

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 four Non-Executive Directors as on 31.03.2019.

The breakup of the total composition of the Board as on 31.03.2019 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.	Sri. A. Damodaran**	Director	Non-Executive & Independent
5.	Mr. Ravikant Choudhry	Director	Non-Executive & Independent
6.	Mr. Karan Bhasin	Director	Non-Executive & Independent
7.	Mrs. Ann Amelia Gonsalvez	Director	Non-Executive & Independent

* Represents Promoter Group

** Sri A Damodaran resigned wef 01/04/2019.

(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	10	Yes	4	1	--
2.	VimalLunawath	10	Yes	4	--	--
3.	Col. A.L Jayabhenu	3	No	--	--	--
4.	A .Damodaran	8	No	1	2	2
5.	Bharat Jain	10	Yes	--	--	--
6.	Ann Gonsalvez	3	No	--	1	--
7.	RavikantChoudhary	4	Yes	1	4	1
8.	Karan Bhasin	1	No	--	--	--

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

During the Financial Year 2018 to 2019 (from 01.04.2018 to 31.03.2019),10(Ten) Board meetings were held on 28.04.2018, 30.05.2018, 14.08.2018, 26.09.2018, 11.10.2018, 14.11.2018, 19.12.2018, 14.01.2019, 14.02.2019 & 25.03.2019

(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.arihantfoundations.com/investors-details/code-of-conduct/>

Details of remuneration paid to the Managing Director/ Whole-time Directors during the year ended 31/03/2019 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.)
Col. A.L Jayabhanu	6000
A .Damodaran	16000
Ann Gonsalvez	9000
RavikantChoudhary	8000
Karan Bhasin	2000

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

Name of the Director	Number of Shares held
Col. A.L Jayabhanu	Nil
A .Damodaran	Nil
Ann Gonsalvez	Nil
RavikantChoudhary	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,
Chairman of the Committee –I & NE
Mr. A Damodaran,
Member of the Committee- I & NE *
Mr. Karan Bhasin ,
Member of the committee **

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

*- Resigned as on 01.04.2019

** - Appointed as on 29.04.2019

(II) No. of meetings and attendance:

There were four (4) meetings held during the year 2018-19 (from 01.04.2018 to 31.03.2019) on 30.05.2018, 14.08.2018, 14.11.2018 & 14.02.2019. 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. Karan Bhasin*, Independent Director being the Chairman, Mr. Ravikant Choudhry, Independent Director and 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 2018-19 (from 01.04.2018 to 31.03.2019), 1 (One) meetings of Nomination and Remuneration Committee were held on 04.02.2019. The said meetings were attended by all the members.

5. STAKEHOLDER GRIEVANCE COMMITTEE/ STAKEHOLDER RELATIONSHIP COMMITTEE:

The Stakeholder Grievance committee comprises of Mr. Karan Bhasin, Independent Director Chairman of the Committee, Mr. Ravikant Choudhry, Independent Director and Mr. Vimal Lunawath, Whole Time 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 2018-19 (from 01.04.2018 to 31.03.2019), four (4) meetings of Share transfer and Shareholders/Investors Grievance Committee were held on 30.05.2018, 14.08.2018, 14.11.2018 & 14.02.2019. 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 01.04.2018 to 31.03.2019: **Nil**
- c) No. of complaints not solved to the satisfaction of the Shareholders: **Nil**
- d) No. of pending complaints as on 31.03.2019: **Nil**

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 2018-19 have been hosted in the website <http://www.arihantfoundations.com/investors-details/code-of-conduct/>

7. POLICY ON MATERIAL SUBSIDIARY

The details of the policy have been disclosed on the company's website <http://www.arihantfoundations.com/investors-details/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 <http://www.arihantfoundations.com/investors-details/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. <http://www.arihantfoundations.com/investors-details/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 2018-19. No personnel have been denied access to the Committee/Mechanism. The policy of the Company can be found at the weblink <http://www.arihantfoundations.com/investors-details/code-of-conduct/>

11. GENERAL BODY MEETINGS

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

A.G.M	Date	Time	Venue
23 rd AGM	30.09.2016	9.30 A.M	Arihant Escapade Devaraj Nagar 48, OkkiumThoraipakkam, Chennai- 600097
24 th AGM	22.09.2017	9.30 A.M.	“Arihant Tiara”, Plot No. 2B, TCNS Garden, Nandambakkam, Chennai- 600089
25 th AGM	28.09.2018	9.00 A.M	“Arihant The Verge” No.282, Old Mahabalipuram Road (Rajiv Gandhi Salai), Kandhanchavadi, Chennai – 600 096

- b) Whether any special resolutions passed in the previous 3 AGMs : Yes
- c) Whether any special resolutions passed last year through postal ballot : No
- d) No resolution is proposed to be conducted through postal ballot

12. DISCLOSURES

- a) The Company's internal Audit is done by Mr. Arun Rajan. 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.
- b) 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.
- c) There were no instances of material non compliance and no penalties or strictures on the Company imposed by Stock Exchanges, SEBI or statutory authorities on any matter related to Capital Market during last three years / period.
- d) 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 <http://www.arihantfoundations.com>

14. 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 <http://www.arihantfoundations.com/investors-details/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.

15. 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.

16. 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, 2019 which is attached as **Annexure 2 to CG**.

17. Details of Transfer of unpaid dividend to Investor Education and Protection Fund:

Financial Year	Date of declaration of dividend	Unpaid dividend Amount as on 31.03.2019	Due date for transfer to IEPF
2010-11	30-03-2012	65,606.00	28-04-2019

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.

A. The Board

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

B. Shareholder Rights

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

C. Modified opinion(s) in audit report

Not applicable since there is no qualification in the audit reports.

D. Separate Posts of Chairperson and Chief Executive Officer

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

E. Reporting of internal auditor

The Internal Auditors directly report to the Audit Committee

19. GENERAL SHAREHOLDER INFORMATION

- i. Number of Annual General Meeting : 26th Annual General Meeting
Date & Time : 30.09.2019, 9.30 a.m
Venue : "Arihant Tiara", Plot No. 2B, TCNS Garden,
Nandambakkam, Chennai- 600034
- ii. Financial Calendar : April 2018 to March 2019
- iii. Book Closure date : 24.09.2019 to 27.09.2019
(both the days inclusive)
- iv. Listing on Stock Exchanges : Bombay Stock Exchange Limited
PhirozeJeejeebhoy Towers
Dalal Street, Mumbai-400001
Website:-www.bseindia.com

National Stock exchange of India Limited
Exchange Plaza, BandraKurla Complex
Bandra (E), Mumbai- 400051
Website: www.nseindia.com
- v. Listing Fees : Paid as per the Listing agreement
- vi. Stock code/ Symbol : 531381
BSE Limited : arihant found
NSEIndia Ltd : ARIHANT
ISIN for dematerialised shares : INE413D01011
- vii. Registrar & Share Transfer Agent : Cameo Corporate Services Ltd
"Subramanian Building",
No. 1 Club House Road, Chennai- 600 002
- viii. Compliance Officer : Mr. Sharon Josh, Company Secretary
ARIHANT FOUNDATIONS & HOUSING LIMITED
No. 3 Ganapathy Colony, 3rd Street,
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 31.03.2019, 71,75,520
shares have been dematerialised, representing

83.43% 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 2018-19 :
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 2018	47.6	40.2	35,213.30	32,972.56	46.5	38	10706	10220
May 2018	43.85	36.55	35,993.53	34,302.89	42.45	36.65	10929	10602
June 2018	40.2	34	35,877.41	34,784.68	39.8	32.25	10888	10558
July 2018	40.2	36.1	37,644.59	35,106.57	39.45	32.20	11311	10605
August 2018	41.9	35.55	38,989.65	37,128.99	44.70	38.75	11745	11360
September 2018	40	35	38,934.35	35,985.63	41.70	30	11752	10850
October 2018	36.8	23.3	36,616.64	33,291.58	36	22.45	10526	10105
November 2018	41.5	25.2	36,389.22	34,303.38	39.80	23.55	10922	10441
December 2018	34.95	28.75	36,554.99	34,426.29	34.50	32.40	10994	10334
January 2019	37	30	36,701.03	35,375.51	39.65	29.35	10924	10613
February 2019	33	27	37,172.18	35,287.16	37.25	26	11118	10586
March 2019	34.85	26.5	38,748.54	35,926.94	33.10	26.20	11630	11168

xiii . Distribution of Shareholding as on 31.03.2019

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	2222	100	86000000	100	86000000	100

xiv. Shareholding pattern as on 31.03.2019.

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	1294368	15.05
3.	FPI's	988856	11.50
4	Others	2630076	30.58

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

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, 2019

For **Arihant Foundations & Housing Limited**

Sd/-

Kamal Lunawath
Managing Director
DIN: 00087324

Date: 30.05.2018

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 31.03.2019 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

Sd/-
(KAMAL LUNAWATH)
Managing Director
DIN: 00087324

Sd/-
(VIMAL LUNAWATH)
Whole time Director
DIN: 00586269

Place: Chennai
Date: 30.05.2019