**

A Report on Corporate governance is annexed herewith as Annexure 5. An extract of Annual Return is attached as **Annexure 6**.

### **BOARD EVALUATION:**

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are

broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

### **AUDITORS**

The Company has appointed S. Ramachandra Rao & Associates, Chennai (Firm Regn. No. 007735S) in the 24<sup>th</sup> Annual General Meeting held on 22nd September 2017 for a period of 5 years from the 24<sup>th</sup> annual general meeting until the conclusion of the 29<sup>th</sup> Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors.

### **INTERNAL AUDITORS**

The Internal Auditors Mr. Arun Rajan have played an important role in strengthening the Systems and internal Controls within the Company.

### **SECRETARIAL AUDIT**

The Board appointed Mr. V Suresh, Practising Company Secretary, Chennai to conduct Secretarial Audit for the Financial Year 2019-20. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is attached to this Report as **Annexure 7**.

### **PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES OF THE COMPANIES ACT, 2013:**

- a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year and such other details as prescribed is as given below:

| <b>S. No.</b> | <b>Name of the Director</b> | <b>Ratio</b> |
|---------------|-----------------------------|--------------|
| 1.            | Mr. Kamal Lunawath          | 5.3203       |
| 2.            | Mr.VimalLunawath            | 5.3203       |
| 3.            | Mr. Bharat Jain             | 7.8325       |

- b) The median remuneration for the period from April 2019 to March 2020 Rs. 183414/-
- c) The percentage increase in remuneration of the Managing Director, Chief Financial Officer,

Company Secretary or Manager, if any, in the financial year:

Mr. Kamal Lunawath – (Managing Director) :N.A.

Mr.VimalLunawath – (Chief Financial Officer) :N.A.

Mr. Sharon Josh – (Company Secretary) :N.A.

- d) The percentage increase in the median remuneration of employees in the financial year: Nil
- e) The number of permanent employees on the rolls of company: 57
- f) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:

Increase in remuneration is based on remuneration policy of the Company.

- j) If remuneration is as per the remuneration policy of the company: Yes

**STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR”.**

No Independent Directors were appointed during the year.

**PERSONNEL**

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

**ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude for the support and co- operation received from CMDA, Corporation of Chennai, Banks and Financial Institutions, Customers, Suppliers and Shareholders and for their continued support. The Board also wish to place its sincere appreciation to the dedicated and committed team of employees.

For and on behalf of the Board of Directors  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**

|                         |                         |
|-------------------------|-------------------------|
| Sd/-                    | Sd/-                    |
| <b>(KAMAL LUNAWATH)</b> | <b>(VIMAL LUNAWATH)</b> |
| Managing Director       | Whole time Director     |
| DIN: 00087324           | DIN: 00586269           |

Place: Chennai  
Date: 12.11.2020

**ANNEXURE TO DIRECTORS’ REPORT:**

Auditor Observation reply:

Board of Directors’ explanation for the observations made in the Secretarial Audit report.

Refer observations in the Secretarial Auditors Report regarding each of these points are listed below:

- a) The audit committee chairman, at the last minute due to his ill health was unable to attend the Annual General Meeting. Mr. Karan Bhasin, a member of the audit committee was present at the meeting to address the share holder queries.
- b) The delay in intimation to Stock Exchanges pursuant to Regulation 33 of Listing Regulations with respect to intimation of financial results was inadvertent due to technical difficulties.
- c) Two subsidiaries namely North Town Estates Pvt Ltd and Escapade Real Estates Pvt Ltd and a joint controlled entity namely Arihant Unitech Realty Projects Limited could not conclude its statutory audit and adopt its annual audited

financial statements ended on 31st March, 2020 due to COVID-19 driven lockdown situations. The management of respective subsidiaries and joint controlled entity confirms that the audit work is in progress and audited financials and other financial information will be available once their Board meeting is planned and convened to adopt the annual accounts.

- d) M/s North Town estates Private Ltd is in the process of Amalgamation with ArihantUnitech Realty Projects Ltd. Post merger, M/s North Town Estates Private Ltd ceases to be a subsidiary of Arihant Foundations & Housing Ltd. Hence the company is of the stand not to appoint an Independent director in the board of North Town Estates Private limited. The company is awaiting final order form NCLAT.
- e) The company is in the process of transfer of shares to IEPF account as required under section 124 of the Companies Act and as on date the transfer is in the final stage.
- f) The company has conducted the board evaluation under Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 for the Financial Year 2019-20 after the close of financial year and a note regarding the same was made in the first board meeting for the financial year 2020-21.

For and on behalf of the Board of Directors

**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Sd/-

Sd/-

**(KAMAL LUNAWATH)**

**(VIMAL LUNAWATH)**

Managing Director

Whole time Director

DIN: 00087324

DIN: 00586269

Place: Chennai

Date: 12.11.2020



**Form AOC-1- ANNEXURE -1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in INR)

| Sl. No. | Particulars   | Details           |                           |                     |                                     |                          |                                  |                                |
|---------|---|-------------------|---------------------------|---------------------|-------------------------------------|--------------------------|----------------------------------|--------------------------------|
|         |   | Arihant Griha Ltd | Varenya Constructions Ltd | Vaikunt Housing Ltd | Transperent Heights Real Estate Ltd | Verge Realty Private Ltd | Escapade Real Estate Private Ltd | North Town Estates Private Ltd |
| 1.      | Name of the subsidiary  | Arihant Griha Ltd | Varenya Constructions Ltd | Vaikunt Housing Ltd | Transperent Heights Real Estate Ltd | Verge Realty Private Ltd | Escapade Real Estate Private Ltd | North Town Estates Private Ltd |
| 2.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | 31-03-2020        | 31-03-2020                | 31-03-2020          | 31-03-2020                          | 31-03-2020               | 31-03-2020                       | 31-03-2020                     |
| 3.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR               | INR                       | INR                 | INR                                 |                          | INR                              | INR                            |
| 4.      | Share capital   | 500000            | 500000                    | 500000              | 500000                              | 100000                   | 16500000                         | 500,000                        |
| 5.      | Reserves & surplus  |                   | 500000                    | 582,393             | (2,848,454)                         |                          | 106,668,925                      | (670,013,956)                  |
| 6.      | Total assets  | 68125552          | 178036503                 | 13852889            | 7393440                             | 100000                   | 354846466                        | 2537497335.00                  |
| 7.      | Total Liabilities   | 67313517          | 301341512                 | 13568024            | 2142986                             | 100000                   | 325727092                        | 3248090099.00                  |
| 8.      | Investments   | Nil               | Nil                       | Nil                 | Nil                                 | NIL                      | 238000000                        | Nil                            |
| 9.      | Turnover  | 5954111           | 38355242                  | 541263              | 1052276                             | 0                        | 83853321                         | 265746346.00                   |
| 10.     | Profit before taxation  | -22460            | -66913549                 | -651114             | -40469                              | -50846                   | 40247226                         | (-)41094794.00                 |
| 11.     | Provision for taxation  | Nil               | Nil                       | Nil                 | Nil                                 | Nil                      | 11196778                         | Nil                            |
| 12.     | Profit after taxation   | -22460            | -66913549                 | -651114             | -40469                              | -50846                   | 29050448                         | -41078807.00                   |
| 13.     | Proposed Dividend   | 0                 | 0                         | 0                   | 0                                   |                          | 0                                | 0                              |
| 14.     | % of shareholding   | 100%              | 100%                      | 100%                | 100%                                | 100%                     | AFHL-67%                         | AFHL 65% &Unitech 35%          |

**Part “B”: Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013**  
**related to Associate Companies and Joint Ventures**

| Sl. No. | Name of associates/Joint Ventures   | Arihant Unitech Realty Projects Limited (Joint Venture) |
|---------|---|---|
| 1.      | Latest audited Balance Sheet Date(Unaudited)  | 31-03-2020  |
| 2.      | Shares of Associate/Joint Ventures held by the company on the year end                |   |
|         | No. of shares   | 5,00,000  |
|         | Amount of Investment in Associates/Joint Venture                                      |   |
|         | Extend of Holding%  | 50%   |
| 3.      | Description of how there is significant influence                                     | Control of 50%  |
| 4.      | Reason why the associate/joint venture is not consolidated                            | NA  |
| 5.      | Net worth attributable to shareholding as per latest audited Balance Sheet(Unaudited) | 250163935.00  |
| 6.      | Profit/Loss for the year  |   |
| i.      | Considered in Consolidation(Profit before Tax)  | 797376.00   |
| ii.     | Not Considered in Consolidation   | -   |

Note:All figures of North Town Estates Private Limited and Arihantunitech realty projects Ltd has been considered as per unaudited financial statements.

1. Names of associates or joint ventures which are yet to commence operations. NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year. NIL

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

sd/-  
**Kamal Lunawath**  
 Managing Director  
 DIN :00087324

sd/-  
**Vimal Lunawath**  
 Whole Time Director  
 DIN : 00586269

Date: 12.11.2020  
 Place: Chennai

## ANNEXURE 2

### REPORT ON CORPORATE GOVERNANCE

(as required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company has always focused on the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations and always adhered to the law in force in the Country. Your Company ensures timely and accurate disclosure on all material matters including the financial situation, performance and regulatory requirements. At Arihant, we constantly promote and enhance the customers' satisfaction and to stakeholders' legitimate interests.

At Arihant, we believe that delivering on promises through a foundation of honesty, built on transparency, finished with integrity is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholder.

#### 2. BOARD OF DIRECTORS

##### (I) COMPOSITION OF BOARD

The Board of Directors of Arihant Foundations & Housing Limited constituted three Executive Directors and three non Executive Directors as on 31.03.2020.

The breakup of the total composition of the Board as on 31.03.2020 is as follows:

| Sl. No. | Name of the Directors     | Designation                                   | Executive/ Non- executive/ Independent |
|---------|---------------------------|---|--|
| 1.      | Mr. Kamal Lunawath*       | Managing Director                             | Executive                              |
| 2.      | Mr. Vimal Lunawath*       | Whole time Director & Chief Financial Officer | Executive                              |
| 3.      | Mr. Bharat M Jain         | Whole time Director                           | Executive                              |
| 4.      | Mr. Ravikant Choudhry**   | Director                                      | Non-Executive & Independent            |
| 5.      | Mr. Karan Bhasin          | Director                                      | Non-Executive & Independent            |
| 6.      | Mrs. Ann Amelia Gonsalvez | Director                                      | Non-Executive & Independent            |

\* Represents Promoter Group

\*\* Mr. Ravikant Choudhry passed away on 27th May 2020.

**(II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 31.03.2019.**

| Sl. No. | Name of the Directors | Attendance at                  |                             | No. of Directorship held in other Public Limited Companies | Board Sub-Committees including in ARIHANT (Audit Committee and Stakeholders Relationship Committee) |              |
|---------|-----------------------|--------------------------------|-----------------------------|--|---|--------------|
|         |                       | No. of Board Meetings Attended | Whether Attended last A.G.M |  | Membership  | Chairmanship |
| 1.      | Kamal Lunawath        | 9                              | Yes                         | 4  | 1   | --           |
| 2.      | VimalLunawath         | 9                              | Yes                         | 4  | 1   | --           |
| 3.      | Bharat Jain           | 9                              | Yes                         | --   | --  | --           |
| 4.      | Ann Gonsalvez         | 7                              | No                          | --   | 2   | --           |
| 5.      | RavikantChoudhary     | 4                              | No                          | --   | --  | 1            |
| 7.      | Karan Bhasin          | 3                              | Yes                         | --   | 2   | 2            |

\* Mr. Ravikant Choudhry passed away on 27th May 2020.

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

During the Financial Year 2019 to 2020 (from 01.04.2019 to 31.03.2020), 9 (Nine) Board meetings were held on 29.04.2019, 30.05.2019, 01.07.2019, 14.08.2019, 31.08.2019, 14.11.2019, 04.12.2019, 14.02.2020 & 19.03.2020

**(IV) REMUNERATION OF DIRECTORS**

The remuneration paid to the Managing Director/ Whole-time Directors is within the ceiling as per the resolution approved by the shareholders/prescribed under the Schedule V to the Companies Act, 2013 and their terms of appointment are displayed at the company's website <http://www.arihantspaces.com/investors-details/code-of-conduct/>

Details of remuneration paid to the Managing Director/ Whole-time Directors during the year ended 31/03/2020 are:

| Name           | Position            | Salary Rs. (Annual) | Commission Rs. | Contribution to P.F. and other Fund Rs. | Perquisites Rs. | Incentives & Bonus In Rs. |
|----------------|---------------------|---------------------|----------------|---|-----------------|---------------------------|
| Kamal Lunawath | Managing Director   | 12,00,000           | Nil            | Nil                                     | Nil             | Nil                       |
| VimalLunawath  | Whole Time Director | 12,00,000           | Nil            | Nil                                     | Nil             | Nil                       |
| Bharat Jain    | Whole Time Director | 18,00,000           | Nil            | Nil                                     | Nil             | Nil                       |

Sitting fees is payable to the Non-Executive Directors for attending Board / eligible Committee meetings.

The sitting fees paid to the Non-Executive Directors are as under:

| Name of the Director | Sitting Fees Paid (Rs.) |
|----------------------|-------------------------|
| Ann Gonsalvez        | 18000                   |
| RavikantChoudhary    | 16000                   |
| Karan Bhasin         | 14000                   |

**(V) Details of Shares held by Non-Executive Directors:**

| Name of the Director | Number of Shares held |
|----------------------|-----------------------|
| Ann Gonsalvez        | Nil                   |
| Ravikant Choudhry    | 5,111                 |
| Karan Bhasin         | Nil                   |

No remuneration was paid to Non – executive and Independent Directors except sitting fees.

Notes:

- (i) There are no stock options and severance fees.
- (ii) No Notice period is specified for Directors' resignation/termination

**3. AUDIT COMMITTEE**

**(I) Composition:**

The Audit Committee composition under provisions of section 177 of the Act and as required under Reg. 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is depicted below:

- Mr. Ravikant Choudhry \*
- Mr. Karan Bhasin,  
Chairman of the Committee –I & NE \*\*
- Mrs. Ann Gonsalvez,  
Member of the Committee I & NE \*\*\*
- Mr. Kamal Lunawath, Managing Director,  
Member of the Committee NI & E
- Mr. Sharon Josh ,Secretary of the Committee.

Note: I- Independent, NE- Non Executive, E- Executive

\* Mr. Ravikant Choudhry passed away on 27/05/2020

\*\* Mr. Karan Bhasin Appointed as Chairman from 12/05/2020

\*\*\* Mrs. Ann Gonsalvez appointed on 12/05/2020

**(II) No. of meetings and attendance:**

There were four (4) meetings held during the year 2019-20 (from 01.04.2019 to 31.03.2020) on 30.05.2019, 14.08.2019, 14.11.2019 & 14.02.2020. All four meetings were attended by the members.

**(III) Brief description of terms of reference:**

The Audit committee acts in accordance with the duties specified under section 177(4) of the Act and as required under Reg. 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**4. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee consists of, Mr. Ravikant Choudhry, Independent Director \*, Mr. Karan Bhasin, Chairman of the committee \*\* & Mrs. Ann Amelia Gonsalvez, Independent Director. The Company Secretary of the Company Mr. Sharon Josh acts as the Secretary to the Committee.

The Committee is formed in accordance with Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has coined a Remuneration Policy as under Reg. 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the purpose of determining the Remuneration to the Directors.

During the financial year 2019-20 (from 01.04.2019 to 31.03.2020), 1 (One) meetings of Nomination and Remuneration Committee was held on 14.02.2020. The said meetings were attended by all the members.

\* Mr. Ravikant Choudhry passed away on 27/05/2020

\*\* Mr. Karan Bhasin Appointed as Chairman from 12/05/2020

## **5. STAKEHOLDER GRIEVANCE COMMITTEE/ STAKEHOLDER RELATIONSHIP COMMITTEE:**

The Stakeholder Grievance committee comprises of, Mr. Ravikant Choudhry, Independent Director, Mr. Karan Bhasin – Chairman of the committee, Mr. Vimal Lunawath and Mrs. Ann Gonsalvez, Independent Director. The Company Secretary of the Company Mr. Sharon Josh acts as the Secretary to the Committee.

The Committee is formed in accordance with Section 178 of the Companies Act, 2013 to consider and resolve the grievances of security holders of the company.

During the financial year 2019-20 (from 01.04.2019 to 31.03.2020), four (4) meetings of Share transfer and Shareholders/Investors Grievance Committee were held on 30.05.2019, 14.08.2019, 14.11.2019 & 14.02.2020. The said meetings were attended by all the members.

a) Mr. Sharon, Company Secretary is the Compliance Officer.

b) No. of shareholders' complaints received during the period 01.04.2019 to 31.03.2020 Nil

c) No. of complaints not solved to the satisfaction of the Shareholders Nil

d) No. of pending complaints as on 31.03.2020 Nil

\* Mr. Ravikant Choudhry passed away on 27/05/2020

\*\* Mr. Karan Bhasin Appointed as Chairman from 12/05/2020

\*\*\* Mrs. Ann Gonsalvez appointed on 12/05/2020

## **6. FAMILIARIZATION PROGRAMMES FOR DIRECTORS**

A familiarization program is made available to Directors through various reports, codes and internal policies with a view to update them on the company's policies and procedures on a regular basis. The details of the familiarization program

carried out for the financial year 2019-20 have been hosted in the website <https://arihantspaces.com/investors/code-of-conduct/>

## **7. POLICY ON MATERIAL SUBSIDIARY**

The details of the policy have been disclosed on the company's website <https://arihantspaces.com/investors/code-of-conduct/>

## **8. POLICY ON RELATED PARTY TRANSACTIONS & POLICY ON DETERMINATION OF MATERIALITY OF AN EVENT**

The policies have been disclosed on the company's website <https://arihantspaces.com/investors/code-of-conduct/>

## **9. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and CEO & Managing Director and their remuneration. This Policy is accordingly derived from the said Charter. <https://arihantspaces.com/investors/code-of-conduct/>

## **10 . VIGIL MECHANISM / WHISTLE BLOWER MECHANISM**

Employees are asked to report any practices or actions believed to be inappropriate and against the interests of the Company or its code of conduct adopted or any other illegal acts to their immediate Manager. Report of violation may also be made directly to the Chief Executive Officer. Where appropriate, complaints may be made on a confidential basis to the Chairman of the Audit Committee / Board. The contact details are made available at the Company's website / Notice Board. All complaints received will be properly investigated by the recipients and report the outcome to the Audit Committee in sealed cover for appropriate action. The Company prohibits retaliation against any employee for such complaints made in good faith, while it also protects the rights of the incriminated



person. No complaint has been registered during 2019-20. No personnel have been denied access to the Committee/Mechanism. The policy of the Company can be found at the weblink <https://arihantspaces.com/investors/code-of-conduct/>

**11.** The list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board;

|                                   | <b>Kamal Lunawath</b>                              | <b>Vimal Lunawath</b>        | <b>Bharatkumar Magilal Jain</b> | <b>Ravikant Choudhry</b>           | <b>Karan Bhasin</b>                | <b>Ann Gonsalvez</b>               |
|-----------------------------------|--|------------------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Designation                       | Promotor, Executive Director and Managing Director | Promotor, executive Director | Executive Director              | Non executive Independent Director | Non executive Independent Director | Non executive Independent Director |
| Industry Experience               | 5  | 5                            | 5                               | 4                                  | 3                                  | 3                                  |
| General Management skills         | 5  | 5                            | 5                               | 5                                  | 5                                  | 5                                  |
| Leadership Skills                 | 5  | 5                            | 5                               | 4                                  | 4                                  | 3                                  |
| Problem Solving / Decision Making | 5  | 5                            | 5                               | 4                                  | 4                                  | 4                                  |
| Relationship Building             | 5  | 5                            | 5                               | 4                                  | 4                                  | 4                                  |
| Communication Skills              | 5  | 5                            | 5                               | 5                                  | 5                                  | 5                                  |
| Planning & Strategy Development   | 5  | 5                            | 5                               | 4                                  | 3                                  | 3                                  |

Proficiency level0 – No capacity

- 1 – Basic proficiency
- 2 – Some Experience
- 3 – Average Expertise
- 4 – Advanced
- 5- Expert

**12. GENERAL BODY MEETINGS**

Location and time where last three Annual General Meeting (AGMs) were held:

| A.G.M    | Date       | Time     | Venue   |
|----------|------------|----------|---|
| 24th AGM | 22.09.2017 | 9.30 A.M | “Arihant Tiara”,<br>Plot No. 2B, TCNS Garden, Nandambakkam,<br>Chennai- 600089                                      |
| 25th AGM | 28.09.2018 | 9.00 A.M | “Arihant The Verge”<br>No.282, Old Mahabalipuram Road<br>(Rajiv Gandhi Salai), Kandhanchavadi,<br>Chennai – 600 096 |
| 26th AGM | 30.09.2019 | 9.00 A.M | “Arihant Tiara”,<br>Plot No. 2B, TCNS Garden, Nandambakkam,<br>Chennai- 600089                                      |

Whether any special resolutions passed in the previous 3 AGMs : Yes

Whether any special resolutions passed last year through postal ballot : No

No resolution is proposed to be conducted through postal ballot

The details of Special Resolution which were passed through postal ballot during the year under review are as follows:

### 13. DISCLOSURES

The Company’s internal Audit is done by a firm of Chartered Accountants. The reports submitted by the Internal Auditors on the operations and financial transactions and the Action Taken Report on the same are placed before the Audit Committee, apart from the Statutory Auditors and the Senior Management of the Company. The Board has the policy of reviewing the non compliance reported, if any.

During the year, the material significant transactions with the Directors or their relatives or the other related parties did not have any potential conflict with the interests of the Company. All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

There were no instances of material non compliance and no penalties or structures on the Company imposed by Stock Exchanges, SEBI or statutory authorities on any matter related to Capital Market during last three years / period.

The Company has devised Whistle Blower mechanism and the same is available in the Company’s website. It is hereby affirmed that, that no personnel has been denied access to the audit committee.

### 13. MEANS OF COMMUNICATION

The Company has promptly reported all material information including quarterly results and press releases to the Stock Exchanges where the Company’s securities are listed. The quarterly results were communicated to the shareholders by way of advertisement in an English National Newspaper, normally in The Business Standard or The MINT and in a vernacular language newspaper, normally in the Maalaisudar, Tamil edition. The results and other updates are displayed on the company’s website <https://arihantspaces.com/>

**15. CODE OF CONDUCT:**

The Company has laid down the Code of Conduct for all Board members and senior management of the Company, which is available on the Company's Website <https://arihantspaces.com/investors/code-of-conduct/>

All Board members and Senior Management of the Company have affirmed compliance with their Code of Conduct for the financial year ended March 31, 2018. The Managing Director has also confirmed and certified the same. The certification is annexed as Annexure 1- CG at the end of this Report.

**16. RISK MANAGEMENT:**

The Company has well laid down procedures to inform Board members about the risk assessment and adopted suitable forex policy including hedging to contain foreign exchange risk.

**17. CEO /CFO CERTIFICATION:**

Appropriate certification as required under Reg. 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Kamal Lunawath, Managing Director and Mr. Vimal Lunawath, Chief Financial Officer have certified to the Board regarding Financial Statements for the year ended 31st March, 2020 which is attached as **Annexure 2 to CG**.

**18. AFFIRMATION:**

The provisions of Reg. 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Reg. 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable to the company, are fully complied with. All the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are disclosed in this report.

Further the company adopted the following discretionary requirements under Reg. 27(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

**The Board**

No separate office is maintained by the present Chairman - cum - Managing Director.

**Shareholder Rights**

The company has not circulated a half-yearly declaration of financial performance/summary of significant events in the last six-months.

**Modified opinion(s) in audit report**

A statement of Impact of Modified opinions in the consolidated audit report is annexed along with the financial statements.

**Separate Posts of Chairperson and Chief Executive Officer**

Separate persons occupied the position of Chairperson and Managing Director during the financial year.

**Reporting of internal auditor**

The Internal Auditors directly report to the Audit Committee

**19. GENERAL SHAREHOLDER INFORMATION**

- |       |   |  |
|-------|---|--|
| i.    | Number of Annual General Meeting<br>Date & Time<br>Venue                            | : 27 <sup>th</sup> Annual General Meeting<br>: 23.12.2020, 9.30 a.m<br>: No.3. Ganapathy Colony, 3rd Street,<br>off Cenotaph road, Teynampet,<br>Chennai 600 018   |
| ii.   | Financial Calendar  | : April 2019 to March 2020   |
| iii.  | Book Closure date   | : 17.12.2020 to 23.12.2020<br><br>(both the days inclusive)  |
| iv.   | Listing on Stock Exchanges  | : Bombay Stock Exchange Limited<br>PhirozeJeejeebhoy Towers<br>Dalal Street, Mumbai-400001<br>Website:-www.bseindia.com<br><br>National Stock exchange of India Limited<br>Exchange Plaza, BandraKurla Complex<br>Bandra (E), Mumbai- 400051 |
| v.    | Listing Fees  | : Paid as per the Listing agreement  |
| vi.   | Stock code/ Symbol<br>BSE Limited<br>NSEIndia Ltd<br>ISIN for dematerialised shares | : 531381<br>: arihant found<br>: ARIHANT<br>: INE413D01011   |
| vii.  | Registrar & Share Transfer Agent  | : Cameo Corporate Services Ltd<br>"Subramanian Building",<br>No. 1 Club House Road, Chennai- 600 002   |
| viii. | Compliance Officer  | : Mr. Sharon Josh, Company Secretary<br>ARIHANT FOUNDATIONS & HOUSING LIMITED<br>No. 3 Ganapathy Colony, 3rd Street,<br>Teynampet, Chennai- 600 018  |
| ix.   | Share Transfer System   | : The Company's shares are traded in the Stock Exchanges which are compulsorily in demat mode. Shares sent for physical transfer are registered promptly within 15 days from the date of receipt of completed and validly executed documents |
| x.    | Dematerialisation of Shares and liquidity   | : The dematerialisation facility exists with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 31.03.2020, 71,96,520 shares have been |

dematerialised, representing 83.68% of the Subscribed capital. The Company's shares are actively traded shares on BSE & NSE

xi. Plant Location : Since the nature of business of the Company is construction the Company has site and projects at various places in urban and sub-urban areas

xii. Stock market price data for the year 2019 - 20 :  
The details of month wise high/low price of the company's share in the Stock Exchanges, where it is listed, along with the comparable indices of the Stock Exchanges for the financial year are tabled below:

| Month          | Bombay Stock Exchange Ltd |       |           |           | National Stock Exchange Ltd |       |                  |           |
|----------------|---------------------------|-------|-----------|-----------|-----------------------------|-------|------------------|-----------|
|                | Share Price (INR)         |       | Sensex    |           | Share Price (INR)           |       | CNX Nifty Points |           |
|                | High                      | Low   | Points    | Low       | High                        | Low   | High             | Low       |
| April 2019     | 32.90                     | 27.00 | 39,487.45 | 38,460.25 | 30.35                       | 26.50 | 11,856.15        | 11,549.10 |
| May 2019       | 36.80                     | 23.00 | 40,124.96 | 36,956.10 | 36.10                       | 22.40 | 12,041.15        | 11,108.30 |
| June 2019      | 30.50                     | 21.00 | 40,312.07 | 38,870.96 | 31.95                       | 20.40 | 12,103.05        | 11,625.10 |
| July 2019      | 25.00                     | 20.00 | 40,032.41 | 37,128.26 | 25.85                       | 17.20 | 11,981.75        | 10,999.40 |
| August 2019    | 19.05                     | 15.50 | 37,807.55 | 36,102.35 | 20.90                       | 14.15 | 11,181.45        | 10,637.15 |
| September 2019 | 22.95                     | 14.50 | 39,441.12 | 35,987.80 | 20.90                       | 14.35 | 11,694.85        | 10,670.25 |
| October 2019   | 22.75                     | 15.20 | 40,392.22 | 37,415.83 | 21.00                       | 15.90 | 11,945.00        | 11,090.15 |
| November 2019  | 34.00                     | 16.55 | 41,163.79 | 40,014.23 | 33.50                       | 16.05 | 12,158.80        | 11,802.65 |
| December 2019  | 27.60                     | 22.00 | 41,809.96 | 40,135.37 | 23.25                       | 19.55 | 12,293.90        | 11,832.30 |
| January 2020   | 23.90                     | 19.65 | 42,273.87 | 40,476.55 | 24.40                       | 19.05 | 12,430.50        | 11,929.60 |
| February 2020  | 24.20                     | 18.90 | 41,709.30 | 38,219.97 | 24.50                       | 16.60 | 12,246.70        | 11,175.05 |
| March 2020     | 17.50                     | 15.20 | 39,074.90 | 25,650.80 | 18.50                       | 10.40 | 11,433.00        | 7,511.10  |

**xiii . Distribution of Shareholding as on 31.03.2020**

| Share or Debenture holding |     | Share / Debenture holders |        |            | Share / Debenture amount |            |
|----------------------------|-----|---------------------------|--------|------------|--------------------------|------------|
| Rs.                        |     | Rs.                       | Number | % of total | Rs.                      | % of total |
| 10                         | -   | 5000                      | 1839   | 82.7632    | 1786810                  | 2.0776     |
| 5001                       | -   | 10000                     | 95     | 4.2754     | 766270                   | .08910     |
| 10001                      | -   | 20000                     | 81     | 3.6453     | 1243160                  | 1.4455     |
| 20001                      | -   | 30000                     | 54     | 2.4302     | 1369670                  | 1.5926     |
| 30001                      | -   | 40000                     | 24     | 1.0801     | 855980                   | 0.9953     |
| 40001                      | -   | 50000                     | 23     | 1.0351     | 1098570                  | 1.2774     |
| 50001                      | -   | 100000                    | 42     | 1.8901     | 3384790                  | 3.9358     |
| 100001                     | and | Above                     | 64     | 2.8802     | 75494750                 | 87.7845    |
| Total                      |     |                           | 2327   |            | 86000000                 | 100        |

**xiv. Shareholding pattern as on 31.03.2020.**

| Sl. No. | Category  | No. of Shares | % of Paid up Capital |
|---------|---|---------------|----------------------|
| 1.      | Indian Promoter's (including Person acting in concert). | 3686700       | 42.87                |
| 2.      | Bodies Corporate  | 1445076       | 16.80                |
| 3.      | FPI's   | 823706        | 9.58                 |
| 4.      | Others  | 2644518       | 30.75                |
|         | Total   | 86,00,000     | 100.00               |

**xv. Reconciliation of Share Capital Audit Report**

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

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

Nil

**xvii. Address for correspondence**

For matters relating to Company's shares:

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

For other matters:

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

**20. CERTIFICATE FROM PRACTISING COMPANY SECRETARY:**

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority. A Certificate to this effect, duly signed by the Practicing Company Secretary is annexed to this Report. Annexure 3 -CG

**21. TOTAL FEES FOR ALL SERVICES PAID BY THE COMPANY ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITORS:**

Total fees for all services paid by the Company on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

The details of total fees paid to M/s. M/s. S. Ramachandra Rao & Associates, Chartered Accountants, Statutory Auditors during the financial year 2019 - 20 for all services rendered by them is given below:

| Particulars                               | Amount             |
|---|--------------------|
| Audit fees (including for Limited Review) | 6,00,000.00        |
| INDAS Consultancy                         | 2,00,000.00        |
| <b>TOTAL</b>                              | <b>8,00,000.00</b> |

**22. STATEMENT OF COMPLAINTS IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Act and that an Internal Complaints Committee has been set up for redressal of complaints and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year the Company has not received any complaint under Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

**23. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON MANDATORY REQUIREMENTS:**

The Company has complied with the applicable mandatory requirements of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.

The Directors thank the Company's employees, customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Directors appreciate and value the contribution made by every member of the Arihant family.

For and on behalf of the Board of Directors  
ARIHANT FOUNDATIONS & HOUSING LIMITED

(KAMAL LUNAWATH)  
Managing Director  
DIN: 00087324

(VIMAL LUNAWATH)  
Whole time Director  
DIN: 00586269

Date: 12.11.2020

Place: Chennai



## **ANNEXURE 1 to CG**

### **DECLARATION BY THE CEO UNDER REGULATION 34(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT**

In accordance with Reg. 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the Financial Year ended March 31, 2020

For **Arihant Foundations & Housing Limited**

Sd/-

Kamal Lunawath

Managing Director

DIN: 00087324

Date: 12.11.2020

Place: Chennai

## **ANNEXURE 2 to CG**

### **DECLARATION BY THE CEO UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY MD/CFO REGARDING COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS.**

#### **CERTIFICATION BY MD AND CHIEF FINANCIAL OFFICER TO THE BOARD**

We, Managing Director (Kamal Lunawath) and (Vimal Lunawath) Chief Financial Officer of ARIHANT FOUNDATIONS & HOUSING LIMITED, certify that:

- A. We have reviewed the financial statements and the cash flow statement for the period ended 31.03.2020 and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including 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 overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors

and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

- D. We have indicated to the Auditors, the Audit Committee and to the Practising Company Secretary:
- (1) that there are no significant changes in internal control over financial reporting during the year;
  - (2) that there are no significant changes in accounting policies during the year;
  - (3) that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board of Directors  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Place: Chennai  
Date: 12.11.2020

|  |  |
|--|--|
| Sd/-<br>(KAMAL LUNAWATH)<br>Managing Director<br>DIN: 00087324 | Sd/-<br>(VIMAL LUNAWATH)<br>Whole time Director<br>DIN: 00586269 |
|--|--|

### **Annexure –3 to CG**

#### **CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
ARIHANT FOUNDATIONS & HOUSING LIMITED  
No. 3 (Old No. 25), Ganapathy Colony,  
3rd lane, Off. Cenotaph road, Teynampet,  
Chennai – 600018.

I have examined the relevant registers, records, forms, returns and disclosures received from the Director of ARIHANT FOUNDATIONS & HOUSING LIMITED having CIN:L70101TN1992PLC022299 and having registered office at No. 3 (Old No. 25), Ganapathy Colony, 3rd lane, Off. Cenotaph road, Teynampet, Chennai – 600 018. (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director                          | DIN      | Date of appointment in Company |
|---------|---|----------|--------------------------------|
| 1       | Mr.Kamal Lunawath                         | 00087324 | 04.11.2005                     |
| 2       | Mr. VimalLunawath                         | 00586269 | 01.04.2005                     |
| 3       | Mr. BharatkumarMangilal Jain              | 00083236 | 04.11.2005                     |
| 4       | Mr. Karan Bhasin                          | 02168581 | 01.02.2012                     |
| 5       | Ms. Ann Gonsalvez                         | 00031146 | 25.03.2015                     |
| 6       | Mr.RavikantChoudhry(ceased on 27.05.2020) | 00831721 | 30.12.2005                     |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of theCompany.

Place: Chennai  
Date : 11.11.2020

V Suresh  
Practising Company Secretary  
FCS No. 2969  
C.P.No. 6032  
UDIN:F002969B001213851

## Annexure –3 to CG

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Economic Review

The Indian economy registered a growth of 4.2% in Financial Year ('FY') 2019-20, much lower than the 6.1% in FY 2018-19 (Source: IMF). Wage stagnation, job losses, rising rural unemployment rates, stressed non-banking financial companies and decline in credit growth caused a sharp drop in domestic demand. On the supply side, excess idle production capacity and lower private investments further dragged down economic activity. The Government of India undertook initiatives such as liberalising sectors to attract foreign direct investments, upfront capital infusion in public sector banks to alleviate liquidity concerns and reducing corporate tax rates to revive private investments.

Following the Covid-19 outbreak, India implemented one of the strictest nationwide lockdowns in the world early on, in order to keep the infection numbers under control. This has resulted in mass unemployment in the lower income segment and staff downsizing across sectors. The restriction on free movement of goods and people disrupted supply chains and nearly wiped out the demand for non-essential goods and services. The Government of India announced ` 1.7 lakh crore relief package to help India's marginalised population tackle the challenges caused by the Covid-19 pandemic. This included direct cash transfer benefits to more than 8.7 crore Indian farmer families, free food and gas distribution, social and security measures for the organised sector and medical covers for health workers. The Reserve Bank of India ('RBI') provided a monetary stimulus by slashing the repo rate to 5.15%, a cut of 135 basis points in FY 2019-20, to boost demand and private consumption.

#### Real Estate Overview

Real estate sector is one of the most globally recognized sectors. It comprises of four sub sectors - housing, retail, hospitality, and commercial. The

growth of this sector is well complemented by the growth in the corporate environment and the demand for office space as well as urban and semi-urban accommodations. The construction industry ranks third among the 14 major sectors in terms of direct, indirect and induced effects in all sectors of the economy.

It is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. Bengaluru is expected to be the most favoured property investment destination for NRIs, followed by Ahmedabad, Pune, Chennai, Goa, Delhi and Dehradun.

#### Opportunities

By 2040, real estate market will grow to Rs 65,000 crore (US\$ 9.30 billion) from Rs 12,000 crore (US\$ 1.72 billion) in 2019. Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13 per cent to the country's GDP by 2025. Retail, hospitality, and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. Indian real estate increased by 19.5 per cent CAGR from 2017.

Indian real estate sector has witnessed high growth in the recent times with rise in demand for office as well as residential spaces. Real estate attracted around Rs 43,780 crore (US\$ 6.26 billion) in investment in 2019. The retail segment attracted PE (Private Equity) investment of around US\$ 1 billion in 2019. Institutional investment in the sector stood at US\$ 712 million during the quarter ended March 2020. Real estate attracted around US\$ 14 billion from foreign PE between 2015 and Q32019.

## Threats and Challenges

### Interest rates and the economy:

As interest rates rise, commercial and residential real estate markets are seeing several changes, such as decreasing demand for commercial property and higher home mortgage rates. Rate increases are making homes less affordable and are also limiting the value appreciation for commercial real estate. "Lack of wage growth for all but the wealthiest population segment is dampening housing demand, and limiting consumer spending that the economy needs for growth," the Counselors of Real Estate's report notes.

### Regulatory Hurdles

Tax reform and policies aimed at balancing trade with other countries will have an impact on jobs, incomes, and both commercial and residential property, according to the report. "Congressional action to relax certain bank lending and asset management regulations was also among developing trends that may improve access to capital," the Counselors of Real Estate's report notes.

Increasingly in the last 2-3 years, the cost of doing business has gone up. Liquidity, prices, capital cost and interest rates from NBFCs to the real estate sector have gone up... Delay in approvals from authorities for land, holding costs and equity expectations in return add to the cost of project. Coupled with the pandemic and slow-moving inventory, project completion takes longer, and cash flows are slower than envisaged, all that adding to cost of doing business than ease of doing business.

The constant reforms, which are well intended by the authorities causes instability in business. The business needs to be reset every six months, as the business model goes out the window. The real estate industry, especially in the residential market, has also been seeing weak demand due to lack of job security, stability, GDP growth, and sense of security.

## Future Outlook

The Securities and Exchange Board of India (SEBI) has given its approval for the Real Estate Investment Trust (REIT) platform, which will allow all kind of investors to invest in the Indian real estate market. It would create an opportunity worth Rs 1.25 trillion (US\$ 19.65 billion) in the Indian market in the coming years. Responding to an increasingly well-informed consumer base and bearing in mind the aspect of globalisation, Indian real estate developers have shifted gears and accepted fresh challenges. The most marked change has been the shift from family owned businesses to that of professionally managed ones. Real estate developers, in meeting the growing need for managing multiple projects across cities, are also investing in centralised processes to source material and organise manpower and hiring qualified professionals in areas like project management, architecture and engineering.

The growing flow of FDI in Indian real estate is encouraging increased transparency. Developers, in order to attract funding, have revamped their accounting and management systems to meet due diligence standards.

## Segment wise Performance

The Company has only one segment that is developing and promoting of residential apartments. Hence there is no requirement of segment wise reporting.

## Risks and Concerns

The key risks and concerns of our sector is key risks i.e, Market risks, implementation risks, institutional risks and statutory concerns. The Board has established a Risk Management Policy which formalizes the Company's approach to overview and manages business risks. The policy is implemented through identifying, assessing, monitoring and managing risks and concerns across all the projects of the Company.

### **Financial Performance**

A detailed report about financial performance forms part of Directors Report to the shareholders.

### **Human resources**

ARIHANT firmly believes that human resources are key enablers for the Company's growth. At Arihant, the key principle which drives the same thought process is that the vision and success of the company is closely aligned to the goals of the human resources of company. Hence, it continuously carries out a training process for the benefit and facelift of existing and new employees. By following this philosophy, the company hopes to scale up its size of activities, simultaneously with the growth of its workforce in their careers.

### **Internal Control System and their Adequacy**

In order to get the best assurance of the Internal Control System the Company has appointed M/s. Mr. ArunRajan, Chartered Account , as the Internal Auditors of the Company. There are adequate internal financial controls in place with reference to the financial statements. During the year under review, these controls were evaluated and no significant weakness was identified either in the design or operation of the controls

### **Cautionary Statement**

Statements in this Management Discussion and Analysis Report are based upon data available with the Company and on certain assumptions having regard to the economic conditions, government policies and political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

### **For Arihant Foundations & Housing Limited**

Kamal Lunawath  
Managing Director  
DIN: 00087324

Date: 12.11.2020  
Place: Chennai

### **ANNEXURE 5 – CG**

DISCLOSURE OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED

IN REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATION 2015

In accordance with Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations And Disclosure Requirements) Regulation 2015, I hereby confirm that all the Company have affirmed compliance to the regulations for the Financial Year ended March 31, 2020

### **For Arihant Foundations & Housing Limited**

Kamal Lunawath  
Managing Director  
DIN: 00087324

Date: 12.11.2020  
Place: Chennai

**ANNEXURE 3****Statement showing the name of the top ten employees in terms of remuneration drawn :**

| Name of the Employee | Designation            | Qualification                                      | Experience | Date of Joining | Age | Last Employment & position held                | Remuneration Received |
|----------------------|------------------------|--|------------|-----------------|-----|--|-----------------------|
| HARISH MARLECHA      | Head-Marketing         | B.Com  | 24         | 04.09.2007      | 46  | --   | 2,400,000             |
| BHARATH JAIN         | Whole-Time Director    | Indian Certificate Secondary Education             | 15         | 30.12.2005      | 42  | --   | 1,800,000             |
| JAMES BABU L         | AGM Projects           | B.E. Civil   | 34         | 15.11.2006      | 54  | Golden Homes, Senior Engineer                  | 13,65,466             |
| KAMAL LUNAWATH       | Whole-Time Director    | B.Com  | 21         | 04.11.2005      | 47  | --   | 1,200,000             |
| VIMAL LUNAWATH       | Managing Director      | B.Com  | 24         | 04.11.2005      | 46  | --   | 1,200,000             |
| SWAROOP KRISHNA D    | Manager-Finance        | B.Com  | 13         | 30.04.2004      | 37  | --   | 1031965               |
| O P MADHAV           | Head-Administration    | DFT  | 25         | 01.04.1992      | 61  | --   | 878400                |
| MARIAPPAN S          | Project Manager        | MBA  | 11         | 30.06.2011      | 34  | --   | 869375                |
| P SAKTHIBATHI        | Project Manager        | Diploma in civil eng., and Construction management | 14         | 10.03.2003      | 39  | Manju Foundations (P) Ltd, Marketing Executive | 767946                |
| PIYUSH JAGDISH BHATT | Sr Manager - Marketing | Diplomo Civil                                      | 25         | 01.04.1992      | 47  | --   | 762804                |

For and on behalf of the Board of Directors  
ARIHANT FOUNDATIONS & HOUSING LIMITED

(KAMAL LUNAWATH)  
Managing Director  
DIN: 00087324

(VIMAL LUNAWATH)  
Whole time Director  
DIN: 00586269

Date: 12.11.2020  
Place: Chennai



**Annexure 4**  
**AOC 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

**A. Details of contracts or arrangements or transactions not at arm's length basis**

Arihant Foundations & housing Limited (the Company) has not entered into any contact/ arrangement/ transaction with its related parties which is not in ordinary course of business or at arm's length during financial year 2019-20. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act 2013 (Act) and the corresponding Rules. In addition, the same is reviewed by the Audit Committee.

- a. Name(s) of the related party and nature of relationship: Not Applicable
- b. Nature of contracts / arrangements / transactions: Not Applicable
- c. Duration of the contracts / arrangements / transactions: Not Applicable
- d. Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- e. Justification for entering into such contracts or arrangements or transactions: Not Applicable
- f. Date(s) of approval by the Board: Not Applicable
- g. Amount paid as advances, if any: Not Applicable
- h. Date on which the special resolution was passed in general meeting as required under the first proviso to Section 188: Not Applicable

Details of material contracts or arrangement or transactions at arm's length basis –NIL

For and on behalf of the Board of Directors

**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Sd/-

**(KAMAL LUNAWATH)**  
Managing Director  
DIN: 00087324

Sd/-

**(VIMAL LUNAWATH)**  
Whole time Director  
DIN: 00586269

Place: Chennai  
Date: 12.11.2020

## Annexure 5

### CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To the Members of

#### **ARIHANT FOUNDATIONS & HOUSING LIMITED**

I have examined the compliance of Corporate Governance by Arihant Foundations & Housing Limited, for the year ended 31st March 2020, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation 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 my opinion and to the best of my information and according to the explanations given to me, and considering the relaxations granted by the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic,

I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except the followings:

The Audit Committee Chairman was not present at the last Annual General Meeting as required under Regulation 18(1)(d) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.

The Company has not submitted the Audited financial results within the period prescribed under regulation 33 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 for the year ended 31.03.2020.

The financial results and other financial information of 2 of the Subsidiaries namely, Escapade Real Estates Private Limited and North Town Estates Private Limited and a Joint Controller Entity, Arihant Unitech Realty Projects, have been prepared by the management but have not been audited as required under the Companies Act, 2013.

M/s. North Town Estates Private Limited became a material subsidiary from the Financial Year 2018-19. However Regulations 24 and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not complied with.

The Board Evaluation as required under Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 not done for the Financial Year 2019-20.

I further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by it.

I 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.

Place : Chennai  
Date : 11.11.2020

V Suresh  
Practising Company Secretary  
C.P.No: 6032  
UDIN:F002969B001213838

**Annexure 6**  
**FORM NO. MGT. 9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on March 31, 2020**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

|   |   |
|---|---|
| CIN   | L70101TN1992PLC022299   |
| Registration Date   | 06/03/1992  |
| Name of the Company   | ARIHANT FOUNDATIONS & HOUSING LIMITED   |
| Category / Sub-Category of the Company                                    | Indian Non-Government Company/ Company having Share Capital   |
| Address of the Registered office and contact details                      | No. 3, Ganapathy Colony, 3rd Street, Off. Cenotaph road, Teynampet, Chennai- 600 018  |
| Whether listed company Yes / No   | Yes   |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. Cameo Corporate Services Limited, V Floor, Subramanian Building, No.1, Club House Road, Anna Salai, Chennai- 600002. Ph: 28460390. |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1.      | Real Estate Development                          | 681                              | 100                                |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

| S. No | NAME AND ADDRESS OF THE COMPANY  | CIN/GLN                | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|-------|--|------------------------|--------------------------------|------------------|--------------------|
| 1.    | Varenya Constructions Limited, New No.3(Old No.25), Ganapathy Colony, 3rd Street Off. Cenotaph Road, Teynampet Chennai TN 600018 | U45209TN2006 PLC061200 | Subsidiary                     | 100%             | Sec 2(87)          |
| 2.    | Vaikunt Housing Limited, No.3, Ganapathy Colony, 3rd Street, Off. Cenotaph Road, Teynampet, Chennai -600018                      | U70101TN2005 PLC056345 | Subsidiary                     | 100%             | Sec 2(87)          |

|    |  |                           |               |        |                  |
|----|--|---------------------------|---------------|--------|------------------|
| 3. | Transperent Heights Real Estate Limited,<br>No.3, Ganapathy Colony,<br>3rd Street, Off. Cenotaph Road,<br>Teynampet, Chennai -600018 | U70101TN2006<br>PLC061223 | Subsidiary    | 100%   | Sec 2(87)        |
| 4. | ArihantGriha Limited,<br>271, Poonamallee High Road,<br>Ankur Manor, 1st Floor,<br>Off Mcnichols Road, Kilpauk,<br>Chennai 600010    | U45200TN2006<br>PLC061191 | Subsidiary    | 100%   | Sec 2(87)        |
| 5. | North Town Estates Private Limited,<br>No.3, Ganapathy Colony, 3rd<br>Street, Off. Cenotaph Road,<br>Teynampet, Chennai -600018.     | U74120TN2008<br>PTC123313 | Subsidiary    | 65%    | Section<br>2(6)  |
| 6. | Escapade Real Estates Private Limited,<br>No.3, Ganapathy Colony,<br>3rd Street, Off. Cenotaph Road,<br>Teynampet, Chennai -600018   | U70101TN2007<br>PTC062236 | Subsidiary    | 66.67% | Section<br>2(87) |
| 7. | Verge Realty Private Limited, No.3,<br>Ganapathy Colony, 3rd Street,<br>Off. Cenotaph Road, Teynampet<br>Chennai -600018             | U45309TN201<br>9PTC133369 | Subsidiary    | 100%   | Sec 2(87)        |
| 8. | ArihantUnitech realty Projects Limited,<br>No.3, Ganapathy Colony,<br>3rd Street, Off. Cenotaph Road,<br>Teynampet, Chennai -600018  | U74899TN2005<br>PLC123508 | Joint Venture | 50%    | Section<br>2(6)  |

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

| CATEGORY OF SHAREHOLDERS                      | NUMBER OF SHARES HELD AT THE BEGINNING OF THE YEAR |          |         |       | NUMBER OF SHARES HELD AT THE END OF THE YEAR |          |         |       |
|---|--|----------|---------|-------|--|----------|---------|-------|
|   | DEMAT  | PHYSICAL | TOTAL   | %     | DEMAT  | PHYSICAL | TOTAL   | %     |
| <b>A. PROMOTERS</b>                           |  |          |         |       |  |          |         |       |
| <b>1. INDIAN</b>                              |  |          |         |       |  |          |         |       |
| a. Individuals<br>/Hindu undivided Family     | 3686700  | 250000   | 3686700 | 42.87 | 3686700                                      | 0        | 3686700 | 42.87 |
| b. Central Government/<br>State Government(s) |  | 0        | 0       | 0     | 0  | 0        | 0       | 0     |

|   |                |          |                |              |                |          |                |              |
|---|----------------|----------|----------------|--------------|----------------|----------|----------------|--------------|
| c. Financial Institutions/<br>Banks   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| d. Any Other (specify)  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| Sub-Total (A)(1)  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| 2. Foreign  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| a. Individuals (Non-<br>Resident Individuals/<br>Foreign Individuals)                   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| b. Government   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| c. Institutions   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| d. Foreign Portfolio<br>Investor  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| e. Any Other (specify)  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| Sub-Total (A)(2)  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| <b>Total Shareholding<br/>of Promoter and<br/>Promoter Group (A)=<br/>(A)(1)+(A)(2)</b> | <b>3686700</b> | <b>0</b> | <b>3655700</b> | <b>42.87</b> | <b>3686700</b> | <b>0</b> | <b>3686700</b> | <b>42.87</b> |
| <b>B. PUBLIC SHAREHOLDING</b>   |                |          |                |              |                |          |                |              |
| <b>1. INSTITUTIONS</b>  |                |          |                |              |                |          |                |              |
| a. Mutual Funds/  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| b. Venture Capital<br>Funds   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| c. Alternate Investment<br>Funds  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| d. Foreign Venture<br>Capital Investors   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| e. Foreign Portfolio<br>Investors   | 988856         | 0        | 988856         | 11.5         | 823706         | 0        | 823706         | 9.58         |
| f. Financial Institutions/<br>Banks   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| g. Insurance<br>Companies   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| h. Provident Funds/<br>Pension Funds  | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| i Any Other (specify)   | 0              | 0        | 0              | 0            | 0              | 0        | 0              | 0            |
| Sub-Total (B)(1)  | <b>988856</b>  | <b>0</b> | <b>988856</b>  | <b>11.5</b>  | <b>823706</b>  | <b>0</b> | <b>823706</b>  | <b>9.58</b>  |

|  |                |                |                |               |                |                |                |              |
|--|----------------|----------------|----------------|---------------|----------------|----------------|----------------|--------------|
| <b>2 Central Government/<br/>State Government(s)/<br/>President of India</b>       | 0              | 0              | 0              | 0             | 0              | 0              | 0              | 0            |
| Sub-Total (B)(2)   | 0              | 0              | 0              | 0             | 0              | 0              | 0              | 0            |
| <b>3. Non-institutions</b>   |                |                |                |               |                |                |                |              |
| a. Individuals -   |                |                |                |               |                |                |                |              |
| i Individual shareholders holding nominal share capital up to Rs. 2 lakhs.         | 653660         | 400430         | 1054090        | 12.26         | 693176         | 379430         | 1072606        | 12.47        |
| ii Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs. | 1130602        | 311100         | 1441702        | 16.76         | 1125612        | 311100         | 1436712        | 1436712      |
| b. NBFCs registered with RBI   | 0              | 0              | 0              | 0             | 0              | 0              | 0              | 0            |
| c. Employee Trusts   | 0              | 0              | 0              | 0             | 0              | 0              | 0              | 0            |
| d. Overseas Depositories (holding DRs) (balancing figure)                          | 0              | 0              | 0              | 0             | 0              | 0              | 0              | 0            |
| e Any Other (specify)  |                |                |                |               |                |                |                |              |
| Bodies Corporate   | 603818         | 690550         | 1294368        | 15.05         | 754526         | 690550         | 1445076        | 16.8         |
| Clearing Members   | 1870           | 0              | 1870           | 0.02          | 1940           | 0              | 1940           | 0.02         |
| Directors And Their Relatives  | 42174          | 300            | 42474          | 0.49          | 42174          | 300            | 42474          | 0.49         |
| Overseas Corporate Bodies  | 1              | 0              | 1              | 0.00          | 1              | 0              | 1              | 0.00         |
| Trusts   | 0              | 2000           | 2000           | 0.02          | 0              | 2000           | 2000           | 0.02         |
| Non Resident Indians   | 13574          | 0              | 13574          | 0.15          | 13609          | 0              | 13609          | 0.11         |
| HUF  | 54265          | 20000          | 74265          | 0.86          | 55076          | 20000          | 75076          | 0.87         |
| Employees  | 0              | 100            | 100            | 0.00          | 0              | 100            | 100            | 0            |
| Sub-Total (B)(3)   | 2498464        | 1424480        | 3924444        | 45.61         | 6174934        | 1403480        | 4089593        | 47.49        |
| <b>Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)</b>                         | <b>3487320</b> | <b>1675980</b> | <b>5163300</b> | <b>60.047</b> | <b>6998640</b> | <b>1403480</b> | <b>4913299</b> | <b>57.07</b> |
| <b>C SHARES HELD BY CUSTODIAN FOR GDR'S&amp; ADR'S</b>                             | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>     |
|  |                |                |                |               |                |                |                |              |

**(ii) Change in Promoters' Shareholding (please specify, if there is no change)**

There is no change in the Promoters' shareholding.

**(iii) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

| Sl. No | Name of Shareholder (DP id wise)    |           | Shareholding at the beginning of the year |        | Cumulative Shareholding during the year |       | Remarks                     |
|--------|-------------------------------------|-----------|---|--------|---|-------|-----------------------------|
|        |                                     |           |   |        |   |       |                             |
| 1.     | S JAYALAKSHMI                       | No Change | 796202                                    | 9.258  | 796202                                  | 9.258 | No Change                   |
| 2.     | TAJ FOUNDATIONS PRIVATE LTD         | No Change | 690000                                    | 8.023  | 690000                                  | 8.023 | No Change                   |
| 3.     | ICG Q LIMITED                       | No Change | 592400                                    | 6.888  | 592400                                  | 6.888 | No Change                   |
| 4.     | PIONEER INVESTCORP LIMITED          | No Change | 77974                                     | 0.906  | 243155                                  | 2.827 | Purchased during the period |
| 5.     | CALEDONIA INVESTMENTS PLC           | No Change | 231306                                    | 2.689  | 231306                                  | 2.689 | No Change                   |
| 6.     | HITECH HOUSING PROJECTS (P) LTD     | No Change | 117880                                    | 1.370  | 117880                                  | 1.370 | No Change                   |
| 7.     | HITECH HOUSING PROJECTS PRIVATE LTD |           | 94500                                     | 1.098  | 94500                                   | 1.098 |                             |
| 8.     | JENNIFER FLORANCE JAMES             | No Change | 81500                                     | 0.947  | 81500                                   | 0.947 | No Change                   |
| 9.     | ABHISHEK CHANDAK                    | No Change | 80000                                     | 0.930  | 80000                                   | 0.930 | No Change                   |
| 10.    | SPI PROPERTIES PRIVATE LIMITED      | No Change | 68413                                     | 0.0079 | 68413                                   | .0079 | No Change                   |

**(iv) Shareholding of Directors and Key Managerial Personnel:**

| Sl. No.  |                   | Shareholding at the beginning of the year |                                  | Shareholding at the end of the year |                                  | Reasons for increase/decrease |
|----------|-------------------|---|----------------------------------|-------------------------------------|----------------------------------|-------------------------------|
|          |                   | No. of shares                             | % of total shares of the company | No. of shares                       | % of total shares of the company |                               |
| <b>A</b> | <b>Directors</b>  |   |                                  |                                     |                                  |                               |
| 1.       | Kamal Lunawath    | 749100                                    | 8.710                            | 749100                              | 8.710                            | No Change                     |
| 2.       | VimalLunawath     | 696400                                    | 8.097                            | 696400                              | 8.097                            | No Change                     |
| 3.       | Bharat Jain       | 11700                                     | 0.136                            | 11700                               | 0.136                            | No Change                     |
| 4.       | RavikantChoudhary | 5111                                      | 0.059                            | 5111                                | 0.059                            | No Change                     |



**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment In Rs.

|  | <b>Secured Loans<br/>excluding deposits</b> | <b>Unsecured<br/>Loans</b> | <b>Deposits</b> | <b>Total<br/>Indebtedness</b> |
|--|---|----------------------------|-----------------|-------------------------------|
| <b>Indebtedness at the beginning of the financial year</b> |   |                            |                 |                               |
| 1.Principal Amount   | <b>723236573</b>                            | 579466483                  | -               | 1302703056                    |
| 2.Interest due but not paid                                | -   | -                          | -               | -                             |
| 3.Interest accrued but not due                             | -   | -                          | -               | -                             |
| <b>Total (i+ii+iii)</b>                                    | <b>723236573</b>                            | <b>579466483</b>           | <b>-</b>        | <b>1302703056</b>             |
| <b>Change in Indebtedness during the financial year</b>    |   |                            |                 |                               |
| • Addition   | 84093810                                    | 98558497                   | -               | 182652307                     |
| • Reduction  | 223174004                                   | 35748790                   | -               | 258922794                     |
| Net Change   | 139080197                                   | 62809707                   | -               | 201889904                     |
| <b>Indebtedness at the end of the<br/>financial year</b>   | <b>584156379</b>                            | <b>642276190</b>           | <b>-</b>        | <b>1226432569</b>             |
| Principal Amount   | 584156379                                   | 642276190                  | -               | 1226432569                    |
| Interest due but not paid                                  | -   | -                          | -               | -                             |
| Interest accrued but not due                               | -   | -                          | -               | -                             |
| <b>Total (i+ii+iii)</b>                                    | <b>584156379</b>                            | <b>642276190</b>           | <b>-</b>        | <b>1226432569</b>             |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| <b>S.<br/>No.</b> | <b>Particulars of Remuneration</b>   | <b>Mr. Kamal<br/>Lunawath,<br/>Managing<br/>Director</b> | <b>Mr. Vimal<br/>Lunawath,<br/>Whole-Time<br/>Director</b> | <b>Mr. Bharat<br/>Jain,<br/>Whole-Time<br/>Director</b> | <b>Total<br/>Amount</b> |
|-------------------|--|--|--|---|-------------------------|
| 1.                | Gross salary   | 12,00,000  | 12,00,000  | 18,00,000   | 42,00,000               |
|                   | (a)Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |  |  |   |                         |
|                   | (b) Value of perquisites u/s 17(2) Income- tax Act, 1961                           | -  | -  | -   | -                       |
|                   | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961            | -  | -  | -   | -                       |
| 2.                | Stock Option   | -  | -  | -   | -                       |
| 3.                | Sweat Equity   | -  | -  | -   | -                       |
| 4.                | Commission   | -  | -  | -   | -                       |
| 5.                | Others   | -  | -  | -   | -                       |
|                   | <b>TOTAL (A)</b>   | <b>12,00,000</b>   | <b>12,00,000</b>   | <b>18,00,000</b>  | <b>42,00,000</b>        |
|                   | Ceiling as per Act   |  |  |   |                         |

**B. Remuneration to Directors**

| S. No. | Particulars of Remuneration   | Names of Directors    |                  |                           | Total Amount |
|--------|---|-----------------------|------------------|---------------------------|--------------|
|        |   | Mr. Ravikant Choudhry | Mr. Karan Bhasin | Mrs. Ann Amelia Gonsalvez |              |
| 1.     | Independent Directors   | Mr. Ravikant Choudhry | Mr. Karan Bhasin | Mrs. Ann Amelia Gonsalvez |              |
|        | -Fee for attending Board and Committee Meetings<br>-Commission<br>-Others | 16000                 | 14000            | 18000                     | 48000        |
| 2.     | Non Executive Directors   |                       |                  |                           |              |
|        | Fee for attending Board and Committee Meetings<br>-Commission<br>-Others  |                       |                  |                           |              |
|        | TOTAL B= (1+2)  |                       |                  |                           | 48,000       |
|        | Total Managerial Remuneration   |                       |                  |                           | 42,48,000    |
|        | Ceiling as per Act  |                       |                  |                           |              |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

| S. No. | Particulars of Remuneration  | Key Managerial Personnel |                   | Total Amount |
|--------|--|--------------------------|-------------------|--------------|
|        |  | CFO                      | Company Secretary |              |
| 1.     | Gross salary<br>(a) Salary as per provisions contained in section 17(1) -of the Income-tax Act, 1961 | -                        | 540,000           | 540,000      |
|        | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  | -                        | -                 | -            |
|        | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961                              | -                        | -                 | -            |
| 2.     | Stock Option   | -                        | -                 | -            |
| 3.     | Sweat Equity   | -                        | -                 | -            |
| 4.     | Commission   | -                        | -                 | -            |
| 5.     | Others   | -                        | -                 | -            |
|        | TOTAL  |                          |                   | 540,000      |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------|------------------------------------|
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                              |                                    |
| Penalty                             | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Punishment                          | Nil                          | Nil               | Nil   | Nil                          | Nil                                |
| Compounding                         | Nil                          | Nil               | Nil   | Nil                          | Nil                                |

For and on behalf of the Board of Directors  
**ARIHANT FOUNDATIONS & HOUSING LIMITED**

Sd/-

**(KAMAL LUNAWATH)**  
 Managing Director  
 DIN: 00087324

Sd/-

**(VIMAL LUNAWATH)**  
 Whole time Director  
 DIN: 00586269

Place: Chennai  
 Date: 12.11.2020

**ANNEXURE 7**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2020**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
ARIHANT FOUNDATIONS & HOUSING LIMITED,  
No.3, Ganapathy Colony, 3rd Street,  
Off. Cenotaph road, Teynampet,  
Chennai- 600 018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. ARIHANT FOUNDATIONS & HOUSING LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. ARIHANT FOUNDATIONS & HOUSING LIMITED books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. ARIHANT FOUNDATIONS & HOUSING LIMITED ("the Company") for the financial year ended on 31<sup>st</sup> March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not Applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not Applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Company during the audit period)

Other Laws specifically applicable to this Company is as follows:

- (i) Transfer of Property Act, 1882.
- (ii) Building and Other Construction Workers' (Regulation of Employment and conditions of Services) Act, 1996.
- (iii) Real Estate (Regulation and Development) Act, 2016

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015.

Our observations/remarks are as under:

1. *The Audit Committee Chairman was not present at the last Annual General Meeting as required under Regulation 18(1)(d) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.*
2. *The Company has not submitted the Audited financial results within the period prescribed under regulation 33 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 for the year ended 31.03.2020.*
3. *The financial results and other financial information of 2 of the Subsidiaries namely, Escapade Real Estates Private Limited and North Town Estates Private Limited and a Joint Controller Entity, Arihant Unitech Realty Projects, have been prepared by the management but have not been audited as required under the Companies Act, 2013.*
4. *M/s. North Town Estates Private Limited became a material subsidiary from the Financial Year 2018-*

19. However Regulations 24 and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not complied with.

5. The Company has not transfer the shares to Investor Education Protection Fund (IEPF) as required under Section 124 of the Companies Act, 2013.
6. The Board Evaluation as required under Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 not done for the Financial Year 2019-20.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For V Suresh Associates  
Practising Company Secretaries

Place: Chennai  
Date :11.11.2020

V Suresh  
Senior Partner  
FCS No. 2969  
C.P.No. 6032  
Peer Review Cert. No: 667/20  
UDIN:F002969B001213805

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARIHANT FOUNDATIONS AND HOUSING LIMITED  
Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Arihant Foundations and Housing Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr.No | Key Audit Matter   | Auditor's Respons  |
|-------|--|--|
| 1.    | <i>Recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with customers"</i> | <b><u>Key audit matter description</u></b><br>The application of new revenue standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. |



|    |  |   |
|----|--|---|
|    |  | <p>Refer Note No: 2(g) to Standalone financial statements.</p> <p><b><u>Principal Audit Procedures</u></b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach is as follows:</p> <ul style="list-style-type: none"> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness.</li> <li>• Testing the relevant information technology system's access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new accounting standard.</li> <li>• Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>• Engaging technical experts to review estimates of costs to complete for sample contracts and</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul>                  |
| 2. | <i>Evaluation of uncertain tax positions</i> | <p><b><u>Key audit matter description</u></b></p> <p>The company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes</p> <p>Refer Note no: 2(o) &amp; (p) to Standalone Financial Statements.</p> <p><b><u>Principal Audit Procedures</u></b></p> <p>Our procedures included the following :</p> <ul style="list-style-type: none"> <li>• Obtained understanding of key uncertain tax positions.</li> <li>• Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management;</li> <li>• We along with our internal tax experts discussed with appropriated senior management and evaluated the Management's underlying key assumptions in estimating the tax provision.</li> <li>• Additionally, we considered the effect of new information in respect to uncertain tax positions as at April 01, 2019 to evaluate whether any change was required to management's position on these uncertainties.</li> </ul> |

## Other Matters

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

## Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. While there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company, the related shares could not be transferred due to technical issues. We were informed that the company is taking necessary steps in this regard.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **S RAMACHANDRA RAO & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.007735S**

**RAMACHANDRA RAO SURANENI**  
Proprietor  
(Membership No: 206003).

Place: Chennai  
Date : 31.07.2020

### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arihant Foundations and Housing Limited of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ARIHANT FOUNDATIONS AND HOUSING LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the

timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over

financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **S RAMACHANDRA RAO & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.007735S

**RAMACHANDRA RAO SURANENI**  
Proprietor  
(Membership No: 206003).

Place: Chennai  
Date : 31.07.2020

#### **“ANNEXURE ‘B’ TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal & Regulatory Requirement' of our report to the Members of Arihant Foundations and Housing Limited of even date)

1. In respect of the Company's fixed assets :
  - a. The company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations



given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

2. As explained to us, the stock of construction materials has been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification and if so, and the same have been properly dealt with in the books of account.
3. According to the information and explanations given to us, the Company has granted unsecured loans to four body corporates covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - a. In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the body corporates listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the company.
  - b. During the year, in respect of the aforesaid loans, in some of the loans, there has been no recovery towards principal. In absence of any terms, we are unable to comment on the regularity of recovery of principal amount.
  - c. Since, there was no repayment schedules, we are unable to comment whether the amount was overdue for more than ninety days.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable.
5. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
6. The maintenance of cost records has been specified by the Central Government under section 148 (1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a). The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, duty of Customs duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities except on certain occasions irregularities were noticed.
  - (b). There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c). Details of dues of Income Tax, Service tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

| Name of the statute      | Nature of the dues | Forum where dispute is pending                | Period to which the amount relates | Amount (Rs.) |
|--------------------------|--------------------|---|------------------------------------|--------------|
| The Income Tax Act, 1961 | Income Tax         | Appellate Authority upto Commissioner's level | A.Y. 1999-2000                     | 76,38,692    |
| The Income Tax Act, 1961 | Income Tax         | Appellate Authority upto Commissioner's level | A.Y. 2011-12                       | 71,83,310    |
| The Income Tax Act, 1961 | Income Tax         | High Court of Madras                          | A.Y. 2004-05                       | 13,71,638    |
| The Income Tax Act, 1961 | Income Tax         | High Court of Madras                          | A.Y. 2005-06                       | 53,23,956    |
| The Income Tax Act, 1961 | Income Tax         | Income tax Appellate Tribunal                 | A.Y. 2005-06                       | 95,58,275    |
| The Income Tax Act, 1961 | Income Tax         | Income tax Appellate Tribunal                 | A.Y. 2007-08                       | 5,57,61,612  |

8. The Company has not defaulted in repayment of loans to banks, financial institutions, government and to debenture holders.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **S RAMACHANDRA RAO & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.007735S**

**RAMACHANDRA RAO SURANENI**  
Proprietor  
(Membership No: 206003).

Place: Chennai  
Date : 31.07.2020



**Standalone Balance Sheet as at 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Note | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------|------------------------|------------------------|
| <b>ASSETS</b>  |      |                        |                        |
| <b>Non-current assets</b>  |      |                        |                        |
| Property, plant and equipment  | 3    | 68,199,343             | 83,375,728             |
| Intangible assets  | 3    | 851,265                | 1,375,320              |
| Financial assets   |      |                        |                        |
| - Investments  | 4    | 105,329,038            | 121,774,327            |
| - Trade receivables  | 5    | 289,131,360            | 289,191,282            |
| - Loans  | 6    | 322,877,574            | 313,789,820            |
| - Other financial assets   | 7    | 341,917,633            | 493,993,615            |
| Deferred tax assets (net)  | 8    | 84,270,623             | 85,289,481             |
|  |      | <b>1,212,576,836</b>   | <b>1,388,789,573</b>   |
| <b>Current assets</b>  |      |                        |                        |
| Inventories  | 9    | 994,382,900            | 881,138,686            |
| Financial assets   |      |                        |                        |
| - Investments  |      | 1,239,348              | -                      |
| - Trade receivables  | 5    | 797,302,809            | 771,584,313            |
| - Cash and cash equivalents  | 10   | 128,322,506            | 8,902,401              |
| - Bank balances other than those mentioned in cash and cash equivalents" |      | 6,930,497              | 6,389,003              |
| - Loans  | 11   | 101,316,147            | 106,604,091            |
| - Other financial assets   | 7    | 52,371,608             | 75,974,205             |
| Current tax asset (Net)  | 12   | 19,742,067             | 19,293,373             |
| Other current assets   | 13   | 329,635,834            | 319,751,662            |
|  |      | <b>2,431,243,716</b>   | <b>2,189,637,734</b>   |
| <b>Total assets</b>  |      | <b>3,643,820,551</b>   | <b>3,578,427,307</b>   |
| <b>EQUITY AND LIABILITIES</b>  |      |                        |                        |
| <b>Equity</b>  |      |                        |                        |
| Equity share capital   | 14   | 86,000,000             | 86,000,000             |
| Other equity   | 15   | 1,451,959,622          | 1,438,570,573          |
| <b>Total equity</b>  |      | <b>1,537,959,622</b>   | <b>1,524,570,573</b>   |
| <b>Non-current liabilities</b>   |      |                        |                        |
| Financial liabilities  |      |                        |                        |
| -Borrowings  | 16   | 1,020,100,542          | 1,096,702,046          |
| Provisions   | 17   | 7,694,290              | 6,072,324              |
|  |      | <b>1,027,794,832</b>   | <b>1,102,774,370</b>   |
| <b>CURRENT LIABILITIES</b>   |      |                        |                        |
| Financial liabilities  |      |                        |                        |
| - Trade payables   | 18   | 283,802,597            | 228,695,864            |
| - Other financial liabilities  | 19   | 230,701,002            | 243,895,804            |
| Other current liabilities  | 20   | 563,562,498            | 478,490,696            |
|  |      | <b>1,078,066,097</b>   | <b>951,082,364</b>     |
| <b>Total liabilities</b>   |      | <b>2,105,860,929</b>   | <b>2,053,856,734</b>   |
| <b>Total equity and liabilities</b>                                      |      | <b>3,643,820,551</b>   | <b>3,578,427,307</b>   |

In terms of our report attached

 For **Ramachandra Rao & Associates,**  
**Chartered Accountants**

Firm's Registration No.: 007735S

sd/-

**CA. Ramachandra Rao Suraneni**

Proprietor

Membership No. 206003

PLACE : CHENNAI

DATE : 31.07.2020

For and on behalf of board of directors

 For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

DIN :00087324

PLACE : CHENNAI

DATE : 31.07.2020

sd/-

**Vimal Lunawath**

Whole Time Director

DIN : 00586269

sd/-

**Sharon Josh**

Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED****Standalone statement of profit and loss for the year ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Note | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|------|-----------------------------|-----------------------------|
| Revenue from operations  | 22   | 171,964,028                 | 629,593,341                 |
| Other income   | 23   | 250,604,323                 | 320,542,051                 |
| <b>Total revenue</b>   |      | <b>422,568,351</b>          | <b>950,135,392</b>          |
| <b>Expenses</b>  |      |                             |                             |
| Construction and project expenses  | 24   | 274,493,792                 | 734,092,488                 |
| Changes in inventories of finished goods,<br>work in progress and stock-in-trade | 25   | (113,244,214)               | (123,851,393)               |
| Employee benefits expense  | 26   | 22,960,988                  | 24,423,528                  |
| Finance costs  | 27   | 149,716,022                 | 210,996,100                 |
| Depreciation and amortization expense  | 28   | 3,551,858                   | 4,463,061                   |
| Other expenses   | 29   | 64,920,433                  | 79,859,887                  |
| <b>Total expenses</b>  |      | <b>402,398,879</b>          | <b>929,983,671</b>          |
| <b>Profit before tax</b>   |      | <b>20,169,472</b>           | <b>20,151,721</b>           |
| Tax expense  |      |                             |                             |
| Current tax  |      | 3,989,600                   | 4,019,360                   |
| Deferred tax   |      | 1,018,858                   | 1,472,927                   |
| <b>Profit for the year</b>   |      | <b>15,161,014</b>           | <b>14,659,434</b>           |
| Other comprehensive income   |      |                             |                             |
| Items that will not be reclassified to profit and loss                           |      |                             |                             |
| - Re-measurement (losses) on defined benefit plans                               |      | (1,771,965)                 | 2,533,395                   |
| - Net (loss)/gain on FVOCI equity securities                                     |      | -                           | 4,091,708                   |
| - Income tax relating to items that will not be reclassified to profit and loss  |      | -                           | 1,225,644                   |
| <b>Other comprehensive income for the year, net of tax</b>                       |      | <b>(1,771,965)</b>          | <b>5,399,459</b>            |
| <b>Total comprehensive income for the year</b>                                   |      | <b>13,389,049</b>           | <b>20,058,893</b>           |
| Earnings per equity share  |      |                             |                             |
| Basic (in ₹)   |      | 1.76                        | 1.70                        |
| Diluted (in ₹)   |      | 1.76                        | 1.70                        |

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**

Firm's Registration No.: 007735S

sd/-

**CA. Ramachandra Rao Suraneni**

Proprietor

Membership No. 206003

PLACE : CHENNAI

DATE : 31.07.2020

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

DIN : 00087324

PLACE : CHENNAI

DATE : 31.07.2020

sd/-

**Vimal Lunawath**

Whole Time Director

DIN : 00586269

sd/-

**Sharon Josh**

Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**  
**Standalone statement of cash flows for the year ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>                             |                             |                             |
| <b>Profit before tax</b>   | 20,169,472                  | 20,151,721                  |
| Adjustments to reconcile net income to net cash provided by operating activities |                             |                             |
| Depreciation and amortization expense  | 3,551,858                   | 4,463,061                   |
| (Gain)/loss on sale of investments   | (15,390,516)                | (2,045,726)                 |
| Financial guarantee expense  | -                           | 3,831,141                   |
| Interest expenses  | 149,716,022                 | 210,956,902                 |
| (Gain) /Loss on sale of fixed assets   | (77,367,647)                | (102,489,571)               |
| Other non operating income   | (110,708,464)               | (169,064,468)               |
| Interest and dividend income   | (33,434,030)                | (38,824,327)                |
| <b>Operating profit before working capital changes</b>                           | <b>(63,463,305)</b>         | <b>(73,021,267)</b>         |
| <b>Changes in assets and liabilities</b>   |                             |                             |
| Adjustments for working capital changes  |                             |                             |
| (Increase) /Decrease in inventories  | (113,244,214)               | (123,851,393)               |
| (Increase) in trade receivables  | (25,658,574)                | (8,179,919)                 |
| Decrease in Other financial assets   | 175,678,579                 | 52,152,958                  |
| Decrease in Other current assets   | (10,425,666)                | (43,272,613)                |
| (Decrease) / Increase in Trade Payables  | 55,106,733                  | (32,979,473)                |
| Increase in Long Term Provisions   | (149,999)                   | (1,374,080)                 |
| Increase / (Decrease) in Other financial liabilities                             | 331,017                     | (142,561,591)               |
| Increase / (Decrease) in Other current liabilities                               | 85,071,802                  | (88,945,917)                |
| <b>Cash generated from operating activities</b>                                  | <b>103,246,373</b>          | <b>(389,012,028)</b>        |
| Direct taxes paid, net   | (4,438,294)                 | (11,681,830)                |
| <b>Net cash generated from operating activities</b>                              | <b>98,808,079</b>           | <b>(400,693,858)</b>        |
| <b><u>B. CASH FLOW FROM INVESTING ACTIVITIES</u></b>                             |                             |                             |
| Purchase of fixed assets   | (483,772)                   | (2,655,602)                 |
| Sale of fixed assets   | 90,000,000                  | 118,981,160                 |
| Interest/Dividend received   | 33,434,030                  | 38,824,327                  |
| Other non - operating income   | 110,708,464                 | 143,064,468                 |
| Purchase of investment   | (42,746,016)                | (263,700,000)               |
| Proceeds from sale of investment   | 59,816,654                  | 379,745,300                 |
| <b>Net cash generated from investing activities</b>                              | <b>250,729,360</b>          | <b>414,259,653</b>          |

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>     |                             |                             |
| (Loans repaid) / Fresh loans taken                | (76,601,504)                | 106,025,868                 |
| Loans received back / (given)                     | (3,799,809)                 | 39,360,571                  |
| Interest & finance charges                        | (149,716,022)               | (210,956,902)               |
| <b>NET CASH (USED) IN FINANCING ACTIVITIES</b>    | <b>(230,117,335)</b>        | <b>(65,570,463)</b>         |
| <b>D. NET CHANGE IN CASH AND CASH EQUIVALENTS</b> | <b>119,420,105</b>          | <b>(52,004,668)</b>         |
| E. CASH AND CASH EQUIVALENTS AT THE BEGINNING     | 8,902,401                   | 60,907,069                  |
| <b>F. CASH AND CASH EQUIVALENTS AT THE END</b>    | <b>128,322,506</b>          | <b>8,902,401</b>            |
| <b>Cash and cash equivalents include</b>          |                             |                             |
| Cash on hand                                      | 890,407                     | 759,444                     |
| Balances with banks<br>- in current accounts      | 127,432,099                 | 8,142,957                   |
| <b>Cash and cash equivalents as per note 10</b>   | <b>128,322,506</b>          | <b>8,902,401</b>            |

In terms of our report attached  
For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

PLACE : CHENNAI  
DATE : 31.07.2020

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

PLACE : CHENNAI  
DATE : 31.07.2020

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-  
**Sharon Josh**  
Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**

**Standalone statement of changes in equity for the period ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

**A. EQUITY SHARE CAPITAL**

| Particulars                                     | Amount            |
|---|-------------------|
| <b>Balance as at 31 March 2019</b>              | <b>86,000,000</b> |
| Changes in equity share capital during the year | -                 |
| <b>Balance as at 31 March 2020</b>              | <b>86,000,000</b> |

**B. OTHER EQUITY**

| Particulars  | Reserves and surplus |                    |                    | Total                | Accumulated other comprehensive income | Total                |
|--|----------------------|--------------------|--------------------|----------------------|--|----------------------|
|  | General reserve      | Securities premium | Retained earnings  |                      |  |                      |
| <b>Balances at March 31, 2019</b>                    | <b>88,308,752</b>    | <b>570,650,000</b> | <b>763,106,209</b> | <b>1,422,064,961</b> | <b>16,505,612</b>                      | <b>1,438,570,573</b> |
| Transfer from statement of profit and loss           | -                    | -                  | 15,161,014         | 15,161,014           | -                                      | 15,161,014           |
| Other comprehensive income for the year (net of tax) | -                    | -                  | -                  | -                    | (1,771,965)                            | (1,771,965)          |
| <b>Balances at March 31, 2020</b>                    | <b>88,308,752</b>    | <b>570,650,000</b> | <b>778,267,223</b> | <b>1,437,225,975</b> | <b>14,733,647</b>                      | <b>1,451,959,622</b> |

In terms of our report attached  
For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-  
**Sharon Josh**  
Company Secretary

PLACE : CHENNAI  
DATE : 31.07.2020

PLACE : CHENNAI  
DATE : 31.07.2020

## **ARIHANT FOUNDATIONS AND HOUSING LIMITED**

### **Notes to standalone financial statements**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

#### **1. Background**

Arihant Foundations & Housing Limited (“the company”) was incorporated on 6th March, 1992 as a limited company. The company engaged in the business of constructions of residential, commercial complexes and IT parks.

#### **2. Summary of significant accounting policies**

##### **a) Basis of preparation and presentation of financial statements**

###### **i) Accounting convention**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016.

All amounts included in the financial statements are reported in Indian Rupees (₹).

###### **ii) Basis of measurement**

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

###### **b) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure

of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

##### **Classification of leases**

The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee’s option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset’s economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

##### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

### **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

### **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

### **Useful lives of depreciable / amortisable assets**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

### **b) Use of estimates (Continued)**

#### **Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable

data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **c) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period"

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

#### **d) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are

capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment [other than freehold land and lease hold land (perpetual lease)] are depreciated under straight line method ("SLM method") over the estimated useful lives of the assets, which are prescribed under Schedule II to the Companies Act, 2013.

Useful life adopted by the Company for various class of assets is as follows:

| Assets                     | Useful Lives |
|----------------------------|--------------|
| Vehicles                   |              |
| Motor cycle / Two Wheelers | 8 Years      |
| Motor cars                 | 10 Years     |
| On Furniture and fixtures  | 10 Years     |
| On Office equipments       | 5 Years      |
| On Computers & Accessories | 3 years      |

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives.

Depreciation methods, useful lives and residual values are reviewed periodically and updated at each financial year end.

#### **e) Intangible assets**

The Company has elected to continue with the carrying value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **f) Impairment of property, plant and equipment and intangible assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a



previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **g) Revenue recognition**

#### **Revenue from projects**

“The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” effective April 1, 2018. Ind AS 115 supersedes Ind AS 11 “Construction Contracts” and Ind AS 18 “Revenue”. The Company has applied Ind AS 115 using the modified retrospective method and the cumulative impact of transition to Ind AS 115 has been adjusted against the Retained earnings as at April 1, 2018. Accordingly, the figures of the previous year are not restated under Ind AS 115.

The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a

customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. Significant judgments are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date. Revenue from construction/project related activity is recognised as follows:

- 1. Cost plus contracts:** Revenue from cost plus contracts is recognized over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.

- 2. Fixed price contracts:** Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents

the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.”

#### **Rental income**

Income from rentals are recognized as an income in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Company with expected inflationary costs.

#### **Interest income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the statement of profit and loss.

#### **Dividend income**

Income from dividends are recognized when the Company’s right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

#### **h) Inventories**

##### **Raw materials**

Inventory includes raw materials used for the construction activity of the Company. Raw materials are valued at the lower of cost and net realizable value with the cost being determined on a ‘First In First Out’ basis.

#### **Properties under development**

Properties under development represents construction work in progress which are stated at the lower of cost and net realizable value. This comprises of cost of land, construction related overhead expenditure, borrowing costs and other net costs incurred during the period of development.

#### **Properties held for sale**

“Completed properties held for sale are stated at the lower of cost and net realizable value. Cost includes cost of land, construction related

overhead expenditure, borrowing costs and other costs incurred during the period of development. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.”

#### **Properties held for development**

Properties held for development represents land acquired for future development and construction, and is stated at cost including the cost of land, the related costs of acquisition and other costs incurred to get the properties ready for their intended use.

#### **i) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

#### **Defined contribution plan**

The Company’s contribution to provident fund is charged to the statement of profit and loss or inventorized as a part of project under development, as the case may be. The Company’s contributions towards provident fund are deposited with a government administered fund, in accordance with Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

#### **Defined benefit plan**

##### **“(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.”

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

“Service cost on the Company’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. “

**“Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee”

**j) Leases**

“The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.”

**“Finance Lease**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in

the statement of profit and loss.”

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease period.

**“Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases.”

**k) Foreign currency transactions**

Functional and presentation currency

The functional currency of the Company is the Indian Rupee (₹). These financial statements are presented in Indian Rupees (₹)

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in Statement of Profit or Loss.

-Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

-Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

#### **l) 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

#### **m) Investments in subsidiaries**

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment in greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit and loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

#### **n) Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is adjusted against the cost of the depreciable asset, to which the grant relates to, on receipt of such subsidy.

#### **o) Income taxes**

"Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the statement of profit and loss, except to the

extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date."

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have

been enacted or substantively enacted at the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **p) Provisions and contingencies**

##### **“Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.”

##### **“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 not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.”

##### **“Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.”

#### **q) Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

##### **Subsequent measurement**

“For the purpose of subsequent measurement, financial assets are classified and measured based on the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL)”

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

##### **q) Financial instruments (Continued)**

##### **(i) Financial asset at amortised cost**

“Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to

cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

**(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)**

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Company, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by-instrument (i.e. share-by-share) basis. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the

lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

**(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Company shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

**De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's standalone balance sheet) when:

“a. The rights to receive cash flows from the asset have expired, or



b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.”

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including, financial guarantee contracts.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

#### **Gains or losses on liabilities held for trading are recognised in the profit or loss.**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

“This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as

finance costs in the statement of profit and loss.  
“

#### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **r) Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However,

in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

#### **“Trade receivables**

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.”

#### **“Other financial assets**

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.”

#### **s) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### **t) Cash and cash equivalents**

"Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management."

#### **u) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is primarily engaged in the business of real estate

development and related activities including construction which constitutes its single reportable segment.

#### **v) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

#### **w) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short- term deposits with original maturities of 3 months or less, as applicable.

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**

**Notes to standalone financial statements**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

**3 Property, plant and equipment and Intangible assets**

| Particulars                                       | Property, plant and equipment |                    |                     |                         |                     |                  |                   |                    | Intangible assets |
|---|-------------------------------|--------------------|---------------------|-------------------------|---------------------|------------------|-------------------|--------------------|-------------------|
|   | Land                          | Freehold Buildings | Leasehold Buildings | Furnitures and Fixtures | Plant and Equipment | Office Equipment | Vehicles          | Total              |                   |
| Balance as at 31 March 2019                       | 16,612,865                    | 70,871,126         | 5,795,307           | 23,015,530              | 12,508,145          | 8,313,433        | 19,138,702        | 156,255,108        | 4,413,815         |
| Additions   | -                             | -                  | -                   | -                       | -                   | 483,773          | -                 | -                  | -                 |
| Disposals   | (932,495)                     | (14,063,932)       | -                   | -                       | (2,152,716)         | -                | -                 | -                  | -                 |
| <b>Balance as at 31 March 2020</b>                | <b>15,680,370</b>             | <b>56,807,194</b>  | <b>5,795,307</b>    | <b>23,015,530</b>       | <b>10,355,429</b>   | <b>8,797,206</b> | <b>19,138,702</b> | <b>139,589,738</b> | <b>4,413,815</b>  |
| <b>Accumulated depreciation /amortization</b>     |                               |                    |                     |                         |                     |                  |                   |                    |                   |
| Balance as at 31 March 2019                       | -                             | 17,711,663         | 1,358,542           | 21,946,289              | 9,715,993           | 7,531,721        | 14,615,172        | 72,879,380         | 3,038,495         |
| Depreciation/ amortization charge during the year | -                             | 32,012             | 92,912              | 145,834                 | 386,538             | 460,947          | 1,909,560         | 3,027,803          | 524,055           |
| Reversal on disposal of assets                    | -                             | 3,867,652          | -                   | -                       | 649,136             | -                | -                 | 4,516,788          | -                 |
| <b>Balance as at 31 March 2020</b>                | <b>-</b>                      | <b>13,876,023</b>  | <b>1,451,454</b>    | <b>22,092,123</b>       | <b>9,453,395</b>    | <b>7,992,668</b> | <b>16,524,732</b> | <b>71,390,395</b>  | <b>3,562,550</b>  |
| <b>NET BLOCK</b>                                  |                               |                    |                     |                         |                     |                  |                   |                    |                   |
| Balance as at 31 March 2019                       | 16,612,865                    | 53,159,463         | 4,436,765           | 1,069,241               | 2,792,152           | 781,712          | 4,523,530         | 83,375,728         | 1,375,320         |
| Balance as at 31 March 2020                       | 15,680,370                    | 42,931,171         | 4,343,853           | 923,407                 | 902,034             | 804,538          | 2,613,970         | 68,199,343         | 851,265           |

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**
**Notes to standalone financial statements**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|   | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|---|-------------------------|-------------------------|
| <b>FINANCIALS ASSETS</b>  |                         |                         |
| <b>4 NON - CURRENT INVESTMENT</b>   |                         |                         |
| <b>Investment in equity instruments(fully paid-up)</b>  |                         |                         |
| <b>Unquoted</b>   |                         |                         |
| <b>i) Wholly Owned Subsidiaries</b>   |                         |                         |
| Arihant Griha Limited<br>(50,000 Equity shares of ₹ 10/- Each fully paid)   | 500,000                 | 500,000                 |
| Varenya Construction Limited<br>(50,000 Equity shares of ₹ 10/- Each fully paid)                                    | 500,000                 | 500,000                 |
| Transperent Heights Real Estate Limited<br>(50,000 Equity shares of ₹ 10/- Each fully paid)                         | 500,000                 | 500,000                 |
| Vaikunt Housing Limited<br>(5,00,000 Equity shares of ₹ 1/- Each fully paid)  | 500,000                 | 500,000                 |
| Verge Realty Pvt Ltd<br>(1,00,000 Equity shares of ₹ 1/- Each fully paid)   | 100,000                 | -                       |
| <b>ii) Partly Owned Subsidiaries</b>  |                         |                         |
| Escapade Real Estate Pvt Ltd<br>(11,00,000 Equity Shares of ₹ 10/- Each Fully Paid Up)                              | 11,000,000              | 11,000,000              |
| North Town Estates Pvt Ltd<br>(32,500 Equity shares of ₹ 10/- Each Fully Paid Up)                                   | 325,000                 | 325,000                 |
| <b>iii) Joint Ventures / Associates</b>   |                         |                         |
| Arihant Unitech Realty Projects Ltd.<br>(5,00,000 Equity shares of ₹ 10/- Each Fully Paid Up)                       | 5,000,000               | 5,000,000               |
|   | <b>18,425,000</b>       | <b>18,325,000</b>       |
| <b>Investment in Debentures</b>   |                         |                         |
| Mangalagiri Realty Projects Pvt Ltd<br>“(1,77,394 Optionally Redeemable Convertible<br>Debentures of ₹ 100/- Each)” | 17,739,400              | 17,739,400              |
| <b>Investment in Partnership Firms</b>  |                         |                         |
| Arihant Heirloom  | 64,428,207              | 67,361,960              |
| <b>Investment in LLP</b>  |                         |                         |
| KR Wind Energy LLP  | 3,000                   | 2,000                   |
|   | <b>100,595,607</b>      | <b>103,428,360</b>      |
| <b>Investments carried at fair value through other comprehensive income</b>   |                         |                         |
| <b>Investments in other companies (fully paid-up)</b>   |                         |                         |
| <b>Quoted- Non Trade</b>  |                         |                         |
| Happy Homes Profin Ltd<br>(44,800 Equity shares of ₹ 10/- each Fully Paid Up)                                       | 1                       | 1                       |
| Hindustan Construction Company Ltd<br>(500 Shares of ₹ 45.53 Each Fully Paid Up)                                    | 22,767                  | 7,505                   |

|   | <b>As at<br/>31-Mar-20<br/>₹</b>          | <b>As at<br/>31-Mar-19<br/>₹</b>          |
|---|---|---|
| IDBI Bank Ltd<br>(500 Shares of ₹ 156.20 Each Fully Paid Up)  | 78,100                                    | 23,325                                    |
| Indotech Transformers<br>(691 Equity Shares of ₹ 130.19 Each Fully Paid up)   | 89,830                                    | 72,210                                    |
| Tata Consultancy Servies Ltd  | -   | 14,411,880                                |
| TVS Shriram Growth Fund 3   | 1,815,633                                 | 1,000,000                                 |
|   | <b>2,006,331</b>                          | <b>15,514,921</b>                         |
| <b>Non - Current investment (Contd.)<br/>Unquoted- Non Trade</b>  |   |   |
| National Savings Certificate  | 5,000                                     | 5,000                                     |
| Mangalagiri Realty Projects Pvt Ltd<br>(2,72,210 Equity shares of R. 10/- Each Fully Paid Up)   | 2,722,100                                 | 2,826,047                                 |
|   | <b>4,733,431</b>                          | <b>18,345,967</b>                         |
| <b>Grand Total (A+B)</b>  | <b>105,329,038</b>                        | <b>121,774,327</b>                        |
| Aggregate amount of:  |   |   |
| -Quoted investments and market value thereof;   | 2,006,331                                 | 15,514,921                                |
| -Unquoted investments   | 103,317,707                               | 106,254,407                               |
| -Provision for diminution in value of investments other than temporary  | -   | -   |
| <b>4 Current Investment</b><br>Investments carried at fair value through other comprehensive income<br>Investments in other companies (fully paid-up)<br>Quoted- Non Trade<br>Aditya Birla Sun Life | 1,239,348                                 | -   |
|   | <b>1,239,348</b>                          | -   |
| <b>5 TRADE RECEIVABLES</b><br>(Unsecured considered good, unless stated otherwise)<br><b>Non-current</b><br>Trade receivables   | 289,131,360                               | 289,191,282                               |
|   | <b>289,131,360</b>                        | <b>289,191,282</b>                        |
| <b>Current</b><br>Trade receivables<br>- exceeding six months<br>- less than six months<br>Debts due by private companies in which directors are directors  | 147,488,437<br>138,084,236<br>511,730,136 | 151,390,575<br>145,368,983<br>474,824,755 |
|   | <b>797,302,809</b>                        | <b>771,584,313</b>                        |

The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>FINANCIALS ASSETS</b>   |                         |                         |
| <b>6 LOAN</b>  |                         |                         |
| Non Current<br>(Unsecured, considered good)  |                         |                         |
| Loans to related parties (refer note 34)   | 64,739,632              | 58,864,918              |
| -Others (including Fair Value recognitions)  | 258,137,942             | 254,924,902             |
|  | <b>322,877,574</b>      | <b>313,789,820</b>      |
| <b>7 OTHER FINANCIAL ASSETS</b>  |                         |                         |
| <b>Fair Value through Profit and Loss</b><br>(Unsecured, considered good)  |                         |                         |
| <b>Non-current</b>   |                         |                         |
| Security deposits  | 311,871,806             | 377,292,070             |
| Prepaid Finance Cost   | 30,045,827              | 116,701,545             |
|  | <b>341,917,633</b>      | <b>493,993,615</b>      |
| <b>Current</b>   |                         |                         |
| Other deposits   | 52,153,192              | 75,755,789              |
| Reimbursement Receivable   | 218,416                 | 218,416                 |
|  | <b>52,371,608</b>       | <b>75,974,205</b>       |
| There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value. |                         |                         |
| <b>8 DEFERRED TAX ASSETS (NET)</b>   |                         |                         |
| The breakup of net deferred tax asset is as follows:   |                         |                         |
| Opening Balance  | 85,289,481              | 87,988,052              |
| <b>Deferred tax asset arising on account of :</b>  |                         |                         |
| - Adjustments on account of fair valuation of Security Deposits  | -                       | -                       |
| - Adjustments on account of recognition of premium in the gurantees given by the Company   | -                       | -                       |
| - Others   | (1,018,858)             | (1,472,927)             |
| <b>Total deferred tax asset</b> <b>A</b>   | <b>84,270,623</b>       | <b>86,515,125</b>       |
| Less: Deferred tax liability arising on account of :   |                         |                         |
| - Adjustments on account of fair valuation of Security Deposits  | -                       | -                       |
| - Adjustments on account of fair valuation of Investments  | -                       | -                       |
| <b>Total deferred tax liability</b> <b>B</b>   | <b>-</b>                | <b>(1,225,644)</b>      |
| <b>Net deferred tax assets</b> <b>(A-B)</b>  | <b>84,270,623</b>       | <b>85,289,481</b>       |

In assessing the recoverability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

All deferred tax assets have been recognized in the balance sheet.

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>FINANCIALS ASSETS</b>   |                         |                         |
| <b>9 INVENTORIES</b><br>(valued at lower of cost and net realizable value) |                         |                         |
| Raw materials  | -                       | -                       |
| Work in progress   | 994,382,900             | 880,864,726             |
| Finished goods   | -                       | -                       |
| Project under development  | -                       | 273,960                 |
|  | <b>994,382,900</b>      | <b>881,138,686</b>      |
| <b>10 CASH AND BANK BALANCES</b>   |                         |                         |
| Cash and cash equivalents  |                         |                         |
| Cash on hand   | 890,407                 | 759,444                 |
| Balances with banks in current accounts                                    | 127,432,099             | 8,142,957               |
| <b>(A)</b>   | <b>128,322,506</b>      | <b>8,902,401</b>        |
| <b>Bank balances other than mentioned in cash and cash equivalents</b>     |                         |                         |
| Unpaid dividend account  | 65,606                  | 65,606                  |
| Deposit accounts   | 6,864,891               | 6,323,397               |
| <b>(B)</b>   | <b>6,930,497</b>        | <b>6,389,003</b>        |
| <b>Total (A+B)</b>   | <b>135,253,003</b>      | <b>15,291,404</b>       |
| <b>11 LOAN</b>   |                         |                         |
| <b>CURRENT</b>   |                         |                         |
| Loans to related parties (Also, refer note 34)                             | 3,998,431               | 4,288,236               |
| Other loans  | 97,317,716              | 102,315,855             |
|  | <b>101,316,147</b>      | <b>106,604,091</b>      |
| <b>12 CURRENT TAX ASSET (NET)</b>  |                         |                         |
| Income Tax Assets (Net)  | 19,742,067              | 19,293,373              |
|  | <b>19,742,067</b>       | <b>19,293,373</b>       |
| <b>13 OTHER CURRENT ASSETS</b><br>(Unsecured, considered good)             |                         |                         |
| Advance for Land   | 32,965,685              | 32,965,685              |
| Balances with government authorities                                       | 58,346,318              | 60,829,298              |
| Advance given to suppliers and others                                      | 232,486,468             | 219,696,732             |
| Staff Advance  | 3,594,863               | 3,587,318               |
| Prepaid expenses   | 1,315,195               | 1,745,327               |
| Other Receivables  | 134,668                 | 134,668                 |
| Land owner share receivable  | 792,636                 | 792,634                 |
|  | <b>329,635,834</b>      | <b>319,751,662</b>      |

## ARIHANT FOUNDATIONS AND HOUSING LIMITED

### Notes to standalone financial statements

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|   | As at<br>31 March 2020 |             | As at<br>31 March 2019 |             |
|---|------------------------|-------------|------------------------|-------------|
|   | Number                 | Amount      | Number                 | Amount      |
| <b>14 EQUITY SHARE CAPITAL</b>  |                        |             |                        |             |
| <b>Authorized</b><br>1,00,00,000 equity shares of Rs.10/- each                                      | 10,000,000             | 100,000,000 | 10,000,000             | 100,000,000 |
| <b>Issued, subscribed and fully paid up</b><br>86,00,000 equity shares of R.10/- each fully paid up | 8,600,000              | 86,000,000  | 8,600,000              | 86,000,000  |
|   | 8,600,000              | 86,000,000  | 8,600,000              | 86,000,000  |

a) There is no change in issued and subscribed share capital during the year.

b) Terms/right attached to equity shares

“The Company has issued only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.”

c) Shareholders holding more than 5% of the aggregate shares in the Company

|  | Nos.      | % holding | Nos.      | % holding |
|--|-----------|-----------|-----------|-----------|
| <u>Equity Shares of ₹ 10 each</u>            |           |           |           |           |
| Smt. Snehalatha Lunawath                     | 1,407,000 | 16.36%    | 1,407,000 | 16.36%    |
| Smt. S. Jayalakshmi                          | 796,202   | 9.26%     | 796,202   | 9.26%     |
| Mr. Kamal Lunawath                           | 749,100   | 8.71%     | 749,100   | 8.71%     |
| Mr. Vimal Lunawath                           | 696,400   | 8.10%     | 696,400   | 8.10%     |
| Taj Foundation Private Limited               | 690,000   | 8.02%     | 690,000   | 8.02%     |
| Ocean Dial Asset Management Ltd A/c ICGQ Ltd | 592,400   | 6.89%     | 592,400   | 6.89%     |

d) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and buy back of shares during the last 5 years immediately preceding 31 March 2019.

e) Capital management policies and procedures

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting periods under review are summarized as follows:

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| Borrowings   | 1,020,100,542           | 1,096,702,046           |
| Cash and bank balances   | 135,253,003             | 15,291,404              |
| <b>Net debt (A)</b>  | <b>884,847,539</b>      | <b>1,081,410,642</b>    |
| <b>Total equity (B)</b>  | <b>1,537,959,622</b>    | <b>1,524,570,573</b>    |
| <b>Overall financing (A+B)</b>   | <b>2,422,807,161</b>    | <b>2,605,981,215</b>    |
| <b>Gearing ratio</b>   | <b>37%</b>              | <b>41%</b>              |
| <b>15 OTHER EQUITY</b>   |                         |                         |
| <b>Securities premium account</b>  | <b>570,650,000</b>      | <b>570,650,000</b>      |
| Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act. |                         |                         |
| <b>General reserve</b>   | <b>88,308,752</b>       | <b>88,308,752</b>       |
| Retained earnings  |                         |                         |
| Balance at the beginning of the year   | 763,106,209             | 748,446,775             |
| Add : Transfer from statement of profit and loss   | 15,161,014              | 14,659,434              |
| <b>Balance at the end of the year</b>  | <b>778,267,223</b>      | <b>763,106,209</b>      |
| <b>Accumulated other comprehensive income</b>  |                         |                         |
| Balance at the beginning of the year   | 16,505,612              | 11,106,153              |
| Add : Movement during the year   | (1,771,965)             | 5,399,459               |
| <b>Balance at the end of the year</b>  | <b>14,733,647</b>       | <b>16,505,612</b>       |
| <b>16 BORROWINGS</b>   |                         |                         |
| Non-current  |                         |                         |
| Secured  |                         |                         |
| Term Loan  |                         |                         |
| - from bank  | 80,104,349              | 87,382,773              |
| - from others  | 504,052,030             | 635,853,800             |
|  | <b>584,156,379</b>      | <b>723,236,573</b>      |
| Less: Current maturities of long-term debt (Also, refer note 19)   | (73,297,069)            | (119,052,919)           |
| <b>(A)</b>   | <b>510,859,310</b>      | <b>604,183,654</b>      |
| <b>Unsecured</b>   |                         |                         |
| <b>From others</b>   |                         |                         |
| Loans from related parties   | 548,392,372             | 458,047,636             |
| Deposits   | 8,500,348               | 1,914,854               |
| Other Loan   | 33,081,441              | 68,830,231              |
| Deferred Income on Loans   | 52,302,029              | 50,673,762              |
|  | <b>642,276,190</b>      | <b>579,466,483</b>      |
| Less: Current maturities of long-term debt (Also, refer note 19)   | (133,034,958)           | (86,948,091)            |
| <b>(B)</b>   | <b>509,241,232</b>      | <b>492,518,392</b>      |
| <b>TOTAL (A+B)</b>   | <b>1,020,100,542</b>    | <b>1,096,702,046</b>    |



## LONG TERM BORROWINGS

### (I) Secured

#### A. From Banks - Term Loans

| Particulars   | Interest Rate | Amount Outstanding |                    |
|---|---------------|--------------------|--------------------|
|   |               | 31 March 2020<br>₹ | 31 March 2019<br>₹ |
| <b>“KOTAK MAHINDRA BANK:</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. The date of commencement of loan is 27-03-2017. Repayment - 120 instalment of Rs.12,93,976/-. 85 instalment is outstanding as on the balance sheet date” | 9.50%         | 80,104,349         | 87,382,773         |
| Total   | (A)           | 80,104,349         | 87,382,773         |

#### B. Others - Term Loans from others

|   |        |            |             |
|---|--------|------------|-------------|
| <b>“Bajaj Finance Ltd:</b><br>15.75 CR Loan Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - one hundred and forty nine instalment of varying EMI. EMI starting 02-08-2015. Eighty nine instalment are outstanding as on the balance sheet date” | 12.55% | 6,154,380  | 14,953,882  |
| <b>“ICICI Home Finance:</b><br>Secured against the immovable property for which the loan has been taken. Repayment - Two hundred and sixty two monthly installments of ₹ 79,589/- starting from 10-3-2008. One hundred installments are outstanding as on the balance sheet date.”  | 9.50%  | 4,971,572  | 5,296,670   |
| <b>“Bajaj Finance Ltd 1.25 cr:</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - one hundred and forty two instalment of ₹ 1,66,075/. EMI starting 02-09-2015. Eighty eight instalments are outstanding as on the balance sheet date”      | 12.55% | 9,618,897  | 10,372,550  |
| <b>“Piramal Capital &amp; Housing Finance pvt ltd :</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment -Variable instalment of every quarter.”                                      | 14.90% | 63,819,712 | 142,347,969 |
| <b>Sundaram Bnp Paribas Home Finance Ltd</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment.  | 9.20%  | 23,000,000 | 23,000,000  |

|  |        |             |             |
|--|--------|-------------|-------------|
| <b>Tata Capital Housing Finance Ltd</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.51,00,00,000/- repayable in Twenty four monthly instalment of Rs.2,12,50,000/- from Oct- 2020. Rs.37,00,00,000/- drawn as on balance sheet date | 14.10% | 213,370,104 | 349,583,036 |
| <b>Tata Capital Housing Finance Ltd</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Fifteen monthly instalments of ₹ 1,44,71,301/-.   | 11.50% | 49,341,437  | -           |
| <b>Bajaj Housing Finance Ltd (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.4,45,00,000/- repayable in one hundred and forty two instalment of Rs.5,30,417/- from 15 June 2019. EMI commences when the money completely withdrawn from overdraft                      | 13.00% | -           | 6,069,199   |
| <b>Bajaj Housing Finance Ltd (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.1,65,00,000/- repayable in one hundred and eighty instalment of Rs.199091/- from 02 June 2019. EMI commences when the money completely withdrawn from overdraft                           | 12.10% | 200,000     | 1,400,000   |
| <b>Bajaj Housing Finance Ltd (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.7,00,00,000/- repayable in one hundred and eighty instalment of Rs.885670/- from 02 August 2017. EMI commences when the money completely withdrawn from overdraft                         | 13.00% | -           | 714,266     |
| <b>Aditya Birla Finance Ltd</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.800,00,000/- repayable in Twelve monthly instalment of Rs.66,66,667/- from Dec 2021. Rs.3,30,49,278/- drawn as on balance sheet date.                   | 15.00% | 33,049,278  | -           |

|   |            |                    |                    |
|---|------------|--------------------|--------------------|
| <b>Bajaj Housing Finance Ltd -</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.500,00,000/- repayable in Twenty four monthly instalment of Rs.20,83,333/- from November 2021. Rs.3,00,00,000/- drawn as on balance sheet date. | 12.50%     | 30,000,000         | -                  |
| <b>Kotak Mahindra Prime Ltd</b><br>Secured by way mortgage on Car Repayment - Sanctioned amount of Rs.,750,000/- repayable in Sixty instalment of Rs.15,660/- from February 2019. forty seven instalment payable as on the balance sheet date   | 9.20%      | 604,904            | -                  |
| <b>“Others:</b><br>Secured against the asset/ property for which the loan has been obtained”  | 12% to 15% | 69,921,746         | 82,116,228         |
| <b>Total</b>  | <b>(B)</b> | <b>504,052,030</b> | <b>635,853,800</b> |
| <b>Grand Total</b>  |            | <b>584,156,379</b> | <b>723,236,573</b> |

|  | <b>As at<br/>31-Mar-20<br/>₹</b> | <b>As at<br/>31-Mar-19<br/>₹</b> |
|--|----------------------------------|----------------------------------|
| <b>17 PROVISIONS</b>   |                                  |                                  |
| Non-current  |                                  |                                  |
| Provisions for employee benefits   |                                  |                                  |
| Gratuity   | 7,694,290                        | 6,072,324                        |
|  | <b>7,694,290</b>                 | <b>6,072,324</b>                 |
| <b>a) Provision for employee benefits</b>  |                                  |                                  |
| <b>i) Gratuity</b>   |                                  |                                  |
| Gratuity is payable to all the members at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (“the Gratuity Plan”) covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date. |                                  |                                  |
| The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement :  |                                  |                                  |
| <b>Change in projected benefit obligation</b>  |                                  |                                  |
| Projected benefit obligation at the beginning of the year  | 6,072,324                        | 7,446,404                        |
| Interest cost  | 415,954                          | 580,075                          |
| Current service cost   | 684,402                          | 579,240                          |
| Past service cost  | -                                | -                                |
| Benefits paid  | -                                | -                                |
| Actuarial (gain) / loss  | 521,610                          | (2,533,395)                      |
| Projected benefit obligation at the end of the year  | <b>7,694,290</b>                 | <b>6,072,324</b>                 |

|  | As at<br>31-Mar-20<br>₹                                       | As at<br>31-Mar-19<br>₹                                       |
|--|---|---|
| <b>Thereof</b><br>Unfunded                   | 7,694,290   | 6,072,324   |
| <b>Principal actuarial assumptions used:</b> |   |   |
| a) Discount rate                             | 6.85%   | 7.79%   |
| b) Long-term rate of compensation increase   | 12%   | 12%   |
| c) Attrition rate                            | 1%  | 1%  |
| d) Mortality table                           | Indian<br>assured lives<br>mortality<br>(2012-14)<br>ultimate | Indian<br>assured lives<br>mortality<br>(2006-08)<br>ultimate |

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

#### 17 Provisions (Continued)

The significant actuarial assumptions for the determination of the defined benefit obligation are the attrition rate, discount rate and the long-term rate of compensation increase. The calculation of the net defined benefit liability is sensitive to these assumptions. The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability at 31 March 2020..

|  | Attrition rate |           | Discount rate |           | Future salary increases |           |
|--|----------------|-----------|---------------|-----------|-------------------------|-----------|
|  | Increase       | Decrease  | Increase      | Decrease  | Increase                | Decrease  |
| <b>31 March 2020</b>                   |                |           |               |           |                         |           |
| > Sensitivity Level                    | -4.31%         | 5.04%     | -12.35%       | 15.15%    | 9.61%                   | -8.62%    |
| > Impact on defined benefit obligation | 7,362,764      | 8,082,225 | 6,743,733     | 8,860,240 | 8,434,032               | 7,031,385 |
| <b>31 March 2019</b>                   |                |           |               |           |                         |           |
| > Sensitivity Level                    | -3.20%         | 3.66%     | -11.67%       | 14.16%    | 8.10%                   | -8.08%    |
| > Impact on defined benefit obligation | 5,878,309      | 6,294,564 | 5,363,718     | 6,931,991 | 6,564,075               | 5,581,893 |

|                                      | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--------------------------------------|-------------------------|-------------------------|
| <b>18 TRADE PAYABLES</b>             |                         |                         |
| Current                              |                         |                         |
| Dues to micro and small enterprises* | -                       | -                       |
| Dues to others                       | 283,802,597             | 228,695,864             |
|                                      | <b>283,802,597</b>      | <b>228,695,864</b>      |

\* there are no micro and small enterprises, as defined under the provisions of micro, small and medium enterprises development act 2006, to whom the company owes dues as at the reporting date. the micro and small enterprises have been identified by the management on the basis of information available with the company and have been relied upon by the auditors.

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>19 OTHER FINANCIAL LIABILITIES</b>                      |                         |                         |
| Current  |                         |                         |
| Current maturities of long-term debt (Also, refer note 16) | 206,332,027             | 206,001,010             |
| Unpaid Dividend  | 65,606                  | 65,606                  |
| Financial Guarantee- Liability                             | 24,303,369              | 37,829,188              |
|  | <b>230,701,002</b>      | <b>243,895,804</b>      |
| <b>20 OTHER CURRENT LIABILITIES</b>                        |                         |                         |
| Statutory dues   | 2,751,075               | 3,641,613               |
| Advance from customers and for projects                    | 378,438,009             | 217,613,699             |
| Revenue received in advance                                | 71,632                  | 71,632                  |
| Other Payables   | 182,301,782             | 257,163,752             |
|  | <b>563,562,498</b>      | <b>478,490,696</b>      |

**21 Financial assets and liabilities**

**Categories of financial assets and financial liabilities**

| Particulars                  | Financial assets<br>at fair value through<br>profit and loss | Financial assets at<br>fair value through<br>other comprehensive<br>income | Financial assets<br>at amortised<br>cost | Total                |
|------------------------------|--|--|--|----------------------|
| <b>As at 31 March 2020</b>   |  |  |  |                      |
| <b>Financial assets</b>      |  |  |  |                      |
| Investments                  | -  | 22,467,831   | 82,858,207                               | 105,326,038          |
| Loans                        | 424,193,721  | -  | -  | 424,193,721          |
| Trade receivables            | -  | -  | 1,086,434,169                            | 1,086,434,169        |
| Cash and bank balances       | -  | -  | 128,322,506                              | 128,322,506          |
| Other bank balances          | -  | -  | 6,930,497                                | 6,930,497            |
| Other financial assets       | 341,917,633  | -  | 52,371,608                               | 394,289,241          |
|                              | <b>766,111,354</b>   | <b>22,467,831</b>  | <b>1,356,916,987</b>                     | <b>2,145,496,172</b> |
| <b>As at 31 March 2020</b>   |  |  |  |                      |
| <b>Financial liabilities</b> |  |  |  |                      |
| Trade payables               | -  | -  | 283,802,597                              | 283,802,597          |
| Borrowings                   | 556,892,720  | -  | 463,207,822                              | 1,020,100,542        |
| Other financial liabilities  | 24,303,369   | -  | 206,397,633                              | 230,701,002          |
|                              | <b>581,196,089</b>   | <b>-</b>   | <b>953,408,052</b>                       | <b>1,534,604,141</b> |
| <b>As at 31 March 2019</b>   |  |  |  |                      |
| <b>Financial assets</b>      |  |  |  |                      |
| Investments                  | -  | 36,080,367   | 85,691,960                               | 121,772,327          |
| Loans                        | 420,393,911  | -  | -  | 420,393,911          |
| Trade receivables            | -  | -  | 1,060,775,595                            | 1,060,775,595        |
| Cash and bank balances       | -  | -  | 8,902,401                                | 8,902,401            |
| Other bank balances -        | -  | -  | 6,389,003                                | 6,389,003            |
| Other financial assets       | 493,993,615  | -  | 75,974,205                               | 569,967,820          |
|                              | <b>914,387,526</b>   | <b>36,080,367</b>  | <b>1,237,733,164</b>                     | <b>2,188,201,057</b> |
| <b>As at 31 March 2019</b>   |  |  |  |                      |
| <b>Financial liabilities</b> |  |  |  |                      |
| Trade payables               | -  | -  | 228,695,864                              | 228,695,864          |
| Borrowings                   | 459,962,490  | -  | 636,739,556                              | 1,096,702,046        |
| Other financial liabilities  | 37,829,188   | -  | 206,066,616                              | 243,895,804          |
|                              | <b>497,791,678</b>   | <b>-</b>   | <b>1,071,502,036</b>                     | <b>1,569,293,714</b> |

|   | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|---|-------------------------|-------------------------|
| <b>22 REVENUE FROM OPERATIONS</b>   |                         |                         |
| Sales   | 111,322,224             | 535,840,310             |
| Marketing fees received   | 6,119,879               | 16,001,915              |
| Project management fees received  | 249,634                 | 436,535                 |
| <b>(A)</b>  | <b>117,691,737</b>      | <b>552,278,760</b>      |
| Other Operating Revenues  |                         |                         |
| Lease rentals   | 8,844,423               | 43,861,581              |
| Maintenance charges received  | 30,927,868              | 32,444,994              |
| Other operating income  | -                       | 1,008,006               |
| Compensation Received   | 14,500,000              | -                       |
| <b>(B)</b>  | <b>54,272,291</b>       | <b>77,314,581</b>       |
| <b>TOTAL (A+B)</b>  | <b>171,964,028</b>      | <b>629,593,341</b>      |
| <b>23 OTHER INCOME</b>  |                         |                         |
| Interest received   | 33,204,827              | 38,614,945              |
| Dividend income   | 229,203                 | 209,382                 |
| Profit on Sale of Investment  | 15,390,516              | 2,045,726               |
| Profit on Sale of Fixed Asset   | 77,367,647              | 102,760,072             |
| Commission Received   | 975,666                 | 7,847,458               |
| Liability no longer required  | -                       | 26,000,000              |
| Miscellaneous income  | 110,708,464             | 143,064,468             |
| CMDA Deposit Refund   | 12,728,000              | -                       |
|   | <b>250,604,323</b>      | <b>320,542,051</b>      |
| <b>24 CONSTRUCTION AND PROJECT EXPENSES</b>   |                         |                         |
| Cost of land  | 44,420,700              | 536,841,504             |
| Materials   | 59,318,437              | 34,963,719              |
| Labour & sub-contract expenses  | 55,828,877              | 66,508,995              |
| Legal expenses  | 25,994,445              | -                       |
| Marketing Expenses  | 5,185,848               | 14,294,651              |
| Consultancy charges   | 2,811,709               | 1,563,603               |
| Interest charges and other finance costs related to projects                        | 66,782,867              | 59,485,456              |
| Other Project Expenses  | 14,150,909              | 20,434,560              |
|   | <b>274,493,792</b>      | <b>734,092,488</b>      |
| <b>25 CHANGES IN INVENTORIES OF MATERIALS, WORK- IN-PROGRESS AND FINISHED GOODS</b> |                         |                         |
| a. Inventories at the beginning of the year   |                         |                         |
| i. Raw Materials  | -                       | -                       |
| ii. Work-in-progress  | 880,864,726             | 757,013,333             |
| iii. Finished goods   | 273,960                 | -                       |
|   | <b>881,138,686</b>      | <b>757,013,333</b>      |
| b. Inventories at the end of the year   |                         |                         |
| i. Raw Materials  | -                       | -                       |
| ii. Work-in-progress  | 994,382,900             | 880,864,726             |
| iii. Finished goods   | -                       | -                       |
|   | <b>994,382,900</b>      | <b>880,864,726</b>      |
| <b>Net (increase) / decrease</b>  | <b>-113,244,214</b>     | <b>-123,851,393</b>     |

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>26 EMPLOYEES BENEFIT EXPENSES</b>                                     |                         |                         |
| Salaries & Wages   | 20,980,992              | 19,549,184              |
| Contribution to provident and other funds                                | 966,632                 | 996,615                 |
| Staff Welfare  | 1,013,364               | 760,550                 |
| Other Employee benefit expenses (Also, refer note 17)                    | -                       | 3,117,179               |
|  | <b>22,960,988</b>       | <b>24,423,528</b>       |
| <b>27 FINANCE COSTS</b>  |                         |                         |
| Interest expenses  | 149,632,602             | 210,956,902             |
| Bank Charges   | 83,420                  | 39,198                  |
|  | <b>149,716,022</b>      | <b>210,996,100</b>      |
| <b>28 DEPRECIATION AND AMORTIZATION</b>                                  |                         |                         |
| Depreciation of tangible assets (Also, refer note 3)                     | 3,551,858               | 4,463,061               |
|  | <b>3,551,858</b>        | <b>4,463,0619</b>       |
| <b>29 OTHER EXPENSES</b>   |                         |                         |
| Power & Fuel   | 2,991,605               | 3,093,567               |
| Rent   | 6,673,080               | 18,756,400              |
| Rates & Taxes  | 1,946,799               | 850,955                 |
| Advertisement & Business Promotion                                       | 4,291,274               | 709,175                 |
| Legal, Professional & Consultancy Charges                                | 6,951,630               | 6,697,625               |
| Travelling & Conveyance  | 2,179,259               | 1,827,272               |
| Repairs and maintenance:   |                         |                         |
| -Repairs & Office Maintenance  | 34,693,565              | 36,897,870              |
| -Vehicle Maintenance   | 741,712                 | 799,642                 |
| Telephone, Postage, Printing & Stationery                                | 1,626,043               | 1,820,767               |
| Financial Guarantee- Expense   | -                       | 3,831,141               |
| Donation   | -                       | 193,000                 |
| Audit Fees   |                         |                         |
| - For Statutory Audit (Also, refer note 32)                              | 600,000                 | 600,000                 |
| Loss on sale of fixed assets   | -                       | 270,501                 |
| Miscellaneous expense  | 2,225,466               | 3,511,972               |
|  | <b>64,920,433</b>       | <b>79,859,887</b>       |
| <b>30 EARNINGS PER EQUITY SHARE (EPS)</b>                                |                         |                         |
| <b>For profit for the year</b>   |                         |                         |
| Nominal value of equity shares   | 10                      | 10                      |
| Profit attributable to equity shareholders (A)                           | 15,161,014              | 14,659,434              |
| Weighted average number of equity shares outstanding during the year (B) | 8,600,000               | 8,600,000               |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>                      | <b>1.76</b>             | <b>1.70</b>             |
| <b>Diluted earnings per equity share (A/B) (in ₹)</b>                    | <b>1.76</b>             | <b>1.70</b>             |
| <b>For total comprehensive income</b>                                    |                         |                         |
| Nominal value of equity shares   | 10                      | 10                      |
| Total comprehensive income attributable to equity shareholders (A)       | 13,389,049              | 20,058,893              |
| Weighted average number of equity shares outstanding during the year (B) | 8,600,000               | 8,600,000               |
| <b>Basic earnings per equity share (A/B) (in ₹)</b>                      | <b>1.56</b>             | <b>2.33</b>             |
| <b>Diluted earnings per equity share (A/B) (in ₹)</b>                    | <b>1.56</b>             | <b>2.33</b>             |

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>31 Leases</b>   |                         |                         |
| <b>Operating lease commitments - as lessee</b>                       |                         |                         |
| Total lease payments charged off to the statement of profit and loss | 6,673,080               | 18,756,400              |
| <b>Operating lease commitments - as lessor</b>                       |                         |                         |
| Total lease receipts charged off to the statement of profit and loss | 8,844,423               | 43,861,581              |
| <b>32 Remuneration to auditors</b>                                   |                         |                         |
| As auditor   |                         |                         |
| Statutory audit  | 600,000                 | 600,000                 |
| <b>Total</b>   | <b>600,000</b>          | <b>600,000</b>          |

**33 Related parties****a) Names of related parties and nature of relationship:**

| Nature of relationship           | Name of related party   |
|----------------------------------|---|
| <b>Wholly owned subsidiaries</b> | Vaikunt Housing Limited<br>Arihant Griha Limited<br>Trasperent Heights Real Estate Limited<br>Varenya Constructions Limited<br>Verge Realty Private Limited |
| <b>Subsidiaries</b>              | Escapade Real Estates Private Limited<br>Northtown Estates Private Limited  |
| <b>Joint Controlled Entity</b>   | Arihant Unitech Realty Projects limited   |
| <b>Partnership Firms</b>         | Arihant Foundations<br>Arihant Foundations & Housing<br>Arihant Heirloom  |
| <b>Key Management Personnel</b>  | Mr. Kamal Lunawath (Chairman and Managing Director)<br>Mr. Vimal Lunawath (Whole time Director)<br>Mr. Bharat Jain (Whole time Director)                    |

**b) Transactions with related parties**

| Transaction                              | Related Party                | “Year ended<br>31 March 2020” | “Year ended<br>31 March 2019” |
|--|------------------------------|-------------------------------|-------------------------------|
| Remuneration to Key Managerial Personnel | Kamal Lunawath               | 1,200,000                     | 1,200,000                     |
|  | Vimal Lunawath               | 1,200,000                     | 1,200,000                     |
|  | Bharat Jain                  | 1,800,000                     | 1,800,000                     |
| Investment                               | Verge Realty Private Limited | 100,000                       | -                             |
| Interest expense on loan received        | Kamal Lunawath               | 17,585,519                    | 29,426,165                    |
|  | Vimal Lunawath               | 11,911,028                    | 18,227,034                    |
|  | Escapade Real Estate P Ltd   | 7,860,464                     | -                             |
| Interest income on loan given            | Varenya Constructions Ltd    | 30,411,273                    | 32,770,680                    |
|  | Arihant Griha Ltd            | 4,151,877                     | -                             |
|  | Vaikunt Housing Limited      | 872,330                       | -                             |



|                                    |                                     |             |             |
|------------------------------------|-------------------------------------|-------------|-------------|
| Loan received                      | Kamal Lunawath                      | 697,473,699 | 39,988,506  |
|                                    | Vimal Lunawath                      | 8,592,521   | 182,990,477 |
|                                    | Varenya Constructions Ltd           | 83,629,264  | 56,003,439  |
|                                    | Escapade Real Estate P Ltd          | 43,821,172  | 7,752,753   |
| Loan repaid                        | Kamal Lunawath                      | 724,636,366 | 55,224,320  |
|                                    | Vimal Lunawath                      | 38,184,753  | 136,004,078 |
|                                    | Varenya Constructions Ltd           | 37,542,397  | 55,782,574  |
|                                    | Escapade Real Estate P Ltd          | -           | 8,440,361   |
| Loan given                         | Arihant Griha Ltd                   | -           | 180,908     |
|                                    | Vaikunt Housing Limited             | 5,265       | 248,320     |
|                                    | Escapade Real Estate P Ltd          | 44,699,482  | 2,026,948   |
|                                    | North Town Estates P Ltd            | 10,300,412  | 18,033,371  |
| Loans repaid-- repayments received | North Town Estates P Ltd            | 10,590,217  | 14,002,125  |
|                                    | Escapade Real Estate P Ltd          | 43,821,884  | -           |
|                                    | Arihant Griha Ltd                   | 32,354      | -           |
| Advances made                      | Transperent Heights Real Estate Ltd | 353,864     | 309,720     |
|                                    | Arihant Unitech Realty Projects Ltd | 9,779,682   | 17,034,234  |
| Advances - repayment received from | Arihant Unitech Realty Projects Ltd | 3,639,438   | 507,950     |
| Marketing fee Received             | Escapade Real Estate P Ltd          | 551,590     | 698,394     |
|                                    | Arihant Unitech Realty Projects Ltd | 5,568,289   | 15,303,521  |
| Project management fee paid        | Escapade Real Estate P Ltd          | 249,634     | 436,535     |

### c) Balances with related parties

|                   |                                     |             |             |
|-------------------|-------------------------------------|-------------|-------------|
| Borrowings        | Escapade Real Estates Pvt Ltd       | 175,392,911 | 167,533,159 |
|                   | Varenya Constructions Ltd           | 133,034,958 | 86,948,091  |
|                   | Directors                           | 239,964,503 | 269,402,508 |
| Loans             | North Town Estates Pvt Ltd          | 3,998,431   | 4,288,236   |
|                   | Vaikunt Housing Limited             | 11,098,036  | 10,220,442  |
|                   | Escapade Real Estates Pvt Ltd       | 877,598     | -           |
|                   | Arihant Griha Limited               | 52,763,998  | 48,644,476  |
| Trade Receivables | Varenya Constructions Ltd           | 405,477,806 | 375,066,533 |
|                   | Arihant Griha Limited               | 18,010,050  | 18,010,050  |
|                   | Arihant Unitech Realty Projects Ltd | 78,972,268  | 72,832,024  |
|                   | Transperent Heights Real Estate Ltd | 9,270,012   | 8,916,148   |

### 34 Fair value measurement Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as loans, deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair

value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly”

Level 3: Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2020, 31 March 2019.:

|  |                   |            | Fair value measurement using    |                               |                                 |
|--|-------------------|------------|---------------------------------|-------------------------------|---------------------------------|
|  |                   |            | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
|  | Date of valuation | Total      | (Level 1)                       | (Level 2)                     | (Level 3)                       |
| <b>i) Assets measured at fair value:</b>             |                   |            |                                 |                               |                                 |
| <b>Fair value through other comprehensive income</b> |                   |            |                                 |                               |                                 |
| <b>Investments</b>                                   |                   |            |                                 |                               |                                 |
| 2020   | 31 March 2020     | 22,467,831 | 2,006,331                       | 20,461,500                    | -                               |
| 2019   | 31 March 2019     | 36,080,367 | 15,514,921                      | 20,565,447                    | -                               |

Investment in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year.

|  |               |            |   |   |            |
|--|---------------|------------|---|---|------------|
| <b>ii) Liabilities measured at fair value:</b> |               |            |   |   |            |
| <b>Financial guarantees</b>                    |               |            |   |   |            |
| 2020   | 31 March 2020 | 24,303,369 | - | - | 24,303,369 |
| 2019   | 31 March 2019 | 37,829,188 | - | - | 37,829,188 |

The fair value of the financial guarantees are based on the credit risk associated with the guarantees extended and the maximum exposure that is expected to have on the event of default by the debtor.

There have been no transfers between Level 1 and Level 2 during the year.

|  |  |  |             |             |     |
|--|--|--|-------------|-------------|-----|
| <b>ii) Liabilities measured at amortised cost:</b> |  |  |             |             |     |
| <b>a) Interest-bearing loans and borrowings:</b>   |  |  |             |             |     |
| Floating rate borrowings                           |  |  | Nil         | Nil         | Nil |
| Fixed rate borrowings                              |  |  | 617,237,820 | 792,066,804 | -   |

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These

rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

**35. Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies**

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Group treasury team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**a) Market risk :** The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**b) Interest rate risk :** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings.

**c) Credit risk :** Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment in mutual funds etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at 31 March 2018, as summarised below:

|                                    | 31 March 2020 | 31 March 2019 |
|------------------------------------|---------------|---------------|
| <b>Classes of financial assets</b> |               |               |
| Investments                        | 105,329,038   | 121,774,327   |
| Trade receivables                  | 1,086,434,169 | 1,060,775,595 |
| Loan                               | 424,193,721   | 420,393,911   |
| Cash and bank balances             | 135,253,003   | 15,291,404    |
| Other financial assets             | 394,289,241   | 569,967,820   |

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of security deposits which are given to land owners or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

#### **d) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

#### **36 Events after the reporting period**

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2019) and the date of authorization.

#### **37 Contingent liabilities, commitments and guarantees**

##### **Contingent liabilities**

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

|   | <b>As at<br/>31-Mar-20</b> | <b>As at<br/>31-Mar-19</b> |
|---|----------------------------|----------------------------|
|   | ₹                          | ₹                          |
| ii) The cases pending before the CIT Appeals of Income tax are as follows |                            |                            |
| AY 1999-2000  | 7,638,692                  | 7,638,692                  |
| AY 2011-2012  | 7,183,310                  | 7,183,310                  |
| AY 2005-2006  | 14,882,231                 | 14,882,231                 |
| AY 2007-2008  | 55,761,612                 | 55,761,612                 |
| AY 2004-2005  | 1,371,638                  | 1,371,638                  |

iii) The company has given corporate guarantee of Rs.155 Crores to its subsidiary companies

iv) In continuation to inspection made u/s. 209A of the Companies Act, 1956; the proceedings filed u/s. 58A, 299 and 295 are under process. The Company has applied for compounding application for the same on 19.01.2015

v) In continuation to inspection made u/s. 209A of the Companies Act, 1956; the proceedings filed u/s. 58A, 299 and 295 are under process. The Company has applied for compounding application for the same on 19.01.2015.

### **38. Segment reporting**

The company is primarily in the business of real estate development and related activities including construction. Major exposure is to residential and commercial construction and development of IT parks. Further majority of the business conducted is within the geographic boundaries of India.

In view of the above, in the opinion of the Management and based on the organizational and internal reporting structure, the company's business activities as described above are subject to similar risks and returns. Further, since the business activities undertaken by the company are within India, in the opinion of the Management, the environment in India is considered to have similar risks and returns. Consequently the company's business activities primarily represent a single business segment. Similarly, this business operations in India represent a single geographical segment.

In terms of our report attached  
For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-  
**Sharon Josh**  
Company Secretary

PLACE : CHENNAI  
DATE : 31.07.2020

PLACE : CHENNAI  
DATE : 31.07.2020

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ARIHANT FOUNDATIONS AND HOUSING LIMITED  
Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Arihant Foundations and Housing Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which includes Group's share of profit/ loss of its joint controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, the consolidated loss and consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, and of its joint controlled entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr.No | Key Audit Matter   | Auditor's Respons   |
|-------|--|---|
| 1.    | <i>Recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with customers"</i> | <p><b><u>Key audit matter description</u></b></p> <p>The application of new revenue standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period.</p> |

| Sr.No | Key Audit Matter                             | Auditor's Respons  |
|-------|--|--|
|       |  | <p>Refer Note No: 2(g) to Consolidated financial statements.</p> <p><b>Principal Audit Procedures</b><br/>We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach is as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness.</li> <li>• Testing the relevant information technology system's access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new accounting standard.</li> <li>• Testing a sample of contracts for appropriate identification of performance obligations;</li> <li>• Engaging technical experts to review estimates of costs to complete for sample contracts and</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> </ul> |
| 2.    | <i>Evaluation of uncertain tax positions</i> | <p><b>Key audit matter description</b></p> <p>The Group has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes</p> <p>Refer Note no: 2(o) &amp; (n) to Consolidated Financial Statements.</p> <p><b>Principal Audit Procedures</b><br/>Our procedures included the following :</p> <ul style="list-style-type: none"> <li>• Obtained understanding of key uncertain tax positions.</li> <li>• Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management;</li> <li>• We along with our internal tax experts discussed with appropriated senior management and evaluated the Management's underlying key assumptions in estimating the tax provision.</li> <li>• Additionally, we considered the effect of new information in respect to uncertain tax positions as at April 01, 2019 to evaluate whether any change was required to management's position on these uncertainties.</li> </ul>   |

### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, joint controlled entity, is traced from their financial statements approved by the management and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Group's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group

including its joint controlled entity, in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, its joint controlled entity, are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group, and its joint controlled entity.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or



error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its joint controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

The consolidated financial statements includes the financial information of subsidiaries and Joint controlled entity , whose financial information reflect the total assets of Rs.3,13,46,83,855/- as at March 31, 2020, total revenue of Rs. 34,12,50,346/- and net cash flows amounting of Rs.5,63,98,132/- Group's share of Net Profit of Rs.5,86,885/- for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial information of these subsidiaries and joint controlled entity has been unaudited and has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as its relates to the amounts and disclosures included in respect of these subsidiaries and joint controlled entity , is based solely on such unaudited financial information which is certified by the management.

Our opinion on the consolidated financial statements in not modified in respect of the above matters with respect to our reliance on the financial information certified by the management.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Group as on March 31, 2020 taken on record by the Board of Directors of the Group and its joint controlled entity, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of its Group and joint controlled entity.
- ii. Provision has been made in consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. While there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company, the related shares could not be transferred due to technical issues. We were informed that the company is taking necessary steps in this regard.

**For S RAMACHANDRA RAO & ASSOCIATES**  
**Chartered Accountants**  
**Firm's Registration No.007735S**

**RAMACHANDRA RAO SURANENI**  
Proprietor  
(Membership No: 206003).

Place: Chennai  
Date : 31-07-2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arihant Foundations and Housing Limited of even date)

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated

financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of ARIHANT FOUNDATIONS AND HOUSING LIMITED ("the Company") and its subsidiary companies and joint controlled entity, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **S RAMACHANDRA RAO & ASSOCIATES**  
Chartered Accountants  
Firm's Registration No.007735S

**RAMACHANDRA RAO SURANENI**  
Proprietor  
(Membership No: 206003).

Place: Chennai  
Date : 31.07.2020

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results –Consolidated

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020.  
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

| Sl. No. | Particulars   | Audited Figures (as reported before adjusting for qualifications) (Rs. in Lakhs) | Adjusted Figures (audited figures after adjusting for qualifications) (Rs. in Lakhs) |
|---------|---|--|--|
| I.      | Turnover / Total income   | 7,785  | Not Ascertainable  |
|         | Total Expenditure   | 8,337  |  |
|         | Net Profit/(Loss)   | (708)  |  |
|         | Earnings Per Share  | (8.23)   |  |
|         | Total Assets  | 65,410   |  |
|         | Total Liabilities   | 55,965   |  |
|         | Net Worth   | 9445   |  |
|         | Any other financial item(s) (as felt appropriate by themanagement)  | No   |  |
| II.     | <p><b>Audit Qualification:</b></p> <p><b>a. Details of AuditQualification:</b></p> <p>The financial results of Escapade Real Estates Private Limited (Subsidiary), North Town Estates Private Limited (Subsidiary) and Arihant Unitech Realty Projects Limited (Joint Controlled Entity), whose accounts reflect Total assets of Rs.31,346.84 lakhs as at 31st March, 2020, total Revenue of Rs.3412.50 lakhs, Net loss of Rs.76.80 lakhs and Group's Share of Net Profit of Rs.5.89 lakhs and total comprehensive income of Rs. NIL for the year ended 31st March, 2020, for which we are unable to obtain audited financial statements. The financial results and other financial information of the above mentioned subsidiaries and joint controlled entity were been prepared by the management , which have not been audited and our opinion is based solely on the management accounts. We are unable to comment on the adjustment that may have been required to the Statement, had such financial results been audited.</p> <p>b. Type of Audit Qualification : Qualified Opinion.</p> <p>c. Frequency of qualification: Appeared first time.</p> <p>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: NA</p> <p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> |  |  |

|      |   |  |
|------|---|--|
|      | <p><b>(I) Management's estimation on the impact of audit qualification: NA</b></p> <p><b>(ii) If management is unable to estimate the impact, reasons for the same:</b><br/> Two subsidiaries namely North Town Estates Pvt Ltd and Escapade Real Estates Pvt Ltd and a joint controlled entity namely Arihant Unitech Realty Projects Limited could not conclude its statutory audit and adopt its annual audited financial statements ended on 31st March, 2020 due to COVID-19 driven lockdown situations. Therefore, the company is consolidating unaudited financial information with respect to the above subsidiaries and joint controlled entity. The management of respective subsidiaries and joint controlled entity has confirmed that the audit work has been in progress and audited financials and other financial information will be available once their Board Meeting is planned and convened to adopt the annual accounts.</p> <p><b>(iii) Auditors' Comments on (i) or (ii) above:</b><br/> The Financial Statements and other financial information having been prepared by the management and not been audited. We are unable to comment on the adjustments that may have been required has such accounts audited.</p> |  |
| III. | <b>Signatories:</b>   |  |
|      | CEO/ManagingDirector  |  |
|      | CFO   |  |
|      | Audit CommitteeChairman   |  |
|      | StatutoryAuditor  |  |

Place: Chennai.

Date: 31-07-2020

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**

**Consolidated Balance Sheet as at 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Note | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------|------------------------|------------------------|
| <b>ASSETS</b>  |      |                        |                        |
| Non-current assets   |      |                        |                        |
| Property, plant and equipment  | 3    | 74,853,623             | 89,963,334             |
| Intangible assets  | 3    | 851,265                | 1,375,320              |
| Financial assets   |      |                        |                        |
| - Investments  | 4    | 324,815,924            | 347,813,804            |
| - Trade receivables  | 5    | 450,307,574            | 344,656,257            |
| - Loans  | 6    | 321,592,623            | 269,428,407            |
| - Other financial assets   | 7    | 1,007,495,767          | 377,292,070            |
| Deferred tax assets (net)  | 8    | 327,681,357            | 86,238,353             |
| Other non current assts  | 9    | -                      | 131,932,224            |
|  |      | <b>2,507,598,133</b>   | <b>1,648,699,769</b>   |
| Current assets   |      |                        |                        |
| Inventories  | 10   | 1,128,286,458          | 1,083,695,578          |
| Financial assets   |      |                        |                        |
| - Investments  | 4    | 1,239,348              | -                      |
| - Trade receivables  | 5    | 413,161,983            | 436,904,428            |
| - Cash and cash equivalents  | 11   | 197,873,886            | 22,068,598             |
| “- Bank balances other than those mentioned in cash and cash equivalents | 11   | 7,434,658              | 6,389,003              |
| - Loans  | 12   | 101,401,147            | 15,452,764             |
| - Other financial assets   | 7    | 81,729,678             | 75,974,205             |
| Current tax asset (Net)  | 13   | 28,878,165             | 24,237,338             |
| Other current assets   | 14   | 2,073,388,364          | 370,263,634            |
|  |      | <b>4,033,393,687</b>   | <b>2,034,985,548</b>   |
| <b>Total assets</b>  |      | <b>6,540,991,820</b>   | <b>3,683,685,317</b>   |

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

PLACE : CHENNAI  
DATE : 31.07.2020

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

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

PLACE : CHENNAI  
DATE : 31.07.2020

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

**Contd.**

sd/-  
**Sharon Josh**  
Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED****Consolidated Balance Sheet as at 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|                                     | Note | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>       |      |                        |                        |
| <b>Equity</b>                       |      |                        |                        |
| Equity share capital                | 15   | 86,000,000             | 86,000,000             |
| Other equity                        | 16   | 1,020,502,729          | 1,513,764,409          |
| Total equity                        |      | <b>1,106,502,729</b>   | <b>1,599,764,409</b>   |
| <b>Non - Controlling interests</b>  |      |                        |                        |
| Non-current liabilities             |      | (162,059,100)          | 79,356,309             |
| Financial liabilities               |      |                        |                        |
| - Borrowings                        | 17   | 2,109,455,524          | 1,308,734,275          |
| Provisions                          | 18   | 8,214,319              | 6,593,137              |
| -Other Non Current Liabilities      | 19   | 184,235,960            | -                      |
|                                     |      | <b>2,301,905,803</b>   | <b>1,315,327,412</b>   |
| <b>Current liabilities</b>          |      |                        |                        |
| Financial liabilities               |      |                        |                        |
| - Borrowings                        | 17   | 1,698,074,170          | -                      |
| - Trade payables                    | 19   | 548,546,512            | 232,090,700            |
| - Other financial liabilities       | 20   | 358,592,383            | 257,075,969            |
| Other current liabilities           | 21   | 689,429,323            | 200,070,518            |
|                                     |      | <b>3,294,642,388</b>   | <b>689,237,187</b>     |
| <b>Total liabilities</b>            |      | <b>5,596,548,191</b>   | <b>2,004,564,599</b>   |
| <b>Total equity and liabilities</b> |      | <b>6,540,991,820</b>   | <b>3,683,685,317</b>   |

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
 Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
 Proprietor  
 Membership No. 206003

sd/-  
**Kamal Lunawath**  
 Managing Director  
 DIN :00087324

sd/-  
**Vimal Lunawath**  
 Whole Time Director  
 DIN : 00586269

sd/-  
**Sharon Josh**  
 Company Secretary

PLACE : CHENNAI  
 DATE : 31.07.2020

PLACE : CHENNAI  
 DATE : 31.07.2020



**ARIHANT FOUNDATIONS AND HOUSING LIMITED**

**Consolidated statement of profit and loss for the year ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Note | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|------|-----------------------------|-----------------------------|
| Revenue from operations  | 23   | 468,448,698                 | 799,918,724                 |
| Other income   | 24   | 310,062,432                 | 309,845,929                 |
| <b>Total revenue</b>   |      | <b>778,511,130</b>          | <b>1,109,764,653</b>        |
| Expenses   |      |                             |                             |
| Construction and project expenses  | 25   | 593,199,009                 | 740,396,533                 |
| “Changes in inventories of finished goods,<br>work in progress and stock-in-trade” | 26   | (57,832,317)                | (52,241,196)                |
| Employee benefits expense  | 27   | 38,170,931                  | 40,966,997                  |
| Finance costs  | 28   | 175,927,685                 | 243,866,607                 |
| Depreciation and amortization expense  | 29   | 6,198,528                   | 7,398,016                   |
| Other expenses   | 30   | 78,036,468                  | 88,403,544                  |
| <b>Total expenses</b>  |      | <b>833,700,304</b>          | <b>1,068,790,501</b>        |
| <b>Share of profit / (loss) from equity accounted investments</b>                  |      | <b>586,886</b>              | <b>(1,194,202)</b>          |
| <b>Profit/(Loss) before tax</b>  |      | <b>(54,602,288)</b>         | <b>39,779,950</b>           |
| <b>Tax expense</b>   |      |                             |                             |
| Current tax  |      | 15,186,378                  | 29,193,110                  |
| Deferred tax   |      | 1,002,871                   | 279,954                     |
| <b>Profit/(Loss) for the year</b>  |      | <b>(70,791,537)</b>         | <b>10,306,886</b>           |
| <b>Other comprehensive income</b>  |      |                             |                             |
| <b>Items that will not be reclassified to profit and loss</b>                      |      |                             |                             |
| - Re-measurement (losses) on defined benefit plans                                 |      | (1,771,965)                 | 2,533,395                   |
| - Net (loss)/gain on FVOCI equity securities                                       |      | (23,000)                    | 4,091,708                   |
| - Income tax relating to items that will not be reclassified<br>to profit and loss |      | -                           | (1,225,644)                 |
| <b>Other comprehensive income for the year, net of tax</b>                         |      | <b>(1,794,965)</b>          | <b>5,399,459</b>            |
| <b>Total comprehensive income for the year</b>                                     |      | <b>(72,586,502)</b>         | <b>15,706,345</b>           |

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**

Firm's Registration No.: 007735S

sd/-

**CA. Ramachandra Rao Suraneni**

Proprietor

Membership No. 206003

PLACE : CHENNAI

DATE : 31.07.2020

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

DIN :00087324

PLACE : CHENNAI

DATE : 31.07.2020

sd/-

**Vimal Lunawath**

Whole Time Director

DIN : 00586269

sd/-

**Sharon Josh**

Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED****Consolidated statement of profit and loss for the year ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|  | Note      | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------|-----------------------------|-----------------------------|
| <b>Profit attributable to:</b>                     |           |                             |                             |
| Owners of the Company                              |           | (67,431,336)                | (25,084,775)                |
| Non-controlling interest                           |           | (3,360,201)                 | 35,391,661                  |
|  |           | <b>(70,791,537)</b>         | <b>10,306,886</b>           |
| <b>Other comprehensive income attributable to:</b> |           |                             |                             |
| Owners of the Company                              |           | (1,771,965)                 | 5,234,811                   |
| Non-controlling interest                           |           | (23,000)                    | 164,648                     |
|  |           | <b>(1,794,965)</b>          | <b>5,399,459</b>            |
| <b>Total comprehensive income attributable to:</b> |           |                             |                             |
| Owners of the Company                              |           | (69,203,301)                | (19,849,964)                |
| Non-controlling interest                           |           | (3,383,201)                 | 35,556,309                  |
|  |           | <b>(72,586,502)</b>         | <b>15,706,345</b>           |
| <b>Earnings per equity share</b>                   |           |                             |                             |
| <b>Basic (in □) (Face value of □ 10 each)</b>      | <b>31</b> | <b>(8.23)</b>               | <b>1.20</b>                 |
| <b>Diluted (in □) (Face value of □ 10 each)</b>    | <b>31</b> | <b>(8.23)</b>               | <b>1.20</b>                 |

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**

Firm's Registration No.: 007735S

sd/-

**CA. Ramachandra Rao Suraneni**

Proprietor

Membership No. 206003

PLACE : CHENNAI

DATE : 31.07.2020

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**

Managing Director

DIN :00087324

sd/-

**Vimal Lunawath**

Whole Time Director

DIN : 00586269

sd/-

**Sharon Josh**

Company Secretary

PLACE : CHENNAI

DATE : 31.07.2020

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**  
**Consolidated statement of cash flows for the year ended 31 March 2020**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| <b><u>A.CASH FLOW FROM OPERATING ACTIVITIES</u></b>                                     |                             |                             |
| Profit before tax   | (54,602,288)                | 39,779,950                  |
| <i>Adjustments to reconcile net income to net cash provided by operating activities</i> |                             |                             |
| Depreciation and amortization expense   | 6,198,528                   | 7,398,016                   |
| (Gain)/loss on sale of investments  | (16,400,000)                | (2,045,726)                 |
| Interest expenses   | 236,781,872                 | 228,635,927                 |
| Loss on sale of fixed assets  | (77,367,647)                | (102,489,571)               |
| Other non operating income  | (145,400,000)               | (136,633,156)               |
| Interest and dividend income  | (33,434,030)                | (60,559,517)                |
| Financial guarantee- expense  | -                           | 3,831,141                   |
| <b>Operating profit before working capital changes</b>                                  | <b>(84,223,565)</b>         | <b>(22,082,936)</b>         |
| Changes in assets and liabilities   |                             |                             |
| Adjustments for working capital changes   |                             |                             |
| (Increase) /Decrease in Inventories   | (44,590,880)                | (34,913,542)                |
| (Increase) / Decrease in trade receivables  | (81,908,872)                | 395,338,097                 |
| Decrease / (Increase) in other financial assets   | (548,726,946)               | 168,854,504                 |
| Decrease in other assets  | (2,094,570,384)             | (137,805,102)               |
| (Decrease) / Increase in trade payables   | 316,455,812                 | (34,036,952)                |
| (Decrease) / Increase in long term provisions   | (239,821,822)               | (7,721,913)                 |
| Increase / (Decrease) in other financial liabilities                                    | 101,516,414                 | (344,321,068)               |
| Increase / (Decrease) in other current liabilities                                      | 489,358,805                 | (239,587,033)               |
| <b>Cash generated from/(used) in operating activities</b>                               | <b>(2,186,511,438)</b>      | <b>(256,275,945)</b>        |
| Direct taxes paid, net  | (15,800,000)                | (22,766,676)                |
| <b>Net cash generated from/(used) in operating activities</b>                           | <b>(2,202,311,438)</b>      | <b>(279,042,621)</b>        |
| <b>B. Cash flow from investing activities</b>   |                             |                             |
| Purchase of fixed Assets  | (4,905,035)                 | (4,370,326)                 |
| Sale of fixed Assets  | 94,421,264                  | 118,981,160                 |
| Interest/Dividend received during the year  | 33,434,030                  | 60,559,517                  |
| Other non - operating income  | 145,400,000                 | 136,633,156                 |
| Purchase of investment  | (46,746,016)                | (263,700,000)               |
| Proceeds from sale of investment  | 67,316,654                  | 379,745,300                 |
| <b>Net cash generated from investing activities</b>                                     | <b>288,920,897</b>          | <b>427,848,807</b>          |

|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>     |                             |                             |
| Fresh loans taken                                 | 2,449,031,378               | (100,305,866)               |
| Loans received back / (given)                     | (123,053,677)               | 124,215,011                 |
| Interest & finance charges                        | (236,781,872)               | (228,635,927)               |
| <b>Net cash (used) in financing activities</b>    | <b>2,089,195,829</b>        | <b>(204,726,782)</b>        |
| <b>D. Net change in cash and cash equivalents</b> | <b>175,805,287</b>          | <b>(55,920,596)</b>         |
| E. Cash and cash equivalents at the beginning     | 22,068,599                  | 77,989,195                  |
| <b>F. Cash and cash equivalents at the end</b>    | <b>197,873,886</b>          | <b>22,068,599</b>           |
| <b>Cash and cash equivalents include</b>          |                             |                             |
| <b>Cash on hand</b>                               | <b>1,536,148</b>            | <b>1,141,595</b>            |
| <b>Balances with banks</b>                        |                             |                             |
| <b>- in current accounts</b>                      | <b>196,337,738</b>          | <b>20,927,003</b>           |
| <b>Cash and cash equivalents as per note 10</b>   | <b>197,873,886</b>          | <b>22,068,598</b>           |

In terms of our report attached  
For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

PLACE : CHENNAI  
DATE : 31.07.2020

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

PLACE : CHENNAI  
DATE : 31.07.2020

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-  
**Sharon Josh**  
Company Secretary

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020**  
(All amounts are in Indian Rupees (₹), unless otherwise stated)

**A. EQUITY SHARE CAPITAL**

| Particulars                                     | Amount     |
|---|------------|
| Balance as at 31 March 2019                     | 86,000,000 |
| Changes in equity share capital during the year | -          |
| Balance as at 31 March 2020                     | 86,000,000 |

**B. OTHER EQUITY**

| Particulars  | Reserves and surplus |                    |                   | Total       | Accumulated other comprehensive income | Total       |
|--|----------------------|--------------------|-------------------|-------------|--|-------------|
|  | General reserve      | Securities premium | Retained earnings |             |  |             |
| Balances at March 31, 2019                           | 88,308,752           | 570,650,000        | 838,659,762       | 16,145,895  | 1,513,764,409                          | 79,356,309  |
| Transfer from statement of profit and loss           | -                    | -                  | (67,431,336)      | -           | (67,431,336)                           | (3,360,201) |
| Other comprehensive income for the year (net of tax) | -                    | -                  | -                 | (1,771,965) | (1,771,965)                            | (23,000)    |
| Appropriations made during the year                  | -                    | -                  | (424,058,379)     | -           | (424,058,379)                          | 238,032,208 |
| Balances at March 31, 2020                           | 88,308,752           | 570,650,000        | 347,170,047       | 14,373,930  | 1,020,502,729                          | 162,059,100 |

In terms of our report attached  
For **Ramachandra Rao & Associates,**  
Chartered Accountants  
Firm's Registration No.: 007735S

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

sd/-  
**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

sd/-  
**Kamal Lunawath**  
Managing Director  
DIN :00087324

sd/-  
**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-  
**Sharon Josh**  
Company Secretary

PLACE : CHENNAI  
Date : 31-07-2020

PLACE : CHENNAI  
Date : 31-07-2020

## **ARIHANT FOUNDATIONS AND HOUSING LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

#### **1. Background**

Arihant Foundations & Housing Limited (“the group”) was incorporated on 6th March, 1992 as a limited company. The company engaged in the business of constructions of residential, commercial complexes and IT parks.

#### **2. Summary of significant accounting policies**

##### **a) Basis of preparation and presentation of financial statements**

###### **i) Accounting convention**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016.

All amounts included in the financial statements are reported in Indian Rupees (₹).

###### **ii) Basis of measurement**

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, unless otherwise stated. These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. All assets and liabilities are classified into current and non-current based on the operating cycle of less than twelve months or based on the criteria of realisation/settlement within twelve months period from the balance sheet date.

###### **iii) Principles of consolidation**

###### **Subsidiaries**

“Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to variable returns from its involvement

with the entity and has ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group”

“The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances, and unrealised gain on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of equity and balance sheet respectively.”

###### **Associates**

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

###### **Joint arrangements**

Under Ind As 111, Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Arihant Foundations and Housing Limited has only joint ventures.

Interest in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet

### **iii) Principles of consolidation (Continued) Equity Method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss and the group's share of other comprehensive income of the investee in the other comprehensive income. Dividends received or receivable from the associates and joint ventures are recognised as a reduction in the carrying amount of investment.

When the group's share of losses in an equity-accounted investments equals or exceeds its interest in the equity, including any other unsecured long term receivables, the group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other equity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

### **b) Use of estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Group bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

### **Significant management judgements**

The following are significant management judgements in applying the accounting policies of the group that have the most significant effect on the financial statements.

### **Classification of leases**

The group enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

### **Recognition of deferred tax assets**

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

### **Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty

relates to assumptions about future operating results and the determination of a suitable discount rate.

#### **Recoverability of advances / receivables**

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

#### **Useful lives of depreciable / amortisable assets**

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

#### **Defined benefit obligation (DBO)**

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### **Fair value measurements**

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

#### **c) Current versus non-current classification**

The group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- "Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period"

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The group has evaluated and considered its operating cycle as 12 months.

#### **d) Property, plant and equipment**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised



only when it is probable that future economic benefits associated with these will flow to the group and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment [other than freehold land and lease hold land (perpetual lease)] are depreciated under straight line method ("SLM method") over the estimated useful lives of the assets, which are prescribed under Schedule II to the Companies Act, 2013.

Useful life adopted by the Group for various class of assets is as follows:

| Assets                       | Useful Lives |
|------------------------------|--------------|
| Vehicles                     |              |
| - Motor cycle / Two Wheelers | 8 Years      |
| - Motor cars                 | 10 Years     |
| On Furniture and fixtures    | 10 Years     |
| On Office equipments         | 5 Years      |
| On Computers & Accessories   | 3 years      |

The Group has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Group to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated at each financial year end.

#### e) Intangible assets

The Group has elected to continue with the carrying

value for all of its intangible assets as recognized in its Previous GAAP financial statements as deemed cost at the transition date, viz., 1 April 2016.

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortisation and impairment. Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### f) Impairment of property, plant and equipment and intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Group estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **g) Revenue recognition**

#### **Revenue from projects**

“Revenue from sale of properties is recognised when it is probable that the economic benefits will flow to the Company and it can be reliably measured, which coincides with entering into a legally binding agreement. Revenue is measured at the fair value of the consideration received/receivable net of rebate and taxes. Revenue from sale of undivided share of land (UDS) in qualifying projects where the risks and rewards on the sale of the UDS are separable from the risks and rewards on the construction contract is recognized upon the transfer of all significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with the buyers, which coincides with the firming of the sales contracts/agreements and a minimum level of collection of dues from the customer. Revenue from the sale of UDS on other projects where the risk and rewards on the sale of the UDS are not separable from the construction contracts and therefore do not qualify above are recognized on the percentage of completion method.”

“In accordance with the “Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable)” (guidance note) all projects where revenue is recognized for the first time, construction revenue on such projects have been recognized on percentage of completion method provided the following thresholds have been met:

- (a) all critical approvals necessary for the commencement have been obtained;
- (b) the expenditure incurred on construction and development costs is not less than 25 percent of the total estimated construction and development costs;
- (c) at least 25 percent of the saleable project area is secured by agreements with buyers; and

(d) at least 10 percent of the agreements are realized at the reporting date in respect of such contracts.”

“The Company has adopted Ind AS 115 “Revenue from Contracts with Customers” effective April 1, 2018. Ind AS 115 supersedes Ind AS 11 “Construction Contracts” and Ind AS 18 “Revenue”. The Company has applied Ind AS 115 using the modified retrospective method and the cumulative impact of transition to Ind AS 115 has been adjusted against the Retained earnings as at April 1, 2018. Accordingly, the figures of the previous year are not restated under Ind AS 115. The Company recognises revenue from contracts with customers when it satisfies a performance obligation by transferring promised good or service to a customer. The revenue is recognised to the extent of transaction price allocated to the performance obligation satisfied. Performance obligation is satisfied over time when the transfer of control of asset (good or service) to a customer is done over time and in other cases, performance obligation is satisfied at a point in time. For performance obligation satisfied over time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer excluding amounts collected on behalf of a third party. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price.

Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract in proportion to

the progress measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. Significant judgments are used in:

1. Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
2. Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

**Revenue from construction / project related activity is recognised as follows:**

1. Cost plus contracts: Revenue from cost plus contracts is recognized over time and is determined with reference to the extent performance obligations have been satisfied. The amount of transaction price allocated to the performance obligations satisfied represents the recoverable costs incurred during the period plus the margin as agreed with the customer.
2. Fixed price contracts: Contract revenue is recognised over time to the extent of performance obligation satisfied and control is transferred to the customer. Contract revenue is recognised at allocable transaction price which represents the cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.”

**Rental income**

Income from rentals are recognized as an income in the statement of profit and loss on a straight-line basis over the lease term except where scheduled increase in rent compensates the Group with expected inflationary costs.

**Interest income**

Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the statement of profit and loss.

**g) Revenue recognition (Continued)**

**Dividend income**

Income from dividends are recognized when the Group’s right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

**h) Inventories**

**Raw materials**

Inventory includes raw materials used for the construction activity of the Group. Raw materials are valued at the lower of cost and net realizable value with the cost being determined on a ‘First In First Out’ basis.

**Properties under development**

Properties under development represents construction work in progress which are stated at the lower of cost and net realizable value. This comprises of cost of land, construction related overhead expenditure, borrowing costs and other net costs incurred during the period of development.

**Properties held for sale**

“Completed properties held for sale are stated at the lower of cost and net realizable value. Cost includes cost of land, construction related overhead expenditure, borrowing costs and other costs incurred during the period of development. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.”

**Properties held for development**

Properties held for development represents land acquired for future development and construction, and is stated at cost including the cost of land, the related costs of acquisition and other costs incurred to get the properties ready for their intended use.

**i) Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

**Defined contribution plan**

The Group's contribution to provident fund is charged to the statement of profit and loss or inventorized as a part of project under development, as the case may be. The Group's contributions towards provident fund are deposited with a government administered fund, in accordance with Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

**Defined benefit plan****“(i) Gratuity**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.”

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

“Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period. “

**“Short-term employee benefits**

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.”

**j) Leases**

“The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016 (date of transition to Ind AS), the group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.”

**“Finance Lease**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss.”

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life, whichever is lower. However, if there is no reasonable certainty that the group will obtain the ownership by the end of the lease term, the capitalised asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease period.

**“Operating Lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period

of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.”

### **k) Foreign currency transactions**

#### **Functional and presentation currency**

The functional currency of the Group is the Indian Rupee (₹). These financial statements are presented in Indian Rupees (₹)

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit or loss.

-Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

-Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### **l) 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **m) Government Grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is adjusted against the cost of the depreciable asset, to which the grant relates to, on receipt of such subsidy.

### **n) Income taxes**

“Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.”

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

### **n) Income taxes (Continued)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the

extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **o) Provisions and contingencies**

##### **“Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision

due to the passage of time is recognised as interest expense.”

##### **“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 not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the financial statements.”

##### **“Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.”

#### **p) Financial instruments Financial assets Initial recognition and measurement**

Financial assets (other than trade receivables) are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through statement of profit and loss which are measured initially at fair value. Subsequent measurement of financial assets is described below. Trade receivables are recognized at their transaction price as the same do not contain significant financing component.

##### **Subsequent measurement**

“For the purpose of subsequent measurement, financial assets are classified and measured based on the entity’s business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL)”



All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

**(i) Financial asset at amortised cost**

“Includes assets that are held within a business model where the objective is to hold the financial assets to collect contractual cash flows and the contractual terms gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured subsequently at amortized cost using the effective interest method. The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.”

**(ii) Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)**

Includes assets that are held within a business model where the objective is both collecting contractual cash flows and selling financial assets along with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, the Group, based on its assessment, makes an irrevocable election to present in other comprehensive income the changes in the fair value of an investment in an equity instrument that is not held for trading. These elections are made on an instrument-by instrument (i.e., share-by-share) basis. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in other comprehensive income. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. The dividends from such

instruments are recognized in statement of profit and loss.

The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the balance sheet.

**(iii) Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortized cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognized in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The loss allowance at each reporting period is evaluated based on the expected credit losses for next 12 months and credit risk exposure. The Group shall also measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance shall be recognized in the statement of profit and loss.

**De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's standalone balance sheet) when:

“a. The rights to receive cash flows from the asset have expired, or  
b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.”

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including financial guarantee contracts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings**

“This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured



at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.”

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **q) Impairment of financial assets**

In accordance with Ind AS 109 Financial Instruments, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Group tracks credit risk and changes thereon for each customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the

contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables

“**Trade receivables** The Group applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.”

“**Other financial assets** For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.”

### **r) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### **s) Fair value measurement (Continued)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

#### **s) Cash and cash equivalents**

"Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management."

#### **t) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group is primarily engaged in the business of real estate development and related activities including construction which constitutes its single reportable segment.

#### **u) Earnings/ (Loss) per Share (EPS)**

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

#### **v) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, balances with banks in current accounts and other short-term deposits with original maturities of 3 months or less, as applicable.

**ARIHANT FOUNDATIONS AND HOUSING LIMITED**  
Notes to consolidated financial statements

(All amounts are in Indian Rupees (₹), unless otherwise stated)

**3 Property, plant and equipment and Intangible assets**

| Particulars                                      | Property, plant and equipment |                    |                     |                         |                     |                  |             |              |                   |  | Intangible assets |
|--|-------------------------------|--------------------|---------------------|-------------------------|---------------------|------------------|-------------|--------------|-------------------|--|-------------------|
|  | Land                          | Freehold Buildings | Leasehold Buildings | Furnitures and Fixtures | Plant and Equipment | Office Equipment | Vehicles    | Total        | Computer software |  |                   |
| Balance as at 31 March 2019                      | 16,612,865                    | 75,401,217         | 5,795,307           | 23,154,993              | 13,020,155          | 9,179,315        | 35,519,908  | 178,683,760  | 4,413,815         |  |                   |
| Additions  | -                             | -                  | -                   | 337,589                 | 822,117             | 846,413          | 2,898,916   | 4,905,035    | -                 |  |                   |
| Appropriation                                    | -                             | (17,244)           | -                   | -                       | (27,484)            | -                | (1,612,803) | (1,657,531)  | -                 |  |                   |
| Disposals  | (932,495)                     | (14,063,932)       | -                   | -                       | (2,152,716)         | -                | (1,007,719) | (18,156,862) | -                 |  |                   |
| Balance as at 31 March 2020                      | 15,680,370                    | 61,320,041         | 5,795,307           | 23,492,582              | 11,662,072          | 10,025,728       | 35,798,302  | 163,774,402  | 4,413,815         |  |                   |
| <b>Accumulated depreciation/amortization</b>     |                               |                    |                     |                         |                     |                  |             |              |                   |  |                   |
| Balance as at 31 March 2019                      | -                             | 22,224,510         | 1,358,542           | 22,085,752              | 10,200,519          | 8,364,086        | 24,487,017  | 88,720,426   | 3,038,495         |  |                   |
| Depreciation/amortization charge during the year | -                             | 32,012             | 92,912              | 204,003                 | 596,640             | 670,463          | 4,078,443   | 5,674,473    | 524,055           |  |                   |
| Reversal On Disposal Of Assets                   | -                             | (3,867,652)        | -                   | -                       | (649,136)           | -                | (957,332)   | (5,474,120)  | -                 |  |                   |
| Balance as at 31 March 2020                      | -                             | 18,388,870         | 1,451,454           | 22,289,755              | 10,148,023          | 9,034,549        | 27,608,128  | 88,920,779   | 3,562,550         |  |                   |
| <b>Net block</b>                                 |                               |                    |                     |                         |                     |                  |             |              |                   |  |                   |
| Balance as at 31 March 2019                      | 16,612,865                    | 53,176,707         | 4,436,765           | 1,069,241               | 2,819,636           | 815,229          | 11,032,891  | 89,963,334   | 1,375,320         |  |                   |
| Balance as at 31 March 2020                      | 15,680,370                    | 42,931,171         | 4,343,853           | 1,202,827               | 1,514,049           | 991,179          | 8,190,174   | 74,853,623   | 851,265           |  |                   |

**ARIHANT FOUNDATIONS AND HOUSING LIMITED****Notes to consolidated financial statements**

(All amounts are in Indian Rupees (₹), unless otherwise stated)

| <b>Financials assets</b>   | <b>As at<br/>31-Mar-2020<br/>₹</b> | <b>As at<br/>31-Mar-2019<br/>₹</b> |
|--|------------------------------------|------------------------------------|
| <b>4 Non - Current Investment</b>  |                                    |                                    |
| Investment in equity instruments(fully paid-up)<br>Unquoted  |                                    |                                    |
| <b>i) Joint Controlled Entity</b>  |                                    |                                    |
| Arihant Unitech Realty Projects Ltd.<br>“(5,00,000 Equity shares of ₹ 10/- Each fully paid)<br>23,800,000 0.05% compulsorily convertible preference shares of<br>Arihant Unitech Realty Projects Limited of ₹ 10 each.)” | 243,586,886                        | 243,000,000                        |
| North Town Estates Pvt Ltd<br>(32,500 Equity shares of ₹ 10/- Each Fully Paid Up)  | -                                  | 1,364,477                          |
| Mangalagiri Realty Projects Pvt Ltd<br>(2,72,210 Equity shares of R.10/- Each Fully Paid Up)   | 2,722,100                          | 2,826,047                          |
|  | <b>246,308,986</b>                 | <b>247,190,524</b>                 |
| <b>Investment in Debentures</b><br>Mangalagiri Realty Projects Pvt Ltd<br>“(1,77,394 Optionally Redeemable Convertible Debentures of ₹ 100/- Each)”  | 17,739,400                         | 17,739,400                         |
| <b>Investment in Partnership Firms</b><br>Arihant Heirloom   | 58,753,207                         | 67,361,960                         |
| <b>Investment in LLP</b><br>KR Wind Energy LLP   | 3,000                              | 2,000                              |
|  | <b>322,804,593</b>                 | <b>332,293,884</b>                 |
| <b>Investments carried at fair value through other comprehensive income</b>  |                                    |                                    |
| <b>Investments in other companies (fully paid-up)</b>  |                                    |                                    |
| <b>Quoted- Non Trade</b>   |                                    |                                    |
| Happy Homes Profin Ltd<br>(44,800 Equity shares of ₹ 10/- each Fully Paid Up)  | 1                                  | 1                                  |
| Hindustan Construction Company Ltd<br>(500 Shares of ₹ 45.53 Each Fully Paid Up:)  | 22,767                             | 7,505                              |
| IDBI Bank Ltd<br>(500 Shares of ₹ 156.20 Each Fully Paid Up)   | 78,100                             | 23,325                             |
| Indotech Transformers<br>(691 Equity Shares of ₹ 130.19 Each Fully Paid up)  | 89,830                             | 72,210                             |
| Tata Consultancy Servies Ltd<br>(7200 Shares of ₹.250.65 Each Fully Paid up)   | -                                  | 14,411,880                         |
| TVS Shriram Growth Fund 3  | 1,815,633                          | 1,000,000                          |
|  | <b>2,006,331</b>                   | <b>15,514,921</b>                  |
| <b>Unquoted- Non Trade</b>   |                                    |                                    |
| National Savings Certificate   | 5,000                              | 5,000                              |
|  | <b>2,011,331</b>                   | <b>15,519,921</b>                  |
| <b>Grand Total (A+B)</b>   | <b>324,815,924</b>                 | <b>347,813,804</b>                 |
| <b>Aggregate amount of:</b>  |                                    |                                    |
| -Quoted investments and market value thereof;  | 2,006,331                          | 15,519,921                         |
| -Unquoted investments  | 322,809,593                        | 332,293,884                        |
| -Provision for diminution in value of investments other than temporary   | -                                  | -                                  |

|   | As at<br>31-Mar-2020<br>₹ | As at<br>31-Mar-2019<br>₹ |
|---|---------------------------|---------------------------|
| <b>4 Current Investment</b><br>Investments carried at fair value through other comprehensive income<br>Investments in other companies (fully paid-up)<br>Quoted- Non Trade<br>Aditya Birla Sun Life | 1,239,348                 | -                         |
| <b>5 Trade receivables</b><br>(Unsecured considered good, unless stated otherwise)  | 1,239,348                 | -                         |
| <b>Non-current</b><br>Trade receivables   | 450,307,574               | 344,656,257               |
|   | <b>450,307,574</b>        | <b>344,656,257</b>        |
| <b>Current</b><br>Trade receivables   |                           |                           |
| - exceeding six months  | 156,025,644               | 71,390,575                |
| - less than six months  | 148,174,807               | 13,521,122                |
| Debts due by private companies in which directors are directors   | 108,961,532               | 351,992,731               |
|   | <b>413,161,983</b>        | <b>436,904,428</b>        |

The carrying amount of the current trade receivable is considered a reasonable approximation of fair value as is expected to be collected within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant. All of the Company's trade receivables have been reviewed for indicators of impairment by the management and no receivables were found to be impaired.

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management. Outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Credit quality of a customer is assessed based on historical information in relation to pattern of collections, defaults and credit worthiness of the customer.

|  | As at 31-Mar-20<br>₹                | As at 31-Mar-19<br>₹       |
|--|-------------------------------------|----------------------------|
| <b>6 Loan Non Current</b><br>(Unsecured, considered good)<br>Loans to Related Parties<br>Other parties | 64,797,033<br>256,795,590           | 211,772,711<br>57,655,696  |
|  | <b>321,592,623</b>                  | <b>269,428,407</b>         |
| <b>7 Other financial assets</b><br>(Unsecured, considered good)  |                                     |                            |
| <b>Non-current</b><br>Security deposits<br>Prepaid Finance Cost  | 977,304,868<br>30,190,899           | 377,292,070<br>-           |
|  | <b>1,007,495,767</b>                | 377,292,070                |
| <b>Current</b><br>Other deposits<br>Reimbursement Receivable<br>Other Advances                         | 54,955,274<br>218,416<br>26,555,988 | 75,755,789<br>218,416<br>- |
|  | <b>81,729,678</b>                   | <b>75,974,205</b>          |

There are no other financial assets due from directors or other officers of the Company. The carrying amount of the other financial assets are considered as a reasonable approximation of fair value.

|   | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|---|-------------------------|-------------------------|
| <b>8 Deferred tax assets (net)</b>  |                         |                         |
| Net deferred tax assets   | <b>327,681,357</b>      | <b>86,238,353</b>       |
| <b>9 Other non current assets</b>   |                         |                         |
| Prepaid finance cost  | -                       | 131,932,224             |
|   | -                       | <b>131,932,224</b>      |
| <b>10 Inventories</b><br>(valued at lower of cost and net realizable value) |                         |                         |
| Work in progress  | 994,382,900             | 880,864,726             |
| Transferrable development rights  | 74,576,424              | 129,988,321             |
| Project under development   | 59,327,134              | 72,842,531              |
|   | <b>1,128,286,458</b>    | <b>1,083,695,578</b>    |
| <b>11 Cash and bank balances</b>  |                         |                         |
| Cash and cash equivalents   |                         |                         |
| Cash on hand  | 1,536,148               | 1,141,595               |
| Balances with banks in current accounts                                     | 196,337,738             | 20,927,003              |
| <b>(A)</b>  | <b>197,873,886</b>      | <b>22,068,598</b>       |
| <b>Bank balances other than mentioned in cash and cash equivalents</b>      |                         |                         |
| Unpaid dividend account   | 65,606                  | 65,606                  |
| Deposit accounts  | 7,369,052               | 6,323,397               |
| <b>(B)</b>  | <b>7,434,658</b>        | <b>6,389,003</b>        |
| <b>Total (A+B)</b>  | <b>205,308,544</b>      | <b>28,457,601</b>       |
| <b>12 Loan</b>  |                         |                         |
| Current   |                         |                         |
| Loans to Related Parties  | 3,998,431               | -                       |
| Other loans   | 97,402,716              | 15,452,764              |
|   | <b>101,401,147</b>      | <b>15,452,764</b>       |
| <b>13 Current tax asset (Net)</b>   |                         |                         |
| Income tax assets (Net)   | 28,878,165              | 24,237,338              |
|   | <b>28,878,165</b>       | <b>24,237,338</b>       |
| <b>14 Other current assets</b><br>(Unsecured, considered good)              |                         |                         |
| Advance for Immovable Property  | 56,715,685              | 56,715,685              |
| Balances with government authorities  | 168,607,928             | 61,957,566              |
| Advance given to suppliers and others                                       | 621,610,523             | 227,546,076             |
| Project in Progress On which revenue is not recognised                      | 128,186,568             | -                       |
| Project in Progress On which revenue is recognised                          | 989,498,279             | -                       |
| Advance given to employees  | 134,529                 | 345,445                 |
| Advance given to related parties  | 818,000                 | 818,000                 |
| Staff Advance   | 6,213,733               | 4,721,370               |
| Prepaid expenses  | 100,675,815             | 17,216,590              |
| Other Receivables   | 134,668                 | 150,268                 |
| Land owner share receivable   | 792,636                 | 792,634                 |
|   | <b>2,073,388,364</b>    | <b>370,263,634</b>      |

## ARIHANT FOUNDATIONS AND HOUSING LIMITED

### Notes to consolidated financial statements

(All amounts are in Indian Rupees (₹), unless otherwise stated)

|   | As at<br>31 March 2020 |             | As at<br>31 March 2019 |             |
|---|------------------------|-------------|------------------------|-------------|
|   | Number                 | Amount      | Number                 | Amount      |
| <b>15 EQUITY SHARE CAPITAL</b>  |                        |             |                        |             |
| <b>Authorized</b><br>1,00,00,000 equity shares of Rs.10/- each                                      | 10,000,000             | 100,000,000 | 10,000,000             | 100,000,000 |
| <b>Issued, subscribed and fully paid up</b><br>86,00,000 equity shares of R.10/- each fully paid up | 8,600,000              | 86,000,000  | 8,600,000              | 86,000,000  |
|   | 8,600,000              | 86,000,000  | 8,600,000              | 86,000,000  |

a) There is no change in issued and subscribed share capital during the year.

b) **Terms/right attached to equity shares**

“The Company has issued only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend, which can be approved by the Board of Directors. In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.”

c) **Shareholders holding more than 5% of the aggregate shares in the Company**

|   | Nos.      | % holding | Nos.      | % holding |
|---|-----------|-----------|-----------|-----------|
| <u>Equity Shares of ₹ 10 each</u><br>Smt. Snehalatha Lunawath | 1,407,000 | 16.36%    | 1,407,000 | 16.36%    |
| Smt. S. Jayalakshmi   | 796,202   | 9.26%     | 796,202   | 9.26%     |
| Mr. Kamal Lunawath  | 749,100   | 8.71%     | 749,100   | 8.71%     |
| Mr. Vimal Lunawath  | 696,400   | 8.10%     | 696,400   | 8.10%     |
| Taj Foundation Private Limited                                | 690,000   | 8.02%     | 690,000   | 8.02%     |
| Ocean Dial Asset Management Ltd A/c ICGQ Ltd                  | 592,400   | 6.89%     | 592,400   | 6.89%     |

d) There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and buy back of shares during the last 5 years immediately preceding 31 March 2019.

e) **Capital management policies and procedures**

For the purpose of the Group’s capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings and cash credit facility, if any, less cash and cash equivalents as presented on the face of the balance sheet.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting periods under review are summarized as follows:

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>Borrowings</b>  | 2,109,455,524           | 1,308,734,275           |
| Cash and bank balances   | 205,308,544             | 28,457,601              |
| <b>Net debt (A)</b>  | <b>1,904,146,980</b>    | <b>1,280,276,674</b>    |
| <b>Total equity (B)</b>  | <b>1,106,502,729</b>    | <b>1,599,764,409</b>    |
| <b>Overall financing (A+B)</b>   | <b>3,010,649,709</b>    | <b>2,880,041,083</b>    |
| <b>Gearing ratio</b>   | <b>63%</b>              | <b>44%</b>              |
| <b>16. Other equity</b>  |                         |                         |
| <b>Securities premium account</b>  | <b>570,650,000</b>      | <b>570,650,000</b>      |
| Securities premium account is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act. |                         |                         |
| <b>General reserve</b>   | <b>88,308,752</b>       | <b>88,308,752</b>       |
| <b>Retained earnings</b>   |                         |                         |
| Balance at the beginning of the year   | 838,659,762             | 1,043,533,635           |
| Add: Transfer from statement of profit and loss  | (67,431,336)            | (14,029,144)            |
| Add: Appropriations made during the year   | (424,058,379)           | (269,626,512)           |
| <b>Balance at the end of the year</b>  | <b>347,170,047</b>      | <b>759,877,979</b>      |
| <b>Accumulated other comprehensive income</b>  |                         |                         |
| Balance at the beginning of the year   | 16,145,895              | 8,569,392               |
| Add : Movement during the year   | (1,771,965)             | 2,341,692               |
| <b>Balance at the end of the year</b>  | <b>14,373,930</b>       | <b>10,911,084</b>       |
| <b>17 Borrowings</b>   |                         |                         |
| Non-current  |                         |                         |
| Secured  |                         |                         |
| Term Loan  |                         |                         |
| -from bank   | 105,875,110             | 123,712,423             |
| -from others   | 505,808,248             | 641,182,674             |
| -Non convertible Debentures  | 1,050,128,306           | -                       |
|  | <b>1,661,811,664</b>    | <b>764,895,097</b>      |
| Less: Current maturities of long-term debt (Also, refer note 20)   | (74,670,495)            | (131,351,915)           |
| <b>(A)</b>   | <b>1,587,141,169</b>    | <b>633,543,182</b>      |
| <b>Unsecured From others</b>   |                         |                         |
| Loans from related parties   | 548,955,330             | 423,827,421             |
| Deposits   | 8,500,348               | 207,385,803             |
| Other Loan   | 45,591,606              | 80,252,198              |
| Deferred Income on Loans   | 52,302,029              | 50,673,762              |
|  | <b>655,349,313</b>      | <b>762,139,184</b>      |
| Less: Current maturities of long-term debt (Also, refer note 20)   | (133,034,958)           | (86,948,091)            |
| <b>(B)</b>   | <b>522,314,355</b>      | <b>675,191,093</b>      |
| <b>TOTAL (A+B)</b>   | <b>2,109,455,524</b>    | <b>1,308,734,275</b>    |
| <b>Current Unsecured From others</b>   |                         |                         |
| Loans  | 1,698,074,170           | -                       |
|  | <b>1,698,074,170</b>    | -                       |



**LONG TERM BORROWINGS**

**(I) Secured**

**A. From Banks - Term Loans**

| Particulars  | Interest Rate | Amount Outstanding |                    |
|--|---------------|--------------------|--------------------|
|  |               | 31 March 2020<br>₹ | 31 March 2019<br>₹ |
| <p><b>“KOTAK MAHINDRA BANK:</b><br/>Secured by way of equitable mortgage on certain immovable properties, owned by company. Further the loan has been guaranteed by way of personal guarantee of the directors of the company. The date of commencement of loan is 27-03-2017. Repayment - 120 instalment of Rs.12,93,976/-. 85 instalment is outstanding as on the balance sheet date”</p>                      | 9.50%         | 80,104,349         | 87,382,773         |
| <p><b>“ICICI BANK</b><br/>Secured by way of exclusive charge by way of equitable mortgage of the project property, charge by way of hypothecation of receivables from the project, by way of personal guarantee of Mr. Kamal Lunawath and Mr. Vimal Lunawath, Directors and also by way of Corporate Guarantee of Arihant Foundation &amp; Housing Ltd (the Holding Company).</p>                                | 12.25%        | 1,339,516          | 11,728,335         |
| <b>Total</b>   | <b>(A)</b>    | 81,443,865         | 99,111,108         |
| <b>B. Others - Term Loans from others</b>  |               |                    |                    |
| <p><b>“Bajaj Finance Ltd: 15.75 CR</b><br/>Loan Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - one hundred and forty nine instalment of varing EMI. EMI starting 02-08-2015. Eighty nine instalment are outstanding as on the balance sheet date”</p> | 12.55%        | 6,154,380          | 14,953,882         |
| <p><b>“ICICI Home Finance</b><br/>Secured against the immovable property for which the loan has been taken. Repayment - Two hundred and sixty two monthly installments of ₹ 79,589/- starting from 10-3-2008. One hundred installments are outstanding as on the balance sheet date.”</p>  | 9.50%         | 4,971,572          | 5,296,670          |
| <p><b>“Bajaj Finance Ltd 1.25 cr:</b><br/>Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the directors of the company. Repayment - one hundred and forty two instalment of ₹ 1,66,075/. EMI starting 02-09-2015. Eighty eight instalments are outstanding as on the balance sheet date”</p>     | 12.55%        | 9,618,897          | 10,372,550         |
| <p><b>“Piramal Capital &amp; Housing Finance pvt ltd :</b><br/>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the managing director of the company. Repayment -Variable instalment of every quarter.”</p>                                     | 14.90%        | 63,819,712         | 142,347,969        |

**B. OTHERS - TERM LOANS  
FROM OTHERS**

| Particulars  | Interest Rate | Amount Outstanding |                    |
|--|---------------|--------------------|--------------------|
|  |               | 31 March 2020<br>₹ | 31 March 2019<br>₹ |
| <b>SUNDARAM BNP PARIBAS HOME FINANCE LTD</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment -  | 9.20%         | 23,000,000         | 23,000,000         |
| <b>TATA CAPITAL HOUSING FINANCE LTD</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.51,00,00,000/- repayable in Twenty four monthly instalment of Rs.2,12,50,000/- from Oct- 2020. Rs.37,00,00,000/- drawn as on balance sheet date | 14.10%        | 213,370,104        | 349,583,036        |
| <b>TATA CAPITAL HOUSING FINANCE LTD</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Fifteen monthly instalments of ₹ 1,44,71,301/-.   | 11.50%        | 49,341,437         |                    |
| <b>BAJAJ HOUSING FINANCE LTD (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.4,45,00,000/- repayable in one hundred and forty two instalment of Rs.5,30,417/- from 15 June 2019. EMI commences when the money completely withdrawn from overdraft                      | 13.00%        | -                  | 6,069,199          |
| <b>BAJAJ HOUSING FINANCE LTD (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.1,65,00,000/- repayable in one hundred and eighty instalment of Rs.199091/- from 02 June 2019. EMI commences when the money completely withdrawn from overdraft                           | 12.10%        | 200,000            |                    |
| <b>BAJAJ HOUSING FINANCE LTD (Dropline OD)</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.7,00,00,000/- repayable in one hundred and eighty instalment of Rs.885670/- from 02 August 2017. EMI commences when the money completely withdrawn from overdraft                         | 13.00%        | -                  | 714,266            |

| Particulars   | Interest Rate | Amount Outstanding |                    |
|---|---------------|--------------------|--------------------|
|   |               | 31 March 2020<br>₹ | 31 March 2019<br>₹ |
| <b>Aditya Birla Finance Ltd -</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.800,00,000/- repayable in Twelve monthly instalment of Rs.66,66,667/- from Dec 2021. Rs.33049278/- drawn as on balance sheet date 3          | 15.00%        | 33,049,278         | -                  |
| <b>Bajaj Housing Finance Ltd -</b><br>Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothecation of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Sanctioned amount of Rs.500,00,000/- repayable in Twenty four monthly instalment of Rs.2083333/- from November 2021. Rs.30000000/- drawn as on balance sheet date 3 | 12.50%        | 30,000,000         | -                  |
| <b>Kotak Mahindra Prime Ltd</b><br>Secured by way mortgage on Car Repayment - Sanctioned amount of Rs.750000/- repayable in Sixty instalment of Rs.15660/- from February 2019. forty seven instalment payable as on the balance sheet date  | 9.20%         | 604,904            | 1,905,799          |
| <b>“KOTAK MAHINDRA PRIME LTD</b><br>Secured against the vehicle for which the loan has been taken. Repayment - Fifty nine monthly variable installments of Rs.1,08,655/- starting from 01-09-2016 (Forty monthly instalment payable as on balance sheet date )”   |               | 1,756,218          | 3,069,117          |
| <b>“ICICI Bank Ltd</b><br>Secured against the Flat for which the loan has been taken. Repayment - Two hundred and forty monthly installments of Rs.2,20,928/- starts on full withdrawal of Rs.2,50,00,000/- (Rs.2,37,50,000/- with drawn from Loan as on balance sheet date)”   |               | 23,750,000         | 23,750,000         |
| <b>“AXIS BANK LTD</b><br>Secured against the vehicle for which the loan has been taken. Repayment - Sixty monthly installments of Rs.19,789/- starting from 10-08-2018 (Fifty two monthly instalment payable as on balance sheet date )”  |               | 681,245            | 851,315            |
| “Others:<br>Secured against the asset/ property for which the loan has been obtained”   | 12% to 15%    | 69,921,746         | 83,870,186         |
| <b>Total</b>  | <b>(B)</b>    | <b>530,239,493</b> | <b>665,783,989</b> |
| <b>Grand Total</b>  |               | <b>611,683,358</b> | <b>764,895,097</b> |

|   | <b>As at<br/>31-Mar-20<br/>₹</b>                           | <b>As at<br/>31-Mar-19<br/>₹</b>                           |
|---|--|--|
| <b>18 Provisions</b>  |  |  |
| Non-current   |  |  |
| Provisions for employee benefits  |  |  |
| Gratuity  | 8,214,319  | 6,593,137  |
|   | <b>8,214,319</b>   | <b>6,593,137</b>   |
| <b>a) Provision for employee benefits</b>   |  |  |
| <b>i) Gratuity</b>  |  |  |
| <p>Gratuity is payable to all the members at the rate of 15 days salary for each year of service. In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.</p> <p>The following table sets out the funded status of the Gratuity Plan and the amounts recognized in the financial statement:</p> |  |  |
| <b>Principal actuarial assumptions used:</b>  |  |  |
| a) Discount rate  | 6.85%  | 7.72%  |
| b) Long-term rate of compensation increase  | 12%  | 12%  |
| c) Attrition rate   | 1%   | 1%   |
| d) Mortality table  | Indian assured<br>lives mortality<br>(2012-14)<br>ultimate | Indian assured<br>lives mortality<br>(2006-08)<br>ultimate |
| <p>The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.</p>  |  |  |
| <b>19 Other Non Current Liabilities</b>   |  |  |
| Security deposit - Ashiana Housing Limited  | 184,235,960  |  |
|   | <b>184,235,960</b>   | -  |
| <p>The Company had entered into a Joint Development Agreement (JDA 1) dated 3 December 2014 with Ashiana Housing Limited ('AHL') for construction and development of housing establishments for senior citizens and/or regular housing in accordance with applicable laws and approved building plans within a period of five year. In accordance with the above JDA 1, the Company has granted developmental rights to AHL and has accepted interest free, adjustable deposits amounting to ₹ 250,000,000 from AHL upon execution of the JDA 1 agreement. As per JDA 1, the Company will get a specified percentage of gross revenue receipts, earned by AHL as its revenue share. A portion of Company's revenue share will be adjusted against the security deposit.</p>               |  |  |
| <b>19 Trade payables</b>  |  |  |
| Current   |  |  |
| Dues to micro and small enterprises*  |  |  |
| Dues to others  | 548,546,512  | 232,090,700  |
| Capital Creditors   | -  |  |
|   | <b>548,546,512</b>   | <b>232,090,700</b>   |

There are no micro and small enterprises, as defined under the provisions of Micro, Small and Medium Enterprises Development Act 2006, to whom the Company owes dues as at the reporting date. The micro and small enterprises have been identified by the management on the basis of information available with the Company and have been relied upon by the auditors.

|   | As at<br>31-Mar-20<br>₹                                      | As at<br>31-Mar-19<br>₹  |  |                      |
|---|--|--|--|----------------------|
| <b>20 Other financial liabilities</b>                           |  |  |  |                      |
| <b>Current</b>  |  |  |  |                      |
| Interest Accrued but not due                                    | 7,633  | 103,241  |  |                      |
| Current maturities of long-term debt                            | 207,705,453  | 218,300,006  |  |                      |
| Unpaid Dividend   | 65,606   | 65,606   |  |                      |
| Statutory Dues payable  | 14,557,568   | -  |  |                      |
| Security Deposits   | 105,590,009  | -  |  |                      |
| Other Payables  | -  | -  |  |                      |
| Employee dues payable   | 6,362,745  | 777,928  |  |                      |
| Financial guarantee- liability                                  | 24,303,369   | 37,829,188   |  |                      |
|   | <b>358,592,383</b>   | <b>257,075,969</b>   |  |                      |
| <b>21 Other current liabilities</b>                             |  |  |  |                      |
| Statutory dues  | 3,265,006  | 4,305,419  |  |                      |
| Advance from customers and for projects                         | 491,439,357  | 19,608,724   |  |                      |
| Revenue received in advance                                     | 71,632   | 71,632   |  |                      |
| Provision   | -  | 23,367,634   |  |                      |
| Profit from joint ventures                                      | -  | 2,235,678  |  |                      |
| Other Payables  | 194,653,328  | 150,481,431  |  |                      |
|   | <b>689,429,323</b>   | <b>200,070,518</b>   |  |                      |
| <b>22 Financial assets and liabilities</b>                      |  |  |  |                      |
| <b>Categories of financial assets and financial liabilities</b> |  |  |  |                      |
| Particulars   | Financial assets<br>at fair value through<br>profit and loss | Financial assets at<br>fair value through<br>other comprehensive<br>income | Financial assets<br>at amortised<br>cost | Total                |
| <b>As at 31 March 2020 Financial assets</b>                     |  |  |  |                      |
| <b>Investments</b>  | -  | 19,745,731   | 305,067,193                              | 324,812,924          |
| Loans   | 422,993,770  | -  | -  | 422,993,770          |
| Trade receivables   | -  | -  | 863,469,557                              | 863,469,557          |
| Cash and bank balances  | -  | -  | 197,873,886                              | 197,873,886          |
| Other bank balances   | -  | -  | 7,434,658                                | 7,434,658            |
| Other financial assets  | 1,007,495,767  | -  | 81,729,678                               | 1,089,225,445        |
|   | <b>1,430,489,537</b>   | <b>19,745,731</b>  | <b>1,455,574,972</b>                     | <b>2,905,810,240</b> |
| <b>As at 31 March 2020 - Financial liabilities</b>              |  |  |  |                      |
| Trade payables  | -  | -  | 548,546,512                              | 548,546,512          |
| Borrowings  | 557,455,678  | -  | 3,250,074,016                            | 3,807,529,694        |
| Other financial liabilities                                     | 30,666,114   | -  | 327,926,269                              | 358,592,383          |
|   | <b>588,121,792</b>   | <b>-</b>   | <b>4,126,546,797</b>                     | <b>4,714,668,589</b> |
| <b>As at 31 March 2019 - Financial assets</b>                   |  |  |  |                      |
| Investments   | -  | 33,254,321   | 314,557,484                              | 347,811,804          |
| Loans   | 269,428,407  | -  | 15,452,764                               | 284,881,171          |
| Trade receivables   | -  | -  | 781,560,685                              | 781,560,685          |
| Cash and bank balances  | -  | -  | 22,068,598                               | 22,068,598           |
| Other bank balances   | -  | -  | 6,389,003                                | 6,389,003            |
| Other financial assets  | 377,292,070  | -  | 75,974,205                               | 453,266,275          |
|   | <b>646,720,477</b>   | <b>33,254,321</b>  | <b>1,216,002,739</b>                     | <b>1,895,977,536</b> |

| Particulars  | Financial assets at fair value through profit and loss | Financial assets at fair value through other comprehensive income | Financial assets at amortised cost | Total                  |
|--|--|---|------------------------------------|------------------------|
| <b>As at 31 March 2019 - Financial liabilities</b>           |  |   |                                    |                        |
| Trade payables   | -  | -   | 232,090,700                        | 232,090,700            |
| Borrowings   | 631,213,224  | -   | 677,521,051                        | 1,308,734,275          |
| Other financial liabilities                                  | 38,607,116   | -   | 218,468,853                        | 257,075,969            |
|  | <b>669,820,340</b>                                     | <b>-</b>  | <b>1,128,080,604</b>               | <b>1,797,900,944</b>   |
|  |  |   | <b>As at 31-Mar-20</b>             | <b>As at 31-Mar-19</b> |
|  |  |   | ₹                                  | ₹                      |
| <b>23 Revenue from operations</b>                            |  |   |                                    |                        |
| Sales  |  |   | 365,427,165                        | 656,923,854            |
| Sale of TDR  |  |   | 38,065,136                         | 59,137,790             |
|  |  | <b>(A)</b>  | <b>403,492,301</b>                 | <b>716,061,644</b>     |
| Other Operating Revenues                                     |  |   | 19,528,529                         | 50,404,080             |
| Maintenance charges received                                 |  |   | 30,927,868                         | 32,444,994             |
| Other operating income                                       |  |   | 14,500,000                         | 1,008,006              |
|  |  | <b>(B)</b>  | <b>64,956,397</b>                  | <b>83,857,080</b>      |
|  |  | <b>TOTAL (A+B)</b>  | <b>468,448,698</b>                 | <b>799,918,724</b>     |
| <b>24 Other income</b>                                       |  |   |                                    |                        |
| Interest received  |  |   | 30,205,667                         | 60,350,135             |
| Dividend income  |  |   | 423,451                            | 209,382                |
| Profit on Sale of Investment                                 |  |   | 15,390,516                         | 2,045,726              |
| Profit on Sale of Fixed Asset                                |  |   | 77,747,261                         | 102,760,072            |
| Commission   |  |   | 975,666                            | 7,847,458              |
| Liability no longer required                                 |  |   | -                                  | 26,000,000             |
| Miscellaneous income   |  |   | 185,319,871                        | 110,633,156            |
|  |  |   | <b>310,062,432</b>                 | <b>309,845,929</b>     |
| <b>25 Construction And Project Expenses</b>                  |  |   |                                    |                        |
| Cost of land   |  |   | 44,420,700                         | 520,403,054            |
| Cost of constructed properties                               |  |   | 318,954,851                        | 18,248,819             |
| Materials  |  |   | 59,318,437                         | 34,963,719             |
| Labour & sub-contract expenses                               |  |   | 55,828,877                         | 66,508,995             |
| Legal expenses   |  |   | 25,994,445                         | -                      |
| Marketing Expenses   |  |   | 5,185,848                          | 14,294,651             |
| Consultancy charges  |  |   | 2,811,709                          | 1,563,603              |
| Interest charges and other finance costs related to projects |  |   | 66,782,867                         | 59,485,456             |
| Cost of plots* and plot development right                    |  |   | -                                  | 4,493,676              |
| Other Project Expenses                                       |  |   | 13,901,275                         | 20,434,560             |
|  |  |   | <b>593,199,009</b>                 | <b>740,396,533</b>     |

|   | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|---|-------------------------|-------------------------|
| <b>26 Changes In Inventories Of Materials, Work- In-Progress And Finished Goods</b> |                         |                         |
| a. Inventories at the beginning of the year   |                         |                         |
| i. Raw Materials  | -                       | -                       |
| ii. Work-in-progress  | 881,138,686             | 757,013,333             |
| iii. Finished goods   | 129,988,321             | 201,598,518             |
|   | <b>1,011,127,007</b>    | <b>958,611,851</b>      |
| <b>b. Inventories at the end of the year</b>  |                         |                         |
| i. Raw Materials  | -                       | -                       |
| ii. Work-in-progress  | 994,382,900             | 880,864,726             |
| iii. Finished goods   | 74,576,424              | 129,988,321             |
|   | <b>1,068,959,324</b>    | <b>1,010,853,047</b>    |
| <b>Net (increase) / decrease</b>  | <b>(57,832,317)</b>     | <b>(52,241,196)</b>     |
| <b>27 Employees Benefit Expenses</b>  |                         |                         |
| Salaries & Wages  | 33,983,382              | 33,453,291              |
| Contribution to provident and other funds   | 2,239,152               | 2,181,829               |
| Staff Welfare   | 1,843,869               | 2,051,164               |
| Other Employee benefit expenses (Also, refer note 18)                               | 104,528                 | 3,280,713               |
|   | <b>38,170,931</b>       | <b>40,966,997</b>       |
| <b>28 Finance costs</b>   |                         |                         |
| Interest expenses   | 160,655,278             | 228,635,927             |
| Amortisation of Interest cost   | 15,272,407              | 15,230,680              |
|   | <b>175,927,685</b>      | <b>243,866,607</b>      |
| <b>29 Depreciation And Amortization</b>   |                         |                         |
| Depreciation of assets (Also, refer note 3)   | 6,198,528               | 7,398,016               |
|   | <b>6,198,528</b>        | <b>7,398,016</b>        |
| <b>30 Other expenses</b>  |                         |                         |
| Power & Fuel  | 3,011,605               | 3,113,567               |
| Rent  | 6,853,080               | 18,936,400              |
| Rates & Taxes   | 2,461,503               | 1,706,966               |
| Advertisement & Business Promotion  | 8,513,347               | 4,039,946               |
| Legal, Professional & Consultancy Charges   | 9,551,170               | 7,979,489               |
| Travelling & Conveyance   | 2,179,259               | 2,077,110               |
| Repairs and maintenance:  |                         |                         |
| -Repairs & Office Maintenance   | 37,264,289              | 37,069,610              |
| - Vehicle Maintenance   | 833,480                 | 799,642                 |
| Telephone, Postage, Printing & Stationery   | 1,646,043               | 1,840,767               |
| Financial Guarantee- Expense  | -                       | 3,831,141               |
| Donation  | -                       | 193,000                 |
| Audit Fees  |                         |                         |
| - For Statutory Audit (Also refer note 33)  | 2,184,080               | 2,052,400               |
| Loss on sale of fixed assets  | -                       | 270,501                 |
| Bank Charges  | 140,969                 | 77,282                  |
| Insurance Charges   | 323,406                 | 282,730                 |
| Miscellaneous expense   | 3,074,237               | 4,132,993               |
|   | <b>78,036,468</b>       | <b>88,403,544</b>       |

|  | As at<br>31-Mar-20<br>₹ | As at<br>31-Mar-19<br>₹ |
|--|-------------------------|-------------------------|
| <b>31 Earnings per equity share (EPS)</b>                                |                         |                         |
| For profit for the year  | (70,791,537)            | 10,306,886              |
| Nominal value of equity shares   | 10                      | 10                      |
| <b>Profit attributable to equity shareholders (A)</b>                    | <b>(70,791,537)</b>     | <b>10,306,886</b>       |
| Weighted average number of equity shares outstanding during the year (B) | 8,600,000               | 8,600,000               |
| <b>Basic earnings per equity share (A/B)</b>                             | <b>(8.23)</b>           | <b>1.20</b>             |
| <b>Diluted earnings per equity share (A/B)</b>                           | <b>(8.23)</b>           | <b>1.20</b>             |
| <b>32 Remuneration to auditors</b>                                       |                         |                         |
| <b>As auditor</b>  |                         |                         |
| Statutory audit  | 2,184,080               | 2,052,400               |
| <b>Total</b>   | <b>2,184,080</b>        | <b>2,052,400</b>        |
| <b>33 Leases</b>   |                         |                         |
| <b>Operating lease commitments - as lessee</b>                           |                         |                         |
| Total lease payments charged off to the statement of profit and loss     | 6,853,080               | 18,936,400              |

**34 Additional Information, as required under Schedule III to the Companies Act, 2013, of Enterprises consolidated as Subsidiaries/Associates/Joint Ventures.**

| Name of the Enterprise                        | Net Assets, i.e Total           |                    | Share in Profit / Loss              |                    |
|---|---------------------------------|--------------------|-------------------------------------|--------------------|
|   | As % of Consolidated Net Assets | “Amount (in Lakh)” | As % of Consolidated Profit or Loss | “Amount (in Lakh)” |
| <b>Parent</b>                                 |                                 |                    |                                     |                    |
| Arihant Foundations and Housing Ltd           | 138.99                          | 15,379.60          | (20.89)                             | 151.61             |
| <b>Subsidiary (Indian)</b>                    |                                 |                    |                                     |                    |
| Arihant Griha Ltd                             | 0.07                            | 8.12               | 0.03                                | (0.22)             |
| Vaikunt Housing Ltd                           | 0.03                            | 2.85               | 0.90                                | (6.51)             |
| Varenya Constructions Ltd                     | (11.14)                         | (1,233.05)         | 92.18                               | (669.14)           |
| Transperent Heights Real Estate Ltd           | (0.23)                          | (25.38)            | 0.06                                | (0.40)             |
| Verge Realty Private Limited                  | 0.00                            | 0.49               | 0.07                                | (0.51)             |
| Escapade Realty Private Limited               | 24.14                           | 2,671.19           | (40.02)                             | 290.50             |
| North Town Estates Ltd                        | (64.84)                         | (7,174.25)         | 66.01                               | (479.11)           |
| Non controlling Interests in All Subsidiaries | (14.65)                         | (1,620.59)         | 4.66                                | (33.83)            |
| <b>Joint Venture</b>                          |                                 |                    |                                     |                    |
| Arihant Unitech Realty Projects Ltd           |                                 |                    | (0.81)                              | 5.87               |
| Inter Company and Consolidation Adjustments   | 27.62                           | 3,056.05           | (2.19)                              | 15.88              |
| <b>Grand Total</b>                            | <b>100.00</b>                   | <b>11,065.03</b>   | <b>100.00</b>                       | <b>(725.87)</b>    |



### 35. Related parties

#### a) Names of related parties and nature of relationship:

| Nature of relationship   | Name of related party  |
|--------------------------|--|
| Associates               | Heirloom Real Estate Pvt Ltd   |
| Partnership Firms        | Arihant Foundations<br>Arihant Foundations & Housing<br>Arihant Heirloom   |
| Key Management Personnel | Mr. Kamal Lunawath (Chairman and Managing Director)<br>Mr. Vimal Lunawath (Whole time Director)<br>Mr. Bharat Jain (Whole time Director) |
| Relatives of Directors   | Mrs. Snehalatha Lunawath, Mrs. Preethi Lunawath, Mrs. Kavita Lunawath  |

#### b) Transactions with related parties

| Transaction                              | Related Party  | “Year ended<br>31 March 2020” | “Year ended<br>31 March 2019” |
|--|----------------|-------------------------------|-------------------------------|
| Remuneration to Key Managerial Personnel | Kamal Lunawath | 1,200,000                     | 1,200,000                     |
|  | Vimal Lunawath | 1,200,000                     | 1,200,000                     |
|  | Bharat Jain    | 1,800,000                     | 1,800,000                     |
| Interest expense on loan received        | Kamal Lunawath | 175,85,519                    | 294,26,165                    |
|  | Vimal Lunawath | 11,911,028                    | 182,27,034                    |
| Loan received                            | Kamal Lunawath | 697,473,699                   | 399,88,506                    |
|  | Vimal Lunawath | 8,592,521                     | 1,829,90,477                  |
| Loan repaid                              | Kamal Lunawath | 72,46,36,366                  | 552,24,320                    |
|  | Vimal Lunawath | 381,84,753                    | 1,360,04,078                  |

#### c) Balances with related parties

| Transaction | Related Party | “Year ended<br>31 March 2020” | “Year ended<br>31 March 2019” |
|-------------|---------------|-------------------------------|-------------------------------|
| Borrowings  | Directors     | 239,964,503                   | 269,402,508                   |

### 36 Fair value measurement

#### Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain fixed income investments and other financial assets such as deposits etc. which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial assets and financial liabilities measured at fair value in the balance sheet are grouped into three Levels of fair value hierarchy. These levels are based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly”

Level 3: Unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial and non-financial assets and liabilities measured at fair value on a recurring basis at 31 March 2019, 31 March 2018:

|  |                      |            | Fair value measurement using       |                                     |                                       |
|--|----------------------|------------|------------------------------------|-------------------------------------|---------------------------------------|
| i) Assets measured at fair value:<br>Fair value through other comprehensive income |                      |            | Quoted prices in<br>active markets | Significant<br>observable<br>inputs | Significant<br>unobservable<br>inputs |
|  | Date of<br>valuation | Total      | (Level 1)                          | (Level 2)                           | (Level 3)                             |
| <b>Investments</b>   |                      |            |                                    |                                     |                                       |
| 2020   | 31 March 2020        | 19,745,731 | 2,006,331                          | 17,739,400                          | -                                     |
| 2019   | 31 March 2019        | 33,254,321 | 15,514,921                         | 17,739,400                          | -                                     |

Investment in mutual funds are valued based on the Net Asset Value (NAV) of the funds as at the year end. The NAV of the funds are provided by the fund management company at the end of each reporting year.

| ii) Liabilities measured at fair value:<br>Financial guarantees |               |            |   |   |            |
|---|---------------|------------|---|---|------------|
| 2020  | 31 March 2020 | 30,666,114 | - | - | 30,666,114 |
| 2019  | 31 March 2019 | 38,607,116 | - | - | 38,607,116 |

The fair value of the financial guarantees are based on the credit risk associated with the guarantees extended and the maximum exposure that is expected to have on the event of default by the debtor.

There have been no transfers between Level 1 and Level 2 during the year.

| ii) Liabilities measured at amortised cost:<br>a) Interest-bearing loans and borrowings: |  |  |               |               |     |
|--|--|--|---------------|---------------|-----|
| Floating rate borrowings   |  |  | Nil           | Nil           | Nil |
| Fixed rate borrowings  |  |  | 2,317,160,977 | 1,527,034,281 | -   |

The fair values of the Company's interest-bearing borrowings and loans are determined under amortised cost method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. These rates are considered to reflect the market rate of interest and hence the carrying value are considered to be at fair value.

**37. Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies**

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its and group companies operations. The Company's principal financial assets include loans, trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the Group treasury team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by Group Treasury Team that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

**a) Market risk**

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates are managed by borrowing at fixed interest rates. During the year Company did not have any floating rate borrowings.

**d) Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, placing deposits, investment in mutual funds etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at 31 March 2020, as summarised below:

|                                    | 31 March 2020 | 31 March 2019 |
|------------------------------------|---------------|---------------|
| <b>Classes of financial assets</b> |               |               |
| Investments                        | 324,815,924   | 347,813,804   |
| Trade receivables                  | 863,469,557   | 781,560,685   |
| Loan                               | 422,993,770   | 284,881,171   |
| Cash and bank balances             | 205,308,544   | 28,457,601    |
| Other financial assets             | 1,089,225,445 | 453,266,275   |

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of security deposits which are given to land owners or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

### **c) Liquidity risk**

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash to meet its liquidity requirements for 30-day periods at a minimum.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade receivables are all contractually due within six months except for retention and long term trade receivables which are governed by the relevant contract conditions.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, and short-term borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

### **38 Events after the reporting period**

No adjusting or significant non-adjusting events have occurred between the reporting date (31 March 2020) and the date of authorization.

### **39. Contingent liabilities, commitments and guarantees**

#### **Contingent liabilities**

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

|   | As at<br>31-Mar-20 | As at<br>31-Mar-19 |
|---|--------------------|--------------------|
| ii) The cases pending before the CIT Appeals of Income tax are as follows |                    |                    |
| AY 1999-2000  | 7,638,692          | 7,638,692          |
| AY 2011-2012  | 7,183,310          | 7,183,310          |
| AY 2005-2006  | 14,882,231         | 14,882,231         |
| AY 2007-2008  | 55,761,612         | 55,761,612         |
| AY 2004-2005  | 1,371,638          | 1,371,638          |

iii) The company has given corporate guarantee of ₹ 155 Crores to its subsidiary companies

iv) In continuation to inspection made u/s. 209A of the Companies Act, 1956; the proceedings filed u/s. 58A, 299 and 295 are under process. The Company has applied for compounding application for the same on 19.01.2015

#### 40. Segment reporting

The company is primarily in the business of real estate development and related activities including construction. Major exposure is to residential and commercial construction and development of IT parks. Further majority of the business conducted is within the geographic boundaries of India. In view of the above, in the opinion of the Management and based on the organizational and internal reporting structure, the company's business activities as described above are subject to similar risks and returns. Further, since the business activities undertaken by the company are within India, in the opinion of the Management, the environment in India is considered to have similar risks and returns. Consequently the company's business activities primarily represent a single business segment. Similarly, this business operations in India represent a single geographical segment.

In terms of our report attached

For **Ramachandra Rao & Associates,**  
**Chartered Accountants**  
Firm's Registration No.: 007735S

sd/-

**CA. Ramachandra Rao Suraneni**  
Proprietor  
Membership No. 206003

For and on behalf of board of directors

For **Arihant Foundations & Housing Limited**

sd/-

**Kamal Lunawath**  
Managing Director  
DIN :00087324

sd/-

**Vimal Lunawath**  
Whole Time Director  
DIN : 00586269

sd/-

**Sharon Josh**  
Company Secretary

PLACE : CHENNAI  
DATE : 31.07.2020

PLACE : CHENNAI  
DATE : 31.07.2020