Arihant
memorable spaces

Arihant Foundations & Housing Limited
New #3 Old #25
Ganapathy Colony, 3rd Street
Off Cenotaph Road, Teynampet
Chennai 600 018

08-09-2021

To,

National Stock Exchange Limited,
Manager_ Listing 022-26598237

Bombay Stock Exchange Limited,
General Manager- DCS 022-22723121

Dear Sir,

Subject: Intimation for 28th Annual General Meeting, Book Closure and fixation of cutoff date for e-voting and period of remote e-voting.

Dear Sirs,

- In view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming e-AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

- The Company has fixed Thursday, 23rd September 2021 as the CUT-OFF DATE for determining the eligibility of the members to vote by remote e-voting or e-voting at the Annual General Meeting.

- The Company will be availing remote e-voting/ e-voting system for casting vote during AGM of CDSL. The remote e-voting period shall commence on Monday 27th September, 2021 at 9.00 AM (IST) and ends on Wednesday 29th September, 2021 at 5.00 PM (IST).

- Pursuant to Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Register of Members and Share Transfer Books of the Company will

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& Housing Limited**
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Chennai 600 018

remain closed from Thursday 23rd September 2021 to Thursday, 30th September 2021 (both days inclusive) for the purpose of Annual General Meeting.

The notice of AGM and annual report shall be sent in due course.

Yours Sincerely,
For **ARIHANT FOUNDATIONS & HOUSING LIMITED,**

Asim Kumar Charchi
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	**Audit Committee** Mr. Karan Bhasin – Chairman** Mr. Kamal Lunawath- Member Mrs. Ann Gonzalvez – Member*** Mr Prateek Khicha[#]
Mr. Vimal Lunawath	CFO and Whole time Director	
Mr. Bharat M Jain	Whole time Director	**Stakeholder Relationship Committee**
Mr. Karan Basin	Director	Mr. Karan Basin – Chairman** Mr. Ravikant Choudhry- Member* Mr. Vimal Lunawath- Member Mrs. Ann Gonzalvez – Member *** Mr Prateek Khicha #
Mrs. Ann Gonsalvez	Director	**Nomination & Remuneration Committee**
Mr Prateek Khicha	Director	Mr. Ravikant Choudhry- Chairman* Mr. Karan Bhasin– Member** Mrs. Ann Gonsalvez- Member*** Mr. Prateek Khicha #

Company Secretary	Auditors
Mr. Sharon Josh (upto 24.12.2020) Mr. Asim Kumar Charchi (w.e.f 19.06.2021)	M/s. S. RamachandraRao& Associates Chartered Accountants No.11, Porur Gardens Phase-1, Vanagaram, Chennai 600 095

Bankers	Legal Advisor
HDFC Limited ICICI Bank Ltd Kotak Mahindra Bank Standard Chartered Bank Vijaya Bank	K Venkatasubramanian 141, Luz Church Road, Mylapore, Chennai- 600 005

Registered Office & Administrative Office
No.3, Ganapathy Colony, Off. Cenotaph Road, Teynampet, Chennai- 600 018

Registrar and Share Transfer Agents
M/s. Cameo Corporate Services Limited V Floor, Subramanian Building, No.1, Club House Road, Anna Salai, Chennai- 600 002

Internal Auditors
M/s. N S Shastri & Co., Charted Accountants

* *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 Gonsalvez 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.*

CONTENTS

NOTICE OF 28TH ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held on Thursday the **30th day** of **September 2021** through Video Conferencing (VC)/Other Audio Visual Means ("OAVM") at **10.00 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 year ended 31.03.2021 together with the Directors' Report and the Auditors' Report and the consolidated financial statements for the year ended 31.03.2021 together with the Auditors' Report thereon.

2. To appoint a Director in place of Mr. Vimal Lunawath (DIN: 00586269) who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

3. **To fix and approve payment of minimum remuneration to Mr. Kamal Lunawath, Managing Director for remaining tenure of his appointment.**

   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 Section 196,197,203 and all other applicable provisions, if any, of the Companies act 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, the consent of the members of the Company be and is hereby accorded for continuation of payment of remuneration of Rs.1,00,000/- (Rupees One Lakh Only) per month to Mr. Kamal Lunawath (DIN: 00087324), Managing Director, even in the case of loss or inadequate profits of the company for the remaining tenure of his appointment upto October 31, 2023, on the existing terms and conditions approved by the Shareholders at the 25th AGM held on 28.09.2018.

   RESOLVED FURTHER THAT all the Directors and the Secretary of the Company be and are hereby severally authorized to obtain necessary consents, permissions or approvals as may be required for the remuneration payable to her on such appointment or at any point of time during her tenure, and to do all such acts and deeds, as may be necessary in order to give effect to the aforesaid resolutions."

4. **To fix and approve payment of minimum remuneration Mr. Vimal Lunawath, Whole-time Director for remaining tenure of his appointment.**

   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 Section 196,197,203 and all other applicable provisions, if any, of the Companies act 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, the consent of the members of the Company be and is hereby accorded for continuation of payment of remuneration of Rs.1,00,000/- (Rupees One Lakh Only) per month to Mr. Vimal Lunawath (DIN: 00586269), Whole-time Director, even in the case of loss or inadequate profits of the company for the remaining tenure of his appointment upto October 31, 2023, on the existing terms and conditions approved by the Shareholders at the 25th AGM held on 28.09.2018.

   RESOLVED FURTHER THAT all the Directors and the Secretary of the Company be and are hereby severally authorized to obtain necessary consents, permissions or approvals as may be required for the remuneration payable to her on such appointment or at any point of time during her tenure, and to do all such acts and deeds, as may be necessary in order to give effect to the aforesaid resolutions."

5. **To fix and approve payment of minimum remuneration to Mr. Bharat Jain, Whole-time Director for remaining tenure of his appointment.**

   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 Section 196,197,203 and all other applicable provisions, if any, of the Companies act 2013 (including any statutory modification from time to time or any re-enactment thereof for the time being in force) (the "Act") read with Schedule V to the said Act, the continuation of payment of remuneration of Rs.1,50,000/- (Rupees One Lakh Fifty Thousand Only) per month to Mr. Bharat Jain (DIN: 00083236), Whole-time Director, even in the case of loss or inadequate profits of the company for the remaining tenure of his appointment upto February 16, 2023, on the existing terms and conditions approved by the Shareholders at the 25th AGM held on 28.09.2018 be and is hereby approved and ratified by the members of the company.

RESOLVED FURTHER THAT all the Directors and the Secretary of the Company be and are hereby severally authorized to obtain necessary consents, permissions or approvals as may be required for the remuneration payable to her on such appointment or at any point of time during her tenure, and to do all such acts and deeds, as may be necessary in order to give effect to the aforesaid resolutions."

By Order of the Board

For Arihant Foundations & Housing Limited

Sd/-
Asim Kumar Charchi
Company Secretary

Place: Chennai
Date: 24-08-2021

Notes:

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming e-AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. 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.
3. The Members can join the e-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 e-AGM through VC/OAVM will be made available to at least 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 e-AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the e-AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this e-AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the e-AGM has been uploaded on the website of the Company at https://www.arihantspaces.com/ . The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The e-AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the e-AGM) i.e. www.evotingindia.com.
7. The e-AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their e-AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- The voting period begins on 27th September, 2021 at 9.00 AM (IST) and ends on 29th September, 2021 at 5.00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23.09.2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

  Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

  In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders**, **by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242** **dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

  Pursuant to above said SEBI Circular**,** Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
	2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/ CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.
2) Click on "Shareholders" module.
3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4) Next enter the Image Verification as displayed and Click on Login.
5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

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

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company / RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- After entering these details appropriately, click on "SUBMIT" tab.
- Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN for the relevant ARIHANT FOUNDATIONS & HOUSING LIMITED on which you choose to vote.
- 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.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 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.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 linked in the login should be mailed to 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investors@arihants.co.in , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE E-AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the e-AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the e-AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (investors@arihants.co.in). The shareholders who do not wish to speak during the e-AGM but have queries may send their queries in advance**5 days prior to meeting** mentioning their name, demat account number/ folio number, email id, mobile number at (investors@arihants.co.in).These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the e-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 e-AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the e-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.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@arihants.co.in
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

GENERAL

1. 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 https://www.arihantspaces.com or with Cameo). In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.

2. Since the meeting will be conducted through VC/OAVM facility, the route map is not annexed to this Notice.

3. 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.

4. Pursuant to the provisions of sections 107 and 108, read with Companies (Management and Administration) Rules 2014, and in accordance with the requirements 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 and e-voting at AGM. 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 Eighth Annual General Meeting in a fair and transparent manner.

5. The facility for voting either through electronic voting system shall be made available at the meeting and members attending the meeting who have not already cast their vote by remote e- voting shall be able to exercise their right at the meeting. Members who have cast their vote by remote e-Voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

By Order of the Board

For Arihant Foundations & Housing Limited

Sd/-

Place: Chennai
Date: 24-08-2021

(Asim Kumar Charchi)
Company Secretary

EXPLANATORY STATEMENT

The explanatory statement pursuant to Section 102 of the Companies Act, 2013, which sets out the details relating to Special Business at the meeting is annexed hereto and shall be taken as forming part of this Notice.

ITEM No.3

Mr. Kamal Lunawath was appointed as Managing Director of the company for a period of 5 years with effect from 28th September 2018 on a remuneration of Rs. 1,00,000 per month. The Shareholders also accorded their consent at the said meeting to pay the aforesaid remuneration to Mr. Kamal Lunawath, Managing Director, even in the case of loss or inadequate profit in any financial year during his tenure of appointment.

As per the provisions of Companies act 2013, read with Schedule V, the approval for paying remuneration to Managing Director in the event of inadequate profit or loss is valid for 3 years. The proposal to pay the aforesaid remuneration even in case of loss or inadequate profit to Managing Director for remainder tenure i.e. upto 31st October 2023, is placed before the Shareholders for approval.

None of the Directors or Key Managerial Personnel and / or their relatives has any concern or interest, financial or otherwise, in this item of business, except Mr. Kamal Lunawath & Mr. Vimal Lunawath.

The Board of Directors recommends the special resolution as set out at item no. 3 of the Notice for approval by the members.

ITEM No.4:

Mr. Vimal Lunawath was appointed as Whole-time Director for a period of 5 years with effect from 28th September 2018 on a remuneration of Rs.1,00,000 per month. The Shareholders also accorded their consent at the said meeting to pay the aforesaid remuneration to Mr. Vimal Lunawath, Whole-time Director, even in the case of loss or inadequate profit in any financial year during his tenure of appointment.

As per the provisions of Companies act 2013, read with Schedule V, the approval for paying remuneration to Whole-time Director in the event of inadequate profit or loss is valid for 3 years. The proposal to pay the aforesaid remuneration even in case of loss or inadequate profit to Whole-time Director for remainder tenure i.e., upto 31st October 2023, is placed before the Shareholders for approval.

None of the Directors or Key Managerial Personnel and / or their relatives has any concern or interest, financial or otherwise, in this item of business, except Mr. Vimal Lunawath & Mr. Kamal Lunawath.

The Board of Directors recommends the special resolution as set out at item no. 4 of the Notice for approval by the members.

ITEM No.5:

Mr. Bharat Jain was appointed as Whole-time Director for a period of 5 years with effect from 28th September 2018 on a remuneration of Rs.1,00,000 per month. The Shareholders also accorded their consent at the said meeting to pay the aforesaid remuneration to Mr. Bharat Jain, Whole-time Director, even in the case of loss or inadequate profit in any financial year during his tenure of appointment.

As per the provisions of Companies act 2013, read with Schedule V, the approval for paying remuneration to Whole-time Director in the event of inadequate profit or loss is valid for 3 years. The proposal to pay the aforesaid remuneration even in case of loss or inadequate profit to Whole-time Director for remainder tenure i.e., upto 16th February 2023, is placed before the Shareholders for approval.

None of the Directors or Key Managerial Personnel and / or their relatives has any concern or interest, financial or otherwise, in this item of business.

The Board of Directors recommends the special resolution as set out at item no. 5 of the Notice for approval by the members.

In terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standards-2 on General Meetings, Details of Directors seeking appointment/ re-appointment at the forthcoming Annual General Meeting are given:

ITEM NO. 2 & 4:

Name	Vimal Lunawath
Director Identification Number (DIN)	00586269
Date of Birth	29.03.1974
Nationality	Indian
Date of appointment on the Board	04.11.2005
Relationship with other Directors	Mr. Vimal Lunawath is related to Mr. Kamal Lunawath, Managing Director.
Qualification	Commerce Graduate
Expertise in specific functional areas	Mr. Vimal Lunawath has extensive experience in Project Management. He possesses 25 years of commendable experience in real estate and construction industry.
Directorships held in other Companies as on March 31,2021 (excluding foreign companies)	8 Companies.
Membership of Committee of other Companies	Mr. Kamal Lunawath does not hold any Directorship or committee membership in any other listed Company.
Number of Shares held in the Company	6,96,400
Number of Board meetings attended during FY 2020-21	7

ITEM NO.3:

Name	Kamal Lunawath,
Director Identification Number (DIN)	00087324
Date of Birth	13.02.1973
Nationality	Indian
Date of appointment on the Board	04.11.2005
Relationship with other Directors	Mr. Kamal Lunawath is related to Mr. Vimal Lunawath, Director.
Qualification	commerce graduate
Expertise in specific functional areas	Mr. Kamal Lunawath specializes in Strategic Planning and Management. He possesses commendable experience of 27 years in real estate and construction industry. He has been efficiently managing the Company as the Managing Director of the Company for the past 15 years.
Directorships held in other Companies as on March 31,2021 (excluding foreign companies)	9 Companies.
Membership of Committee of other Companies	Mr. Kamal Lunawath does not hold any Directorship or committee membership in any other listed Company.
Number of Shares held in the Company	7,49,100
Number of Board meetings attended during FY 2020-21	7

ITEM NO.5

Name	BHARATKUMAR MANGILAL JAIN
Director Identification Number (DIN)	00083236
Date of Birth	11.07.1976
Nationality	Indian
Date of appointment on the Board	30.12.2005
Relationship with other Directors	Mr. Bharatkumar Jain is not related to any of the Directors.
Qualification	Undergraduate
Expertise in specific functional areas	Mr Bharat specializes in Project execution. He posses 16 years of experience in execution of Township Project, large residential complex and industrial
Directorships held in other Companies as on March 31,2021 (excluding foreign companies)	10 Companies.
Membership of Committee of other Companies	Mr. Kamal Lunawath does not hold any Directorship or committee membership in any other listed Company.
Number of Shares held in the Company	16,300
Number of Board meetings attended during FY 2020-21	7

By Order of the Board

For Arihant Foundations & Housing Limited

Sd/-

(Asim Kumar Charchi)
Company Secretary

Place: Chennai
Date: 24-08-2021

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, 2021. 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. 3137.63 Lakhs (Previous Year: Rs. 1719.64 Lakhs) and Other Income of Rs.1589.07 Lakhs (Previous Year: Rs. 2506.04 Lakhs), and the Gross Profit of the Company amounted to Rs. 71.24 Lakhs (Previous Year: Profit of Rs. 201.69 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 is Rs. 48.24 Lakhs as compared to the previous year profit of Rs. 151.61 Lakhs).

(Rs. In Lakhs)

S. No.	Particulars	1st April 2020- 31stMarch 2021	1st April 2019- 31stMarch 2020
I	**Total Revenue**	4726.71	4225.68
II	**Total Expenses**	4655.46	4023.98
III	**Profit before exceptional and extraordinary items and tax (I-II)**	71.24	201.69
IV	Exceptional items	-	-
V	**Profit before extraordinary items and tax (III -IV)**	71.24	201.69
VI	Tax expense:		
	(1) Current tax	15.70	39.89
	(2) Deferred tax	7.30	10.18
VII	**Profit (Loss) for the period from continuing operations**	48.24	151.61
VIII	Transfer to Capital Redemption Reserve	-	-
IX	**Profit (Loss) for the period (VII- VIII)**	48.24	151.61

DIVIDEND

Your directors do not declare any Dividend for the financial year ended, 31st March2021 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 Wholly owned subsidiaries, one subsidiary and one joint venture of your Company as on 31st March,2021. M/s Arihant Griha Limited, Vaikunt Housing Limited, Varenya Constructions Limited, Transperent Heights Real Estate Limited and Verge Realty Private Limited and M/s. Escapade Real Estate Private Limited are the Wholly-owned subsidiaries of your Company and M/s. North Town Estates Private Limited with 65% stake. M/s. Arihant Unitech Realty Projects Limited is Joint Venture entity of your Company.

Details of financial statements of subsidiaries and joint venture are given in AoC-1 as **Annexure 1**.

Performance, Plans and Prospects of your Company

ONGOING PROJECTS

Project name	Location	Area (Sq.ft)
Arihant Vihaana	Kilpauk Garden Road, Kilpauk, Chennai.	56,580
Arihant Sriniketan	Ganapathy Colony, Teynampet, Chennai.	15,207
Arihant Vinyasa	Ganapathy Colony, Teynampet, Chennai.	7,159
Arihant Vilaya	Koramangala, Bengaluru.	17,340
TOTAL		95,774

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments made during the year are given in the note:4 & 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

Sl No	Name	Designation	Appointment / Cessation	Date
1	Mr. Ravikant Choudhry	Director	Cessation	27.05.2020
2	Mr. Prateek Khicha	Director	Appointment	30.09.2020
3	Mr. Sharon Josh	Company Secretary	Cessation	24.12.2020

After the closure of financial year, Mr. Asim Kumar Charchi, was appointed as Company Secretary & Compliance officer of the Company with effect from June 19, 2021.

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 May 12, 2020. The terms and conditions of appointment of the Independent Directors are placed on the website of the Company https://www.arihantspaces.com/investors/code-of-conduct/

The Company has also disclosed the Directors' familiarization programme on its website https://www.arihantspaces.com/investors/code-of-conduct/.

The independent directors have met on 12.02.2021 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, 7 (Seven) Board Meetings and 5 (five) 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-28on 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 Mr. V Suresh, 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 company has taken necessary steps for conservation of energy, technology absorption.

There are no foreign –exchange earnings and outgo.

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.

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

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://www.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:

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://www.arihantspaces.com/. The Committee has been reconstituted with Mr. Prateek Khicha, Mr. Kamal Lunawath and Mr. Vimal Lunawath consequent to demise of Mr. Ravikant Choudhry.

STATEMENT PURSUANT TO LISTING REGULATIONS:

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**.

DELISTING:

At present the Equity shares of the Company are listed on BSE Limited (BSE) and NSE. The Board of Directors of the Company, in their meeting held on Monday, 24th August, 2020 has approved, Inter alia, a proposal for Voluntary Delisting of the Company's Equity Shares from National Stock Exchange of India Ltd. (NSE) without giving any exit opportunity to the shareholders, pursuant to Clause 6 (a) & 7 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 as amended (hereinafter referred to as Delisting Regulations) in respect of Voluntary Delisting of Equity Shares from National Stock Exchange of India Ltd (NSE).

The Company has made an application to National Stock Exchange of India Ltd (NSE), for voluntarily Delisting due to uncertain business environment in Real Estate Industry due to COVID-19 pandemic, Market Volatility, insignificant volume of trading, administrative convenience and to undertake an exercise for rationalisation of compliance cost in relation to listing. However, the Company's Equity Shares shall continue to remain listed on BSE, which is a recognized stock exchange having nationwide trading terminals as per Delisting Regulations and delisting of Equity Shares from NSE will not adversely affect the Shareholders. The Application is pending for approval and outcome would be disclosed in the subsequent report of Board of Directors.

STATUTORY AUDITORS

The Company has appointed S. Ramachandra Rao& Associates, Chennai (Firm Regn. No. 007735S) in the 24th Annual General Meeting held on 22nd September 2017 for a period of 5 years from the 24th annual general meeting until the conclusion of the 29th annual general meeting of the Company on such remuneration as may be fixed by the Board of Directors. In view of the amendment to the Companies Act, 2013 notified by the Ministry of Corporate Affairs dated 7th May 2018, no longer their appointment needs to be ratified by the Members of the company.

AUDITORS' REPORT

There are no qualifications or adverse remarks mentioned in the Auditors' report. The notes to accounts, forming part of financial statements, are self-explanatory and needs no further clarification.

ADEQUACY OF INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROL

The Company has in place adequate Internal Audit and Internal Financial Controls with reference to the financial statements, which is evaluated by the Audit Committee as per Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Apart from Statutory Audit, your Company, in compliance with Section 138 of the Companies Act, 2013, had engaged M/s N. S. Shastri & Co, (firm registration no 015093S) Chartered Accountants, Bangalore as the Internal Auditors of the Company for the financial year 2020-21. Findings and observations of the Internal Auditors are discussed, and suitable corrective actions are taken as per the directions of the Audit Committee on an on-going basis to improve efficiency in operations.

The Company's internal control systems are well established and commensurate with the nature of its business and the size and complexities of operations and adequate with reference to the financial statements as envisaged under the Companies Act, 2013.

SECRETARIAL AUDIT

The Board appointed Mr. V Suresh, Practising Company Secretary, Chennai to conduct Secretarial Audit for the Financial Year 2020-21. The Secretarial Audit Report for the Financial Year ended March 31, 2021 is attached to this Report as **Annexure 6**.

RISK MANAGEMENT

Pursuant to Section 134(3)(n) of the Companies Act, 2013 and Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, The Company has a risk policy defining risk management governance model, risk assessment and prioritization process. The Risk Management Committee adopted a follow-up risk management framework to review and monitor the key risks and their mitigation measures periodically and provide an update to the Board on Company's risks. The Audit Committee has an additional oversight on financial risks and controls.

ANNUAL RETURN

The annual return of the Company has been uploaded in the web site and the same can be accessed through web site link https://www.arihantspaces.com/investors.

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. Vimal Lunawath	5.3216
3.	Mr. Bharat Jain	7.8476

b) The median remuneration for the period from April 2020 to March 2021 Rs. 11,32,758/-

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. Vimal Lunawath – (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: **71**

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**

REPORTING OF FRAUD

The Auditors of the Company have not reported any fraud as specified under Section 143 (12) of the Companies Act, 2013.

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

	(KAMAL LUNAWATH)	**(VIMAL LUNAWATH)**
Place: Chennai	Managing Director	Whole-time Director
Date:24.08.2021	DIN: 00087324	DIN: 00586269

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:

a) The filing of Annual Compliance Certificate for the Financial Year 2019-2020 was missed to be filed inadvertently. Necessary steps will be taken for filing the same. However, the Company has filed the same for the FY 2020-21 promptly.

b) Due to sudden pre-occupation the Chairman of the Audit Committee & Stakeholders Relationship Committee Chairman could not be present at the last Annual General Meeting. However, necessary steps are being taken to ensure that the Chairman of the Audit Committee & Stakeholders Relationship Committee is present in ensuing annual general meeting.

c) The Company initiated all necessary steps for filing up the vacancy caused due to sudden demise of Mr. Ravikant Choudhry, Independent Director. However, the independent director could not be appointed within the timelines during the said period on account of COVID related emergency. The vacancy was filled by subsequently during September 2020.

d) The Company had duly complied with Reg 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clarified the same in response to the penalty levied. Basis the representation made the BSE had informed that the penalty levied was waived. Similarly, the Company had filed the financials under reg 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015within the timelines however few pages were uploaded in the BSE portal was not uploaded completely. Hence basis the representation made the BSE had informed that the penalty levied was waived.

e) The Company had inadvertently missed to give notice of board meeting under Regulation 29(2)/29(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to BSE and NSE. Accordingly, the penalty was paid in this regard.

f) The filing is under process and will be completed in due course of time due to change in Secretary of the Company.

g) The Companies are separate entities and operated by separate management team. There was delay in audit of the entities due to reasons beyond control, hence financial results and other financial information pertaining to North Town Estates Private Ltd and Arihant Unitech Realty Projects Ltd have been prepared by the management but have not been audited.

h) The company will take necessary steps to ensure and appoint an Independent director in the board of North Town Estates Private limited.

For and on behalf of the Board of Directors

ARIHANT FOUNDATIONS & HOUSING LIMITED

	(KAMAL LUNAWATH)	**(VIMAL LUNAWATH)**
Place: Chennai	Managing Director	Whole-time Director
Date:24.08.2021	DIN: 00087324	DIN: 00586269

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						
1.	**Name of the subsidiary**	**Arihant Griha Ltd**	**Varenya Construc-tions Ltd**	**Vaikunt Housing Ltd**	**Transparent Heights Real Estate Ltd**	**Verge Realty Private Ltd**	**Escapade Real Estate Private Ltd**	**North Town Estates Private Limited**
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021	31-03-2021
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	INR
4.	Share capital	5,00,000	5,00,000	5,00,000	5,00,000	1,00,000	1,65,000,00	5,00,000
5.	Reserves & surplus	4,72,896	-18,67,57,315	-8,48,757	-29,28,503	-85,846	22,09,34,048	-88,09,01,683
6.	Total assets	7,46,31,985	10,38,58,651	1,44,25,923	85,87,433	1,00,000	59,91,40,446	238,61,91,204
7.	Total Liabilities	7,36,59,089	29,01,15,966	1,47,74,681	1,10,15,936	85,846	34,87,14,905	150,57,89,521
8.	Investments	Nil	Nil	Nil	Nil	NIL	23,80,00,000	7,35,10,274
9.	Turnover	65,36,164	4,80,10,000	6,27,796	12,22,744	0	15,78,05,551	5,81,93,372
10.	Profit before taxation	1,90,593	-6,29,52,306	-6,33,623	1,29,611	-35000	9,34,39,345	-16,98,08,919
11.	Provision for taxation	29,733	Nil	Nil	20,219	Nil	2,60,52,040	Nil
12.	Profit after taxation	-	-6,29,52,306	-6,33,623	1,09,392	-35,000	6,73,87,305	-16,98,08,919
13.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
14.	% of shareholding	100%	100%	100%	100%	100%	100%	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

Name of associates/Joint Ventures	Arihant Unitech Realty Projects Limited (Joint Venture)
1. Latest audited Balance Sheet Date	31-03-2021
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	12,67,49,902
6. Profit/Loss for the year	
i. Considered in Consolidation	7,34,375
ii. Not Considered in Consolidation	7,34,375

Note: All figures of North Town Estates Private Limited and Arihant Unitech 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 the Board of Directors

ARIHANT FOUNDATIONS & HOUSING LIMITED

(KAMAL LUNAWATH)
Managing Director
DIN: 00087324

(VIMAL LUNAWATH)
Whole-time Director
DIN: 00586269

Place: Chennai
Date:24.08.2021

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 31.03.2021.

The breakup of the total composition of the Board as on 31.03.2021 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. Prateek Khicha	Director	Non-Executive & Independent
5.	Mr. Karan Bhasin	Director	Non-Executive & Independent
6.	Mrs. Ann Amelia Gonsalvez	Director	Non-Executive & Independent

* Represents Promoter Group

(II) ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS AND THE LAST AGM AND DETAILS OF OTHER DIRECTORSHIPS AS ON 31.03.2021.

Sl. No.	Name of the Directors	Attendance at		Nomination & Remuneration Committee	Whether Attended last A.G.M	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	Audit Committee				Membership	Chairmanship
1.	Kamal Lunawath	7	5	-	Yes	4	1	--
2.	Vimal Lunawath	7	-	-	Yes	4	1	--
3.	Bharat Jain	7	-	-	Yes	--	--	--
4.	Ann Gonsalvez	6	1	1	No	--	1	--
5.	Mr. Prateek Khicha	1	1	1	No	--	2	-
6.	Karan Bhasin	6	5	2	Yes	--	3	3

* Mr. Prateek Khicha has been appointed as an additional director on 30.09.2020

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

During the Financial Year 2020 to 2021 (from 01.04.2020 to 31.03.2021), 7(Seven) Board meetings were held on 12.05.2020, 31.07.2020 ,24.08.2020 ,15.09.2020 ,30.09.2020, 12.11.2020 & 12.02.2021

(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 https://www.arihantspaces.com/investors/code-of-conduct/

Details of remuneration paid to the Managing Director/ Whole-time Directors during the year ended 31/03/2021 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
Vimal Lunawath	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
Karan Bhasin	14000
Prateek Khicha	6000

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

Name of the Director	Number of Shares held
Ann Gonsalvez	Nil
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. Karan Bhasin, Chairman of the Committee –I & NE **

Mrs. Ann Gonsalvez, Member of the Committee I & NE ***

Mr. Prateek Khicha 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. Karan Bhasin Appointed as Chairman from 12/05/2020

*** Mrs. Ann Gonsalvez appointed on 12/05/2020 and removed on 30/09/2020

Mr. Prateek Khicha appointed as 30/09/2020

(II) No. of meetings and attendance:

There were four (5) meetings held during the year 2020-21 (from 01.04.2020 to 31.03.2021) on 31.07.2020, 15.09.2020, 30.09.2020, 12.11.2020 & 12.02.2021.

(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 and Mr. Prateek Khicha, Independent Director was appointed as member of the committee on 30.09.2020 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 2020-21 (from 01.04.2020 to 31.03.2021), 2 (two) meeting of Nomination and Remuneration Committee was held on 30.09.2020 & 12.02.2021. The said meetings were attended by all the members.

*Mr. Ravikant Choudhry ceased as member of the committee on 27.05.2020.

5. STAKEHOLDER GRIEVANCE COMMITTEE/ STAKEHOLDER RELATIONSHIP COMMITTEE:

The Stakeholder Grievance committee comprises of, Mr. Prateek Khicha, Independent Director, Mr. Karan Bhasin – Chairman of the committee, Mr. Vimal Lunawath and Mrs. Ann Gonsalvez, Independent Director. The Company Secretary of the Company 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 2020-21 (from 01.04.2020 to 31.03.2021), three (3) meetings of Share transfer and Shareholders/ Investors Grievance Committee were held on 31.07.2020, 30.09.2020 & 12.02.2021. The said meetings were attended by all the members.

a) Mr. Sharon, Company Secretary (upto 24.12.2020) is the Compliance Officer.

b)	No. of shareholders' complaints received during the period 01.04.2020 to 31.03.2021	Nil
c)	No. of complaints not solved to the satisfaction of the Shareholders	Nil
d)	No. of pending complaints as on 31.03.2021	Nil

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

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

6. Familiarization programs 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 2020-21 have been hosted in the website

https://www.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://www.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://www.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://www.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 2017-18. No personnel have been denied access to the Committee/Mechanism. The policy of the Company can be found at the weblink https://www.arihantspaces.com/investors/code-of-conduct/

11. KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES

In accordance with Clause C (h)(i) and (ii) of Schedule V read with Regulations 34(3) and 53 (f) of SEBI (LODR) Regulations 2015, the Board of Directors have identified the following Core Skills/Expertise/Competencies, required for Board Members in the context of Company's business and sectors, to function effectively.

The Board of the Company comprises qualified members who bring in the required skills, expertise and competence that allows them to make effective contribution to the Board and its Committees. The members of the Board are committed to ensure that the Board is in compliance with the highest standards of corporate governance.

The below table summarizes the key qualifications, skills, expertise and attributes considered while nominating a candidate to serve on the Board:

Board Qualification Indicators	
Real Estate	Being a director in a Real Estate based Company, proficiency in complex Real Estate laws, negotiation, Customer development etc., are key to develop a team.
Business Operations	Vast experience in driving business success across the country with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks and have a broad perspective on market opportunities.
Leadership	Leadership experience in a significant enterprise with a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, succession planning and driving change and long-term growth.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Board Governance	Service on the Board of the public Company to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.
Finance	Being a Director in Real Estate Company, proficiency in complex financial management, capital allocation and financial reporting processes are must.

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.

	Kamal Lunawath	Vimal Lunawath	Bharatkumar Magilal Jain	Prateek Khicha	Karan Bhasin	Ann Gonsalvez
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 level 0 – No capacity
1 – Basic proficiency
2 – Some Experience
3 – Average Expertise
4 – Advanced
5 – Expert

12. PREVENTION OF INSIDER TRADING CODE:

The Company has adopted the revised Code of Conduct for Prevention of Insider Trading, in accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, w.e.f. 01.04.2019 and the same has been uploaded in the website of the Company.

All the Promoters, Directors, designated employees, connected persons who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window shall be closed from the end of every quarter till 48 hours after the declaration of financial results & in case of any other events, if required, it shall be closed inter-alia for twelve (12) days prior to Board Meeting.

13. GENERAL BODY MEETINGS

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

A.G.M	Date	Time	Venue
25th AGM	28.09.2018	9.00 A.M	“Arihant The Verge” No.282, Old Mahabalipuram Road (Rajiv Gandhi Salai), Kandhanchavadi, Chennai – 600 096.
26Th AGM	30.09.2019	9:30 AM	“Arihant Tiara”, Plot No. 2B, TCNS Garden, Nandambakkam, Chennai- 600 089.
27th AGM	23.12.2020	9.30 AM	Through Video Conferencing (VC)/Other Audio Visual Means (“OAVM”).

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

14. DISCLOSURES

a) 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.

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 structures 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.

15. 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 and in a vernacular language newspaper, normally in the Maalaisudar or Makkal Kural, Tamil edition. The results and other updates are displayed on the company's website https://www.arihantspaces.com**.**

16. 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 Websitehttps://www.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, 2021. The Managing Director has also confirmed and certified the same. The certification is annexed as **Annexure 1- CG** at the end of this Report.

17. 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.

18. 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, 2021 which is attached as **Annexure 2 to CG.**

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

Financial Year	Date of declaration of dividend	Unpaid dividend Amount as on 31.03.2018	Due date for transfer to IEPF
2010-11	30-03-2012	65,606.00	28-04-2019

20. 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

There is no Modified opinions in the consolidated audit report is annexed along with the financial statements.

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

21. GENERAL SHAREHOLDER INFORMATION

i.	Number of Annual General Meeting	:	28th e-Annual General Meeting
	Date & Time	:	30th September 2021_, 10.00 a.m
	Venue	:	No.3. Ganapathy Colony, 3rd Street, Off Cenotaph Road, Teynampet, Chennai 600 018
ii.	Financial Calendar	:	April 2020 to March 2021
iii.	Book Closure date	:	23.09.2021 to 30.09.2021 (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. Asim Kumar Charchi, 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 dematerialization facility exists with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 31.03.2021, 72,26,420 shares have been dematerialised, representing 84.03 % 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 2020-21

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 Points		Share Price (INR)		CNX Nifty Points	
	High	Low	High	Low	High	Low	High	Low
April 2020	16.60	13.15	33,887.25	27,500.79	15.75	10.75	9889.05	8,055.80
May 2020	16.39	11.76	32,845.48	29,968.45	15.90	12.45	9,598.85	8,806.75
June 2020	18.56	13.05	35,706.55	32,348.10	18.20	13.20	10,553.15	9,544.35
July 2020	17.80	15.90	38,617.03	34,927.20	16.65	14.10	11,341.40	10,299.60
August 2020	20.50	14.55	40,010.17	36,911.23	20.35	14.20	11,794.25	10,882.25
September 2020	19.45	15.80	39,359.51	36,495.98	18.80	15.15	11,618.10	10,790.20
October 2020	18.35	15.70	41,048.05	38,410.20	16.75	15.30	12,025.45	11,347.05
November 2020	17.45	15.50	44,825.37	39,334.92	17.10	14.65	13,145.85	11,557.40
December 2020	25.40	16.50	47,896.97	44,118.10	24.50	16.00	14,024.85	12,962.80
January 2021	31.00	20.80	50,184.01	46,160.46	30.40	21.05	14,753.55	13,596.75
February 2021	25.85	21.50	52,516.76	46,433.65	25.60	21.50	15,431.75	13,661.75
March 2021	22.50	16.90	51,821.84	48,236.35	23.85	16.40	15,336.30	14,264.40

xiii. **Distribution of Shareholding as on 31.03.2021**

Share or Debenture holding			Share / Debenture holders		Share / Debenture amount	
Rs.		Rs.	Number	% of total	Rs.	% of total
10	-	5000	2106	83.3729	1875080	2.1803
5001	-	10000	123	4.8693	989320	1.1503
10001	-	20000	91	3.6025	1342760	1.5613
20001	-	30000	49	1.9398	1235200	1.4362
30001	-	40000	28	1.1084	1001130	1.1614
40001	-	50000	24	0.9501	1136090	1.3210
50001	-	100000	43	1.7022	3404540	3.9587
100001	and	Above	62	2.4544	75015880	87.2277
Total			2526	100	86000000	100

xiv. **Shareholding pattern as on 31.03.2021.**

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	1465802	17.04
3.	FPI's	751574	8.74
4	Others	2695924	31.35
	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

22. REMUNERATION PAID TO 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. RamachandraRao & Associates, Chartered Accountants, Statutory Auditors during the financial year 2020-21 for all services rendered by them is given below:

Particulars	**Amount (in lakhs)**
Audit fees	3.00
Taxation matters	NIL
Other services	NIL
Total	**3.00**

23. CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

The certificate from M/s. V Suresh Associates, Practising Company Secretaries has been obtained by the Company stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

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, 2021

For **Arihant Foundations & Housing Limited**

Kamal Lunawath
Managing Director
DIN: 00087324

Place: Chennai
Date: 24-08-2021

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 FINANCIALOFFICER TO THE BOARD

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

A. We have reviewed the financial statements and the cash flow statement for the period ended 31.03.2021 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

	(KAMAL LUNAWATH)	**(VIMAL LUNAWATH)**
Place: Chennai	Managing Director	Whole-time Director
Date:24.08.2021	DIN: 00087324	DIN: 00586269

Annexure –3 to CG

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Review

Given the sharp meltdown in economic activity during FY 2021 GDP growth is expected at 7.3% (as against 4% in FY 2019-20), according to the NSO. On value added basis, the National Statistical Office (NSO) has projected real GVA growth at 6.2% for FY 2020-21 compared to 4.1% in FY 2019-20. Industrial sector growth is expected at 7% in FY 2020-21 in comparison to 1.2% in FY 2019-20, 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.

India had implemented a nationwide lockdown in the second-half of March 2020 in response to the pandemic. This had strong repercussions for an already weak economy. The combined impact of demand compression and supply disruptions led to an unprecedented decline in fixed investment, private consumption and exports, with overall GDP contracting 24.4% in Q1FY21. Government expenditure only somewhat cushioned the deterioration. On the supply side, the nation-wide lockdown, social distancing norms and the exodus of migrant workers led to a steep decline in manufacturing and in construction activity. Trade and transportation went down to a fraction of their pre-Covid levels. Credit conditions also remained muted. The only silver lining was the resilience of agriculture on the back of strong rabi procurement, bolstered sowing of a range of kharif crops in Q1FY21 and normal monsoons. Given that the rural sector was relatively less affected by the first wave of infections, the policy support remained largely focused on providing temporary employment opportunities to returning migrant workers under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and ensuring adequate food supply. With the gradual unlocking of the economy from May/June 2020, signs of stabilisation appeared and real GDP growth recorded sequential upturn in Q2FY21 and regained positive growth in Q3FY21. Festive and pent-up demand also remained supportive of demand. On the supply side, the sustained resilience of agriculture was complemented by the momentum in manufacturing and services sectors. As a result, both GDP and Gross Value Added (GVA) growth turned positive from Q3FY21. Risks to economic activity continue with the second-wave of COVID-19 from March 2021.

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 globalization, 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 centralized 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. N S Shastri & Co, Chartered Accountants, Bangalore 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.

ANNEXURE 3

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

Name of the Employee	Designation	Qualification	Experi-ence	Date of Joining	Age	Last Employ-ment & position held	Remune-ration Received
HARISH MARLECHA	Head- Marketing	B.Com	24	04.09.2007	47	--	24,00,000
BHARATH JAIN	Whole-Time Director	Indian Certificate Secondary Education	15	30.12.2005	43	--	18,00,000
JAMES BABU L	AGM Projects	B.E. Civil	34	15.11.2006	55	Golden Homes, Senior Engineer	14,39,184
KAMAL LUNAWATH	Whole-Time Director	B.Com	27	04.11.2005	48	--	12,00,000
VIMAL LUNAWATH	Managing Director	B.Com	24	04.11.2005	47	--	12,00,000
SWAROOP KRISHNA D	Manager- Finance	B.Com	13	30.04.2004	38	--	10,65,516
O P MADHAV	Head- Administration	DFT	25	01.04.1992	62	--	8,78,400
MARIAPPAN S	Project Manager	MBA	11	30.06.2011	48	--	9,18,060
P SAKTHIBATHI	Project Manager	Diploma in civil eng., and Construction management	14	10.03.2003	42	Manju Foundations (P) Ltd, Marketing Executive	8,10,744
PIYUSH JAGDISH BHATT	Sr Manager - Marketing	Diplomo Civil	25	01.04.1992	48	--	7,62,804

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 arm's 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 2020-21. 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

B. 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

(KAMAL LUNAWATH)
Managing Director
DIN: 00087324

(VIMAL LUNAWATH)
Whole-time Director
DIN: 00586269

Place: Chennai
Date:24.08.2021

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

We have examined the compliance of Corporate Governance by Arihant Foundations & Housing Limited, for the year ended 31st March 2021, 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. Our 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 our opinion and to the best of my information and according to the explanations given to us, and considering the relaxations granted by the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic,

We 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:

1. *The Company has not filed the SEBI Annual Compliance Certificate for the Financial Year 2019-2020 as required under Regulation 24A of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 read with SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February 2019.*
2. *The Audit Committee & Stakeholders Relationship Committee Chairman was not present at the last Annual General Meeting as required under Regulation 18(1)(d) & 20(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.*
3. *The vacancy caused by the demise of Mr. Ravikant Choudhry, Independent Director was filled appointing Mr. Prateek Khicha, Independent Director in his place on 30th September 2020, which is after expiry of 3 months under Regulation 25 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. Consequently, there was a non-compliance of provisions of Regulation 17(1)(c) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 relating to minimum number of Directors on the Board for the period from 27th May 2020 to 29th September 2020.*
4. *The Company states that the BSE has waived the fine for non-compliance of Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also states that the BSE & NSE has waived the fine for non-compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015. But no documentary evidence supporting these claims was made available to us.*
5. *The Company has paid the fine to NSE & BSE on 22nd October, 2020 & 26th October 2020 respectively for delay in furnishing prior intimation of meeting of Board of Directors as per the Provisions of Regulation 29(2)/29(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
6. *The financial results and other financial information pertaining one of its Subsidiaries namely, 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 Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
7. *M/s. North Town Estates Private Limited became a material subsidiary from the Financial Year 2018-19. However, compliance of Regulations 24 and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not complied with.*

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V Suresh Associates
Practising Company Secretaries

Udaya Kumar K R
Partner
ACS No. 42435
C.P.No. 21973
Peer Review Cert. No: 667/20
UDIN: A042435C000882505

Place: Chennai
Date : 24.08.2021

Annexure - 7

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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.

We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and for the purpose of issuing this Report.

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 31st March 2021, 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 31st March 2021 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 Company has not filed the SEBI Annual Compliance Certificate for the Financial Year 2019-2020 as required under Regulation 24A of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 read with SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February 2019.*
2. *The Audit Committee & Stakeholders Relationship Committee Chairman was not present at the last Annual General Meeting as required under Regulation 18(1)(d) & 20(3) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.*
3. *The vacancy caused by the demise of Mr. Ravikant Choudhry, Independent Director was filled appointing Mr. Prateek Khicha, Independent Director in his place on 30th September 2020, which is after expiry of 3 months under Regulation 25 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. Consequently, there was a non-compliance of provisions of Regulation 17(1)(c) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 relating to minimum number of Directors on the Board for the period from 27th May 2020 to 29th September 2020.*
4. *The Company states that the BSE has waived the fine for non-compliance of Regulation 18(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It also states that the BSE & NSE has waived the fine for non-compliance of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015. But no documentary evidence supporting these claims was made available to us.*
5. *The Company has paid the fine to NSE & BSE on 22nd October, 2020 & 26th October 2020 respectively for delay in furnishing prior intimation of meeting of Board of Directors as per the Provisions of Regulation 29(2)/29(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
6. *The Company is yet to file Financial Statements in Form AOC-4 XBRL and Annual Return in Form MGT-7 for the financial year 2019-2020 with the Registrar of Companies, Tamilnadu, Chennai.*
7. *The financial results and other financial information pertaining one of its Subsidiaries namely, 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 Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*
8. *M/s. North Town Estates Private Limited became a material subsidiary from the Financial Year 2018-19. However, compliance of Regulations 24 and 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not complied with.*

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.

We further report that during the audit period

The Board of Directors of the Company, in their meeting held on Monday, 24th August, 2020 has approved, Inter alia, a proposal for Voluntary Delisting of the Company's Equity Shares from National Stock Exchange of India Ltd. (NSE) without giving any exit opportunity to the shareholders, pursuant to Clause 6 (a) & 7 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 as amended (hereinafter referred to as Delisting Regulations). The Company's Equity Shares shall continue to remain listed on BSE and the Application is pending for approval with the NSE.

For V Suresh Associates
Practising Company Secretaries

Udaya Kumar K R
Partner
ACS No. 42435
C.P.No. 21973
Peer Review Cert. No: 667/20
UDIN: A042435C000882120

Place: Chennai
Date : 24.08.2021

ANNEXURE TO SECRETARIAL AUDIT REPORT

To

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

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V Suresh Associates
Practising Company Secretaries

Udaya Kumar K R
Partner
ACS No. 42435
C.P.No. 21973
Peer Review Cert. No: 667/20
UDIN: A042435C000882120

Place: Chennai
Date : 24.08.2021

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, 2021, 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 Response
1.	*Recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with customers"*	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. Refer Note No: 2(g) to Standalone financial statements. We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach is as follows: • Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness. • 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. • Testing a sample of contracts for appropriate identification of performance obligations; • Engaging technical experts to review estimates of costs to complete for sample contracts and • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.

Sr.No	Key Audit Matter	Auditor's Response
2.	*Evaluation of uncertain tax positions*	**Key audit matter description** The company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes Refer Note no: 2(o) & (p) to Standalone Financial Statements. **Principal Audit Procedures** Our procedures included the following : • Obtained understanding of key uncertain tax positions. • Obtained details of completed tax assessments and demands for the year ended March 31, 2020 from the management; • 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. • 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.

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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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)
UDIN: 21206003AAAACK4055

Place: Chennai
Date : 30-06-2021

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, 2021 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, 2021, 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)
UDIN: 21206003AAAACK4055

Place: Chennai
Date : 30-06-2021

"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 I86 of the Ac 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, 2021 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, 2021 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	High Court of Madras	A.Y. 2005-06	95,58,275
The Income Tax Act,1961	Income Tax	High Court of Madras	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)
UDIN: 21206003AAAACK4055

Place: Chennai
Date : 30-06-2021

Balance sheet as at 31 March 2021

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

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	65,984,071	68,199,343
Intangible assets	3	465,372	851,265
Financial assets			
- Investments	4	224,541,519	105,329,038
- Trade receivables	5	289,131,360	289,131,360
- Loans	6	325,013,479	322,877,574
- Other financial assets	7	539,315,036	341,917,633
Deferred tax assets (net)	8	83,540,065	84,270,623
		1,527,990,902	**1,212,576,836**
Current assets			
Inventories	9	896,515,389	994,382,900
Financial assets			
- Investments	4	1,614,348	1,239,348
- Trade receivables	5	826,333,290	797,302,809
- Cash and cash equivalents	10	18,681,953	128,322,506
- Bank balances other than those mentioned in cash and cash equivalents	10	7,016,493	6,930,497
- Loans	11	132,132,433	101,316,147
- Other financial assets	7	52,366,703	52,371,608
Current tax asset (Net)	12	40,141,510	19,742,067
Other current assets	13	281,034,152	329,635,833
		2,255,836,271	**2,431,243,715**
Total assets		**3,783,827,172**	**3,643,820,551**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	86,000,000	86,000,000
Other equity	15	1,455,608,290	1,451,959,622
Total equity		**1,541,608,290**	**1,537,959,622**
Non-current liabilities			
Financial liabilities			
- Borrowings	16	1,092,699,081	1,020,100,542
Provisions	17	10,586,445	7,694,290
		1,103,285,526	**1,027,794,832**
Current liabilities			
Financial liabilities			
- Trade payables	18	291,097,330	283,802,597
- Other financial liabilities	19	284,942,933	230,701,002
Other current liabilities	20	562,893,093	563,562,498
		1,138,933,356	**1,078,066,097**
Total liabilities		**2,242,218,882**	**2,105,860,929**
Total equity and liabilities		**3,783,827,172**	**3,643,820,551**

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Statement of profit and loss for the year ended 31 March 2021

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

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	22	313,763,730	171,964,028
Other income	23	158,907,320	250,604,323
Total revenue		**472,671,050**	**422,568,351**
Expenses			
Construction and project expenses	24	225,917,504	274,493,792
Changes in inventories of finished goods, work in progress and stock-in-trade	25	97,867,510	(113,244,214)
Employee benefits expense	26	33,226,217	22,960,988
Finance costs	27	63,141,169	149,716,022
Depreciation and amortization expense	28	2,759,346	3,551,858
Other expenses	29	42,634,490	64,920,433
Total expenses		**465,546,237**	**402,398,879**
Profit before tax		**7,124,813**	**20,169,472**
Tax expense			
Current tax		1,570,085	3,989,600
Deferred tax		730,558	1,018,858
Profit for the year		**4,824,170**	**15,161,014**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement (losses) on defined benefit plans		(325,689)	(1,771,965)
- Net (loss)/gain on FVOCI equity securities		-	-
- Income tax relating to items that will not be reclassified to profit and loss		-	-
Other comprehensive income for the year, net of tax		**(325,689)**	**(1,771,965)**
Total comprehensive income for the year		**4,498,481**	**13,389,049**
Earnings per equity share			
Basic (in ₹)		0.56	1.76
Diluted (in ₹)		0.56	1.76

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Standalone statement of cash flows for the year ended 31 March 2021

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

	Year ended 31 March 2021	Year ended 31 March 2020
A.Cash flow from operating activities		
Profit before tax	7,124,813	20,169,472
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization expense	2,759,346	3,551,858
(Gain)/loss on sale of investments	-	(15,390,516)
Interest expenses	46,801,447	149,716,022
(Gain) /Loss on sale of fixed assets	(1,700,000)	(77,367,647)
Other non operating income	(1,793,000)	(110,708,464)
Interest and dividend income	(138,150,320)	(33,434,030)
Operating profit before working capital changes	**(84,957,714)**	**(63,463,305)**
Changes in assets and liabilities		
Adjustments for working capital changes		
(Increase) /Decrease in inventories	97,867,511	(113,244,214)
(Increase) in trade receivables	(29,030,481)	(25,658,574)
Decrease in Other financial assets	(197,392,498)	175,678,579
Decrease in Other current assets	48,515,685	(10,425,666)
(Decrease) / Increase in Trade Payables	7,294,733	55,106,733
Increase in Long Term Provisions	2,892,155	(149,999)
Increase / (Decrease) in Other financial liabilities	54,241,931	331,017
Increase / (Decrease) in Other current liabilities	(669,405)	85,071,802
Cash generated from operating activities	**(101,238,083)**	**103,246,373**
Direct taxes paid, net	(23,272,602)	(4,438,294)
Net cash generated from operating activities	**(124,510,685)**	**98,808,079**
B. Cash flow from investing activities		
Purchase of fixed assets	(158,180)	(483,772)
Sale of fixed assets	1,700,000	90,000,000
Interest/Dividend received	138,150,320	33,434,030
Other non - operating income	1,793,000	110,708,464
Purchase of investment	(120,750,000)	(42,746,016)
Proceeds from sale of investment	1,290,091	59,816,654
Net cash generated from investing activities	**22,025,231**	**250,729,360**

Standalone statement of cash flows for the year ended 31 March 2021 (Contd.)

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

	Year ended 31 March 2021	Year ended 31 March 2020
C. Cash flow from financing activities		
(Loans repaid) / Fresh loans taken	72,598,539	(76,601,504)
Loans received back / (given)	(32,952,190)	(3,799,809)
Interest & finance charges	(46,801,447)	(149,716,022)
Net cash (used) in financing activities	**(7,155,098)**	**(230,117,335)**
D. Net change in cash and cash equivalents	**(109,640,552)**	**119,420,105**
E. Cash and cash equivalents at the beginning	128,322,506	8,902,401
F. Cash and cash equivalents at the end	**18,681,953**	**128,322,506**
Cash and cash equivalents include		
Cash on hand	1,523,907	890,407
Balances with banks		
- in current accounts	17,158,046	127,432,099
Cash and cash equivalents as per note 10	**18,681,953**	**128,322,506**

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Standalone statement of changes in equity for the period ended 31 March 2021

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

A. Equity share capital

Particulars	Amount
Balance as at 31 March 2020	**86,000,000**
Changes in equity share capital during the year	-
Balance as at 31 March 2021	**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, 2020	**88,308,752**	**570,650,000**	**763,106,209**	**1,437,225,975**	**14,733,647**	**1,451,959,622**
Transfer from statement of profit and loss	-	-	3,974,357	**3,974,357**	-	3,974,357
Other comprehensive income for the year (net of tax)	-	-	-	-	(325,689)	(325,689)
Balances at March 31, 2021	**88,308,752**	**570,650,000**	**767,080,566**	**1,441,200,332**	**14,407,958**	**1,455,608,290**

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

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

Notes to standalone financial statements (Contd.)

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

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 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.

Notes to standalone financial statements (Contd.)

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

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.

Notes to standalone financial statements (Contd.)

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

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.

Notes to standalone financial statements (Contd.)

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

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.

Notes to standalone financial statements (Contd.)

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

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

Notes to standalone financial statements (Contd.)

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

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.

Notes to standalone financial statements (Contd.)

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

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.

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

(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.

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

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.

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

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

Notes to standalone financial statements (Contd.)

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

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.

Notes to standalone financial statements (Contd.)

(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 2020	**15,680,370**	**56,807,194**	**5,795,307**	**23,015,530**	**10,355,429**	**8,797,206**	**19,138,702**	**139,589,738**	**4,413,815**
Additions						158,542		158,542	-
Disposals							10,492,000	10,492,000	-
Balance as at 31 March 2021	**15,680,370**	**56,807,194**	**5,795,307**	**23,015,530**	**10,355,429**	**8,955,748**	**8,646,702**	**129,256,280**	**4,413,815**
Accumulated depreciation / amortization									
Balance as at 31 March 2020	**-**	**13,876,023**	**1,451,454**	**22,092,123**	**9,453,395**	**7,992,668**	**16,524,732**	**71,390,395**	**3,562,550**
Depreciation/amortization charge during the year		91,197	92,658	141,313	250,638	371,127	1,426,881	2,373,814	385,532
Reversal on disposal of assets							10,492,000	10,492,000	-
Balance as at 31 March 2021	**-**	**13,967,220**	**1,544,112**	**22,233,436**	**9,704,033**	**8,363,795**	**7,459,613**	**63,272,209**	**3,948,083**
Net block									
Balance as at 31 March 2021	**15,680,370**	**42,839,974**	**4,251,195**	**782,094**	**651,396**	**591,953**	**1,187,089**	**65,984,071**	**465,732**
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**

Notes to standalone financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
	Financials assets		
4	**Non - Current Investment**		
	Investment in equity instruments(fully paid-up)		
	Unquoted		
	i) Wholly Owned Subsidiaries		
	Arihant Griha Limited	500,000	500,000
	(50,000 Equity shares of ₹ 10/- Each fully paid)		
	Varenya Construction Limited	500,000	500,000
	(50,000 Equity shares of ₹ 10/- Each fully paid)		
	Transperent Heights Real Estate Limited	500,000	500,000
	(50,000 Equity shares of ₹ 10/- Each fully paid)		
	Vaikunt Housing Limited	500,000	500,000
	(5,00,000 Equity shares of ₹ 1/- Each fully paid)		
	Verge Realty Pvt Ltd	100,000	100,000
	(1,00,000 Equity shares of ₹ 1/- Each fully paid)		
	ii) Partly Owned Subsidiaries		
	Escapade Real Estate Pvt Ltd		
	(11,00,000 Equity Shares of ₹ 10/- Each Fully Paid Up)	131,000,000	11,000,000
	North Town Estates Pvt Ltd	325,000	325,000
	(32,500 Equity shares of ₹ 10/- Each Fully Paid Up)		
	iii) Joint Controlled Entity		
	Arihant Unitech Realty Projects Ltd.	5,000,000	5,000,000
	(5,00,000 Equity shares of ₹ 10/- Each Fully Paid Up)		
		138,425,000	**18,425,000**
	Investment in Debentures		
	Mangalagiri Realty Projects Pvt Ltd	17,739,400	17,739,400
	(1,77,394 Optionally Redeemable Convertible Debentures of ₹ 100/- Each)		
	Investment in Partnership Firms		
	Arihant Heirloom	64,930,779	64,428,207
	Investment in LLP		
	KR Wind Energy LLP	3,000	3,000
		221,098,179	**100,595,607**

Notes to standalone financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
4	**Non - Current Investment (Contd.)**		
	Investments carried at fair value through other comprehensive income		
	Investments in other companies (fully paid-up)		
	Quoted- Non Trade		
	Happy Homes Profin Ltd	1	1
	(44,800 Equity shares of ₹ 10/- each Fully Paid Up)		
	Hindustan Construction Company Ltd	22,767	22,767
	(500 Shares of ₹ 45.53 Each Fully Paid Up)		
	IDBI Bank Ltd	78,100	78,100
	(500 Shares of ₹ 156.20 Each Fully Paid Up)		
	Indotech Transformers	89,830	89,830
	(691 Equity Shares of ₹ 130.19 Each Fully Paid up)		
	TVS Shriram Growth Fund 3	525,542	1,815,633
		716,240	**2,006,331**
	Unquoted- Non Trade		
	National Savings Certificate	5,000	5,000
	Mangalagiri Realty Projects Pvt Ltd	2,722,100	2,722,100
	(2,72,210 Equity shares of ₹ 10/- Each Fully Paid Up)		
		3,443,340	**4,733,431**
	Grand Total (A+B)	**224,541,519**	**105,329,038**
	Aggregate amount of:		
	- Quoted investments and market value thereof;	716,240	2,006,331
	- Unquoted investments	223,825,279	103,317,707
	- Provision for diminution in value of investments other than temporary	-	-
	Financials assets		
4	**Current Investment**		
	Investments carried at fair value through other comprehensive income		
	Investments in other companies (fully paid-up)		
	Quoted- Non Trade		
	Aditya Birla Sun Life	1,614,348	1,239,348
		1,614,348	**1,239,348**

Notes to standalone financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
5	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Non-current		
	Trade receivables	289,131,360	289,131,360
		289,131,360	**289,131,360**
	Current		
	Trade receivables		
	- exceeding six months	150,810,264	147,488,437
	- less than six months	129,817,139	138,084,236
	Debts due by related parties	545,705,887	511,730,136
		826,333,290	**797,302,809**
	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.		
6	**Loan**		
	Non Current		
	(Unsecured, considered good)		
	Loans to related parties (refer note 34)	156,418,717	64,739,632
	-Others (including Fair Value recognitions)	168,594,762	258,137,942
		325,013,479	**322,877,574**
7	**Other financial assets**		
	Fair Value through Profit and Loss		
	(Unsecured, considered good)		
	Non-current		
	Security deposits	511,690,669	311,871,806
	Prepaid Finance Cost	27,624,367	30,045,827
		539,315,036	**341,917,633**
	Current		
	Other deposits	52,148,287	52,153,192
	Reimbursement Receivable	218,416	218,416
		52,366,703	**52,371,608**

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.

Notes to standalone financial statements (Contd.)

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

			As at 31-Mar-21	As at 31-Mar-20
			₹	₹
8	**Deferred tax assets (net)**			
	The breakup of net deferred tax asset is as follows:			
	Opening Balance		84,270,623	85,289,481
	Deferred tax asset arising on account of :			
	- Adjustments on account of fair valuation of Security Deposits		-	-
	- Adjustments on account of recognition of premium in the guruantees given by the Company			
	- Others		(730,558)	(1,018,858)
	Total deferred tax asset	**A**	**83,540,065**	**84,270,623**
	Less: Deferred tax liability arising on account of :			
	- Adjustments on account of fair valuation of Security Depoaits		-	-
	- Adjustments on account of fair valuation of Investments		-	-
	Total deferred tax liability	**B**	**-**	**-**
	Net deferred tax assets	**(A-B)**	**83,540,065**	**84,270,623**
	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.			
9	**Inventories**			
	(valued at lower of cost and net realizable value)			
	Work in progress		896,515,389	994,382,900
			896,515,389	**994,382,900**
10	**Cash and bank balances**			
	Cash and cash equivalents			
	Cash on hand		1,523,907	890,407
	Balances with banks in current accounts		17,158,046	127,432,099
		(A)	**18,681,953**	**128,322,506**
	Bank balances other than mentioned in cash and cash equivalents			
	Unpaid dividend account		-	65,606
	Deposit accounts		7,016,493	6,864,891
		(B)	**7,016,493**	**6,930,497**
	Total	**(A+B)**	**25,698,446**	**135,253,003**

Notes to standalone financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
11	**Loan**		
	Current		
	Loans to related parties (Also, refer note 34)	106,962,038	3,998,431
	Other loans	25,170,395	97,317,716
		132,132,433	**101,316,147**
12	**Current Tax Asset (Net)**		
	Income Tax Assets (Net)	40,141,510	19,742,067
		40,141,510	**19,742,067**
13	**Other current assets**		
	(Unsecured, considered good)		
	Advance for Land	32,965,685	32,965,685
	Balances with government authorities	4,170,395	58,346,318
	Advance given to suppliers and others	234,087,617	232,486,468
	Staff Advance	4,129,003	3,594,863
	Prepaid expenses	1,589,968	1,315,195
	Other Receivables	134,668	134,668
	Land owner share receivable	792,636	792,636
	TDS Recoverable (against loans)	3,164,179	-
		281,034,152	**329,635,833**

		As at 31 March 2021		As at 31 March 2020	
14	**Equity share capital**	**Number**	**Amount**	**Number**	**Amount**
	Authorized				
	1,00,00,000 equity shares of Rs.10/- each	10,000,000	100,000,000	10,000,000	100,000,000
	Issued, subscribed and fully paid up				
	86,00,000 equity shares of ₹ 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.

Notes to standalone financial statements (Contd.)

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

	As at 31 March 2021		As at 31 March 2020	
	Nos.	**% holding**	**Nos.**	**% holding**
14 Equity share capital (Contd.)				
c) Shareholders holding more than 5% of the aggregate shares in the Company				
Equity Shares of ₹ 10 each				
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 31-Mar-21	As at 31-Mar-20
	₹	₹
Borrowings	1,092,699,081	1,020,100,542
Cash and bank balances	25,698,446	135,253,003
Net debt (A)	**1,067,000,635**	**884,847,539**
Total equity (B)	**1,541,608,290**	**1,537,959,622**
Overall financing (A+B)	**2,608,608,925**	**2,422,807,161**
Gearing ratio	**41%**	**37%**
15 Other equity		
Securities premium account	**570,650,000**	**570,650,000**
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.		
General reserve	**88,308,752**	**88,308,752**
Retained earnings		
Balance at the beginning of the year	778,267,223	763,106,209
Add : Transfer from statement of profit and loss	4,824,170	15,161,014
Less : Adjustments on accounts of Fair Value	(849,813)	-
Balance at the end of the year	**782,241,580**	**778,267,223**
Accumulated other comprehensive income		
Balance at the beginning of the year	14,733,647	16,505,612
Add : Movement during the year	(325,689)	(1,771,965)
Balance at the end of the year	**14,407,958**	**14,733,647**

Notes to standalone financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
16	**Borrowings**		
	Non-current		
	Secured		
	Term Loan		
	-from bank	78,441,472	80,104,349
	-from others	439,991,417	504,052,030
		518,432,889	**584,156,379**
	Less: Current maturities of long-term debt (Also, refer note 19)	(93,933,317)	(73,297,069)
	(A)	**424,499,572**	**510,859,310**
	Unsecured		
	From others		
	Loans from related parties	592,360,767	548,392,372
	Deposits	158,501,026	8,500,348
	Other Loan	54,927,803	33,081,441
	Deferred Income on Loans	35,552,899	52,302,029
		841,342,495	**642,276,190**
	Less: Current maturities of long-term debt (Also, refer note 19)	(173,142,986)	(133,034,958)
	(B)	**668,199,509**	**509,241,232**
	TOTAL (A+B)	**1,092,699,081**	**1,020,100,542**

A. From Banks - Term Loans

Particulars	**Interest Rate**	**Amount Outstanding**	
		31 March 2021	**31 March 2020**
KOTAK MAHINDRA BANK: 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 - 36 instalments of ₹ 12,93,976/- & 90 instalments of ₹ 1343964 78 instalments are outstanding as on the balance sheet date	9.50%	78,441,472	80,104,349
Total	**(A)**	**78,441,472**	**80,104,349**

Notes to standalone financial statements (Contd.)

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

B. Others - Term Loans
from others

Particulars	Interest Rate	Amount Outstanding	
		31 March 2021	31 March 2020
HDFC LTD: Secured by way of equitable mortgage on certain immovable properties, owned by Associate 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 31-07-21 Repayment - 36 monthly instalments of ₹ 4166667. However repayment has started through escrow account by way collection from customer	13.5%	93,791,836	-
Bajaj Finance Ltd: 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 149 instalments of varing EMI. EMI starting 02-08-2015. 89 instalments are outstanding as on the balance sheet date.	12.55%	5,681,666.55	6,154,380
ICICI Home Finance- Gajapathy Road Flat: 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. The Loan has been closed as on balance sheet date	9.50%	-	4,971,572
Bajaj Finance Ltd 1.25 cr: 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 instalments of ₹ 1,66,075/. EMI starting 02-09-2015. 76 instalments are outstanding as on the balance sheet date	12.55%	8,850,778.94	9,618,897
Piramal Capital & Housing Finance pvt ltd : 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. The Loan ans been repaid fully as on the balance sheet date	14.90%	-	63,819,712
SUNDARAM BNP PARIBAS HOME FINANCE LTD 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
TATA CAPITAL HOUSING FINANCE LTD Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Twenty four monthly instalments of ₹ 1,45,83,333/- from Oct- 2020.	14.10%	17,795,157.35	213,370,104

Notes to standalone financial statements (Contd.)

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

Particulars	Interest Rate	Amount Outstanding	
		31 March 2021	31 March 2020
TATA CAPITAL HOUSING FINANCE LTD Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication 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 installmants of ₹ 66,66,667	11.50%	158,297,251.10	49,341,437
BAJAJ HOUSING FINANCE LTD (Dropline OD) 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 ₹ 4,45,00,000/- repayable in one hundred and forty two instalment of ₹ 5,30,417/- from 15 June 2019. EMI commences when the money completely withdrawn from overdraft	13.00%		-
BAJAJ HOUSING FINANCE LTD (Dropline OD) 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 ₹ 1,65,00,000/- repayable in one hundred and eighty instalment of ₹ 199091/- from 02 June 2019. EMI commences when the money completely withdrawn from overdraft	12.10%		200,000
Aditya Birla Finance Ltd - Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothication 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 ₹ 800,00,000/- repayable in Twelve monthly instalments of ₹ 66,66,667/- from Dec 2021. ₹ 33049278/- drawn as on balance sheet date	15.00%	44,167,321.19	33,049,278
Bajaj Housing Finance Ltd - Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication 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 ₹ 500,00,000/- repayable in Twenty four monthly instalment of ₹ 2083333/- from November 2021.	12.50%	50,256,849.35	30,000,000
Kotak Mahindra Prime Ltd - Ertiga Car - Secured by way mortgage on Car Repayment - Sanctioned amount of ₹ 750000/- repayable in Sixty instalment of ₹ 15660/- from February 2019. 35 instalments payable as on the balance sheet date	9.20%	466,871.00	604,904
Others: Secured against the asset/ property for which the loan has been obtained	12% to 15%	60,683,685.35	69,921,746
Total	**(B)**	**439,991,417**	**504,052,030**
Grand Total		**518,432,889**	**584,156,379**

Notes to standalone financial statements (Contd.)

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

	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
17 Provisions		
Non-current		
Provisions for employee benefits		
Gratuity	10,586,445	7,694,290
	10,586,445	**7,694,290**
a) Provision for employee benefits		
i) Gratuity		
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 :		
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	7,694,290	6,072,324
Interest cost	535,307	415,954
Current service cost	1,149,494	684,402
Past service cost	-	-
Benefits paid	-	-
Actuarial (gain) / loss	1,207,354	521,610
Projected benefit obligation at the end of the year	**10,586,445**	**7,694,290**
Thereof		
Unfunded	10,586,445	7,694,290
Principal actuarial assumptions used:		
a) Discount rate	6.96%	6.85%
b) Long-term rate of compensation increase	12%	12%
c) Attrition rate	1%	1%
d) Mortality table	Indian assured lives mortality (2012-14) ultimate	Indian assured lives mortality (2012-14) 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.		

Notes to standalone financial statements (Contd.)

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

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
31 March 2021						
> Sensitivity Level	-4.94%	5.83%	-12.84%	15.77%	11.38%	-10.04%
> Impact on defined benefit obligation	(5,23,218)	6,16,749	(13,58,898)	16,69,828	12,04,649	(10,63,109)
31 March 2020						
> Sensitivity Level	-4.31%	5.04%	-12.35%	15.15%	9.61%	-8.62%
> Impact on defined benefit obligation	(3,31,526)	3,87,936	(9,50,556)	11,65,950	7,39,742	(6,62,905)

	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
18 Trade payables		
Current		
Dues to micro and small enterprises*	-	-
Dues to others	291,097,330	283,802,597
	291,097,330	**283,802,597**
* 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.		
19 Other financial liabilities		
Current		
Current maturities of long-term debt (Also, refer note 16)	267,076,303	206,332,027
Unpaid Dividend	-	65,606
Financial Guarantee- Liability	17,829,188	24,303,369
	284,942,932	**230,701,002**
20 Other current liabilities		
Statutory dues	5,251,092	2,751,075
Advance from customers and for projects	375,855,540	378,438,009
Revenue received in advance	100,577	71,632
Other Payables	181,685,884	182,301,782
	562,893,093	**563,562,498**

Notes to standalone financial statements (Contd.)

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

21 Financial assets and liabilities

Categories of financial assets and financial liabilities

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
As at 31 March 2021				
Financial assets				
Investments	-	21,177,740	203,363,779	224,541,519
Loans	457,145,912	-	-	457,145,912
Trade receivables	-	-	1,115,464,650	1,115,464,650
Cash and bank balances	-	-	18,681,953	18,681,953
Other bank balances	-	-	7,016,493	7,016,493
Other financial assets	539,315,036	-	52,366,703	591,681,739
	996,460,948	**21,177,740**	**1,396,893,578**	**2,414,532,266**
As at 31 March 2021				
Financial liabilities				
Trade payables	-	-	291,097,330	291,097,330
Borrowings	750,861,793	-	341,837,288	1,092,699,081
Other financial liabilities	17,829,188	-	267,113,744	284,942,932
	768,690,981	**-**	**900,048,362**	**1,668,739,343**
As at 31 March 2020				
Financial assets				
Investments	-	22,467,831	82,861,207	105,329,038
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
	766,111,354	**22,467,831**	**1,356,919,987**	**2,145,499,172**
As at 31 March 2020				
Financial liabilities				
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
	581,196,089	**-**	**953,408,052**	**1,534,604,141**

Notes to standalone financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
22	**Revenue from operations**		
	Sales	280,779,072	111,322,224
	Marketing fees received	2,487,949	6,119,879
	Project management fees received	1,224,735	249,634
	(A)	**284,491,756**	**117,691,737**
	Other Operating Revenues		
	Lease rentals	1,099,345	8,844,423
	Maintenance charges received	28,172,629	30,927,868
	Other operating income	-	-
	Compensation Received	-	14,500,000
	(B)	**29,271,974**	**54,272,291**
	TOTAL (A+B)	**313,763,730**	**171,964,028**
23	**Other income**		
	Interest received	57,454,113	33,204,827
	Dividend income	97,500,000	229,203
	Profit on Sale of Investment	-	15,390,516
	Profit on Sale of Fixed Asset	1,700,000	77,367,647
	Commission Received	-	975,666
	Share of Profit firms	460,184	-
	Miscellaneous income	1,793,023	110,708,464
	CMDA Deposit Refund	-	12,728,000
		158,907,320	**250,604,323**
24	**Construction And Project Expenses**		
	Cost of land	456,800	44,420,700
	Materials	24,139,769	59,318,437
	Labour & sub-contract expenses	38,869,836	55,828,877
	Legal expenses	55,462,000	25,994,445
	Marketing Expenses	3,712,686	5,185,848
	Consultancy charges	3,864,212	2,811,709
	Interest charges and other finance costs related to projects	80,343,294	66,782,867
	Other Project Expenses	19,068,907	14,150,909
		225,917,504	**274,493,792**

Notes to standalone financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
25	**Changes In Inventories Of Materials, Work- In-Progess And Finished Goods**		
	a. Inventories at the beginning of the year		
	i. Work-in-progress & Finished goods	994,382,900	881,138,686
		994,382,900	**881,138,686**
	b. Inventories at the end of the year		
	i. Work-in-progress & Finished goods	896,515,389	994,382,900
		896,515,389	**994,382,900**
	Net (increase) / decrease	**97,867,511**	**(113,244,214)**
26	**Employees Benefit Expenses**		
	Salaries & Wages	30,706,649	20,980,992
	Contribution to provident and other funds	1,493,190	966,632
	Staff Welfare	1,026,378	1,013,364
		33,226,217	**22,960,988**
27	**Finance costs**		
	Interest expenses	62,838,420	149,632,602
	Bank Charges	69,643	83,420
	Processing Charges - Admin	233,106	-
		63,141,169	**149,716,022**
28	**Depreciation And Amortization**		
	Depreciation of assets (Also, refer note 3)	2,759,346	3,551,858
		2,759,346	**3,551,858**

Notes to standalone financial statements (Contd.)

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

	Year ended 31-Mar-21	Year ended 31-Mar-20
	₹	₹
29 Other expenses		
Power & Fuel	1,754,518	2,991,605
Rent	4,209,452	6,673,080
Rates & Taxes	1,473,909	1,946,799
Advertisement & Business Promotion	1,497,092	4,291,274
Legal, Professional & Consultancy Charges	8,591,351	6,951,630
Travelling & Conveyance	485,179	2,179,259
Repairs and maintenance:		
- Repairs & Office Maintenance	21,878,890	34,693,565
- Vehicle Maintenance	163,541	741,712
Telephone, Postage, Printing & Stationery	982,879	1,626,043
Audit Fees		
- For Statutory Audit (Also, refer note 32)	300,000	600,000
Miscellaneous expense	1,297,679	2,225,466
	42,634,490	**64,920,433**
30 Earnings per equity share (EPS)		
For profit for the year		
Nominal value of equity shares	10	10
Profit attributable to equity shareholders (A)	4,824,170	15,161,014
Weighted average number of equity shares outstanding during the year (B)	8,600,000	8,600,000
Basic earnings per equity share (A/B) (in ₹)	0.56	1.76
Diluted earnings per equity share (A/B) (in ₹)	0.56	1.76
For total comprehensive income		
Nominal value of equity shares	10	10
Total comprehensive income attributable to equity shareholders (A)	4,498,481	13,389,049
Weighted average number of equity shares outstanding during the year (B)	8,600,000	8,600,000
Basic earnings per equity share (A/B) (in ₹)	0.52	1.56
Diluted earnings per equity share (A/B) (in ₹)	0.52	1.56

Notes to standalone financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
31	**Leases**		
	Operating lease commitments - as lessee		
	Total lease payments charged off to the statement of profit and loss	4,209,452	6,673,080
	Operating lease commitments - as lessor		
	Total lease receipts charged off to the statement of profit and loss	1,099,345	8,844,423
32	**Remuneration to auditors**		
	As auditor		
	Statutory audit	300,000	600,000
	Total	**300,000**	**600,000**

33 Related parties

a) Names of related parties and nature of relationship:

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

b) Transactions with related parties

Particulars	Related Party	Year ended 31 March 2021	Year ended 31 March 2020
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
	Escapade Real Estate P Ltd	120,000,000	-
Interest expense on loan received	Kamal Lunawath	17,143,487	17,585,519
	Vimal Lunawath	8,843,062	11,911,028
	Escapade Real Estate P Ltd	21,035,660	7,860,464

Notes to standalone financial statements (Contd.)

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

33 Related parties (Contd.)

Particulars	Related Party	Year ended 31 March 2021	Year ended 31 March 2020
Interest income on loan given	Varenya Constructions Ltd	30,532,441	30,411,273
	Arihant Griha Ltd	4,248,837	4,151,877
	Vaikunt Housing Limited	891,413	872,330
Loan received	Kamal Lunawath	379,703,109	697,473,699
	Vimal Lunawath	22,825,507	8,592,521
	Bharat Jain	1,000,000	-
	Varenya Constructions Ltd	48,179,751	83,629,264
	Escapade Real Estate P Ltd	74,100,000	43,821,172
Loan repaid	Kamal Lunawath	398,057,978	724,636,366
	Vimal Lunawath	47,388,687	38,184,753
	Varenya Constructions Ltd	8,441,582	37,542,397
	Escapade Real Estate P Ltd	169,485,611	-
Loan given	Arihant Griha Ltd	9,048	-
	Vaikunt Housing Limited	4,454	5,265
	Escapade Real Estate P Ltd	11,571,542	44,699,482
	North Town Estates P Ltd	180,318,344	10,300,412
Loans repaid-- repayments received	North Town Estates P Ltd	77,354,737	10,590,217
	Escapade Real Estate P Ltd	187,691,932	43,821,884
	Arihant Griha Ltd	-	32,354
Advances made	Transperent Heights Real Estate Ltd	283,968	353,864
	Arihant Unitech Realty Projects Ltd	5,897,568	9,779,682
Advances - repayment received from	Arihant Unitech Realty Projects Ltd	2,738,226	3,639,438
Marketing fee Received	Escapade Real Estate P Ltd	-	551,590
	Arihant Unitech Realty Projects Ltd	2,487,949	5,568,289
Project management fee paid	Escapade Real Estate P Ltd	-	249,634

Balances with related parties

Transaction	Related Party	As at 31 March 2021	As at 31 March 2020
Borrowings	Escapade Real Estates Pvt Ltd	193,154,637	175,392,911
	Varenya Constructions Ltd	172,773,127	133,034,958
	Directors	226,433,003	239,964,503
Loans	North Town Estates Pvt Ltd	106,962,038	3,998,431
	Vaikunt Housing Limited	11,993,902	11,098,036
	Escapade Real Estates Pvt Ltd	-	877,598
	Arihant Griha Limited	37,462,777	52,763,998
Trade Receivables	Varenya Constructions Ltd	436,010,247	405,477,806
	Arihant Griha Limited	18,010,050	18,010,050
	Arihant Unitech Realty Projects Ltd	82,131,610	78,972,268
	Transperent Heights Real Estate Ltd	9,553,980	9,270,012

Notes to standalone financial statements (Contd.)

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

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)
i) Assets measured at fair value:					
Fair value through other comprehensive income					
Investments					
2021	31 March 2021	21,177,740	716,240	20,461,500	-
2020	31 March 2020	22,467,831	2,006,331	20,461,500	-
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:					
Financial guarantees					
2021	31 March 2021	17,829,188	-	-	17,829,188
2020	31 March 2020	24,303,369	-	-	24,303,369

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.

Notes to standalone financial statements (Contd.)

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

34 Fair value measurement (Contd.)

			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)
ii) Liabilities measured at amortised cost:					
a) Interest-bearing loans and borrowings:					
Floating rate borrowings			Nil	Nil	
Fixed rate borrowings			573,360,692	617,237,820	

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 2021	31 March 2020
Classes of financial assets		
Investments	224,541,519	105,329,038
Trade receivables	1,115,464,650	1,086,434,169
Loan	457,145,912	424,193,721
Cash and bank balances	25,698,446	135,253,003
Other financial assets	591,681,739	394,289,241

Notes to standalone financial statements (Contd.)

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

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

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 continous 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 2021) and the date of authorization..

37 Contingent liabilities, commitments and guarantees

Contingent liabilities	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
i) The cases pending before the CIT Appeals of Income tax are as follows		
AY 1999-2000	76,38,692	76,38,692
AY 2011-2012	71,83,310	71,83,310
ii) The cases pending before the High Court of Madras are as follows		
AY 2005-2006	53,23,956	53,23,956
AY 2007-2008	5,57,61,612	5,57,61,612
AY 2004-2005	13,71,638	13,71,638
AY 2005-2006	95,58,275	95,58,275

ii) The company has given corporate guarantee of ₹ 81,36,60,737/- to its subsidiary companies

iii) 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

Notes to standalone financial statements (Contd.)

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

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

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, 2021, 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, 2021, 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 Response
1.	*Recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with customers"*	**Key audit matter description** 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. Refer Note No: 2(g) to Consolidated financial statements. **Principal Audit Procedures** We assessed the Group's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach is as follows: • Evaluated the design of internal controls relating to implementation of the new revenue accounting standard. • Testing of the design and implementation of controls involved for the determination of the estimates used as well as their operating effectiveness. • 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.

Sr.No	Key Audit Matter	Auditor's Response
		• Testing a sample of contracts for appropriate identification of performance obligations; • Engaging technical experts to review estimates of costs to complete for sample contracts and • Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
2	*Evaluation of uncertain tax positions*	**Key audit matter description** The Group has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes Refer Note no: 2(o) & (n) to Consolidated Financial Statements. **Principal Audit Procedures** Our procedures included the following : • Obtained understanding of key uncertain tax positions. • Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from the management; • 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. • 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.

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 include audited financial statement of 2 subsidiaries, whose financial statements reflect Group's share of total assets of ₹ 5992.40 lakhs as at 31st March, 2021, Group's share of total revenues of ₹ 1578.06 lakhs and Group's share of total net profit including other comprehensive income of ₹ 673.52 lakhs for year ended on that date, respectively as considered in the Statement, which have been audited by their respective independent auditors. The independent auditors' reports on financial statements of these entities have been furnished to us by the Management, and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the such auditors and the procedures performed by us as stated in section Basis of Opinion above. It also includes the unaudited financial statement of a subsidiary and one joint controlled entity, whose financial statements reflect Group's share of total assets of ₹ 23,861.91 Lakhs as at 31st March 2021, Group's share of total revenue of ₹ 710.36 Lakhs and Group's share of net loss after tax of ₹ 1698.09 lakhs for the quarter and year ended on that date respectively and w.r.t joint controlled entity, Group's share of net profit before tax of ₹ 10 lakhs for the quarter and year ended on that date. These unaudited financial statements have been furnished to us by the Board of Directors and our disclosures included in respect of the subsidiary and joint controlled entity is based solely on such unaudited financial statements.

Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Board of Directors.

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, 2021 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, 2021 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 has disclosed 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)
UDIN: 21206003AAAACL2683

Place: Chennai
Date : 30-06-2021

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, 2021, 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, 2021, 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)
UDIN: 21206003AAAACL2683

Place: Chennai
Date : 30-06-2021

Consolidated Balance sheet as at 31 March 2021

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

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	72,466,234	74,853,623
Intangible assets	3	465,372	851,265
Financial assets			
- Investments	4	516,951,794	324,815,924
- Trade receivables	5	362,049,521	450,307,574
- Loans	6	326,968,290	321,592,623
- Other financial assets	7	539,386,293	1,007,495,767
Deferred tax assets (net)	8	326,823,814	327,681,357
		2,145,111,317	**2,507,598,133**
Current assets			
Inventories	9	949,229,472	1,128,286,458
Financial assets			
- Investments	4	1,614,348	1,239,348
- Trade receivables	5	422,216,426	413,161,983
- Cash and cash equivalents	10	39,368,709	197,873,886
- Bank balances other than those mentioned in cash and cash equivalents	10	7,016,493	7,434,658
- Loans	11	633,507,255	101,401,147
- Other financial assets	7	172,366,703	81,729,678
Current tax asset (Net)	12	18,352,315	28,878,165
Other current assets	13	1,193,034,415	2,073,388,364
		3,436,706,136	**4,033,393,687**
Total assets		**5,581,817,453**	**6,540,991,820**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	86,000,000	86,000,000
Other equity	15	913,633,718	1,020,502,729
Total equity		**999,633,718**	**1,106,502,729**
Non - Controlling interests		**(308,140,589)**	**(162,059,100)**
Non-current liabilities			
Financial liabilities			
- Borrowings	16	1,978,757,052	2,109,455,524
Provisions	17	11,206,909	8,214,319
- Other Non Current Liabilities	19	160,757,670	184,235,960
		2,150,721,631	**2,301,905,803**
Current liabilities			
Financial liabilities			
- Borrowings	16	1,086,856,056	1,698,074,170
- Trade payables	18	415,990,969	548,546,512
- Other financial liabilities	19	297,393,902	358,592,383
Other current liabilities	20	939,361,766	689,429,323
		2,739,602,693	**3,294,642,388**
Total liabilities		**4,890,324,324**	**5,596,548,191**
Total equity and liabilities		**5,581,817,453**	**6,540,991,820**

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Consolidated Statement of Profit and Loss for the year ended 31 March 2021

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

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Revenue from operations	22	564,741,694	468,448,698
Other income	23	162,635,034	310,062,432
Total revenue		**727,376,728**	**778,511,130**
Expenses			
Construction and project expenses	24	333,879,437	593,199,009
Changes in inventories of finished goods, work in progress and stock-in-trade	25	172,443,935	(57,832,317)
Employee benefits expense	26	37,771,808	38,170,931
Finance costs	27	233,090,964	175,927,685
Depreciation and amortization expense	28	4,574,815	6,198,528
Other expenses	29	78,161,255	78,036,468
Total expenses		**859,922,215**	**833,700,304**
Share of profit / (loss) from equity accounted investments		**1,000,000**	**586,886**
Profit/(Loss) before tax		**(131,545,487)**	**(54,602,288)**
Tax expense			
Current tax		27,680,537	15,186,378
Deferred tax		722,098	1,002,871
Profit/(Loss) for the year		**(159,948,121)**	**(70,791,537)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Re-measurement (losses) on defined benefit plans		(309,184)	(1,771,965)
- Net (loss)/gain on FVOCI equity securities		(4,592)	(23,000)
- Income tax relating to items that will not be reclassified to profit and loss		-	-
Other comprehensive income for the year, net of tax		**(313,776)**	**(1,794,965)**
Total comprehensive income for the year		**(160,261,897)**	**(72,586,502)**

Consolidated Statement of Profit and Loss for the year ended 31 March 2021 (Contd.)

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

	Note	Year ended 31 March 2021	Year ended 31 March 2020
Profit attributable to:			
Owners of the Company		(100,515,000)	(67,431,336)
Non-controlling interest		(59,433,122)	(3,360,201)
		(159,948,121)	**(70,791,537)**
Other comprehensive income attributable to:			
Owners of the Company		(313,776)	(1,771,965)
Non-controlling interest		-	(23,000)
		(313,776)	**(1,794,965)**
Total comprehensive income attributable to:			
Owners of the Company		(100,828,776)	(69,203,301)
Non-controlling interest		(59,433,122)	(3,383,201)
		(160,261,897)	**(72,586,502)**
Earnings per equity share			
Basic (in ₹) (Face value of ₹ 10 each)	30	(18.60)	(8.23)
Diluted (in ₹) (Face value of ₹ 10 each)	30	(18.60)	(8.23)

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Consolidated statement of cash flows for the year ended 31 March 2021

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

	Year ended 31 March 2021	Year ended 31 March 2020
A.Cash flow from operating activities		
Profit before tax	(131,545,487)	(54,602,288)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization expense	4,574,815	6,198,528
(Gain)/loss on sale of investments	-	(16,400,000)
Interest expenses	233,090,964	236,781,872
Loss on sale of fixed assets	(1,700,000)	(77,367,647)
Other non operating income	(1,793,000)	(145,400,000)
Interest and dividend income	(145,839,335)	(33,434,030)
Operating profit before working capital changes	**(43,212,042)**	**(84,223,565)**
Changes in assets and liabilities		
Adjustments for working capital changes		
(Increase) / Decrease in Inventories	179,056,986	(44,590,880)
(Increase) / Decrease in trade receivables	79,203,610	(81,908,872)
Decrease / (Increase) in other financial assets	377,472,449	(548,726,946)
Decrease in other assets	880,772,113	(2,094,570,384)
(Decrease) / Increase in trade payables	(132,555,543)	316,455,812
(Decrease) / Increase in long term provisions	2,992,590	(239,821,822)
Increase / (Decrease) in other financial liabilities	(67,487,269)	101,516,414
Increase / (Decrease) in other current liabilities	232,742,939	489,358,805
Cash generated from/(used) in operating activities	**1,508,985,834**	**(2,186,511,438)**
Direct taxes paid, net	(37,674,113)	(15,800,000)
Net cash generated from/(used) in operating activities	**1,471,311,721**	**(2,202,311,438)**
B. Cash flow from investing activities		
Purchase of fixed Assets	(3,500,000)	(4,905,035)
Sale of fixed Assets	1,700,000	94,421,264
Interest / Dividend received during the year	145,839,335	33,434,030
Other non - operating income	1,793,000	145,400,000
Purchase of investment	(120,750,000)	(46,746,016)
Proceeds from sale of investment	1,290,091	67,316,654
Net cash generated from investing activities	**26,372,426**	**288,920,897**

Consolidated statement of cash flows for the year ended 31 March 2021 (Contd.)

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

	Year ended 31 March 2021	Year ended 31 March 2020
C. Cash flow from financing activities		
Fresh loans taken	(741,916,584)	2,449,031,378
Loans received back / (given)	(681,181,775)	(123,053,677)
Interest & finance charges	(233,090,964)	(236,781,872)
Net cash (used) in financing activities	**(1,656,189,324)**	**2,089,195,829**
D. Net change in cash and cash equivalents	**(158,505,177)**	**175,805,287**
E. Cash and cash equivalents at the beginning	197,873,886	22,068,599
F. Cash and cash equivalents at the end	**39,368,709**	**197,873,886**
Cash and cash equivalents include		
Cash on hand	2,436,986	1,536,148
Balances with banks		
- in current accounts	36,931,723	196,337,738
Cash and cash equivalents as per note 10	39,368,709	197,873,886

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Consolidated statements of changes in equity for the period ended 31 March 2021

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

A. Equity share capital

Particulars	Amount
Balance as at 31 March 2020	**86,000,000**
Changes in equity share capital during the year	-
Balance as at 31 March 2021	**86,000,000**

B. Other Equity

Particulars	Reserves and surplus			Accumulated other comprehensive income	Total	Non-controlling interests
	General reserve	Securities premium	Retained earnings			
Balances at March 31, 2020	**88,308,752**	**570,650,000**	**347,170,047**	**14,373,930**	**1,020,502,729**	**(162,059,100)**
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	-	-	**(37,665,710)**	-	(37,665,710)	(142,698,287)
Balances at March 31, 2021	**88,308,752**	**570,650,000**	**242,073,001**	**12,601,965**	**913,633,718**	**(308,140,589)**

In terms of our report attached

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath
Managing Director
DIN : 00087344

Vimal Lunawath
Whole Time Director
DIN : 00586269

Asim Kumar Charchi
Company Secretary

Place : CHENNAI
Date : 30-06-2021

Notes to consolidated financial statements

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

1. Background

Arihant Foundations & Housing Limited ("the grroup") 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 nto 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 (inclusing 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 deconsoliated from the date that control ceases.

The acquisition methos 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 itms 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 classifiaction depends on the contractual rights and obligations of each investors, 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 consoldated balance sheet.

Notes to consolidated financial statements (Contd.)

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

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 reccognised 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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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 (₹).

Notes to consolidated financial statements (Contd.)

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

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.

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

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

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

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.

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

Notes to consolidated financial statements (Contd.)

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

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.

Notes to consolidated financial statements (Contd.)

(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 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**
Additions				4,218,470	5,195,850	2,496,473	7,425,776	19,336,569	-
Appropriation								-	-
Disposals	932,495	14,063,932			2,152,716			17,149,143	-
Balance as at 31 March 2021	**14,747,875**	**47,256,109**	**5,795,307**	**27,711,052**	**14,705,206**	**12,522,201**	**43,224,078**	**165,961,828**	**4,413,815**
Accumulated depreciation / amortization									
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**
Depreciation/amortization charge during the year		32,012	92,912	1,145,834	1,386,538	469,554	5,964,753	9,091,603	385,893
Reversal on disposal of assets		(3,867,652)	-	-	(649,136)	-	-	(4,516,788)	-
Balance as at 31 March 2021	**-**	**14,553,230**	**1,544,366**	**23,435,589**	**10,885,425**	**9,504,103**	**33,572,881**	**93,495,594**	**3,948,443**
Net block									
Balance as at 31 March 2021	**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**
Balance as at 31 March 2020	**14,747,875**	**32,702,879**	**4,250,941**	**4,275,463**	**3,819,781**	**3,018,098**	**9,651,197**	**72,466,234**	**465,372**

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
	Financials assets		
4	**Non - Current Investment**		
	Investment in equity & preference instruments (fully paid-up)		
	Unquoted		
	i) Joint Controlled Entity		
	Arihant Unitech Realty Projects Ltd.	243,000,000	243,586,886
	5,00,000 Equity shares of ₹ 10/- Each fully paid)		
	(32,500 Equity shares of ₹ 10/- Each Fully Paid Up)		
	Mangalagiri Realty Projects Pvt Ltd.	2,722,100	2,722,100
	(2,72,210 Equity shares of ₹ 10/- Each Fully Paid Up)		
		245,722,100	**246,308,986**
	Investment in Debentures		
	Mangalagiri Realty Projects Pvt Ltd.	17,739,400	17,739,400
	(1,77,394 Optionally Redeemable Convertible Debentures of ₹ 100/- Each)		
	Investment in Partnership Firms		
	Arihant Heirloom	64,930,779	58,753,207
	Investment in LLP		
	KR Wind Energy LLP	3,000	3,000
		328,395,279	**322,804,593**
	Investments carried at fair value through other comprehensive income		
	Investments in other companies (fully paid-up)		
	Quoted - Non Trade		
	Happy Homes Profin Ltd	1	1
	(44,800 Equity shares of ₹ 10/- each Fully Paid Up)		
	Hindustan Construction Company Ltd	22,767	22,767
	(500 Shares of ₹ 45.53 Each Fully Paid Up)		
	IDBI Bank Ltd	78,100	78,100
	(500 Shares of ₹ 156.20 Each Fully Paid Up)		
	Indotech Transformers	89,830	89,830
	(691 Equity Shares of ₹ 130.19 Each Fully Paid up)		
	TVS Shriram Growth Fund 3	525,542	1,815,633
		716,240	**2,006,331**

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
	Unquoted- Non Trade		
	National Savings Certificate	5,000	5,000
		721,240	**2,011,331**
	Other Investments		
	Deposits against Bank Guarantee	73,510,274	-
	Goodwill on Acquistion	114,325,000	-
	Grand Total	**516,951,794**	**324,815,924**
	Aggregate amount of:		
	- Quoted investments and market value thereof;	716,240	2,006,331
	- Unquoted investments	516,235,553	322,809,593
	- Provision for diminution in value of investments other than temporary	-	-
	Financials assets		
4	**Current Investment**		
	Investments carried at fair value through other comprehensive income		
	Investments in other companies (fully paid-up)		
	Quoted- Non Trade		
	Aditya Birla Sun Life	1,614,348	1,239,348
		1,614,348	**1,239,348**
5	**Trade receivables**		
	(Unsecured considered good, unless stated otherwise)		
	Non-current		
	Trade receivables	362,049,521	450,307,574
		362,049,521	**450,307,574**
	Current		
	Trade receivables		
	- exceeding six months	174,779,579	156,025,644
	- less than six months	129,817,139	148,174,807
	Debts due by Related parties	117,619,708	108,961,532
		422,216,426	**413,161,983**

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
	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.		
6	**Loan**		
	Non Current		
	(Unsecured, considered good)		
	Loans to Related Parties	69,147,812	64,797,033
	Other parties	257,820,478	256,795,590
		326,968,290	**321,592,623**
7	**Other financial assets**		
	(Unsecured, considered good)		
	Non-current		
	Security deposits	511,761,926	977,304,868
	Prepaid Finance Cost	27,624,367	30,190,899
		539,386,293	**1,007,495,767**
	Current		
	Other deposits	52,148,287	54,955,274
	Reimbursement Receivable	218,416	218,416
	Other Advances	120,000,000	26,555,988
		172,366,703	**81,729,678**
	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.		
8	**Deferred tax assets (net)**		
	Net deferred tax assets	326,823,814	327,681,357
		326,823,814	**327,681,357**

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
9	**Inventories**		
	(valued at lower of cost and net realizable value)		
	Work in progress	896,515,389	994,382,900
	Transferrable development rights	-	74,576,424
	Project under development	52,714,083	59,327,134
		949,229,472	**1,128,286,458**
10	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	2,436,986	1,536,148
	Balances with banks in current accounts	36,931,723	196,337,738
	(A)	**39,368,709**	**197,873,886**
	Bank balances other than mentioned in cash and cash equivalents		
	Unpaid dividend account	-	65,606
	Deposit accounts	7,016,493	7,369,052
	(B)	**7,016,493**	**7,434,658**
	Total (A+B)	**46,385,202**	**205,308,544**
11	**Loan**		
	Current		
	Loans to Related Parties	3,998,431	3,998,431
	Other loans	629,508,824	97,402,716
		633,507,255	**101,401,147**
12	**Current Tax Asset (Net)**		
	Income Tax Assets (Net)	18,352,315	28,878,165
		18,352,315	**28,878,165**
13	**Other current assets**		
	(Unsecured, considered good)		
	Advance for Immovable Property	56,715,685	56,715,685
	Balances with government authorities	5,299,775	168,607,928
	Advance given to suppliers and others	423,885,341	621,610,523
	Project in Progress On which revenue is not recognised	128,186,568	128,186,568
	Project in Progress On which revenue is recognised	571,713,972	989,498,279
	Advance given to employees	4,367,508	7,166,262
	Prepaid expenses	1,899,805	100,675,815
	Other Receivables	173,125	134,668
	Land owner share receivable	792,636	792,636
		1,193,034,415	**2,073,388,364**

Notes to consolidated financial statements (Contd.)

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

	As at 31 March 2021		As at 31 March 2020	
14 Equity share capital	**Number**	**Amount**	**Number**	**Amount**
Authorized				
1,00,00,000 equity shares of ₹ 10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Issued, subscribed and fully paid up				
86,00,000 equity shares of ₹ 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

	As at 31 March 2021		As at 31 March 2020	
	Nos.	**% holding**	**Nos.**	**% holding**
Equity Shares of ₹ 10 each				
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 31 March 21	**As at 31 March 20**
	₹	₹
Borrowings	1,978,757,052	2,109,455,524
Cash and bank balances	46,385,202	205,308,544
Net debt (A)	**1,932,371,850**	**1,904,146,980**
Total equity (B)	**999,633,718**	**1,106,502,729**
Overall financing (A+B)	**2,932,005,568**	**3,010,649,709**
Gearing ratio	**66%**	**63%**

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21	As at 31-Mar-20
		₹	₹
15	**Other equity**		
	Securities premium account	**570,650,000**	**570,650,000**
	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.		
	General reserve	**88,308,752**	**88,308,752**
	Retained earnings		
	Balance at the beginning of the year	347,170,047	838,659,762
	Add : Transfer from statement of profit and loss	(67,431,336)	(67,431,336)
	Add: Appropriations made during the year	(37,665,710)	(424,058,379)
	Balance at the end of the year	**242,073,001**	**347,170,047**
	Accumulated other comprehensive income		
	Balance at the beginning of the year	14,373,930	16,145,895
	Add : Movement during the year	(1,771,965)	(1,771,965)
	Balance at the end of the year	**12,601,965**	**14,373,930**
16	**Borrowings**		
	Non-current		
	Secured		
	Term Loan		
	- from bank	102,687,242	105,875,110
	- from others	1,426,647,052	505,808,248
		1,529,334,294	**611,683,358**
	Less: Current maturities of long-term debt (Also, refer note 20)	(98,596,486)	(74,670,495)
	(A)	**1,430,737,808**	**537,012,863**
	Unsecured		
	From others		
	Loans from related parties	226,433,003	239,964,503
	Deposits	390,549,875	317,491,175
	Other Loan	68,626,453	1,095,719,912
	Deferred Income on Loans	35,552,899	52,302,029
		721,162,230	**1,705,477,619**
	Less: Current maturities of long-term debt (Also, refer note 20)	(173,142,986)	(133,034,958)
	(B)	**548,019,244**	**1,572,442,661**
	TOTAL (A+B)	**1,978,757,052**	**2,109,455,524**
	Current		
	Unsecured		
	From others		
	Loans	1,086,856,056	1,698,074,170
		1,086,856,056	**1,698,074,170**

Notes to consolidated financial statements (Contd.)

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

Long Term Borrowings (I) Secured A. From Banks - Term Loans			
Particulars	**Interest Rate**	**Amount Outstanding**	
		31 March 2021	**31 March 2020**
KOTAK MAHINDRA BANK: 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 - 36 instalments of ₹ 12,93,976/- & 90 instalments of ₹ 1343964 78 instalments are outstanding as on the balance sheet date	9.50%	78,441,472	80,104,349
ICICI BANK- 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 & Housing Ltd (the Holding Company).	12.25%	-	1,339,516
ICICI BANK- Secured against the Flat for which the loan has been taken. Repayment- Two Hundred and Forty monthly variable installements of ₹ 2,20,928/- starts on full withdrawal of ₹ 2,50,00,000/- ₹ 2,37,50,000/- withdrawn from loan as on balance sheet date)	8.75%	23,750,000	23,750,000
AXIS BANK Secured against the vehicle for which the loan has been taken.Repayment- Thirty Six monthly installements of Rs.19,110/- starting from 02-01-2016 (Nine monthly installment payable as on balance sheet date)	9.35%	495,770	681,245
Total	**(A)**	**102,687,242**	**105,875,110**
B. Others - Term Loans **from others**			
HDFC LTD: Secured by way of equitable mortgage on certain immovable properties, owned by Associate 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 31-07-21 Repayment - 36 monthly instalments of ₹ 4166667. However repayment has started through escrow account by way collection from customer.	13.50%	93,791,836	-
Bajaj Finance Ltd: 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 149 instalments of varing EMI. EMI starting 02-08-2015. 89 instalments are outstanding as on the balance sheet date.	12.55%	5,681,667	6,154,380
ICICI Home Finance- Gajapathy Road Flat: 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. The Loan has been closed as on balance sheet date	9.50%	-	4,971,572

Notes to consolidated financial statements (Contd.)

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

Particulars	Interest Rate	Amount Outstanding	
		31 March 2021	31 March 2020
Bajaj Finance Ltd 1.25 cr: 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 instalments of ₹ 1,66,075/. EMI starting 02-09-2015. 76 instalments are outstanding as on the balance sheet date.	12.55%	8,850,779	9,618,897
Piramal Capital & Housing Finance pvt ltd : 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. The Loan ans been repaid fully as on the balance sheet date.	14.90%	-	63,819,712
SUNDARAM BNP PARIBAS HOME FINANCE LTD 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
TATA CAPITAL HOUSING FINANCE LTD Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication of certain project receivables. Further the loan has been guaranteed by way of personal guarantee of the Managing Director of the Company. Repayment - Twenty four monthly instalments of ₹ 1,45,83,333/- from Oct- 2020.	14.10%	17,795,157	213,370,104
TATA CAPITAL HOUSING FINANCE LTD Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication 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 installmants of ₹ 66,66,667.	11.50%	158,297,251	49,341,437
BAJAJ HOUSING FINANCE LTD (Dropline OD) 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 ₹ 1,65,00,000/- repayable in one hundred and eighty instalment of ₹ 199091/- from 02 June 2019. EMI commences when the money completely withdrawn from overdraft.	12.10%	-	200,000
Aditya Birla Finance Ltd - Secured by way of equitable mortgage on certain immovable properties, owned by the company and hypothication 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 ₹ 800,00,000/- repayable in Twelve monthly instalments of ₹ .66,66,667/- from Dec 2021. ₹ 33049278/- drawn as on balance sheet date.	15.00%	44,167,321	33,049,278
Bajaj Housing Finance Ltd - Secured by way of equitable mortgage on certain immovable properties, owned by the companyand and hypothication 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 ₹ 500,00,000/- repayable in Twenty four monthly instalment of ₹ 2083333/- from November 2021. ₹ 30000000/- drawn as on balance sheet date.	12.50%	50,256,849	30,000,000

Notes to consolidated financial statements (Contd.)

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

Particulars	Interest Rate	Amount Outstanding	
		31 March 2021	31 March 2020
Kotak Mahindra Prime Ltd - Ertiga Car - Secured by way mortgage on Car Repayment - Sanctioned amount of ₹ 750000/- repayable in Sixty instalment of Rs.15660/- from February 2019. 35 instalments payable as on the balance sheet date.	9.20%	466,871	604,904
Kotak Mahindra Prime Ltd Secured against the vehicle for which the loan has been taken. Repayment- Fifty nine monthly variable installements of ₹ 1,08,655/- starting from 01-09-2016 (Forty monthly installment payable as on balance sheet date).	9.16%	439,671	1,756,218
Others: Secured against the asset / property for which the loan has been obtained.	12% to 15%	1,046,899,649	69,921,746
Total	**(B)**	**1,426,647,052**	**505,808,248**
Grand Total		**1,529,334,294**	**611,683,358**

	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
17 Provisions		
Non-current		
Provisions for employee benefits		
Gratuity	11,206,909	8,214,319
	11,206,909	**8,214,319**

a) Provision for employee benefits

i) Gratuity

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 :

Principal actuarial assumptions used:		
a) Discount rate	6.96%	6.85%
b) Long-term rate of compensation increase	12%	12%
c) Attrition rate	1%	1%
d) Mortality table	Indian assured lives mortality (2012-14) ultimate	Indian assured lives mortality (2012-14) 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.

Notes to consolidated financial statements (Contd.)

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

	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
18 Trade payables		
Current		
Dues to micro and small enterprises*	-	
Dues to others	415,990,969	548,546,512
	415,990,969	**548,546,512**
* 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.		
19 Other Non Current Liabilities		
Security deposit - Ashiana Housing Limited	160,757,670	184,235,960
	160,757,670	184,235,960
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.		
19 Other financial liabilities		
Current		
Interest Accrued but not due	450,864	7,633
Current maturities of long-term debt	271,739,472	207,705,453
Unpaid Dividend	-	65,606
Statutory Dues payable	640,556	14,557,568
Security Deposits	-	105,590,009
Employee dues payable	6,733,822	6,362,745
Financial guarantee- liability	17,829,188	24,303,369
	297,393,902	**358,592,383**
20 Other current liabilities		
Statutory dues	5,251,092	3,265,006
Advance from customers and for projects	484,073,437	491,439,357
Revenue received in advance	100,577	71,632
Other Payables	449,936,660	194,653,328
	939,361,766	**689,429,323**

Notes to consolidated financial statements (Contd.)

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

21 Financial assets and liabilities

Categories of financial assets and financial liabilities

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
As at 31 March 2021				
Financial assets				
Investments	-	18,455,640	310,657,879	329,113,519
Loans	960,475,545	-	-	960,475,545
Trade receivables	-	-	784,265,947	784,265,947
Cash and bank balances	-	-	39,368,709	39,368,709
Other bank balances	-	-	7,016,493	7,016,493
Other financial assets	539,386,293	-	172,366,703	711,752,996
	1,499,861,838	**18,455,640**	**1,313,675,731**	**2,831,993,209**
As at 31 March 2021				
Financial liabilities				
Trade payables	-	-	415,990,969	415,990,969
Borrowings	616,982,878	-	2,448,630,230	3,065,613,108
Other financial liabilities	24,563,010	-	272,830,892	297,393,902
	641,545,888	**-**	**3,137,452,091**	**3,778,997,979**
As at 31 March 2020				
Financial assets				
Investments	-	19,745,731	313,193,007	332,938,738
Loans	321,592,623	-	101,401,147	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
	1,329,088,390	**19,745,731**	**1,565,101,933**	**2,913,936,054**
As at 31 March 2020				
Financial liabilities				
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
	588,121,792	**-**	**4,126,546,797**	**4,714,668,589**

Notes to consolidated financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
22	**Revenue from operations**		
	Sales	473,966,595	365,427,165
	Sale of Transferrable Development Rights	48,010,000	38,065,136
	(A)	**521,976,595**	**403,492,301**
	Other Operating Revenues	-	19,528,529
	Maintenance charges received	42,765,099	30,927,868
	Compensation Received	-	14,500,000
	(B)	**42,765,099**	**64,956,397**
	TOTAL (A+B)	**564,741,694**	**468,448,698**
23	**Other income**		
	Interest received	48,339,335	30,205,667
	Dividend income	97,500,000	423,451
	Profit on Sale of Investment	-	15,390,516
	Profit on Sale of Fixed Asset	1,700,000	77,747,261
	Commission	-	975,666
	Miscellaneous income	15,095,699	185,319,871
		162,635,034	**310,062,432**
24	**Construction And Project Expenses**		
	Cost of land	456,800	44,420,700
	Cost of constructed properties	103,706,524	318,954,851
	Materials	24,139,769	59,318,437
	Labour & sub-contract expenses	38,869,836	55,828,877
	Legal expenses	55,462,000	25,994,445
	Marketing Expenses	3,712,686	5,185,848
	Consultancy charges	3,864,212	2,811,709
	Interest charges and other finance costs related to projects	80,343,294	66,782,867
	Cost of plots* and plot development right	4,255,409	-
	Other Project Expenses	19,068,907	13,901,275
		333,879,437	**593,199,009**

Notes to consolidated financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
25	**Changes In Inventories Of Materials, Work- In-Progess And Finished Goods**		
	a. Inventories at the beginning of the year		
	i. Work-in-progress & Finished goods	1,068,959,324	1,011,127,007
		1,068,959,324	**1,011,127,007**
	b. Inventories at the end of the year		
	i. Work-in-progress & Finished goods	896,515,389	1,068,959,324
		896,515,389	**1,068,959,324**
	Net (increase) / decrease	**172,443,935**	**(57,832,317)**
26	**Employees Benefit Expenses**		
	Salaries & Wages	32,234,537	33,983,382
	Contribution to provident and other funds	2,604,876	2,239,152
	Staff Welfare	2,932,149	1,843,869
	Other Employee benefit expenses (Also, refer note 18)	246	104,528
		37,771,808	**38,170,931**
27	**Finance costs**		
	Interest expenses	217,860,286	160,655,278
	Amortisation of Interest cost	15,230,678	15,272,407
		233,090,964	**175,927,685**
28	**Depreciation And Amortization**		
	Depreciation of assets (Also, refer note 3)	4,574,815	6,198,528
		4,574,815	**6,198,528**

Notes to consolidated financial statements (Contd.)

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

		Year ended 31-Mar-21	Year ended 31-Mar-20
		₹	₹
29	**Other expenses**		
	Power & Fuel	1,754,518	3,011,605
	Rent	4,389,452	6,853,080
	Rates & Taxes	1,571,119	2,461,503
	Advertisement & Business Promotion	10,278,226	8,513,347
	Legal, Professional & Consultancy Charges	12,994,973	9,551,170
	Travelling & Conveyance	485,179	2,179,259
	Repairs and maintenance:		
	- Repairs & Office Maintenance	39,892,340	37,264,289
	- Vehicle Maintenance	163,541	833,480
	Telephone, Postage, Printing & Stationery	1,002,879	1,646,043
	Donation	1,100,000	-
	Audit Fees:		
	- For Statutory Audit (Also, refer note 33)	1,075,000	2,184,080
	Loss on sale of fixed assets	-	-
	Bank Charges	91,269	140,969
	Insurance Charges	887,976	323,406
	Miscellaneous expense	2,474,783	3,074,237
		78,161,255	**78,036,468**
30	**Earnings per equity share (EPS)**		
	For profit for the year	(159,948,121)	(70,791,537)
	Nominal value of equity shares	10	10
	Profit attributable to equity shareholders (A)	(159,948,121)	(70,791,537)
	Weighted average number of equity shares outstanding during the year (B)	8,600,000	8,600,000
	Basic earnings per equity share (A/B) (in ₹)	(18.60)	(8.23)
	Diluted earnings per equity share (A/B) (in ₹)	(18.60)	(8.23)
31	**Remuneration to auditors**		
	As auditor		
	Statutory audit	1,075,000	2,184,080
	Total	1,075,000	2,184,080

Notes to consolidated financial statements (Contd.)

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

		As at 31-Mar-21 ₹	As at 31-Mar-20 ₹
32	**Leases**		
	Operating lease commitments - as lessee		
	Total lease payments charged off to the statement of profit and loss	4,389,452	6,853,080

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 Assets Minus Total Liabilities		Share in Profit / Loss	
	As % of Consolidated Net Assets	Amount (in Lakh)	As % of Consolidated Profit or Loss	Amount (in Lakh)
Parent				
Arihant Foundations and Housing Ltd	154.22%	15,416	-3.01%	48
Subsidiary (Indian)				
Arihant Griha Ltd	0.10%	10	-0.10%	2
Vaikunt Housing Ltd	-0.03%	(3)	0.40%	(6)
Varenya Constructions Ltd	-18.63%	(1,863)	39.28%	(630)
Transperent Heights Real Estate Ltd	-0.24%	(24)	-0.07%	1
Verge Realty Private Limited	0.00%	0	0.02%	(0)
Escapade Realty Private Limited	23.75%	2,374	-42.05%	674
North Town Estates Ltd	-88.07%	(8,804)	105.96%	(1,698)
Non controlling Interests in All Subsidiaries	-30.83%	(3,081)	37.08%	(594)
Joint Venture				
Arihant Unitech Realty Projects Ltd			-0.62%	10
Inter Company and Consolidation Adjustments	59.74%	5,972	-36.89%	591
Grand Total	**100%**	**9,996**	**100%**	**(1,603)**

35 Related parties

a) Names of related parties and nature of relationship:

Nature of relationship	Name of related party
Partnership Firms	Arihant Foundations
	Arihant Foundations & Housing
	Arihant Heirloom
Key Management Personnel	Mr. Kamal Lunawath (Chairman and Managing Director)
	Mr. Vimal Lunawath (Whole time Director)
	Mr. Bharat Jain (Whole time Director)
Relatives of Directors	Mrs. Snehalatha Lunawath
	Mrs. Preethi Lunawath
	Mrs. Kavita Lunawath

Notes to consolidated financial statements (Contd.)

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

35 Related parties (Contd.)

b) Transactions with related parties

Particulars	**Related Party**	**Year ended 31 March 2021**	**Year ended 31 March 2020**
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	17,143,487	17,585,519
	Vimal Lunawath	8,843,062	11,911,028
Loan received	Kamal Lunawath	379,703,109	697,473,699
	Vimal Lunawath	22,825,507	8,592,521
Loan repaid	Kamal Lunawath	398,057,978	724,636,366
	Vimal Lunawath	47,388,687	38,184,753

Balances with related parties

Transaction	**Related Party**	**As at 31 March 2021**	**As at 31 March 2020**
Borrowings	Directors	226,433,003	239,964,503

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.

Notes to consolidated financial statements (Contd.)

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

36 Fair value measurement (Contd.)

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 2021, 31 March 2020:

			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)
i) Assets measured at fair value:					
Fair value through other comprehensive income					
Investments					
2021	31 March 2021	18,455,640	716,240	17,739,400	-
2020	31 March 2020	19,745,731	2,006,331	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:					
Financial guarantees					
2021	31 March 2021	24,563,010	-	-	24,563,010
2020	31 March 2020	30,666,114	-	-	30,666,114

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.

			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)
ii) Liabilities measured at amortised cost:					
a) Interest-bearing loans and borrowings:					
Floating rate borrowings			Nil	Nil	Nil
Fixed rate borrowings			2,250,496,524	2,317,160,977	-

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.

Notes to consolidated financial statements (Contd.)

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

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.

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 2020, as summarised below:

	31 March 2021	31 March 2020
Classes of financial assets		
Investments	516,951,794	324,815,924
Trade receivables	784,265,947	863,469,557
Loan	960,475,545	422,993,770
Cash and bank balances	46,385,202	205,308,544
Other financial assets	711,752,996	1,089,225,445

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 continous 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.

Notes to consolidated financial statements (Contd.)

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

37 Nature and extent of risks arising from financial instruments and respective financial risk management objectives and policies (Contd.)

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 2021) and the date of authorization.

39 Contingent liabilities, commitments and guarantees

Contingent liabilities	As at 31-Mar-21	As at 31-Mar-20
	₹	₹
i) The cases pending before the CIT Appeals of Income tax are as follows		
AY 1999-2000	76,38,692	76,38,692
AY 2011-2012	71,83,310	71,83,310
AY 2017-2018	49,26,393	49,26,393
AY 2013-2014	8,11,12,200	8,11,12,200
ii) The cases pending before the High Court of Madras are as follows		
AY 2005-2006	53,23,956	53,23,956
AY 2007-2008	5,57,61,612	5,57,61,612
AY 2004-2005	13,71,638	13,71,638
AY 2005-2006	95,58,275	95,58,275

ii) The company has given corporate guarantee of ₹ 81,36,60,737/- to its subsidiary companies.

iii) 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.

Notes to consolidated financial statements (Contd.)

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

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

CA. Ramachandra Rao Suraneni
Proprietor
Membership No. 206003

Place : CHENNAI
Date : 30-06-2021

For and on behalf of the Board of Directors of
Arihant Foundations and Housing Limited

Kamal Lunawath	**Vimal Lunawath**	**Asim Kumar Charchi**
Managing Director	Whole Time Director	Company Secretary
DIN : 00087344	DIN : 00586269	

Place : CHENNAI
Date : 30-06-2021