

## 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 31<sup>st</sup> March, 2019. 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. 6295.93 Lakhs (Previous Year: Rs.3931.22 Lakhs) and Other Income of Rs.3205.42 Lakhs (Previous Year: Rs.1975.64 Lakhs), and the Gross Profit of the Company amounted to Rs. 201.52 Lakhs (Previous Year: Profit of Rs.234.18 Lakhs). 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 isRs.146.59 Lakhs as compared to the previous year profit of Rs.42.78 Lakhs).

S. No.	Particulars	(Rs. In Lakhs)	
		1st April 2018-31st March 2019	1st April 2017 - 31st March 2018
I.	<b>Total Revenue</b>	9501.35	5906.86
II.	<b>Total Expenses</b>	9299.83	5672.68
III	<b>Profit before exceptional and extraordinary items and tax (I-II)</b>	201.52	234.18
IV	Exceptional items	-	-
V	<b>Profit before extraordinary items and tax (III - IV)</b>	201.52	234.18
VI	Tax expense:		
	(1) Current tax	40.19	4.90
	(2) Deferred tax	14.73	186.49
VII	<b>Profit (Loss) for the period from continuing operations</b>	146.59	42.788
VIII	Transfer to Capital Redemption Reserve	-	-
IX	<b>Profit (Loss) for the period (VII- VIII)</b>	146.59	42.788

#### DIVIDEND

Your directors do not declare any Dividend for the financial year ended, 31<sup>st</sup> March 2019 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 six subsidiaries and one joint ventures of your Company as on 31<sup>st</sup> March, 2019.

M/s. ArihantGriha Limited, Vaikunt Housing Limited, Varenya Constructions Limited and Transperent Heights Real Estate 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**

<b>Project name</b>	<b>Location</b>	<b>Area (Sqft)</b>
Aira (Residential Complex)	Egmore, Chennai	13,000
ArihantVihaana	Kilpauk Garden Road, Kilpauk, Chennai	<b>5,242</b>
	<b>TOTAL</b>	<b>18,242</b>

#### **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:**

The Composition of Directors of the Company is 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

<b>SI No</b>	<b>Name</b>	<b>Designation</b>	<b>Appointment/ Resignation</b>	<b>Date</b>
1	Mr. A.L.Jayabhanu	Director	Resignation	20/10/2018
2	Mrs. Meenakshi Jayaraman	Company Secretary	Resignation	14/01/2019
3	Mr. Sharon Josh	Company Secretary	Appointment	25/03/2019
4.	Mr. A. Damodaran	Independent 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 28, 2018. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company <http://www.arihantfoundations.com/investors-details/code-of-conduct/>

The Company has also disclosed the Directors' familiarization programme on its website <http://www.arihantfoundations.com/investors-details/code-of-conduct/>

The independent directors have met on 28.04.2018 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, 10 (Ten) 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**

Your Company ensures good corporate governance by implementing and complying with the policies, standards set out by Securities and Exchange Board of India and other regulatory authorities. The requisite certificate issued by Mrs. G.Subhasree, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34(3) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, is attached to this Report as **Annexure 2**.

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

The necessary details are furnished in Notes to Financial statements.

#### **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. <http://www.arihantfoundations.com/investors-details/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:

- 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 <http://www.arihantfoundations.com/investors-details/code-of-conduct/>. The Committee has been reconstituted with Mr.Ravikant Chaudry, Mr.Kamal Lunawath and Mr.Vimal Lunawath consequent to resignation of Mr.A.Damodaran.

## 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**.

## 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 22<sup>nd</sup> September 2017 for a period of 5 years from the 24<sup>th</sup> Annual General Meeting until the conclusion of the Twenty ninth 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 has played an important role in strengthening the Systems and internal Controls within the Company.

## SECRETARIAL AUDIT

The Board appointed Mrs. G.Subhasree, Practising Company Secretary, Chennai to conduct Secretarial Audit for the Financial Year 2018-19. The Secretarial Audit Report for the Financial Year ended March 31, 2019 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:

S. No.	Name of the Director	Ratio
1.	Mr. Kamal Lunawath	5.3216
2.	Mr.VimalLunawath	5.3216
3.	Mr. Bharat Jain	7.8476

- b) The median remuneration for the period from April 2018 to March 2019 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.**  
 Mrs.J.Meenakshi – (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**

#### **PERSONNEL**

The Board wishes to place on record its appreciation to 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/- <b>(KAMAL LUNAWATH)</b> Managing Director DIN: 00087324	Sd/- <b>(VIMAL LUNAWATH)</b> Whole time Director DIN: 00586269
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Place: Chennai  
Date: 30.05.2019

#### **ANNEXURE TO DIRECTORS' REPORT:**

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:

- M/s North Town Estates Private Ltd is in the process of Amalgamation with ArihantUnitech Realty Projects Ltd. The scheme being reviewed by the official liquidator appointed by NCLT, post approval by the creditors and shareholders of the company. 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 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.
- The company has inadvertently omitted to state two Board meeting dates (14.01.2019 & 14.02.2019) for Jan – March 19 quarter in the corporate Governance Report. A request is proposed to be made to the stock exchanges to re submit the forms after corrections.

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

Sd/- <b>(KAMAL LUNAWATH)</b> Managing Director DIN: 00087324	Sd/- <b>(VIMAL LUNAWATH)</b> Whole time Director DIN: 00586269
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Place: Chennai  
Date: 30.05.2019