



ARIHANT SUPERSTRUCTURES LIMITED

Our Company was originally incorporated as Shaktiman Mercantile Company Limited on March 26, 1983 under the Companies Act, 1956. The name of our Company was changed to Shaktiman Constructions Limited on August 21, 2007 and was further changed to Arihant Superstructures Limited consequent to a special resolution passed by the members at its Extra-Ordinary General Meeting held on August 10, 2009. Our Company received a fresh certificate of incorporation on August 26, 2009.

Registered & Corporate Office: 302, Persipolis Building, Plot No 74, Sector 17, Vashi, Navi Mumbai 400703

Tel: +91 22 4111 3333; **Fax** +91 22 27882946; **Email:** cs@asl.net.in; **Website:** www.asl.net.in

Contact person: Mr. Manoj Kumar Dhariwal, Company Secretary & Compliance Officer; **Email:** cs@asl.net.in

For further details on change in registered office please refer "History and Other Corporate Information" on page no. 65 of this Letter of Offer.



NAME OF PROMOTERS: MR. ASHOK CHHAJER AND MS. SANGEETA CHHAJER		
FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY		
LETTER OF OFFER		
<p>ISSUE OF 1,37,19,997 FULLY PAID UP EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF ₹ 12/- INCLUDING SHARE PREMIUM OF ₹2/- PER EQUITY SHARE AGGREGATING ₹ 1646.40 LACS TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF ONE FULLY PAID UP EQUITY SHARE FOR EVERY TWO FULLY PAID UP EQUITY SHARES HELD BY THE EQUITY SHAREHOLDERS ON THE RECORD DATE I.E. WEDNESDAY, MAY 02, 2012 ("RIGHTS ISSUE/THE ISSUE")</p> <p style="text-align: center;">THE ISSUE PRICE FOR THE EQUITY SHARES IS 1.2 TIMES THE FACE VALUE OF THE EQUITY SHARE.</p> <p style="text-align: center;">FOR MORE DETAILS, PLEASE REFER TO THE CHAPTER TITLED "THE ISSUE" ON PAGE 11 OF THIS LETTER OF OFFER</p>		
GENERAL RISKS		
<p>Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document.</p> <p>Specific attention of the Investors is invited to the section titled "Risk Factors" beginning on page xi of this Letter of Offer before making an investment in this Issue.</p>		
ISSUER'S ABSOLUTE RESPONSIBILITY		
<p>The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.</p>		
LISTING		
<p>The existing Equity Shares of our Company are listed on Bombay Stock Exchange Limited (BSE), (the Designated Stock Exchange). Our Company has received in-principle approval from BSE vide its letter no. DCS/PREF/NTP/IP-RT/832/2011-12 dated March 05, 2012 for listing of the Rights Equity Share arising from this Issue.</p>		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
 <p>DALMIA SECURITIES PRIVATE LIMITED Khetan Bhavan, Room No. 17, 2nd Floor, 198, Jamshedji Tata Road, Mumbai - 400 020. Tel. No: + 91 22 30272827/10; Fax No: +91 22 30272820; Website: www.dalmiasec.com; E-mail: asl.group@dalmiasec.com Investor Grievance Id: grievances@dalmiasec.com SEBI Registration No: INM 000011476 Contact person: Ms. Riddhi N. Ghelani/ Mr. Krishna Mohta</p>		 <p>ADROIT CORPORATE SERVICES PVT. LIMITED 19/20, Jaferbhoy Industrial Estate, 1st Floor Makwana Road, Marol Naka, Andheri (East) Mumbai 400 059 Tel: +91-42270400/ 28594060 Fax: +91 -28503748 Website: www.adroitcorporate.com E-Mail: arihant_ri@adroitcorporate.com SEBI Registration No.: INR000002227 Contact Person: Mr. Surendra V. Gawade</p>
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
FIRDAY, MAY 11, 2012	FRIDAY, MAY 18, 2012	FRIDAY, MAY 25, 2012

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SECTION I: GENERAL DEFINITIONS AND ABBREVIATIONS

COMPANY RELATED TERMS

Term	Description
AOA/ Articles / Articles of Association	Articles of Association of Arihant Superstructures Limited.
Auditors	M/s. T. N. Gala & Associates, our statutory auditors.
Board / Board of Directors	The Board of Directors of our Company or any committee authorized to act on their behalf.
Company Secretary and Compliance Officer	Mr. Manoj Kumar Dhariwal
Corporate & Registered Office	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai – 400703.
Director(s)	A director on the Board of our Company.
MOA / Memorandum / Memorandum of Association	Memorandum of Association of our Company.
Promoter	Promoters of our Company i.e. Mr. Ashok Chhajer and Ms. Sangeeta Chhajer
Group Companies /Entities	The companies or entities specified under chapter titled “Our Promoters and Promoter Group” on page no 90 of the Letter of Offer.
ROC / RoC	Registrar of Companies, located at 100, Everest, Marine Drive Mumbai- 400002.
“ASL”, “Our Company”/ “Our” / “Issuer” / “We”	Unless the context requires, Arihant Superstructures Limited, a company incorporated under the Companies Act, 1956, having its Registered Office at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai – 400703.
Subsidiaries/Our Subsidiaries	Subsidiaries of our Company Arihant Abode Ltd, Arihant Vatika Realty Pvt. Ltd, Adeshwar Realty Pvt. Ltd and Arihant Gruhnirman Private Limited

ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to Eligible Equity Shareholders of our Company with respect to this Issue in accordance with SEBI (ICDR) Regulations, 2009.
Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allottee(s)	Person(s) to whom Rights Equity Shares are allotted.
Application Money	The aggregate amount payable in respect of the Equity Shares applied for in this Issue at the Issue Price.
ASBA Account	Account maintained with SCSBs which will be blocked by SCSB to the extent of the appropriate amount in relation to an application by an ASBA investor.
Application Supported by Blocked Amount/ ASBA	An application (whether physical or electronic) used compulsorily by QIB and Non Institutional Investor and optionally by Retail Individual Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account.
ASBA Investor	<p>An applicant who:</p> <ul style="list-style-type: none"> (a) who holds the Equity Shares of our Company in dematerialized form as on the Record Date and has applied for Rights Entitlements and / or additional shares in dematerialized form; (b) has not renounced his / her Rights Entitlements in full or in part (c) is not a Renouncee; and (d) is applying through a bank account maintained with SCSBs. <p>Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.</p>
Bankers to the Issue	Axis Bank Ltd.
Composite Application Form (CAF)	The form used by an Investor to make an application for allotment of the Rights Equity Shares in the Issue.

Term	Description
Collection Centre	As defined in the SEBI (ICDR) Regulations, 2009, and mentioned in the CAF.
Controlling Branches	Such Branches of SCSB which co-ordinates applications under the Issue by the ASBA Investor with the Lead Manager, Registrar to the Issue and the Stock Exchanges and the list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf .
Designated Branches	Such branches of the SCSBs which shall collect CAF from ASBA investor and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Designated Stock Exchange	Bombay Stock Exchange Limited
Draft Letter of Offer/DLOF	The draft letter of offer of our Company dated December 5, 2011
Eligible Equity Shareholders	Means a holder/beneficial owner of Equity Shares of our Company as on the Record Date.
Equity Shares	Equity Shares of our Company having a face value of ₹ 10/- each.
Equity Shareholders	A holder of Equity Share(s) of our Company.
Indian GAAP	Generally Accepted Accounting Principles in India.
Investor(s)	The Eligible Equity Shareholders of our Company as on the Record Date and the Renouncees who have submitted an Application to subscribe to the Issue.
Issue/Rights Issue	Issue of 1,37,19,997 fully paid up Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 12/- including share premium of ₹ 2 per Equity Shares aggregating ₹ 1646.40 Lacs to the Equity Shareholders of our Company on rights basis in the ratio of ONE fully paid up equity share for every TWO fully paid up Equity Shares held by the Equity Shareholders on the Record Date i.e. Wednesday, May 02, 2012.
Issue Closing Date	Friday, May 25, 2012
Issue Opening Date	Friday, May 11, 2012
Issue Price	₹ 12 per Rights Equity Share.
Issue Proceeds	The gross proceeds of this Issue that is available to our Company. For further details, please see the "Objects of the Issue" on page 23 of this Letter of Offer
Issue Size	The issue of 1,37,19,997 Equity Shares aggregating ₹ 1646.40 Lacs.
Lead Manager/DSPL	Lead Manager to the Issue i.e. Dalmia Securities Private Limited.
Letter of Offer	The Letter of Offer dated April 19, 2012 after incorporating SEBI comments on the Draft Letter of Offer.
Listing agreement	The listing agreement entered between our Company and the Stock Exchange.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the chapter titled "Objects of the Issue" on page 23 of this Letter of Offer
Non-Institutional Investor(s)	All Investors who have applied for Rights Issue Equity Shares including subaccounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or retail individual investors and who have applied for Rights Issue Equity Shares for cumulative amount more than ₹ 2,00,000.
Non Retail Investor(s)	Investors who are QIBs or Non Institutional Investors
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FII and subaccount (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2,500 Lacs, pension fund with minimum corpus of ₹ 2,500 Lacs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India
Record Date	Wednesday, May 02, 2012
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit, NEFT, RTGS or the ASBA Process as applicable.
Registrar to the Issue	Adroit Corporate Services Pvt. Limited.

Term	Description
Renouncee(s)	Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholder.
Retail Individual Investor(s)	Individual Investors (including HUF) who have applied for Rights Issue Equity Shares for an amount not more than ₹ 2,00,000.
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date.
Rights Equity Shares	The Equity Shares being offered to the Eligible Equity Shareholders of our Company in this Issue.
Rupees, ₹, Rs.	The lawful currency of India
SAF(s)	Split Application Form(s)
Stock Exchange	BSE where the Equity Shares of our Company are listed and where the Rights Equity Shares are proposed to be listed.
SCSB(s)	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf .
SEBI (ICDR) Regulations, 2009	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time including notifications and circulars issued by SEBI therein.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 read with amendments issued subsequent to that date.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 read with amendments issued subsequent to that date.

BUSINESS/ INDUSTRY RELATED TERMS

Term	Description
Affordable Housing Policy	Affordable Housing Policy – 2009 notified by the State Government of Rajasthan.
BHK	Bedroom Hall Kitchen.
CIDCO	City and Industrial Development Corporation of Maharashtra Ltd.
DIPP	Department of Industrial Policy and Promotion
Developable / Saleable Area	The total area relating to our economic interest in each property and for which the respective owner or tenant is obliged to pay or for which we estimate that respective owner or tenant will pay.
EWS	Economically Weaker Section
ERP	Enterprise Resource Planning
FSI/FAR	Floor Space Index / Floor Area Ratio
GTA	Goods Transporting Agency
JDA	Jodhpur Development Authority, Jodhpur
HIG	High Income Group
IBEF	Indian Brand Equity Foundation
IOA	Intimation of Approval
IOD	Intimation of Disapproval
Km	Kilometers
LIG	Lower Income Group
LOI	Letter Of Intent
MCGM	Municipal Corporation of Greater Mumbai
MHADA	Maharashtra Housing and Area Development Authority
MIG	Middle Income Group
NA Order	Non Agricultural Order
OC	Occupation Certificate
Occupancy Level	The combined Saleable Area of the occupied units of a project as a percentage of the total Saleable Area of the project available for lease
OIFC	Overseas Indian Facilitation Centre
Ongoing Project	A project in respect of which the necessary legal documents relating to the acquisition of land or development rights have been executed by us and/ or key land related approvals have been obtained and any one of the following activities are being undertaken (not necessarily in the

Term	Description
	sequence set out herein): (a) on-site construction of the project has commenced; (b) initial detailed design for civil and landscaping is being undertaken and work has commenced on detailed design; (c) project launch activity which includes the construction of a show residence, sales office and other supporting infrastructure at the project site has commenced; or (d) an architect has been appointed and a detailed concept design is being prepared
Planned/ Upcoming Project	A project for which land or development rights have been acquired or a memorandum of understanding or an agreement to acquire or a joint development agreement has been executed, in each case, by us, either directly or indirectly, and preliminary management development plans are complete
PPP	Public Private Partnership
PAMC	Project Approval and Monitoring Committee
REITs	Real Estate Investment Trusts
SRA	Slum Rehabilitation Authority
State Government	Government of a State of India
Sq. ft	Square feet
Sq. mtrs	Square meter
Sq. Yards	Square Yards
TDR	Transferable Development Rights which means, when in certain circumstances, the development potential of land may be separated from the land itself and may be made available to the owner of the land in the form of transferable development rights.

ABBREVIATIONS

Term	Description
ACIT	Assistant Commissioner of Income Tax
AGM	Annual General Meeting.
AS	Accounting Standard as issued by The Institute of Chartered Accountants of India.
Asst.	Assessment
Act	Companies Act, 1956 as amended from time to time.
A/c	Account
BOT	Build, Operate and Transfer
BSE	Bombay Stock Exchange Limited
BSI	British Standard Institution
CAGR	Compounded Annual Growth Rate
CC	Commencement Certificate
CIN	Company Identification Number
CDSL	Central Depository Services (India) Limited.
CMD	Chairman & Managing Director
Contract Labour Act	Contract Labour (Regulation & Abolition) Act, 1970
CPLR	Corporate Prime Lending Rate
DP	Depository Participant
Depository	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
DIN	Director's Identification Number
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortization
EGM	Extra-Ordinary General Meeting
EMD	Earnest Money Deposit
EPF Act	Employees Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
FCNR	Foreign Currency Non Residential Account
HUF	Hindu Undivided Family
FD	Fixed Deposit
FDI	Foreign Direct Investment

Term	Description
FEMA	Foreign Exchange Management Act, 1999, and the subsequent amendments thereto
FICCI	Federation of Indian Chambers of Commerce and Industry
FII	Foreign Institutional Investor as defined Under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and under other applicable laws in India.
FIPB	Foreign Investment Promotion Board
FY	Financial Year
GDP	Gross Domestic Product
GoI	Government of India
ISIN	International Securities Identification Number allotted by the Depository.
IT Act	Income Tax Act, 1961, as amended from time to time
JV	Joint Venture
LLA	Leave and License Agreement
L.L.P	Limited Liability Partnership
MoU	Memorandum of Understanding
MICR	Magnetic Ink Character Recognition
MMRDA	Mumbai Metropolitan Region Development Authority
N. A.	Not applicable
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act.
NECS	National Electronic Clearing Service
NOC	No Objection Certificate
NRE	Non- Resident (External) Rupee Account Scheme
NRO	Non-Resident Ordinary Rupee Account Scheme
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Body(ies)
P/E ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
PLR	Prime Lending Rate
ROI	Return on Investment
RONW	Return on Networth
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
SAF	Split Application Form
SEBI	Securities and Exchange Board of India
SICA	Sick Industrial Companies (Special Provisions) Act
SPA	Share Purchase Agreement
TAN	Tax Account Number
TI	Total Income
UIN	Unique Identification Number
VAT	Value Added Tax
WTD	Whole Time Director

NO OFFER IN OTHER JURISDICTIONS

The Rights Entitlement and the receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the Issue of Equity Shares or the Rights Entitlement, distribute or send the same in or into any other jurisdiction, where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they may not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer and if they choose to do, they will be doing so at their own risk, cost and consequence, and our Company shall not be liable in this regard.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL INFORMATION, CURRENCY AND USE OF MARKET DATA

CERTAIN CONVENTIONS

References in this Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India (“GoI”).

FINANCIAL INFORMATION

Unless stated otherwise, the financial information used in this Letter of Offer is derived from our Company’s restated Consolidated financial statements as of fiscal 2010 and 2011 and for nine months period ended December 31, 2011 prepared in accordance with accounting policies as prescribed in the Accounting Standards issued by ICAI and the Companies Act, 1956 and restated in accordance with the SEBI (ICDR) Regulations, 2009 as stated in the report of our Statutory Auditors, M/s T. N. Gala & Associates, Chartered Accountants, included in this Letter of Offer. In accordance with SEBI’s requirements, we have also presented in this Letter of Offer, standalone financial statements of our Company as of and for the years ended March 31, 2007, 2008, 2009, 2010, 2011 and for nine months period ended December 31, 2011 prepared in accordance with Indian GAAP and the Act and restated in accordance with applicable SEBI (ICDR) Regulations, 2009 as stated in the report of our Statutory Auditors, M/s T. N. Gala & Associates, Chartered Accountants, included in this Letter of Offer.

Our fiscal year commences on April 1 and ends on March 31 of the next year. Unless stated otherwise, references herein to a fiscal year are to the fiscal year ended March 31 of a particular year.

In this Letter of Offer, any discrepancies in any table between the total and the sum of the amounts listed may be due to rounding off.

CURRENCY

All references to “Rupees” or “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” are to United States Dollars, the official currency of the United States of America. Unless otherwise stated, throughout this Letter of Offer all figures have been expressed in INR.

CONVERSION TABLE FOR AREA

In this LOF, our Company has presented information related to land in various units. The conversion ratio of such units is as follows:

Particulars	Conversion in sq. mtrs. (approximately)
1 Guntha	100
1 Acre	4000
1 Sq. Yards	0.836
1 Sq Feet	0.093
1 Hectare	9880

INDUSTRY AND MARKET DATA

Unless otherwise stated, market and industry data used in this Letter of Offer has been obtained from industry publications and governmental sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable and that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Letter of Offer is reliable, it has not been independently verified. The information included in the Letter of Offer about other listed and unlisted group companies is based on their respective annual reports and information provided and certified by respective managements.

FORWARD – LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as “will”, “aim”, “is likely to result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should” and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe our strategies, plans, objectives or goals are also forward-looking statements. Forward-looking Statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward looking statements based on such assumptions could be incorrect.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- significant dependence on our success in our residential business;
- performance of, and the prevailing conditions affecting, the real estate market in India;
- delays in the completion of our projects;
- increase in interest rates;
- regulatory environment in which we operate;
- competition in the industry we operate; and
- volatility in prices of, or shortages of, key building materials.

For a further discussion of factors that could cause our actual results to differ, please refer to the sections/chapter titled “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page x, 42, and 156 respectively of this Letter of Offer.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchange requirements, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

Cautionary Note

Our classification of properties reflects the basis on which we operate our business and may differ from classifications used by other developers. The project type, description and estimated total Saleable Area with respect to each Planned Project represents estimates by our management on the basis of our current development plans and includes required transferable development rights (“TDRs”), which may not have been acquired. Such projects do not represent commitments and are subject to change, depending on various factors, including prevailing market conditions, strategy and customer preferences. Please see, Risk Factors no. 11 under section titled “Risk Factors” at page no. xi of this LOF. Unless a project has already been completed, we have provided the estimated completion time for such Ongoing and Planned projects in this Letter of Offer. While these estimates are based on our management’s best belief and knowledge, they do not represent commitments and are subject to change.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. The investor should carefully consider all the information in this Letter of Offer, including but not limited to the risks and uncertainties described below, before making an investment in our Company's Rights Issue of Equity Shares.

Unless specified or quantified in the relevant risk factors below, our Company is not in a position to quantify the financial or other implications of any of the risks described in this section. Prior to making an investment decision, Investors should carefully consider all the information contained in this Letter of Offer, including the chapters titled "Our Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page no.41 and 156 respectively, of this Letter of Offer as well as other financial information contained in this Letter of Offer. The occurrence of any of the following events could have a material adverse effect on our business, results of operations, financial condition and prospects and cause the market price of our Company's Equity Shares to fall significantly, and the Investors may lose all or part of their investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations. The following factors have been considered for determining the materiality:

- 1. Some events may not be material individually but may be found material collectively;*
- 2. Some events may have material impact qualitatively instead of quantitative; and*
- 3. Some events may not be material at present but may have material impact in future.*

The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

INTERNAL RISKS FACTORS

1. *There is an outstanding legal proceeding involving Our Company.*

There is a case filed against our Company in the Hon'ble High Court of Judicature at Bombay (Summary Suit No. 7757/ 1993). Any adverse outcome in the proceeding could have a material adverse effect on our business, prospects, financial condition and results of operations. The summary of the case is as follows:-

Name of Parties	Background of Case	Amount (In ₹)
Anil Kumar Dhandaria (Appellant) V/s M/s Shaktiman Mercantile Co. Ltd. (Respondent)	Appellant received an amount of ₹ 25,000/- by way of loan from the Respondent on December 1998 at an agreed interest rate @18% p.a. Summary Suit No. 7757/1993 was filed by the Respondent on June 25, 1993 for realization of the said loan amount. Impugned order Decree and Judgment was passed on by the Hon'ble Judge on October 24, 2002. Appellant filed this appeal on January 3, 2003 and same was admitted on February 27, 2003.	60,051.00 (Plus interest @18% p.a)

For more information regarding litigations, please refer to the chapter titled "Outstanding Litigations and Material Developments" on page no. 167 of the LOF.

2. *There are outstanding legal proceedings involving our Group Companies/ Entities.*

There are outstanding legal proceedings involving certain of the Group Companies/Entities. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. Brief details of such outstanding litigation are as follows:

Name of the Group Companies/Entities	Background of Case	Amount (In ₹)
M/s Arihant Builders	The suit have been filed against Arihant Builders in matter related to dispute of construction of compound wall and other related aspect, such as sewage water drainage.	As per the market value or fair value of the land or as may be decided by the Hon'ble Civil

Name of the Group Companies/Entities	Background of Case	Amount (In ₹)
		Judge, Panvel.
M/s Arihant Enterprises	Memo has been served to the Enterprise by Assistant. P.F Commissioner, Sub Regional Office, Vashi under section 7A EPF & MP Act, 1952 on account of non appearance before the said authority on September 24, 2010.	As may be decided by the Assistant P.F Commissioner under the provision of the employees Provident Fund and Miscellaneous Provisions Act , 1952

For more information regarding litigations, please refer to the chapter titled “Outstanding Litigations and Material Developments” on page no. 167 of the LOF.

3. In past SEBI has issued a Show Cause Notice(SCN) to our company for non compliance of Takeover Code.

In past, SEBI issued a Show Cause Notice to our Company for non-compliance of regulations 6(2) and 6(4) for the year 1997 and regulation 8(3) for the financial year 1998 to 2005 and 2007, under the Takeover Code. Subsequently the Adjudicating officer was appointed to inquire into and adjudge under section 15A(b) of the SEBI Act. After taking into consideration all the facts and circumstances, the Adjudicating Officer imposed monetary penalty of ₹ 1,00,000 on our Company in respect of alleged violation. Our company has paid the said penalty.

4. Our Company had negative cash flows in the past.

Our Company had negative cash flows during last three financial year .The details of the cash flow during the last three financial years are as follows:-

(₹In Lacs)

Particulars	For the year ended on March 31			For the Nine months ended December 31, 2011
	2009	2010	2011	
	Standalone	Consolidated		
Net Cash generated from/(used in) Operating Activities	11.94	(1,340.96)	(7,544.35)	(2812.56)
Net Cash generated from/(used in) Investing Activities	0.00	(43.34)	(174.49)	(40.89)
Net Cash generated from/(used in) Financing Activities	0.00	1,493.24	7,647.96	2879.43
Net increase/(decrease) in Cash and Cash Equivalents	11.94	108.94	(70.88)	25.98

If the negative cash flow trend persists in future, our Company may not be able to generate sufficient amount of cash flow to finance our Company’s working capital and capital expenditure requirements.

5. Our Company has purchased land and development rights from our promoters and related entities.

Our Company has purchased following land and development rights from one of our Promoter Group Entities, M/s Arihant Builders.

Particulars of Land/Development Rights purchased	Area (sq. ft .in Lac)	% to the Total Land Bank Area As on LOF	% to the total Land Bank Agreement Value As on LOF
Land			
Survey no. 25 / 2	0.41	1.72	1.76
Survey no. 27 / 2A - 1, 2 & 3	3.30	13.90	14.34
Development Rights			

Particulars of Land/Development Rights purchased	Area (sq. ft. in Lac)	% to the Total Land Bank Area As on LOF	% to the total Land Bank Agreement Value As on LOF
Survey No. 27 - 1A Koproli, Panvel, Raighad	0.30	1.28	1.05

The above lands and development rights were purchased by Arihant Builders, on October 3, 2008 at total cost of ₹. 573.00 lacs and other acquisition expenses of ₹ 85.35 lacs were incurred by Arihant Builders. The said lands and development rights were transferred by Arihant Builders to our Company for ₹ 700 lacs, which has resulted in profit of ₹ 41.65 lacs to Arihant Builders. For further details on our land bank, details pertaining to the purchase of above land, please refer page no 47,52 and 128 under chapter titled “Our Business” and “Financial Statements” of the Letter of Offer.

6. ***A portion of the Issue Proceeds is being already brought by our Promoters as unsecured loan which will be adjusted towards their rights entitlement and/or subscription of additional equity shares over and above their rights entitlement.***

Our Promoter, Mr. Ashok Chhajer, has from time to time brought in an amount up to ₹ 600 Lacs as unsecured loan, for the purpose of construction and development of 675 EWS and LIG flats being the Object of the Issue. As per the confirmation furnished by the promoter, the said unsecured loan of ₹ 600 lacs would be adjusted as subscription amount towards Promoters Rights Entitlement and/or subscription of additional equity shares over and above their rights entitlement. For further details on subscription by the promoter and promoter group and adjustment of above unsecured loan, please refer page no. 25 of the Letter of Offer.

7. ***Some of our Group Companies/ Entities have incurred losses during the past three financial years***
The following Group Companies/ Entities are loss making during past three years:

(₹In Lacs)				
Sl. No	Name of Group Companies/Entities	2010-2011	2009-2010	2008-2009
1	Arihant Paradise Realty Private Limited	0.00	0.19	(0.04)
2	Abhinandan Enterprises	2.55	3.30	(0.02)
3	Arihant Constructions	260.09	0.00	(0.37)
4	Arihant Builders	164.62	122.23	(0.02)

For further details on financial of Group Companies/Entities please refer to the chapter titled “Our Promoters and Promoter Group” on page no 95 of the Letter of Offer.

8. ***We have a contingent liability as disclosed in our restated financial statements.***

Our contingent liabilities as of December 31, 2011, as disclosed in our restated financial statements, are as detailed as under

“The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI - an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.”

Further our Company has adopted the practice of obtaining bank guarantee from flat owners at the time of registration/possession of flats, which can be invoked, if flat owners fail to pay their above mentioned liabilities.

- 8a. ***A “Show Cause Notice” has been issued to one of our subsidiaries, Arihant Vatika Realty Private Limited and our promoters, Mr. Ashok Chhajer and Mrs. Sangeeta Chhajer, in their capacity as director in the Subsidiary.***

A “Show Cause Notice” vide Letter No. ROC/Co. No. 11-187732/DN/ 749 ” dated March 13, 2012 has been issued by the Registrar of Companies, Mumbai, Maharashtra, to one of our subsidiaries, Arihant Vatika Realty Private

Limited and our promoters, Mr. Ashok Chhajjer and Mrs. Sangeeta Chhajjer, in their capacity as directors in the subsidiary company. The said show cause notice is issued for the contravention of Section 159/160, 166 and 210 of the Companies Act, 1956 for non filing of Annual Return and Annual Report for the FY 2011, by the subsidiary. The said notice also states that, in case the company has already filed the Annual Return and Annual Report, the same shall be intimated to ROC.

The subsidiary company has filed the relevant forms (i.e. XBRL Form 23AC & ACA on April 02, 2012 and Form 20B on November 29, 2011) with ROC. The filing of XBRL Form 23AC & ACA was made only on April 02, 2012 due to certain technical difficulties, and has intimated the same to ROC vide its Letter dated April 4, 2012.

9. *We depend significantly on our success in our residential business as this is our primary focus.*

Our primary focus is on the development of residential real estate projects for sale. For details of our projects and land reserves, please see the chapter titled “Our Business” on page 41 of the LOF. For the financial year ended March 31, 2011, as per consolidated restated financial statement, our income from residential business is ₹ 6377.61 lacs which constitutes more than 50% of the total income. We rely on our ability to understand the preferences of our residential customers and to develop projects that suit their needs. We believe that the quality of our construction is in line with the best construction practices adopted in the industry. We place a special emphasis on ensuring that our quality standards are adhered to at every stage of a project and for every product delivered to the client. Our internal processes and methodologies ensure that various departments and employees of our Company are aware of their respective roles and obligations, and various activities of construction and development are consistent with the standards of quality that we have set for ourselves. This also ensures uniformity in all our processes. We aim to create developments that we believe have quality construction and finishing, as we believe that this enhances our brand and reputation, and enables us to sell our units quickly and at a premium to other competing developments. Our inability to provide customers with quality construction or our failure to continually anticipate and respond to customer needs may affect our business and prospects and could lead to some of our customers switching to our competitors, which could, in turn, materially and adversely affect our business prospects, financial condition and results of operations.

10. *Our business is heavily dependent on the performance of, and the prevailing conditions affecting, the real estate market in India.*

We are one of the real estate construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra, and Jodhpur in Rajasthan. For details of our projects and land reserves, please see the chapter titled “Our Business” on page no 43 and 52 of the LOF. As a result, our business, financial condition and results of operations have been and will continue to be heavily depending on the performance of, and the prevailing conditions affecting, the real estate market in India particularly in Navi Mumbai, New Panvel & Thane and Jodhpur. The real estate market in the areas where we are doing the business may be affected by various factors outside our control, including, among others:

- prevailing local economic, income and demographic conditions;
- availability of consumer financing (interest rates and eligibility criteria for loans);
- availability of and demand for properties comparable to those we develop;
- changes in governmental policies relating to zoning and land use;
- changes in applicable regulatory schemes; and
- the cyclical nature of demand for and supply of real estate.

These factors may result in fluctuations in real estate prices and the availability of land, which may negatively affect the demand for and the value of our projects, and may result in delays to or the cancellation of our projects or the cancellation of sales bookings.

11. *Some or all of our ongoing and planned projects may not be completed by their expected completion dates or at all.*

As on date of the Letter of Offer, we have 4 ongoing projects and 4 planned projects. For details, please see the chapter titled “Our Business” on page 43 of this Letter of Offer. We have procured preliminary architect plans and completed our management development plans for all of our planned projects and currently intend to finance a portion of all of the costs with internal funds. However, we have not applied for any regulatory consents or approvals for some of these projects. Our ongoing and planned projects are subject to significant changes and modifications from our

currently estimated management plans and timelines as a result of factors outside our control, including, among others:

- availability of raw materials and financing;
- increases in construction costs;
- natural disasters;
- reliance on third party contractors; and
- risk of decreased market demand during the development of a project.

We may also change our management plans and timelines for strategic, marketing, internal planning and other reasons. Such changes and modifications may have a significant impact on our ongoing and planned projects, and consequently, we may not develop these projects as planned, or at all, which may have an adverse effect on our business, operations and financial condition.

12. *We have not obtained certain approvals or permits for some of our projects and may be unable to obtain or renew required approvals and permits in a timely manner or at all and existing approvals or permits may be suspended or revoked.*

To successfully execute projects and operate our business, we are required to obtain statutory and regulatory approvals, licenses, registration and permits and applications need to be made at appropriate stages of the projects. For example, we are required to obtain the approval of building plans, layout plans, environmental consents and fire safety clearances during various stages of the projects.

In addition, we are required to obtain approval for change of land use in respect of our industrial or agricultural land. For further details please refer chapter titled “Government and Other Approvals” and “Our Business” on page no. 172 and 47.

Certain approvals that we have applied for are currently pending and we may need to apply for renewal of approvals which may expire from time to time, in the ordinary course of our business. For further details of the approvals obtained by us and pending approvals, please see the chapter titled “Government and Other Approvals” on page 172 of the LOF. We may encounter material difficulties in fulfilling any conditions precedent to the approvals described above or any approvals that we may require in the future, some of which are onerous and may require us to incur substantial expenditure that we may not have anticipated.

There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals or the approvals issued to us may be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to obtain or renew, or experience material delays in obtaining or renewing the requisite governmental approvals, or if any approvals are suspended or revoked, the schedule of development and the sale of our projects could be substantially disrupted or impeded, which could have a material adverse effect on our business, prospects, financial condition and operations.

13. *The completion of our infrastructure projects depends on the performance of our sub-contractors.*

As part of business strategy, we have also recently ventured into road infrastructure development project. As on LOF, we have completed three infrastructure projects. For further details on completion of road infrastructure development project, please refer to chapter titled “Our Business” on page 44 of the Letter of Offer. For the financial year ended March 31, 2011, as per consolidated restated financial statement, the contract income is ₹ 3642.58 lacs which constitutes more than 30% of the total income. The above construction projects have not been directly executed by us, however, the same have been executed by engaging third party i.e. on sub-contract basis. We cannot assure you that suitable sub-contractors will continue to be available at reasonable rates, or at all. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services, in future. Further, the execution risks we face using sub-contractors *includes*:

- Sub-contractors may not be able to complete the project construction on time, within budget or to the specifications and standards that have been set in the contracts with them;

- Delays in meeting project milestones or achieving commercial operation by the scheduled completion date could increase the financing costs associated with the construction and cause our forecast budget to be exceeded;
- Sub-contractors may not be able to obtain adequate working capital or other financing on favorable terms as and when required to complete construction;
- Delays in availability or availability at unacceptable prices of steel, diesel, bitumen, construction equipment and other materials leading to disruption in construction schedules;

14. *We engage independent architects and construction contractors, who may in turn hire subcontractors and other third parties, for the design and construction of all our projects.*

The success of our projects depends significantly on the performance of various third parties, including our contractors and service providers. Our Company is associated with various agencies for outsourcing the work in respect of architectural drawing, structural engineering firms, wood works agencies, mechanical and electrical equipment providing companies, electrical installation agencies, plumbing agencies, etc. As we do not control any of our contractors or service providers or outside agencies, we cannot ensure they perform their obligations and services satisfactorily, to a standard that meets our requirements or targeted quality levels or that they are not involved in corruption or other improper conduct in relation to our projects. We may also not be able to recover compensation for any resulting defective work or materials. We may, therefore, incur losses as a result of our projects being delayed or disrupted or having to fund the repair of defective work or pay damages to persons who have suffered loss as a result of such defective work. We may also be required to incur additional cost or time to develop our projects, which could adversely affect our business, financial condition and operations. Our contractors and service providers may also face financial, legal or other difficulties which may affect their ability to continue with a project.

15. *We operate in an industry that is capital intensive in nature and we may not be able to raise the required capital on favourable terms for future projects which may have an adverse effect on our business and results of operations.*

Real Estate and Infrastructure projects are typically capital intensive and may require high levels of financing, including debt financing. If we decide to meet our capital requirements through debt financing, our interest obligations will increase and we may be subject to additional restrictive covenants. If we decide to raise additional funds through the issuance of equity or equity-linked instruments on a preferential basis, the interests of our existing shareholders will be diluted.

We cannot assure you that market conditions and other factors would permit us to obtain future financing on terms envisaged by us. Our ability to arrange financing on a substantially non-recourse basis and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our current projects and laws that are conducive to our raising capital in this manner. Changes in the global and Indian credit and financial markets and recent increases in the lending rates in India have significantly diminished the availability of credit and led to an increase in the cost of financing. In many cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity. Our attempts to obtain future financings on favourable terms may not be successful. In addition, our ability to raise funds, either through equity or debt, is limited by certain restrictions imposed under Indian law.

We cannot assure you that we will be able to raise adequate capital in a timely manner and on acceptable terms. This may result in an adverse effect on our results of operations and financial condition.

16. *We may not be able to manage our growth strategy effectively or it may change in the future.*

We are one of the real estate construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel, & Thane in Maharashtra, and Jodhpur in Rajasthan. However, going ahead we intend to develop and construct real estate projects in other parts of the country. We intend to diversify the portfolio of projects undertaken by us by developing hotels, integrated townships, IT parks, infrastructure projects in addition to continuing the development of residential projects. This future growth may strain our managerial, operational, financial and other resources. If we are unable to manage our growth strategy effectively, our business, financial condition and operations may be adversely affected. In addition, depending on prevailing market conditions, regulatory changes and other commercial

considerations, we may be required to change our business model and we may, therefore, decide not to continue to follow our business strategies described in this Letter of Offer on page no 42.

17. *We may experience volatility in prices of, or shortages of, key building materials.*

Our ability to develop projects profitably is dependent upon our ability to source adequate building supplies for use by our construction contractors. We typically enter into contracts with our contractors, however, we generally agree to procure the cement and steel required for our projects. We plan to outsource such procurement in future projects. We have experienced shortages of cement and steel in the past and have also experienced significant price volatility in the cement and steel markets. Such shortages in supply and volatility in prices of building materials could arise from changes in import restrictions, such as changes to customs duties and licensing policies, applicable to goods (such as certain building materials) imported into India. In addition, our supply chain may be periodically interrupted by circumstances beyond our control, including work stoppages and labour disputes affecting our suppliers, their distributors, or the transporters of our supplies. During periods of shortages in building materials, such as cement and steel, we may not be able to complete projects according to our previously established timelines, at our previously estimated project cost, or at all, which could harm our results of operations and financial condition. In addition, during periods of volatility in the price of building materials, where prices have increased significantly or unexpectedly, we may not be able to pass the increase in construction costs through to our customers, particularly as we generally aim to pre-sell a significant portion of our residential units prior to project completion, which could reduce or eliminate the profits we attain with regards to our developments.

18. *We face significant competition in the real estate development. If we are unable to compete successfully, our business, financial condition and results of operations will be adversely affected.*

The real estate development industry in India, while fragmented, is highly competitive and we face competition in Navi Mumbai and Jodhpur (where our business activities are presently focused) from numerous sources including other Indian real estate development and construction companies. We compete on the basis of location, facilities and supporting infrastructure, services and price. Competitors with greater resources could acquire land in more desirable locations, offer more attractive prices than we are able to or anticipate or respond sooner to the requirements of customers. We may not, therefore, be able to compete successfully against our existing or potential competitors. In addition, increased competition between real estate developers may result in higher costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may materially and adversely affect our business, financial condition and operations.

19. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.*

Our Company is dividend paying company during last three financial years. For further details please refer to chapter titled “Dividend Policy” on page no 104 of the LOF. However the amount of our future dividend payments, if any, will depend upon our future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and other factors. There can be no assurance that we shall have distributable funds or that we will declare dividends. Our business is capital intensive and we may plan to make additional capital expenditures to complete the real estate projects that we are developing. Our ability to pay dividends could also be restricted under certain financing arrangements that we may enter into. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for the real estate projects, financial condition and results of operations.

20. *Accidents on our sites will impact our image and could lead to litigation.*

Our primary source of revenue is from construction of residential buildings. We believe that each of our sites have adequate equipments and meet the necessary safety standards. However, certain accidents / mishaps may be unavoidable or may occur on account of negligence in complying with the safety standards. Therefore, although we take all possible steps to ensure the safety of our sites, accidents including human fatalities occur, and there can be no assurance that such precautions will be completely effective or sufficient. Any accident on site will also harm our reputation. Such accidents, irrespective of the monetary liability, may have an adverse impact on our business, financial condition and results of operations.

21. *If inflation worsens, our results of operations and financial condition may be adversely affected.*

India's wholesale price inflation index is 9.75 % for the month ended October 31, 2011, and it is observed that there is an increasing inflation trend compared to recent years. An increase in inflation in India could cause a rise in the price of transportation, wages or any other of our expenses. If this trend continues and we are unable to reduce our costs or pass our increased costs along to our consumers, our results of operations and financial condition may be materially and adversely affected. Also, a rise in interest rates will impact interest payable on any future debt, thus increasing the cost of new financing, increasing our interest expense and hindering our ability to implement our growth strategies. Such a rise in interest rates could materially and adversely affect our results of operations and financial condition.

22. *Certain information in this LOF is based on management estimates which may change, and we cannot assure you of the completeness or the accuracy of other statistical and financial data contained in this LOF.*

Certain information contained in this LOF, such as the amount of land or development rights owned by us, the location and type of development, the Saleable Area, estimated construction commencement and completion dates, estimated construction costs, our funding requirements and our intended use of proceeds of the Issue, is based solely on management estimates and our business plan and has not been appraised by any bank, financial institution or independent agency. The total area of property that is ultimately developed and the actual total saleable area may differ from the descriptions of the property presented herein and a particular project may not be completely booked, sold, leased or developed until a date subsequent to the expected completion date. We may also have to revise our funding estimates, development plans and the estimated construction commencement and completion dates of our projects depending on future contingencies and events, including, among others:

- changes in laws and regulations;
- competition;
- receipt of statutory and regulatory approvals and permits;
- irregularities or claims with respect to title to land or agreements related to the acquisition of land;
- the ability of third parties to complete their services on schedule and on budget;
- delays, cost overruns or modifications to our ongoing and planned projects;
- commencement of new projects and new initiatives; and
- changes in our business plans due to prevailing economic conditions.

In addition, while facts and other statistics in this LOF relating to India, the Indian economy, as well as the Indian real estate sector have been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials.

23. *Previous Years results have not been restated to reflect change in accounting policy.*

Our Company has changed its accounting policy with respect to revenue recognition from the financial year 2011.

Under the previous accounting policy, our Company was following percentage completion method, where in, on the reporting date an estimated profit was added to actual direct cost in proportion of estimated profit to the budgeted direct cost. In this policy amortized value of land cost was considered while calculating the actual cost incurred. The resulting amount after adding the actual direct cost (by charging amortized land cost) and the estimated profit was considered as value of incomplete project (WIP).

Under the new accounting policy revenue is recognized as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by the Institute of Chartered Accountants of India. The Revenue from Real Estate Sales is recognized when there is no significant uncertainty existing w.r.t. the sales realization and it is not unreasonable to expect ultimate collection. Hence the Company has adopted following conditions to recognize the Revenue/Sales, with respect to each project: -

- a). When our Company has incurred at least 25% of the budgeted cost in the given project; and
- b). When our Company receives, from a particular customer, certain % of the agreed price/consideration of the unit (flat for instance) of that project in (1) above as may be decided by the Board of Directors of the Company.

In case the above-mentioned conditions are satisfied, our Company will recognize the amount/consideration/price as agreed in the agreement to sell executed between the company and the particular customer as sales revenue in proportion to the project completed.

However the retrospective effect to the change in accounting policy is not given, as such retrospective effect would have required our Company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. Moreover, our Company has ventured into Real Estate construction business in the Financial Year 2010 and it is not possible to apply the same accounting policy in the previous years for the earlier business carried on by the Company.

24. *Our logo or trademark name and logo “Arihant Superstructures” is not registered.*

The name of our Company is not registered under Trademark Registry. Hence, we do not enjoy any statutory protections accorded to a registered trade name/trademark/logo and in case there is any infringement of intellectual property rights by the third party, our Company may not be able to take certain statutory action.

Moreover, our Company is using following trade name/trademark/logo which are registered in the name of our group company “Arihant Universal Realty Private Limited.



The group company has issued the No Objection Letters to our Company to use the said trade name/trademark/logo for our real estate business. However, there is no definitive agreement for usage of it. Our group company may restrict us from using said trade name/trademark/logo by giving 3 months prior notice, which may adversely affect our identity, business, financial condition and results of operations. Further, any action on the part of the group company that negatively impacts the “Arihant” brand could also have a material adverse effect on our business, financial condition and results of operations.

25. *We do not maintain any insurance coverage to cover any losses or liabilities that may arise from our operations.*

Our operations are subject to hazards inherent in the construction industry, such as risk of equipment failure, work accidents, fire, earthquake, flood and other *force majeure* events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We do not maintain any insurance, including contractor risk and special perils insurance in relation to our projects under construction. Moreover, our registered office, which is on lease basis, is also not insured and we do not have any disaster recovery policy in place at the moment. If we suffer any losses, damages and liabilities in the course of our operations and real estate development, we may not have sufficient insurance or funds to cover such losses. Additionally, there may be various other risks and losses for which we are not insured because such risks are uninsurable or not insurable on commercially acceptable terms, such as general liability insurance or coverage for contractor’s liability, timely project completion, loss of profit or construction defects. Any damage suffered by us in respect of uninsured events would not be covered by such insurance policies and we would bear the effect of such losses. Any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have an adverse effect on our financial condition and results of operations. Any such uninsured losses or liabilities could result in a material adverse effect on our business operations, financial conditions and results of operations. However, in the contract executed by the Company with its Contractor, our Company insists on the Contractors for availing the insurance for the said construction undertaken by them.

26. *Our success depends in large part upon our management team and skilled personnel and our ability to attract and retain such persons.*

We are highly dependent on our senior management, our directors and other key personnel. Our future performance will depend upon the continued services of these persons. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our results of operations and financial condition. Competition in the real estate development industry for senior management and qualified employees is intense. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. Our inability to hire and retain such employees could adversely affect our business.

27. *We benefit from our relationship with our Promoter and our business and growth prospects may decline if we cannot benefit from this relationship in the future.*

We benefit in many ways from our relationship with our Promoter, Mr. Ashok Chhajer, as a result of his reputation, experience and knowledge of the real estate and property development industry. Mr. Ashok Chhajer has been associated with the property development, real estate and construction sector for over twenty years. He has been primarily responsible for the direction and growth of our business and has been instrumental in our strategic planning, including identifying our current development projects. Our growth and future success is influenced, in part, by our continued relationship with Mr. Ashok Chhajer and Arihant Group. We cannot assure you that we will be able to continue to take advantage of the benefits from this relationship in the future. If we lose our relationship with Mr. Ashok Chhajer for any reason, our business and growth prospects may decline and our financial condition and results of operations may be adversely affected.

28. *“Our Company has entered into various transactions with related parties, including the Promoters and Promoter Group entities amounting, in total, ₹ 3,997 lacs for financial year ended March 31, 2011 and ₹ 3,960 lacs for the nine months ended December 31, 2011, on consolidated basis.*

Our Company has entered into various transactions with related parties, including the Promoters and Promoter Group entities amounting, in total, ₹ 3,997 lacs for financial year ended 2011 and ₹ 3,960 lacs for the nine months ended December 31, 2011, on consolidated basis. For further detail of related party transaction, please see chapter titled “Financial Statements” on page no 149 of the LOF. These related party transactions include entering into development and other agreements, payment and receipt of advances for purchase of land, payment of managerial remuneration, grant and repayment of loans and grant and repayment of loans, and rent payment.. These transactions were primarily made in the ordinary course of business but we may have been able to obtain more favorable terms had such transactions been entered into with unrelated parties. It is likely that we will continue to enter into future related party transaction.

29. *Our Company has made investments and advanced interest bearing unsecured loans to its Subsidiaries and the same involve a substantial degree of risk.*

Our Company has four subsidiaries namely Arihant Abode Limited, Arihant Vatika Realty Pvt. Ltd, Arihant Gruhnirman Private Limited and Adeshwar Realty Pvt. Ltd (Wholly owned Subsidiary) , where we have made investments of equity shares. Further Our Company have advanced interest bearing unsecured loans repayable on demand to our subsidiaries, of approximately ₹ 2978.64 lacs as on December 31, 2011, as per our standalone restated financial statements appeared on page no 121 of the LOF.

Investment in our subsidiary companies:

Particulars	As of December 31, 2011 ₹ In lacs
Arihant Vatika Realty Pvt. Ltd	0.60
Arihant Abode Ltd	3.00
Adeshwar Realty Pvt. Ltd	1.10
Arihant Gruhnirman Private Limited (Became subsidiary on November 29, 2011)	0.60

Loans and advances to subsidiaries:

Particulars	As of December 31, 2011 ₹ In lacs
Arihant Vatika Realty Pvt. Ltd	281.76
Arihant Abode Ltd	2687.61
Adeshwar Realty Pvt. Ltd	9.28
Total	2978.64

These investments may be illiquid and we may not be able to realize any benefits or may have to defer their realization potentially for a considerable period of time. Further the loans advanced to subsidiaries may not be repaid on a timely basis or at all.

30. *Possible conflict of interest with the Promoters and Group Companies/Entities that may affect implementation of our business strategy.*

Most of our Group Companies/Entities are engaged in the business of development of real estate business and hence may compete with us. For details on the list of Group Companies/Entities and their business objective, please refer to the chapter titled “Our Promoters and Promoter Group” on page 94 of the LOF. This may result in a conflict of interest with respect to business strategies of our Company. Further, neither our promoters nor Group Companies/Entities have undertaken or entered into any arrangement/agreement to refrain from competing with our business.

31. *Our Registered Office from where we operate is not owned by us.*

The premises wherein our registered office is situated has been taken on lease basis from Promoter Ms. Sangeeta Chhajer. For details please refer chapter titled “Our Business” on page no 55 of the LOF. If the owner of the premises does not renew our lease on terms and conditions acceptable to us we may temporarily suffer a disruption in administration till we shift to another location.

32. *The Company has availed of unsecured loans which can be recalled by the lenders at any time.*

Our Company has availed unsecured loans from various parties as on December 31, 2011, the details of which are given as under:-

Name Of Lender	Amount (₹ in lacs)
Loan from Promoters / Director	4317.94
Others	2464.39
Total	6782.33

For the further details on unsecured loan please refer to the chapter titled “Financial Statements” on page no.143 of the LOF. The unsecured loan availed can be recalled by the lenders at any time. In the event that such lenders recall any or all such loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all.

33. *We may be involved in legal and administrative proceedings arising from our operations from time to time.*

We may be involved from time to time in disputes with various parties involved in the development and sale of our properties, such as contractors, sub-contractors, suppliers, joint venture partners, occupants (including slum dwellers), and claimants of title over land and governmental authorities. These disputes may result in legal and/or administrative proceedings, and may cause us to suffer litigation costs and project delays. We may, for example, have disagreements over the application of law with regulatory bodies or third parties in the ordinary course of our business, which may subject us to administrative proceedings and unfavourable decisions, resulting in financial losses and the delay of commencement or completion of our projects. Rehabilitation projects, where we acquire development rights over the free-sale portion of the development, are particularly susceptible to litigation, including claims brought by existing occupants regarding eligibility for and entitlement to rehabilitation. Such litigation can delay the development of the entire rehabilitation site, which may result in delays and additional costs to our projects, and could, in turn, materially and adversely affect our financial condition and results of operations.

34. ***Our Promoters and the members of our Promoter Group will continue to retain significant control in our Company after the Issue, which will allow them to influence the outcome of matters submitted to shareholders for approval. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control.***

After the completion of this Issue, our Promoters and Promoter Group will continue to hold approximately 71.94% of the paid up Equity Share capital of our Company. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. We cannot assure you that our Promoters and members of our Promoter Group will act in our interest while exercising their rights in such entities, which may in turn materially and adversely affect our business and results of operations. We cannot assure you that our Promoters will act to resolve any conflicts of interest in our favour. If our Promoters sells a substantial number of the Equity Shares in the public market, or if there is a perception that such sale or distribution could occur, the market price of the Equity Shares could be adversely affected. No assurance can be given that such Equity Shares that are held by the Promoter will not be sold any time after the Issue, which could cause the price of the Equity Shares to decline.

35. ***Our Promoters have given personal guarantees in relation to certain debt facilities provided to us by our lenders.***

Some of the debt facilities provided to our Company by our lenders stipulate that the facility shall be secured by a personal guarantee of our Promoters. For further details please refer chapter titled “Financial Statements”, on page no. 146 of this LOF. In the event there is any default in any of these obligations, the personal guarantees given by our Promoters may be invoked which in turn may adversely affect their ability to manage the affairs of our Company and the same cannot be quantified.

36. ***Our Company’s registered office is not registered under The Bombay Shops and Establishment Act, 1948.***

The registered office of Our Company is not registered under The Bombay Shops and Establishment Act, 1948. Our Company may be subject to action or penalties as prescribed under the above act which may adversely affect our reputation, business and financial position.

37. ***Our company (a) has applied for approvals , but not yet been obtained from Government / Statutory authority and (b) is yet to make applications seeking approvals from Government/ Statutory Authority, in respect of some our ongoing and planned project.***

Our company (a) has applied for approvals, but not yet been obtained from Government / Statutory authority and (b) is yet to make applications seeking approvals from Government/ Statutory Authority in respect of some our ongoing and planned project. The details of pending approval where applications have been made and permission and approval yet to be applied are as under :-

a. Pending Approvals where applications are already made

On-going project:

Project Name	Description of Approval	Authority	Date of Application
Arihant Adita	Environment clearance	Secretariat of State Level Expert Appraisal Committee (SEAC), SEIAA, Environment Department, Rajasthan.	09/09/2011

Planned/ Upcoming projects:

Project Name	Description of Approval	Authority	Date of Application
Arihant Akanksha	Non Agricultural	Collector Raigad	Acknowledgement Token No. 3987 dated 28/02/2011
	Environmental clearance	SEAC, Environment Department, Mumbai	25/10/2010
Arihant Anmol	Non-Agricultural	Badlapur Municipal Corporation	07/10/2011
Arihant Aaroohi	Approval of Plans	Thane Municipal Corporation	02/01/2012 bearing no. 46573
Arihant Ayati	Approval of Plans	Jodhpur Nagar Nigam	18/11/2010

b. Permissions/approvals yet to be applied

Planned/ Upcoming projects:

Name of Project	Description of Approval
Arihant Aaroohi	Non Agricultural (to be made after the plans are approved)

For further details please refer chapter titled “Government and Other Approvals” on page no. 172 of the Letter of Offer.

If we fail to obtain any of the aforesaid licenses, approvals and permissions, our ability to carry on business may be affected and our Company and our officials may be subject to fines and penalties under the relevant laws. Consequently our turnover and profitability may be adversely affected.

RISKS ASSOCIATED WITH OBJECTS OF THE ISSUE

38. *The funding requirements of our Company and the deployment of Net Proceeds are based on management estimates and have not been independently appraised by any bank, financial institution or any other independent third party institution and may be revised from time to time.*

We intend to use the Net Proceeds as described in the chapter “Objects of the Issue” on page 23. The funding requirements of our Company and the deployment of the Net Proceeds are based on internal management estimates and have not been appraised by any bank, financial institution or the Lead Manager to the Issue or other independent institution. There can be no assurance that the actual costs incurred will not vary from certain estimated parameters. Further, pending utilization of the Issue proceeds as described in the Letter of Offer, our Company intends to temporarily invest the funds in interest bearing liquid instruments, including deposits with banks and investments in money market mutual funds and other financial products and investment grade interest bearing securities. Such investments would be in accordance with the investment policies or investment limits approved by the Board of Directors from time to time. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may also change. Further, as the Issue size is less than ₹ 500 Crore, there is no requirement for the appointment of a monitoring agency. The audit committee of the Board of Directors shall monitor the utilization of the Net Proceeds, which shall not be subject to any monitoring by any independent agency.

39. *We are yet to receive final approval from JDA for the construction and development activities on the Residual Land available to us under Real Estate Project awarded by JDA on Built-Up Area Sharing Basis. Any delay in obtaining the final approval could adversely affect our growth plans and profitability.*

Our Company was awarded with Real Estate Project on Built-Up Area Sharing Basis by JDA at Jodhpur. Under the terms of the project, JDA has agreed to award our Company land admeasuring 1,33,061 square meters at free of cost and our Company has agreed to construct and develop 1350 EWS & LIG flats on land area of 33,461.26 square meters for JDA at free of cost. Hence, under the project our Company will be authorized to use the remaining land of 99,599.74 square meters (*Residual Land*) for its own business purpose subject to the prevailing law of town ship

policy and provision of Affordable Housing Policy, 2009. However, the project shall be considered eligible/successful/cleared only after construction and development and handing over of at least 50% of 1350 EWS & LIG flats (i.e 675 EWS & LIG Flats) to JDA. Further, we can commence construction, development and marketing activities on the Residual Land for our commercial purpose only subsequent to final approval from JDA. The construction and development of the first 50% EWS & LIG flats is planned to be funded through the Net Proceeds of the Issue and internal accruals. For further details, please refer to the chapter titled “Objects of the Issue” on page 23 of the Letter of Offer. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue Proceeds may delay in obtaining the final approval from JDA. Any delay in obtaining the final approval may further delay in commencement of construction/development activities in the Residual Land which may adversely affect our growth plans and profitability.

40. *We may be subjected to loss or penalty for delay in completion of Real Estate Project awarded by JDA at Jodhpur on Built-Up Area Sharing Basis.*

Our Company was awarded with Real Estate Project on Built-Up Area Sharing Basis by JDA at Jodhpur. Under the terms of the project, JDA has agreed to award our Company land admeasuring 1,33,061 square meters at free of cost and our Company has agreed to construct and develop 1350 flats on land area of 33,461.26 square meters for JDA at free of cost. As per the terms of the project the construction and development of 1350 flats shall have to be completed by our Company within period of 3 years after 15 days of PAMC approval. Our Company has received PAMC approval and commenced the construction activities. As per the terms of project, in case we complete the project, without any extension, an extra 0.50 FSI, would be given to our Company as an incentives which would be over and above available FAR under the project. Further, as per the stated terms of bid documents, the project could be extended by further six months without any penalty and beyond 6 months, the extension would be considered on the payment of penalty @ 0.50% of project cost for every month or part thereof. [The project cost under the bid document is defined as “@ ₹ 750/- per Sq.ft of (Super Built Up Area)”. The construction and development of first 50% EWS & LIG flats (i.e 675 EWS & LIG flats) is proposed to be financed through the Net Proceeds of the Issue and Internal accrual and schedule to be completed by the financial year 2012-13. For details, please refer to the chapter titled “Objects of the Issue” on page 25 of the LOF. Further we have not estimated the cost and funding plans for balance 50 % of EWS & LIG flats under the project. In case we fail to complete the above project in the scheduled time or fail to receive any extension from relevant authorities, we may be subject to loss and/or penalty which could adversely affect financial and profitability of our Company.

41. *Our Company is subject to certain terms and conditions imposed under the agreement entered for Real Estate Project at awarded by JDA on Built-Up Area Sharing Basis.*

Our Company was awarded with Real Estate Project on Built-Up Area Sharing Basis by JDA at Jodhpur and pursuant to which we have entered an agreement with JDA on January 10, 2011. We are subject to certain obligations under the agreement which *inter-alia* includes

- (a) The construction of the EWS & LIG flats shall be in conformity with minimum specification given under Affordable Housing Policy.
- (b) To carry out necessary control tests including setting up of testing laboratory.
- (c) To maintain the records in the format prescribed by JDA at site and to keep them open for inspection to JDA/agency.
- (d) During the execution of the project, no change in specification or drawing can be made without consent of all the parties.
- (e) Production of structural certificate from a structural consultant for building -constructed and/or to satisfaction level of the inspection agency before handing over the complete scheme.
- (f) After handing over the flats to JDA, if there is any major structural collapsing of mass plaster of any sanitary/sewer, pipe line, burning of transformers or any other major defect as observed, our company will be liable for removing defects. If the defects are not removed, the cost of the same will be recovered from our Company.
- (g) Restriction on utilization of free land available to us for commercial development. The commercial development to the tune of only 10% of total land area is allowed.

For further details, on the material terms and conditions on the said agreement, please refer to the chapter titled “History and Other Corporate Information” on Page 68 of the LOF. In case we fail to fulfill or comply with one or more conditions, we may be subject to penalty or there may be delay in the implementation of the project which would adversely affect our reputation, or growth plans and profitability.

RISKS ASSOCIATED WITH THE EQUITY SHARES AND THIS ISSUE

42. *Any future issuance of equity shares by us may dilute your shareholding and adversely affect the trading price of the Equity Shares.*

Any future issuance of equity shares by us including in a primary offering or pursuant to a preferential allotment may dilute your shareholding in the Company, adversely affect the trading price of our equity shares and could impact our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally, the disposal of Equity Shares by any of our major shareholders, any future issuance of equity shares by us or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue equity shares or that such shareholders will not dispose of, pledge or encumber their equity shares in the future.

43. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.*

The Companies Act and related regulations, the Articles and the Listing Agreement govern the corporate affairs of the Company. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

44. *Any trading closures at BSE may adversely affect the trading price of our equity shares.*

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced problems, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the equity shares, in both domestic and international markets. A closure of, or trading stoppage on, BSE could adversely affect the trading price of the equity shares of the Company. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the equity shares of the Company could be adversely affected. A closure of, or trading stoppage on BSE could adversely affect the trading price of the equity shares. Historical trading prices, therefore, may not be indicative of the prices at which the equity shares will trade in the future.

45. *There are restrictions on daily movements in the price of the equity shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell equity shares at a particular point in time.*

We are subject to a daily circuit breaker imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the equity shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the equity shares. The BSE halted trading due to the index-based market-wide circuit breaker on May 18, 2009 after the index crossed the threshold of such circuit breaker. A closure of, or trading stoppage on BSE could adversely affect the trading price of the equity shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price

of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

- 46. *The Company cannot warrant that its securities will continue to be listed on the Stock Exchange.***
Pursuant to the listing of the Company's securities on the Stock Exchange, the Company shall be required to comply with certain regulations and/or guidelines as prescribed by SEBI and the Stock Exchange. However, in the event that the Company fails to comply with any of the aforesaid regulations and/or guidelines, the Company cannot warrant that its securities will continue to be listed on the Stock Exchange.
- 47. *Foreign investors are subject to certain restrictions under Indian law in relation to transfer of their Shareholding that may limit our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***
Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under any of the relevant exceptions referred to above, then the prior approval of the RBI may be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other governmental agency in India can be obtained on any particular terms, or at all.
- 48. *There may be less information available on the Company in Indian securities markets than in securities markets in developed countries.***
There is a difference between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the European Union, the United States and other developed economies. SEBI is responsible for approving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in developed economies. Consequently, an investment in an Indian company, such as the Company, may be riskier than an investment in a European or American company if investors assume that Indian markets are subject to the same level of regulation and make available the same level of information as Western markets.
- 49. *A third party could be prevented from acquiring control of the Company because of the takeover regulations under Indian law.***
Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. These provisions may discourage or prevent a third party from attempting to take control of the Company, even if a change in control would result in the purchase of the Equity Shares at a premium to the market price or would otherwise be beneficial to the holders of the Equity Shares. Investors must seek advice on the takeover regulations before undertaking any decision in this regard.
- 50. *Volatile conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.***
The Indian securities markets are smaller and can be more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities and the price of the Company's shares has also been volatile. Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment. Similar problems could happen in the future and, if they do, they could affect the market price and liquidity of the Company's Equity Shares.

51. ***Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have a material adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.

52. ***The Equity Shares may not be listed on BSE in a timely manner, or at all.***

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on BSE. Any failure or delay in obtaining the approval would restrict an investor's ability to dispose of its Equity Shares.

EXTERNAL RISK FACTORS

53. ***We may require real estate financing, which may not be available to us on commercially viable terms, or at all.***

Our business is cyclical and highly capital intensive, requiring substantial capital to develop and market our projects. We expect that we will require additional funding to meet our capital expenditure needs, which could result in incurrence of indebtedness and leverage and therefore, borrowing costs and require us to comply with certain restrictive covenants. Our ability to obtain financing on favourable commercial terms, if at all, will depend on a number of factors, including:

- our future financial condition, results of operations and cash flows;
- the amount and terms of any existing indebtedness;
- general market conditions and market conditions for financing activities by real estate companies; and
- economic, political and other conditions in India and, in particular, Mumbai.

Challenging conditions such as the recent global financial conditions, including continued disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions, may significantly diminish the availability of credit to us and our customers. This may require us to delay or abandon some or all of our planned projects, reduce planned expenditures and advances to obtain land or development rights, and reduce the scale of our operations, and may adversely affect the sales of, and market rates for, our projects, and, consequently, our profitability. In addition, Indian regulations on foreign investment in housing, built-up infrastructure and construction and development projects impose significant restrictions, which may impact the availability of financing for our operations. Further, under current Indian regulations except for certain limited purposes, external commercial borrowings cannot be raised for investment in real estate, which may further restrict our ability to obtain necessary financing. In the event we are not able to raise additional financing on favourable terms, or at all, our planned capital expenditure, business, results of operations and prospects could be adversely affected.

54. ***Tax benefits available to our customers may be withdrawn.***

Various tax benefits under the Income Tax Act, 1961 (the "I.T. Act") are available to purchasers of residential premises who have obtained loans from banks or other financial institutions. A change in the law, including the proposed migration to the direct tax code, or in the interpretation of the law may result in the discontinuation or withdrawal of these tax benefits, which could adversely affect the ability or willingness of our customers to purchase our residential projects and therefore, affect our financial condition and results of operations.

55. ***Our business and growth plan could be adversely affected by the incidence and rate of property taxes and stamp duties, service and other value added taxes.***

As a property owning and development company, we are subject to the property tax regimes in jurisdictions in which we operate. Stamp duty is payable for the agreements entered into in respect of the properties we buy and sell. These

taxes could increase in the future, and new types of property taxes, stamp duties and service and other value added taxes, such as the proposed goods and services tax legislation, may be introduced which may increase our overall costs. If these property taxes, stamp duties and service or other value added taxes were to increase, our acquisition costs and sale values may be affected, resulting in a reduction of our profitability. Any such changes in the incidence or rates of property taxes or stamp duties or service and other value added taxes could have an adverse affect on our financial condition and results of operations.

56. *Changes in interest rates in India could adversely affect our business and the market for our real estate developments.*

Our results of operations, and the purchasing power of our real estate customers, are substantially affected by prevailing interest rates and the availability of credit in the Indian economy. Our ability to borrow funds for the development of our real estate projects is affected in part by the prevailing interest rates available to us from leading Indian banks. Changes in prevailing interest rates affect our interest expense in respect of our borrowings, and our interest income in respect of our interest on short-term deposits with banks and loans to associates. Significantly, the interest rate at which we may borrow funds, and the availability of capital to us for development purposes, affects our results of operations by limiting or facilitating the number of projects we may undertake and determining the return which we must obtain from each project to meet our obligations under our borrowings. Changes in interest rates also affect the ability and willingness of our prospective real estate customers, particularly the customers for our residential properties, to obtain financing for their purchases of our completed developments. The interest rate at which our real estate customers may borrow funds for the purchase of our properties affects the affordability and purchasing power of, and hence the demand for, our real estate developments. There can be no assurance that variations in interest rates and interest rate policy by the RBI will not adversely affect our financial condition and results of operations.

57. *Our business is subject to extensive regulation, including various environmental laws and regulations, which may become more stringent in the future.*

The real estate sector in India is heavily regulated by the central, state and local governments. Real estate developers are therefore required to comply with various Indian laws and regulations, including policies and procedures established and implemented by local authorities. Regulatory authorities may allege that we are not in compliance with applicable laws and regulations and may subject us to regulatory action including penalties, seizure of land and other civil or criminal proceedings. We may also not be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the real estate sector, which may cause a delay in the implementation of our projects. For more information, please see the sections titled “Key Regulations and Policies” on page 56 and “Government and Other Approvals” on page 170. In particular, we are subject to various national and local laws and regulations relating to the protection of the environment. These may require us to investigate and clean-up hazardous or toxic substances and materials at a property and be liable for the costs of removal or remediation of such substances and materials. Such liability may be imposed irrespective of whether we knew of, or were responsible for, any environmental damage or pollution or the presence of such substances and materials. The cost of investigation, remediation or removal of these substances and materials may be substantial. Environmental laws may also impose compliance obligations on owners and operators of real property with respect to the management of hazardous materials and other regulated substances. Failure to comply with these laws can result in penalties or other sanctions and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. Environmental reports that we may request a third party to prepare with respect to any of our properties may not reveal all environmental liabilities or material environmental conditions. Material environmental conditions, liabilities or compliance concerns may also arise after a review has been completed or may arise in the future. In addition, future laws, ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional environmental liability. We may therefore be subject to costs, liabilities or penalties relating to environmental matters which could materially and adversely affect our business, financial condition and results of operations.

58. *We face significant risks before we realize any income from our real estate developments because of the length of time required for completion of each project.*

Real estate developments typically require substantial capital outlay during the acquisition of land or development rights and/or construction phases and it may take a year or more before income or positive cash flows may be generated through sales of a real estate development. Depending on the size of the development, the time span for completing a real estate development runs into several years. Consequently, changes in the business environment

during the length of time a project required for completion may affect the revenue and cost of the development during the period from project commencement to completion, directly impacting on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lackluster sales or leasing of properties. The sales and the value of a real estate development project may be adversely affected by a number of factors, including but not limited to the national, state and local business climate and regulatory environment, local real estate market conditions, perceptions of property buyers and tenants in terms of the convenience and attractiveness of the project and competition from other available or prospective properties developments.

If any of the risks described above materializes, our returns on investment may be delayed and/or lower than originally expected by us and our financial performance may be adversely affected.

59. *Our operations are sensitive to weather conditions.*

Construction activity is materially and adversely affected by severe weather. Severe weather conditions may require us to evacuate personnel or curtail services or may result in damage to a portion of our fleet of equipment or to our facilities, resulting in the suspension of operations, and may further prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions due to extremely high temperatures during summer months and due to heavy rains in monsoon, which restrict our ability to carry on construction activities and fully utilize our resources, hold-up in work execution of the projects due to adverse weather conditions which could impact our financial performance.

60. *Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business.*

India's sovereign debt rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

61. *Political instability and a significant change in the Government of India's economic liberalization and deregulation policies could disrupt our business and cause the price of our Equity Shares to go down.*

Our assets and customers are located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. The Government's economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including our equity shares. We cannot control or predict the future course of the Government of India's policies. Any significant change in the Government's policies or political instability could adversely affect business and economic conditions in India and also adversely affect Company's business and financial performance. The extent and reliability of Indian infrastructure could adversely impact our results of operations and financial condition. India's physical infrastructure is less developed than that of many developed nations and problems with our port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have a material adverse effect on our results of operations and financial condition.

60. *The Government may exercise rights of eminent domain in respect of our lands.*

We are subject to the risk that Central or State Governments in India may exercise their rights of eminent domain, or compulsory purchase in respect of our land. The Land Acquisition Act, 1894 allows the Central and State Governments to exercise rights of eminent domain or, compulsory purchase, which, if used in respect of our land, could require us to relinquish land with minimal compensation. The likelihood of such actions may increase as the Central and State Governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our Ongoing or Planned projects could adversely affect our business.

Prominent Notes:

1. Issue of 1,37,19,997 fully paid up Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 12/- including share premium of ₹ 2 per Equity Shares aggregating ₹ 1646.40 lacs to the existing Equity Shareholders of our Company on rights basis in the ratio of ONE fully paid up equity share for every TWO fully paid up Equity Shares held by the Equity Shareholders on the Record Date i.e. Wednesday, May 02, 2012.
2. The standalone net worth of our Company is ₹ 4256.16 Lacs as on December 31, 2011. The consolidated net worth of our Company is ₹ 3927. 24 Lacs as on December 31, 2011. For further details please refer to the chapter titled “Financial Statements” on page 117 and 139;
3. The net asset value per equity share as of December 31, 2011 is ₹ 14.31 as per our restated consolidated financial statements.
4. Except as disclosed in the sections/chapter titled “Capital Structure”, “Our Promoters and Promoter Group” or “Our Management” and “Related Party Transactions” beginning on page no. 19, 91, 78, 79, 105,124 and 148 respectively, none of our Promoters, our directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held, if any, by them or their relatives and associates or held by our companies, firms and trusts in which they are interested as directors, members, partners or trustees and to the extent of the benefits arising out of such shareholding.
5. There have been no financing arrangements whereby the Promoter Group, the Promoter of our Company, the Directors of our Company and their relatives have financed the purchase by any other person of Equity Shares of our Company during the period of six months immediately preceding the date of filing of the Letter of Offer with SEBI.
6. Our Company was originally incorporated as Shaktiman Mercantile Company Limited on March 26, 1983 under the Companies Act, 1956. The name of our Company was changed to Shaktiman Constructions Limited on August 21, 2007 and was further changed to Arihant Superstructures Limited consequent to a special resolution passed by the members at its Extra-Ordinary General Meeting held on August 10, 2009. Our Company received a fresh certificate of incorporation on August 26, 2009. The said change of the name of our Company was intended to avail the benefit of the “Arihant brand” its goodwill in the real estate sector and to establish affiliation with Arihant Group.
7. For details of transactions in the securities of our Company by our Promoter and Promoter group in the last six months, refer to the chapter titled “Capital Structure” on page no 19 of this Letter of Offer;
8. Trading in the Rights Equity Shares of our Company for all Investors shall be in dematerialized form only. For further details, see the section titled “Terms and Procedure of the Issue” beginning on page no. 198 of this Letter of Offer;
9. Before making any investment decision in this Issue, Investors are advised to refer to the section titled “Basis for Issue Price” beginning on page no. 27 of this Letter of Offer;
10. Any clarification or information relating to the Issue shall be made available by the Lead Manager and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever;
11. Investors may contact our Compliance Officer or the Lead Manager for any complaints pertaining to this Issue;
12. The Lead Manager and our Company shall keep the shareholders / public informed of any material changes till the listing and trading commences as per the terms of the listing agreement and the SEBI (ICDR) Regulations, 2009.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information in this chapter is derived from various government publications, industry sources and other public sources. The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect and, accordingly, investment decisions should not be based on such information.

GLOBAL ECONOMIC OVERVIEW

Global growth prospects appear to be declining, even though recovery has not stalled. There have been significant downward revisions in growth projections for the advanced economies. Risks to global growth have amplified with business and consumer confidence dampening on the back of the deepening sovereign debt crisis in Europe. In its World Economic Outlook of September 2011, the International Monetary Fund (IMF) significantly lowered its global growth forecast by 0.3 percentage points for 2011 and 0.5 percentage points for 2012. The world economy is still expected to grow at 4.0 per cent in both these years. The cuts in growth projections were deeper for advanced economies (AEs), but were also pervasive among emerging and developing economies (EDEs).

[Source: Macroeconomic and Monetary Developments Second Quarter Review 2011-12, Reserve Bank of India, Mumbai]

Indian Economy Overview

India, with a Gross Domestic Product (GDP) of ₹ 48,778 billion at the end of financial year 2011, is the fifth-largest economy in the world after USA, China, Japan and the European Union (*Source: CIA Factbook*). Barring financial year 2009, the economy has registered a growth of 8% and above during the period from financial year 2006 to financial year 2011.

YoY Growth (%)	2006	2007	2008	2009	2010	2011
GDP	9.5	9.6	9.3	6.8	8.0	8.5
Agriculture	5.1	4.2	5.8	-0.1	0.4	6.6
Industry	9.7	12.2	9.7	4.4	8.0	7.9
Services	11.0	10.1	10.3	10.1	10.1	9.4

Source: Reserve Bank of India

at factor cost (2004-05 prices)

A. THE INDIAN REAL ESTATE SECTOR

The Indian real estate sector plays a significant role in the country's economy. The real estate sector in India is second only to agriculture in terms of employment generation and contributes significantly towards the GDP. Moreover, the real estate sector is also responsible for the development of over 250 ancillary industries such as cement, steel, paints, etc. The Indian real estate industry is expected to be valued at US\$ 180 billion by 2020.

According to the latest data given by the Department of Industrial Policy and Promotion (DIPP), Foreign direct investment (FDI) into India in the real estate sector during 2010 – 2011 was around US\$ 1.12 billion approximately and during April-September 2011-12, the Indian real estate and housing sectors received US\$ 453 million in foreign direct investment (FDI), (*Source: India Brand Equity Foundation, www.ibef.org*) Housing and real estate sector including Cineplex, multiplex, integrated townships and commercial complexes etc, attracted a cumulative foreign direct investment (FDI) worth US\$ 10,682.69 million from April 2000 to July 2011 (*Source: Overseas Indian Facilitation Centre, www.oifc.in*)

Further, the industry also witnessed growth in private equity (PE) investments as well. In the current calendar year so far (November 13, 2011), total investment from PEs was around US\$ 741 million. (*Source: <http://www.oifc.in>*)

For further details please refer to the chapter titled “Industry Overview” on page 35 of the Letter of Offer.

SUMMARY OF OUR BUSINESS

We are one of the real estate and road infrastructure development and construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra and Jodhpur in Rajasthan.

Our Company was promoted by Mr. Harshad Patel, Mr. Suresh Kumar Jajodia, Mr. Tilokchand Kothari, Mr. Shyamal Ghosh, Mr. Taposh Kumar Basu, Mr. Asitabha Ghoshal and Mr. Pawan Kumar Agarwal in the year 1983 with object to carry on the business of commodity trading. Our Company came out with its initial public issue in the year March 1984 and was listed with BSE. In the year 1986, the change in controlling interest took place and our Company was taken over by Mr. Vikram Somani, Suresh Tapuria and their family members. Subsequently, in December 2005, our Company was taken over by Mr. Rajesh Shankarlal Kakani and Mrs. Rachana Rajesh Kakani. Subsequent to the takeover, the object clause of our Company was amended, to commence the business of construction and infrastructure projects. Further in the FY 2009, the existing Promoters had taken over the controlling interest in our Company by acquiring shares under share purchase agreement and by making open offer under regulations 10 and 12 of then prevailing Takeover Code. Subsequently, with view to undertake real estate development and allied activities, the objects clause of our Company was altered.

Our Company planned and launched the first real estate development project at Koproli, New Panvel named “Arihant Arham”. Subsequently our Company launched another project named “Arihant Abhilasha” at Navi Mumbai. In the FY 2011, our Company has taken steps for increasing its *pan-India* presence and in this connection our Company has launched residential projects viz “Arihant Adita and Arihant Ayati in the Jodhpur city of Rajasthan. With view to strengthen our presence in real estate sector, we have acquired 60% stake in Arihant Abode Limited, Arihant Vatika Realty Private Limited and Arihant Gruhnirman Private Limited and 100% stake in Adeshwar Realty Private Limited. We, along with our subsidiaries currently have 4 ongoing and 4 projects under planning stage, through which we expect to provide a total Developable/Saleable Area of approximately 63,67,890 square feet. We also have 5% stake in “Arihant Aksh Realty LLP– LLPIN-AAA0055, a Limited Liability Partnership, formed to carry on the business of constructions, real estate development, etc. Besides the above projects, we have also awarded a real estate project by JDA on Built up Sharing Area Basis. Along with the real estate development business, we have also ventured into the development of infrastructure projects and completed 3 projects of road construction.

Our consolidated total income and consolidated net profit after tax as restated were ₹11190.68 Lacs and ₹ 737.78 lacs for the year ended March 31, 2011, ₹ 2792.08 Lacs and ₹ 131.25 Lacs for the year ended March 31, 2010 and standalone income and standalone net profit after tax as restated were ₹ 7.78 Lacs and ₹ 4.38 Lacs for the year ended March 31, 2009.

For further details please refer to the chapter titled “Our Business” on page 41 of the Letter of Offer.

SUMMARY STATEMENT OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the restated consolidated financial statements of our Company for each of the Fiscal Year ended 2010, 2011 and for the nine month ended December 31, 2011 and the restated standalone financial statements of the Company for each of the Fiscals 2007, 2008, 2009, 2010, 2011 and for the nine months ended, including the notes thereto, prepared in accordance with Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations, as described in the Statutory Auditors' report included in this Letter of Offer. The summary financial information of our Company presented below, is in ₹ lacs and should be read in conjunction with the respective financial statements and the notes (including the significant accounting policies) thereto included in chapter titled "Financial Statements" beginning on page 106 and the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 156 of this Letter of Offer.

[A] RESTATED CONSOLIDATED FINANCIAL STATEMENT

Consolidated Statement of Assets and Liabilities – Restated

(Amount in ₹ lacs)

Particulars	As At		
	March 31, 2010	March 31, 2011	December 31, 2011
A FIXED ASSETS			
Gross Block	55.07	282.21	302.10
Less: Depreciation	2.60	18.68	40.50
Net Block	52.47	263.52	261.59
Less: Revaluation Reserve	-	-	-
Net Block after adjustment for Revaluation Reserve	52.47	263.52	261.59
Capital Work in Progress	-	-	-
Total (A)	52.47	263.52	261.59
B INVESTMENT (B)	0.10	210.21	362.53
C CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	1,416.88	2,175.54	2,846.41
Sundry Debtors	11.61	523.12	17.68
Cash Balance	7.62	19.36	29.82
Bank Balances	121.51	40.55	57.07
Loans and Advances	4,784.19	8689.96	11,583.79
Total (C)	6,341.81	11448.54	14,534.77
D LIABILITIES AND PROVISIONS			
Secured Loans	24.50	883.67	866.26
Unsecured Loans	48.14	3,789.50	6,782.33
Current Liabilities	4,646.53	3,254.26	2,850.07
Provisions	155.52	509.09	712.88
Deferred Tax Liabilities	1.12	11.81	16.02
Minority Interest	2.52	3.21	4.08
Total (D)	4,878.32	8,451.54	11,231.65
NET WORTH (A+B+C-D)	1,516.06	3470.73	3,927.24
REPRESENTED BY			
A Share Capital	1,494.00	2,744.00	2,744.00
Share Application Money	-	-	-
Reserve & Surplus			
~ Securities Premium	-	250.00	250.00
~ General Reserve	-	-	-
~ Profit & Loss A/c	46.99	529.97	975.79

Particulars	As At		
	March 31, 2010	March 31, 2011	December 31, 2011
~ Capital Reserve	0.17	0.19	0.19
Less : Revaluation Reserve	-	-	-
B NET RESERVE & SURPLUS (Net of Revaluation Reserve)	47.16	780.16	1,225.97
C Miscellaneous Expenditure	25.11	53.43	42.73
NET WORTH (A+B-C)	1,516.06	3470.73	3,927.24

Consolidated Statement of Profit and Loss Account – Restated

(Amount in ₹ lacs)

Particulars	For the Year Ended		For the Nine Months Ended
	March 31, 2010	March 31, 2011	December 31, 2011
INCOME			
Construction & Real estate operations			
Project Sale	-	6377.61	3589.92
Contract Income	1,345.56	3,642.58	-
Trading Sale	-	136.91	801.71
Increase / (Decrease) in WIP and Stock	1,416.88	758.67	670.87
Operational Income	2,762.44	10,915.77	5,062.50
Other Income	29.64	274.91	174.84
Total Income	2,792.08	11,190.68	5,237.34
EXPENDITURE			
Project Cost	1,065.19	4,712.53	3,452.19
Contract Expenses	1,227.96	3,551.34	-
Trading Purchase	-	844.50	45.00
Staff Expenses	77.03	149.60	139.11
Administrative Expenses	51.45	321.71	256.06
Selling & Distribution Expenses	45.30	311.63	172.57
Directors Remuneration	3.60	13.80	30.75
Misc. and Deferred Revenue Exp. W/off	6.37	14.99	11.21
Total Expenditures	2,476.90	9,920.10	4,106.89
Profit before Interest, Depreciation, Ammortisation and Tax	315.18	1270.58	1,130.45
Less: Depreciation & Amortisation	2.61	15.95	21.90

Particulars	For the Year Ended		For the Nine Months Ended
	March 31, 2010	March 31, 2011	December 31, 2011
Profit before Interest and Tax	312.57	1254.62	1,108.55
Less: Interest	112.89	171.76	357.74
Loss on Sale of Investment / Asset	-	-	-
Net Profit Before tax and extra ordinary Items	199.68	1,082.86	750.82
<u>Less: Provision for Taxation</u>			
<u>Current Tax</u>			
~ Income Tax	68.11	345.10	299.55
~ Fringe Benefit Tax	-	-	-
Tax for Earlier Years	0.32	-	-
Deferred Tax	-	-	-
Net Profit After Tax and before extra ordinary items	131.25	737.77	451.27
Prior Period Adjustment	-	(147.49)	
Extra ordinary Item	-	-	-
Net Profit after Tax after adjusting prior period item and Extra ordinary Item	131.25	590.28	451.27
Minority Interest in Share of Profit and Loss	(0.11)	(0.69)	(0.78)
Transfer to General Reserve	(1.30)	(10.68)	(4.22)
Excess Dividend Provision Written Off	-	0.07	(0.45)
Profit and Loss at the Beginning of the Year	4.55	46.99	529.97
Proposed Dividend & Tax Thereon	(87.40)	(95.99)	
Balance Carried to Balance Sheet	46.99	529.97	975.79

Consolidated Cash Flows Statement - Restated

(Amount in ₹ lacs)

Particulars	For the Year		For the Nine Months Ended
	2009-2010	2010-2011	December 31, 2011
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net Profit / (Loss) Before Tax and Extraordinary Items	199.68	1,082.94	750.82
Adjustments for:			
Depreciation & Amortisation	2.61	15.87	21.90
Interest Income	(15.44)	(253.32)	(130.45)
Less: Depreciation Renewal	-	-	-
(Profit) / Loss from Investments in LLP	-	(10.11)	(0.87)
Miscellaneous expenses written off	6.37	14.99	11.21

Particulars	For the Year		For the Nine Months Ended
	2009-2010	2010-2011	December 31, 2011
Operating Profits before Working Capital Changes	193.22	850.37	652.61
Adjustments For:			
(Increase) / Decrease in Inventories	(1,416.88)	(758.66)	(670.87)
(Increase) / Decrease Trade & Other Receivables	(4,696.67)	(5993.52)	(2,157.50)
Increase / (Decrease) Trade and other Payable	4,636.70	(1,392.54)	(405.07)
Cash Generated From Operations	(1,283.63)	(7,294.35)	(2,580.82)
Income Tax (Paid) / Refund	(57.33)	(250.00)	(231.74)
Interest Paid	-	-	-
Cash Flow Before Extraordinary Items	(1,340.96)	(7,544.35)	(2,812.56)
Extraordinary items (Prior Year Adjustments)	-	-	-
Net Cash From Operating Activities (A)	(1,340.96)	(7,544.35)	(2,812.56)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Capital Work in Progress	-	-	-
Sale / (Purchase) of Fixed Assets	(55.07)	(226.72)	(19.89)
Sale / (Purchase) of Investment	(3.70)	(211.21)	(152.32)
Interest Income	15.44	253.32	130.45
Profit from Investments in LLP	-	10.11	0.87
Deferred Revenue Expenditure	-	-	-
Net Cash From Investing Activities (B)	(43.34)	(174.49)	(40.89)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Proceeds from Issue of Share Capital / Share Premium	1474.10	1499.99	-
Net Proceeds / (Repayments) of Loans	51.56	6,278.55	2,975.42
Share Issue Expenses/Preliminary Expense	(30.96)	(43.26)	-
Dividend including Dividend tax	(1.46)	(87.32)	(95.99)
Net Cash from Financing Activities (c)	1,493.24	7,647.96	2,879.43
Net Increase in Cash and Cash Equivalents (A+B+C)	108.94	(70.88)	25.98
Cash and Cash Equivalents at beginning of the year	20.19	129.13	59.91
Cash and Cash Equivalents at the begning of the year for subsidiary acquired during the year	-	1.66	1.00
Less : Transferred to resulting Co. on account of Demerger	-	-	-
Cash and Cash Equivalents at end of the Year	129.13	59.91	86.89

RESTATED STANDALONE FINANCIAL STATEMENTS

Statement of Assets and Liabilities – Restated

(Amount in ₹ Lacs)

		As At					
Particulars		March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
A	FIXED ASSETS						
	Gross Block	-	-	-	54.09	262.72	282.69
	Less: Depreciation	-	-	-	2.60	17.56	38.57
	Net Block	-	-	-	51.49	245.16	244.12
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	-	-	-	51.49	245.16	244.12
	Capital Work in Progress	-	-	-	-	-	-
	Total (A)	-	-	-	51.49	245.16	244.12
B	INVESTMENT (B)	-	-	-	3.70	214.91	216.38
C	CURRENT ASSETS, LOANS AND ADVANCES						
	Inventories	-	-	-	1,416.88	1,772.39	2,178.26
	Sundry Debtors	4.95	13.45	9.36	9.36	523.12	17.68
	Cash Balance	0.01	0.94	13.03	6.55	12.50	15.76
	Bank Balances	2.06	5.07	4.92	22.73	25.09	49.84
	Loans and Advances	6.56	7.76	13.33	2,258.44	6,806.60	8,999.09
	Total (C)	13.58	27.22	40.64	3,713.96	9,139.70	11,260.63
D	LIABILITIES AND PROVISIONS						
	Secured Loans	-	-	-	24.50	883.67	866.26
	Unsecured Loans	0.17	-	-	-	1391.76	3,303.23
	Current Liabilities	4.28	0.92	9.56	2,071.69	3186.17	2,567.48
	Provisions	1.48	0.03	1.85	155.40	508.99	712.55
	Deferred Tax Liabilities	-	-	-	1.12	11.30	15.45
	Total (D)	5.93	0.95	11.41	2,252.71	5981.89	7,464.97
	NET WORTH (A+B+C-D)	7.65	26.27	29.23	1516.44	3,617.88	4,256.16
	REPRESENTED BY						
A	Share Capital	24.90	24.90	24.90	1,494.00	2,744.00	2,744.00
	Share Application Money	-	-	-	-	-	-
	Reserve & Surplus						
	~ Securities Premium	-	-	-	-	250.00	250.00
	~ General Reserve	-	-	-	-	-	-
	~ Prorit & Loss A/c	(17.25)	1.59	4.53	46.99	676.91	1,304.10
	Less : Revaluation Reserve	-	-	-	-	-	-
B	NET RESERVE & SURPLUS (Net of Revaluation Reserve)	(17.25)	1.59	4.53	46.99	926.91	1,554.10
C	Miscellaneous Expenditure	-	0.22	0.20	24.55	53.03	41.94
	NET WORTH (A+B-C)	7.65	26.27	29.23	1516.44	3,617.88	4,256.16

Statement of Profit and Loss Account - Restated

(Amount in ₹ in Lacs)

	For the Year Ended					For the Nine Months Ended
Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
INCOME						
Construction & Real estate operations						
Project Sale	-	-	-	-	6,377.62	3,589.92
Contract Income	-	713.47	-	1274.13	3,642.58	-
Trading Sale	139.43	518.34	-	-	136.91	801.71
Increase / (Decrease) in WIP and stock	-	-	-	1,416.88	355.51	405.88
Operational Income	139.43	1,231.81	-	2691.01	10512.61	4,797.51
Other Income	-	0.12	7.78	15.46	264.66	355.28
Total Income	139.43	1,231.93	7.78	2706.47	10777.28	5,152.79
EXPENDITURE						
Project Cost	-	681.73	-	1,018.43	4433.24	3,221.28
Contract Expenses	-	-	-	1,227.96	3,551.34	-
Trading Purchase	135.75	518.36	-	-	844.50	45.00
Staff Expense	0.16	2.79	0.17	71.40	143.74	131.16
Administrative Expenses	0.71	2.22	1.43	40.34	204.33	231.94
Selling & Distribution Expenses	0.05	-	0.66	42.96	303.82	171.48
Directors Remuneration	-	-	1.31	3.60	13.80	30.75
Misc. and Deferred Revenue Exp. W/off	-	0.02	0.02	6.21	14.79	11.09
Total Expenditure	136.67	1,205.12	3.59	2410.90	9509.56	3,842.70
Profit before Interest, Depreciation, Amortisation and Tax	2.76	26.81	4.19	295.57	1267.72	1,310.09
Less: Depreciation & Amortisation	-	-	-	2.60	14.96	21.01
Profit before Interest and Tax	2.76	26.81	4.19	292.97	1252.76	1,289.07
Less: Interest	-	-	-	93.67	171.75	357.74
Loss on Sale of Investment / Asset	-	-	-	-	-	-
Net Profit Before tax and extra ordinary Items	2.76	26.81	4.19	199.30	1,081.01	931.33
<u>Less: Provision for Taxation</u>						
<u>Current Tax</u>						
~ Income Tax	1.13	8.29	1.30	68.00	345.00	299.55
~ Fringe Benefit Tax	-	0.03	-	-	-	-
Tax for Earlier Years	-	-	-	0.32	-	-
Net Profit After Tax and before extra ordinary items	1.63	18.49	2.89	130.98	736.01	631.78
Prior Period Adjustment	-	0.35	1.49	-	-	-
Extra ordinary Item	-	-	-	-	-	-

	For the Year Ended					For the Nine Months Ended
Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Net Profit after Tax after adjusting prior period item and Extra ordinary Item	1.63	18.84	4.38	130.98	736.01	631.78
Transfer to General Reserve	-	-	-	(1.12)	(10.17)	(4.15)
Excess Dividend Provision Written Off	-	-	-	-	0.07	(0.45)
Profit and Loss at the Beginning of the Year	(18.88)	(17.25)	1.59	4.53	46.99	676.91
Proposed Dividend & Tax Thereon	-	-	(1.44)	(87.40)	(95.99)	-
Balance Carried to Balance Sheet	(17.25)	1.59	4.53	46.99	676.91	1,304.10

Cash Flows Statement - Restated

(Amount in ₹ Lacs)

	For the Year					For the Nine Months Ended
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>						
Net Profit / (Loss) Before Tax and Extraordinary Items	2.76	26.81	4.19	199.30	1,081.01	931.33
Adjustments for:						
Depreciation & Amortisation	-	-	-	2.60	14.96	21.01
Interest Income	-	(0.12)	-	(15.44)	(246.49)	(312.92)
Less: Depreciation Renewal	-	-	-	-	-	-
(Profit) / Loss from Investments in LLP	-	-	-	-	(10.11)	(0.87)
Miscellaneous expenses written off	-	0.02	0.02	6.21	14.79	11.09
Operating Profits before Working Capital Changes	2.76	26.71	4.21	192.67	854.16	649.65
Adjustments For:						
(Increase) / Decrease in Inventories	-	-	-	(1,416.88)	(355.51)	(405.88)
(Increase) / Decrease Trade & Other Receivables	(5.12)	(9.70)	(1.47)	(2,189.53)	(4,811.92)	(1,456.02)
Increase / (Decrease) Trade and other Payable	4.04	(3.60)	8.88	2,062.14	1,114.48	(618.69)
Cash Generated From Operations	1.68	13.41	11.62	(1,351.60)	(3198.80)	(1,830.93)
Income Tax (Paid) / Refund	-	(9.17)	0.32	(56.29)	(250.00)	(231.49)
Interest Paid	-	-	-	-	-	-
Cash Flow Before		4.24	11.94	(1,407.89)	(3,448.80)	(2,062.42)

	For the Year					For the Nine Months Ended
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Extraordinary Items	1.68					
Extraordinary items (Prior Year Adjustments)	-	-	-	-	-	-
Net Cash From Operating Activities (A)	1.68	4.24	11.94	(1,407.89)	(3,448.80)	(2,062.42)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>						
Capital Work in Progress	-	-	-	-	-	-
Sale / (Purchase) of Fixed Assets	-	-	-	(54.09)	(208.63)	(19.97)
Sale / (Purchase) of Investment	-	-	-	(3.70)	(211.21)	(1.47)
Interest Income	-	0.12	-	15.44	246.49	312.92
Profit from Investments in LLP	-	-	-	-	10.11	0.87
Deferred Revenue Expenditure	-	-	-	-	-	-
Net Cash From Investing Activities (B)	-	0.12	-	(42.35)	(163.24)	292.35
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>						
Proceeds from Issue of Share Capital / Share Premium	-	-	-	1,469.10	1,500.00	-
Net Proceeds / (Repayments) of Loans	0.17	(0.17)	-	24.50	2250.92	1,894.06
Share Issue Expense/ Preliminary Expense	-	(0.25)	-	(30.57)	(43.26)	-
Dividend including Dividend tax	-	-	-	(1.46)	(87.32)	(95.99)
Net Cash from Financing Activities (c)	0.17	(0.42)	-	1,461.57	3,620.34	1,798.07
Net Increase in Cash and Cash Equivalents (A+B+C)	1.85	3.94	11.94	11.33	8.30	28.00
Cash and Cash Equivalents at beginning of the Year	0.22	2.07	6.01	17.95	29.28	37.59
Less : Transferred to resulting Co. on account of Demerger	-	-	-	-	-	-
Cash and Cash Equivalents at end of the Year	2.07	6.01	17.95	29.28	37.59	65.59

THE ISSUE

Pursuant to the resolutions passed by the Board of Directors of our Company at the meeting held on August 11, 2011 and also the resolution passed by the members of the Company by way of Postal Ballot, the result of which was, declared on September 26, 2011, it has been decided to make the offer mentioned below to the Eligible Equity Shareholders of our Company, with a right to renounce.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section titled “Terms and Procedure of the Issue” beginning on page 183 of this Letter of Offer.

Rights Equity Shares proposed to be issued by our Company	1,37,19,997 Rights Equity Shares.
Rights Entitlement for Equity Shares	ONE Rights Equity Share for every TWO Equity Shares held by existing shareholders as on the Record Date.
Record Date	Wednesday, May 02, 2012
Issue Price per Rights Equity Share	₹ 12
Face Value per Rights Equity Share	₹ 10
Equity Shares outstanding prior the Issue	2,74,39,994
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	4,11,59,991
Use of Issue Proceeds	Please refer to the chapter titled “Objects of the Issue” beginning on page no. 23 of this Letter of Offer.
Terms of the Issue	Please refer to the chapter titled “Terms and Procedure of The Issue” on page 183 of this Letter of Offer.

Payment terms

Due Date	Amount
On Rights Issue Application (i.e. along with the CAF)	100% of the Issue Price i.e. ₹. 12 per Equity Share.

GENERAL INFORMATION

The Equity Shares now being issued are subject to the terms and conditions of the Letter of Offer, the enclosed CAF, the Memorandum and Articles of Association, Government and RBI approval, if applicable, the provisions of the Companies Act, 1956, Guidelines issued by SEBI, Listing Agreements with Stock Exchanges where the Equity Shares are proposed to be listed and such other notifications and regulations as may be issued by statutory authorities in this regard from time to time.

Pursuant to the resolution passed by our Board of Directors at their meeting held on August 11, 2011 and also the resolution passed by the members of our Company by way of Postal Ballot, result of which declared on September 26, 2011, it has been decided to make the following offer to the Eligible Equity Shareholders of our Company on rights basis with a right to renounce.

The Rights Issue of 1,37,19,997 fully paid up Equity Shares of face value of ₹10/- each for cash at a price of ₹ 12/- including share premium of ₹ 2 per Equity Shares aggregating ₹ 1646.40 Lacs to the Equity Shareholders of our Company on rights basis in the ratio of ONE fully paid up equity shares for every TWO fully paid up Equity Shares held by the Equity Shareholders on the Record Date i.e. Wednesday, May 02, 2012.

NAME, REGISTERED & CORPORATE OFFICE OF OUR COMPANY

Arihant Superstructures Limited

302, Persipolis Building, Plot No 74,

Sector 17, Vashi,

Navi Mumbai 400 703

Tel: +91 22 41113333;

Fax: +9122 27882946;

E-mail: cs@asl.net.in

Website: www.asl.net.in

Contact Person: Mr. Manoj Kumar Dhariwal

Registration no [CIN]: L51900MH1983PLC029643

ADDRESS OF THE REGISTRAR OF COMPANIES:

Registrar of Companies, Maharashtra

100, Everest

Marine Drive

Mumbai 400002

Maharashtra, India

The existing Equity Shares of our Company are listed on Bombay Stock Exchange Limited (BSE), (Designated Stock Exchange). Our Company has received in-principle approval from BSE *vide* its Letter No. DCS/PREF/NTP/IP-RT/832/2011-12 dated March 5, 2012.

BOARD OF DIRECTORS OF OUR COMPANY

Our Board of Directors as on the date of filing this Letter of Offer with SEBI is as follows:

Sr. No	Name of the Director	Designation	DIN	Nature of Directorship
1	Mr. Ashok Chhajer	CMD	01965094	Promoter & Executive Director
2	Mr. Nimish S Shah	WTD	03036904	Executive & Non Independent Director
3	Mr. Varaprasad Atluri	Director	02262636	Non-Executive & Non Independent Director
4	Mr. Virendra Kumar Mital	Director	00376830	Non-Executive & Independent Director
5	Mr. Dinesh Chandra Babel	Director	03042254	Non-Executive & Independent Director
6	Mr. Vinayak V. Nalavde	Director	02047436	Non-Executive & Independent Director

For more details regarding our Directors, refer to the chapter titled "Our Management" beginning on page no. 75 of this Letter of Offer.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Manoj Kumar Dhariwal

Company Secretary & Compliance Officer

Address:

Arihant Superstructures Limited
302, Persipolis Building, Plot No 74,
Sector 17, Vashi,
Navi Mumbai 400 703

Tel: +91 22 41113333;

Fax: +9122 27882946

E-mail: cs@asl.net.in

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-issue / post-issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

LEAD MANAGER TO THE ISSUE

DALMIA SECURITIES PRIVATE LIMITED

Khetan Bhavan, Room No. 17, 2nd Floor,
198, Jamshedji Tata Road, Mumbai - 400 020.

Tel. No: + 91 22 30272827/10;

Fax No: +91 22 30272820;

Website: -www.dalmiasec.com;

E-mail: asl.group@dalmiasec.com

Investor Grievance Id: grievances@dalmiasec.com

SEBI Registration No: INM 000011476

Contact Person: Ms. Riddhi N Ghelani/ Mr. Krishna Mohta

LEGAL ADVISORS TO THE ISSUE

M/s Iyers Chambers,

Advocates & Consultants,

No. 9, "Sarayu", Gr. Floor,
Plot No. 561/562, 11th Road,
Chembur, Mumbai 400 071

Tel No. +91 22 3267 0505

Email: ganesh@iyerschambers.com

REGISTRAR TO THE ISSUE

Adroit Corporate Services Pvt. Limited

19/20, Jaferbhoy Industrial Estate, 1st Floor
Makwana Road, Marol Naka,
Andheri (East) Mumbai 400 059

Tel: +91 22 42270400/2859 4060

Fax: +91 22 2850 3748

Email: arihant_ri@adroitcorporate.com

Website: www.adroitcorporate.com

Contact Person: Surendra V. Gawade

SEBI Registration No.: INR000002227

AUDITORS OF OUR COMPANY

T. N. Gala & Associates

Chartered Accountants

30, Hazi Habib Bldg,
2nd Floor, Naigaon Cross Road,
Dadar, Mumbai. 400 014

Tel No: +91 22 24114369

Email: tngala@tngala.com

Contact person: Mr. Talak N Gala

BANKERS TO OUR COMPANY

The Federal Bank Limited

Plot No. 51, Apsara Apts.,

Sector – 17,

Vashi, Navi Mumbai 400705

Tel: +91 22 27891726

Fax: +91 22 27891727

Email: bbyl@federalbank.co.in

Website: www.federal-bank.com

BANKERS TO THE ISSUE

Axis Bank Ltd.

Universal Insurance Building,

Sir P. M. Road, Fort,

Mumbai – 400 001.

Ph No. 022 - 66107353/7265

Fax No. 22835758/66107322

Email – rajesh.khandelwal@axisbank.com/nachiket.kalwit@axisbank.com

Website: www.axisbank.com

Contact Persons : Rajesh Khandelwal / Nachiket Kalwit

SEBI Registration No. : INBI00000017

EXPERT

M/s T. N. Gala & Associates, Chartered Accountant & our statutory auditors in respect of “Financial Statements” and “Statement of Tax Benefits” mentioned on page 106 and 29 of this Letter of Offer.

M/s Ambike Consultants, Government Registered Valuer, in respect of valuation report no. AC/Val/Koprol/Raigad/2009/454 dated August 14, 2009 obtained by our company in connection with land purchased (located at Gat. No. 25/2 & Hissa no. 2 and Gat. No. 27 & hissa no. 2A/1, 2A/2 & 2A/3, Village Koprol, Tal-Panvel, Dis- Raigad) from promoters group entities.

SELF CERTIFIED SYNDICATE BANKS (SCSBS)

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/pmd/scsb.html>.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Dalmia Securities Private Limited is the sole Lead Manager to the Issue, all the responsibilities of the Issue will be managed by them.

CREDIT RATING

This being a rights issue of Equity Shares, no credit rating is required.

IPO GRADING

This being a rights issue and not an IPO, grading is not mandatory.

TRUSTEE

As the Issue is of equity shares, the appointment of trustee is not required.

MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Regulation 16(1) of the SEBI (ICDR) Regulations, 2009. The audit committee of our Board would monitor the utilization of the proceeds of the Issue. For details please refer to chapter titled ‘Objects of the Issue’ on page 23 of this Letter of Offer.

APPRAISING AGENCY

The project under the Issue is not appraised.

UNDERWRITING

The Company has not entered into any underwriting arrangement with the Lead Manager in connection with the Issue.

PRINCIPAL TERMS OF OUTSTANDING LOAN AS ON DECEMBER 31, 2011

Name of the Bank	The Federal Bank Ltd (Jodhpur Branch)	The Federal Bank Ltd. Vashi - Navi Mumbai	The Federal Bank Ltd. Vashi, Navi Mumbai	HDFC Ltd	Kotak Mahindra Prime Ltd.	Kotak Mahindra Prime Ltd.
Facility Sanctioned	Vehicle Loan	Overdraft Against Fixed Deposit	Term Loan	Term Loan	Vehicle Loan	Vehicle Loan
Sanctioned Amount (₹ in Lacs)	18	475	1,500	2,500	53.87	26.01
Security	Hypothecation of Vehicle	Fixed Deposit of ₹ 500 Lacs	Plot no. 10 Sec 35H, Kharghar, Navi Mumbai & Other Customer Receivables from the Project. Personal Guarantee of Mr. Ashok Chhajjer & Ms. Sangeeta Chhajjer	Land Bearing (I). Survey No. 27 Hissa No. 2A/1, (II) Survey No. 27 Hissa No. 2A/2, (III). Survey No. 27 Hissa No. 2A/3, (IV) Survey No. 25 Hissa No. 2 Situated at Village Koproli, Taluka Panvel. Dist. Raigad & Other Customer Receivables from the Project. Personal Guarantee of Mr. Ashok Chhajjer & Ms. Sangeeta Chhajjer	Hypothecation of Vehicle	Hypothecation of Vehicle
Rate of Interest as per Sanction Letter/ Loan Agreement (in %)	9 (Base Rate) + 1.75 = 10.75	Deposti Rate + 1% (Presently 10.50%)	8 (Base Rate) + 4.75 = 12.75	16 (CPLR) - 2.25 = 13.75	9	9.75
Amount Outstanding as on December 31, 2011 Amount (₹ in Lacs)	14.22	0.02	800.00	Nil	41.94	10.08
Remark	-	-	-	The Company has not yet availed disbursement of the said Loan.		

CAPITAL STRUCTURE

The share capital structure of our Company and related information as on date of this Letter of Offer, prior to and after the proposed Issue, is set forth below:

Particulars of Number of Shares			Nominal Value (₹ in lacs)	Aggregate Value (₹ in lacs) at Issue Price
A.	AUTHORISED CAPITAL			
	6,00,00,000	Equity Shares of ₹ 10/- each	6000	
	1,50,00,000	Preference Shares of ₹ 10/- each	1500	
B.	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2,74,39,994	Equity Shares of ₹ 10/- each fully paid up.	2744	
C.	PRESENT RIGHTS ISSUE IN TERMS OF THIS LETTER OF OFFER*			
	1,37,19,997	Equity Shares of ₹ 10/- each at ₹ 12/- on Rights basis to the Equity Shareholders of the Company in the ratio of ONE Rights Equity Share for every TWO Equity Share held as on the Record date i.e May 02, 2012	1372	1646
D.	SUBSCRIBED AND PAID UP CAPITAL AFTER THE RIGHTS ISSUE (assuming full subscription for and allotment of the Rights Entitlement)			
	41159991	Equity Shares of ₹ 10/- each fully paid up	4116	
E.	SHARE PREMIUM ACCOUNT			
	Before the Rights Issue			250
	After the Rights Issue			524

* This Issue of Equity Shares has been authorized by the resolution passed by the Board of Directors of the Company at their meetings held on August 11, 2011, and the special resolution passed by the members of the Company by way of Postal Ballot, result which was declared on September 26, 2011

Changes in the Authorized Share Capital of our Company

Sr. No.	Date of Shareholders Meeting	Particulars in changes in Authorized Share Capital
1	On Incorporation	₹ 5 lacs divided into 50,000 equity shares of ₹ 10/- each
2	April 26, 1983	From ₹ 5 lacs divided into 50,000 equity shares of ₹ 10/- each To ₹25 lacs divided into 2,50,000 equity shares of ₹ 10/- each by creation of 2,00,000 equity shares of ₹10/- each.
3	May 23, 2009	From ₹ 25 lacs divided into 2,50,000 equity shares of ₹ 10/- each To ₹ 300 lacs divided into 30,00,000 equity shares of ₹ 10/- each by creation of 27,50,000 equity shares of ₹ 10/- each.
4	August 10, 2009	From ₹ 300 lacs divided into 30,00,000 equity shares of ₹ 10/- each To ₹ 1,500 lacs divided into 1,50,00,000 equity shares of ₹ 10/- each by creation of 1,20,00,000 equity shares of ₹ 10/- each.
5	June 5, 2011	From ₹ 1500 lacs divided into 1,50,00,000 equity shares of ₹ 10/- each To ₹ 7500 lacs divided into 6,00,00,000 equity shares of ₹ 10/- each & 1,50,00,000 preference shares of ₹ 10/- each by creation of 4,50,00,000 equity shares of ₹ 10/- each & 1,50,00,000 preference shares of ₹ 10/- each.

NOTES TO THE CAPITAL STRUCTURE:

1. The existing share capital has been subscribed and allotted as under:

Date of Allotment / Date when made fully paid up	No. of Shares	Face Value Per share (in ₹)	Issue Price Per share (in ₹)	Consideration	Mode	Cumulative No. of Shares	Cumulative paid up capital (in ₹ Lacs)	Cumulative Share premium (in ₹ Lacs)
26/03/1983	70	10	10	Cash	Subscription to MOA/ AOA	70	0.007	-
07/02/1984	98,930	10	10	Cash	Allotment to then Promoters	99,000	9.90	-
18/05/1984	1,50,000	10	10	Cash	Public Issue Allotted to then promoters & Public for cash	2,49,000	24.90	-
25/03/2010	1,46,91,000	10	10	Cash	Rights issue	1,49,40,000	1494.00	-
20/06/2010	1,24,99,994	10	12	Cash	*Preferential Allotment	2,74,39,994	2744.00	250.00

**The list of allottees*

Promoters and Promoter Group :-

Name of the Allottee	No. of Shares	Name of the Allottee	No. of Shares
Ashok Chhajjer	82,00,000	Sangeeta Chhajjer	6,42,000

Others

Name of the Allottee	No. of Shares	Name of the Allottee	No. of Shares	Name of the Allottee	No. of Shares	Name of the Allottee	No. of Shares
Jagdishchandra Dhariwal	83333	Shyam Lal Bothra	416667	Hitesh R Jain	83333	Ruchika Dangra	83333
Kamlesh Jain	83333	Prakashchand	83333	Rohit B Maloo	83333	Parasmal V Jain	83333
Ugamraj Jain	83000	Ashok Kumar	83333	Sohanlal Bothra	16667	Anandraj Jain HUF	416667
Sangeeta	83333	Mohit L Bothra	83333	Babulal Dosi	83333	Jayesh J Jain	83333
Sampatraj Sethia	41667	Sushiladevi	83333	Priyanka Dosi	83333	Shilpa	83333
Akshay Jain	83333	Jayamala	83333	Babulal H Shah	41667	Sunita Dangra	83333
Jagdishchand B. Sanklecha	83333	Mangidevi J. Sanklecha	83333	Poonam Patni	83333	Madhumati P Malu	375000
Rameshkumar J Sanklecha	83333	Parmeshwaridevi	83333	Mamtadevi Bothra	16667	Jagdish B. Sanklecha HUF	333333

2. Shareholding pattern of our Company

The table below presents the shareholding pattern of our Company as on March 31, 2012:

Partly paid-up shares	No. of partly paid-up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the company
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company assuming full conversion of the convertible securities
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants	No. of warrant	As a % of total no. of	As a % of total no. of shares of the company

		warrants	assuming full conversion of warrants
Held by promoter/promoter group	0	0	0
Held by public	0	0	0
Total	0	0	0
Total Paid-up capital of the company assuming full conversion of warrants and convertible securities	2,74,39,994		

(b) The current shareholding pattern of our Company as on March 31, 2012

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / Hindu Undivided Family	3	1,435,624	1,435,624	5.23	5.23	-	-
Any Others (Specify)	4	18,304,200	18,304,200	66.71	66.71	-	-
Directors/Promoters & their Relatives & Friends	4	18,304,200	18,304,200	66.71	66.71	-	-
Sub Total	7	19,739,824	19,739,824	71.94	71.94	-	-
(2) Foreign							
Total shareholding of Promoter and Promoter Group (A)	7	19,739,824	19,739,824	71.94	71.94	-	-
(B) Public Shareholding							
(1) Institutions							
(2) Non-Institutions							
Bodies Corporate	26	156374	156374	0.57	0.57	-	-
Individuals							
Individual shareholders holding nominal share capital up to ₹ 1 lacs	414	382543	332983	1.39	1.39	-	-
Individual shareholders holding nominal share capital in excess of ₹ 1 lacs	111	7161233	7161233	26.10	26.10	-	-
Any Others (Specify)							
Clearing Members	1	20	20	0.00	0.00	-	-
Directors & their Relatives & Friends	0	0	0	0.00	0.00	-	-
Sub Total B 2	552	7,700,170	7650610	28.06	28.06	-	-
Total Public shareholding (B)	552	7,700,170	7650610	28.06	28.06	-	-
Total (A)+(B)	559	27,439,994	27,390,434	100.00	100.00	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued							
(1) Promoter and Promoter Group							
	-	-	-	-	-	-	-
(2) Public							
	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Total (A)+(B)+(C)	559	27,439,994	27,390,434	100.00	100.00	-	-

(c) **Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"**

Category	No. of Equity Shares held Pre-Issue	Percentage of Pre-Issue capital
Promoters		
Ashok Chhajer	1,82,80,000	66.62
Sangeeta Chhajer	13,02,000	4.74
Sub-Total (A)	1,95,82,000	71.36
Promoter Group		
Lalitkumar Parasmal Bothra	1,33,525	0.49
Rakesh Nemichand Chhajer	12,000	0.04
Rakesh Nemichand Chhajer HUF	12,000	0.04
Anitadevi Parasmalji Bothra	200	0.00
Meena Vijay Ranka	99	0.00
Sub-Total (B)	1,57,824	0.58
Total Holding of Promoters and Promoter Group (A+B)	1,97,39,824	71.94

(d) **Statement showing shareholding of persons belonging to the category of "Public" And Holding more than 1% of total no of shares: as on March 31, 2012**

Sr. No.	Name of the Shareholders	Number of Equity Shares held	% of Equity Shares
1	Anand Raj Jain	4,16,667	1.52
2	Jagdish B Sanklecha Huf	3,33,333	1.21
3	Madhumati Punamchand Malu	3,75,000	1.37
4	Shikha Chhajer	2,97,000	1.08
5	Shyam Lal Bothra	4,16,667	1.52
	TOTAL	18,38,667	6.70

(e) **Statement showing shareholding of persons belonging to the category of "Public" And Holding more than 5% of total no of shares: as on March 31, 2012 :- NIL**

(f) **Statement showing details of Locked-in shares**

Sr. No.	Name of the Shareholders	Number of Equity Shares held	% of Equity Shares
1	Ashok Chhajer	50,90,000	18.55
2	Sangeeta Chhajer	3,97,998	1.45
	TOTAL	5487998	20.00

(g) The Company does not have any outstanding Depository Receipts.

3. Details of purchase/sales/financing in our Company's Equity Shares by the Promoters/ Promoter Group during the last six months

During the last six months period our Promoters/ Promoter Group have not purchased or sold or financed any equity shares of company.

4. Intent and Extent of Promoters to the Rights Issue

Our Promoters, Mr. Ashok Chhajer and Ms. Sangeeta Chhajer, *vide* their Letter dated December 05, 2011 confirmed that Promoters and Promoter Group intend to subscribe to the full extent of their Rights Entitlement in the Issue.

The Promoters also reserve their right to apply for additional Rights Equity Shares. In addition to the subscription to the Rights Equity Shares as stated above, in case the Issue is undersubscribed, our Promoters intends to subscribe, either directly or through any of the entities controlled by them, the unsubscribed portion at least upto the minimum subscription of 90% of the Issue size. As a result of such additional subscription,

our Promoters may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoters & Promoter Group above the current shareholding. Our Company hereby confirms that, in case the Issue is completed with our Promoters subscribing to unsubscribed portion, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement. Hence, the subscription to unsubscribed portion by the promoters/promoter group will be restricted to the maximum number of shares which can be allotted so that the minimum level of public shareholding will not be breached as per Clause 40A of the Listing Agreement. Further, the subscription to additional Equity Shares to be made by the promoters/promoter group shall be in compliance with SEBI (SAST) Regulations 2011.

Our Promoter, Mr. Ashok Chhajer, has from time to time brought in an amount ₹ 600 lacs as unsecured loan, for the purpose of construction and development of 675 EWS and LIG flats being the Objects of the Issue. As per the confirmation furnished by the promoter, the said unsecured loan of ₹ 600 lacs would be adjusted as subscription amount towards Promoters Rights Entitlement and also towards subscription of additional equity shares over and above their Rights Entitlement as stated above. In addition to adjustment of above unsecured loan, the promoters would also bring in an additional amount to subscribe (i) their rights entitlement and/or (ii) additional equity shares over and above their rights entitlement and/or (iii) undersubscribed portion, as stated above.

As per the fund deployment certificate issued by M/s. T.N. Gala & Associates, Chartered Accountants and Statutory Auditors, the above stated unsecured loan of ₹ 600 lacs has already been deployed for the Objects of the Issue by our Company. For further details on deployment of the fund, please refer to chapter titled “Objects of the Issue” under para “Funds Deployed” on page 25 of this LOF.

5. Top Ten Shareholders

(a) On the date of filing of Letter of Offer with SEBI (April 13, 2012)

S.No.	Name Of Shareholder	Shareholding	% Of Equity Share Capital
1	Ashok Chhajer	18280000	66.62
2	Sangeeta Chhajer	1302000	4.74
3	Anand Raj Jain	416667	1.52
4	Shyam Lal Bothra	416667	1.52
5	Madhumati Punamchand Malu	375000	1.37
6	Jagdish B Sanklecha Huf	333333	1.21
7	Shikha Chhajer	297000	1.08
8	Ashok Boob	270000	0.99
9	Anjali Boob	231000	0.84
10	Lalitkumar Parasmal Bothra	133525	0.49
	Abhisek Kumar Balar	133525	0.49
	Total	22188717	80.87

(b) Ten days prior to filing of Letter of Offer with SEBI (March 30, 2012)

S.No.	Name Of Shareholder	Shareholding	% Of Equity Share Capital
1.	Ashok Chhajer	18280000	66.62
2.	Sangeeta Chhajer	1302000	4.74
3.	Shyam Lal Bothra	416667	1.52
4.	Anand Raj Jain	416667	1.52
5.	Madhumati Punamchand Malu	375000	1.37
6.	Jagdish B Sanklecha Huf	333333	1.21
7.	Shikha Chhajer	297000	1.08
8.	Ashok Boob	270000	0.99
9.	Anjali Boob	231000	0.84
10.	Lalitkumar Parasmal Bothra	133525	0.49
	Abhisek Kumar Balar	133525	0.49
	Total	22188717	80.87

(c) **Two years prior to filing of Letter of Offer with SEBI (April 13, 2010)**

S.No.	Name Of Shareholder	Shareholding	% Of Equity Share Capital
1	Ashok Chhajer	10080000	67.47
2	Sangeeta Chhajer	660000	4.42
3	Shikha Chhajer	297000	1.99
4	Ashok Boob	270000	1.81
5	Anjali Boob	231000	1.55
6	Lalitkumar Parasmal Bothra	133525	0.89
7	Abhisek Kumar Balar	133525	0.89
8	Akshay Agarwal	120000	0.80
9	Shankar Lal Chhajer	107500	0.72
10	Amritlal M	99000	0.07
	Total	12131550	80.61

6. Details of our Promoters Capital Built-up

Sr. No	Date of Allotment/ Transfer	Allotment/ Transfer	Nature of Consideration	No. of Equity Shares	Cumulative Equity Shares	Face Value Per share (in ₹)	Issue/ Acquisition Price Per share (in ₹)	Note
Mr. Ashok Chhajer								
1	31/12/2008	Transfer	Cash	69,000	69,000	10/-	10/-	A
2	31/12/2008	Transfer	Cash	49,000	1,18,000	10/-	12/-	B
3	25/03/2010	Rights issue	Cash	99,62,000	10,080,000	10/-	10/-	C
4	20/06/2010	Preferential allotment	Cash	82,00,000	1,82,80,000	10/-	12/-	D
Ms. Sangeeta Chhajer								
1	31/12/2008	Transfer	Cash	61,000	61,000	10/-	10/-	A
2	25/03/2010	Rights issue	Cash	5,99,000	6,60,000	10/-	10/-	C
3	20/06/2010	Preferential allotment	Cash	6,42,000	13,02,000	10/-	12/-	D

Note:-

- A) Pursuant to the Share Purchase Agreement (SPA) entered into by our Promoters on September 26, 2008. For details please refer to the chapter titled "History and Other Corporate Information" Page no. 65 of the Letter of Offer.
- B) Acquisition of shares pursuant to open offer made under Regulations 10 & 12 of SEBI (Substantial Acquisition of Shares & Takeover) Regulation 1997. The offer opened on November 19, 2008 and was successfully closed on December 8, 2008. Please refer to the chapter titled "Our Business" Page no.41 of the Letter of Offer.
- C) Acquisition of shares under Rights Issue of 1,46,91,000 Equity Shares at par in terms of the Letter of Offer dated February 23, 2010 filed under SEBI (ICDR) Regulations.
- D) Acquisition of shares under the preferential Issue made under the provisions of SEBI (ICDR) Regulations.
7. As on date of Letter of Offer, none of our promoters and promoters' group has pledged their Equity Shares.
8. Promoters and the Directors of our Company and their immediate relatives have not purchased or sold directly or indirectly, any Equity Shares during a period of one year preceding the date on which this Letter of Offer is filed with SEBI/Stock Exchange except
- Purchase of 99 Equity Shares from open market for ₹ 5940 on September 07, 2011 by Ms. Meena Vijay Ranka and
 - Sale of 100 Equity Shares in the open market for ₹ 6262/- on March 26, 2012 by Mr. Dinesh Babel, Independent Non-Executive Director.
9. Our Company has not issued any Equity Shares for consideration other than cash.

10. Our Company till date has not reduced its share capital.
11. We have not issued any stock options to our employees.
12. Our Company has not allotted any shares in terms of any scheme approved under Sections 391-394 of the Companies Act, 1956.
13. All Equity Shares issued since the date of incorporation of our Company are fully paid up.
14. Equity Shares offered under this Issue shall be fully paid-up as on the date of allotment of the Equity Shares.
15. Total number of members of our Company as on March 31, 2012 is 559.
16. The present Issue being a rights Issue, as per extant SEBI Regulations, the requirement of promoters' contribution and lock-in are not applicable.
17. The Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.
18. At any given time, there shall be only one denomination of the Equity Shares of our Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
19. Our Company presently does not intend to alter its capital structure for a period of six months from the date of the opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly into Equity Shares) whether preferential or otherwise except that if our Company enters into acquisitions or joint ventures or if the business needs arise, it may, subject to necessary approvals, consider raising additional capital to fund such activity.
20. Our Company undertakes that there shall be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner, during the period commencing from the submission of this Letter of Offer to SEBI for Rights Issue till the securities referred in the Letter of Offer have been listed or application moneys refunded on account of failure of the Issue.
21. Our Equity Shareholders do not hold any warrants, options or any other convertible instruments which would entitle them to acquire further Equity Shares.
22. The Issue will remain open for a minimum of 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.
23. Our Company has never revalued our assets and has never issued any Equity Shares out of revaluation reserves.
24. Our Company, our Promoters, the Directors of our Company and Lead Manager to the Issue has not entered into any buy-back, standby or similar arrangements for any of the securities being issued through this Letter of Offer.
25. The rights issue and the preferential allotment made by our Company after being a listed company have been made in compliance with the relevant provisions of applicable laws.
26. As on date of this Letter of Offer, Lead Manager and their associates do not hold Equity Shares in our Company.
27. No payment direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter or Promoter Group to the persons who receive allotments, if any, in this Issue.

OBJECTS OF THE ISSUE

We intend to utilize the Issue Proceeds after deducting issue management fees and other issue related expenses to part finance the construction and development of 675 EWS & LIG flats, being 50% of the total 1350 EWS & LIG flats to be constructed and delivered to Jodhpur Development Authority under the Real Estate PPP Project awarded to us by Jodhpur Development Authority (JDA) at Jodhpur on Built-Up Area Sharing Basis.

The main object clauses of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised through this Issue.

The details of proceeds of the Issue are summarized below:

(₹ in Lacs)	
Particular	Amount
Gross Proceeds of the Issue	1646.40*
Issue Expenses	30.00
Net Proceeds of the Issue	1616.40*

* Rounded off to nearest thousand

OUR REQUIREMENT OF FUNDS AND MEANS OF FINANCE

(₹ In Lacs)	
Requirement of Funds	Total Estimated Amounts / Costs
Construction and development of 675 EWS and LIG flats, being 50% of the total 1350 EWS & LIG flats to be constructed and delivered under the Real Estate Project on Built-up Area Sharing Basis awarded by JDA at Jodhpur, Rajasthan.	2200.00
Issue Expenses	30.00
Total	2230.00

Means of Finance*	Amount (₹ in Lacs)
Gross Proceeds of the Issue	1646.40#
Amount financed/ proposed to be financed from internal accruals	583.60

Our Company has received unsecured loans to the extent of ₹ 600 lacs from Mr. Ashok Chhajer, our promoter, from time to time, for the purpose of construction and development of 675 EWS and LIG flats. Our Company has already deployed ₹ 600 lacs towards the said purpose. For further details on deployment of the fund, please refer to Chapter titled "Objects of the Issue" under para "Funds Deployed" on page 25 of this LOF.

As per the confirmation furnished by the promoter, the said unsecured loan of ₹ 600 lacs would be adjusted as subscription amount towards Promoters Rights Entitlement and/or also towards subscription of additional equity shares over and above their Rights Entitlement. In addition to adjustment of above unsecured loan, the promoters would also bring in an additional amount to subscribe (i) their rights entitlement and/or (ii) additional equity shares over and above their rights entitlement and/or (iii) undersubscribed portion. For further details, please refer page no. 19 & 20 under chapter titled "Capital Structure" of this LOF.

Note

The funds requirement and deployment thereof is based on our internal management estimates and has not been appraised by any bank, financial institution or the Lead Manager to the Issue.

In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently our fund requirement and deployment of funds may also change. This may, at the discretion of our management and subject to compliance with applicable laws and regulations, also result in rescheduling the proposed utilization of Net Proceeds as disclosed above. In case of any shortfall, our Company intends to bridge the gap from internal accruals/ unsecured loans from promoters. In the event any surplus is left out of the Net Proceeds after meeting all the aforesaid objectives, such surplus proceedings be used for general corporate purposes including for meeting future growth opportunities.

We propose to meet all the requirement of funds entirely from the proceeds of the Issue and internal accrual. The Regulation 4(2)(g) of the SEBI (ICDR) Regulations 2009 (which requires firm arrangements of finance through

verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue and internal accrual does not apply to the Issue.

DETAILS OF THE OBJECTS OF THE ISSUE:

Construction and development of 675 EWS & LIG flats, being 50% of the total 1350 EWS & LIG flats to be constructed and delivered under the Real Estate Project on Built-Up Area Sharing Basis awarded by JDA at Jodhpur.

We are currently engaged in construction and development of various residential projects in Navi Mumbai, Thane and Jodhpur. For further details on our ongoing projects and projects under planning stage please refer to page no 43 & 44 of the LOF under section titled “Our Business”.

JDA had invited bids for construction of EWS & LIG flats on Built-up Area Sharing Basis as per Model 4 of Affordable Housing Policy 2009 on land equivalent to 1,33,061 square meters located at Village Chokha, Tehsil, Luni District Jodhpur, Rajasthan. In response to above invitation, our Company has offered highest bid for construction of 1350 LIG & EWS flats and the project was awarded to our Company. Subsequently our Company has entered into an agreement with JDA on January 10, 2011 (**Agreement**) for the execution of the project. For further details on material terms and conditions of the agreement, please refer to the chapter titled “History and Other Corporate Information” on page 68 of the LOF.

Under the terms of the project/Agreement, JDA has agreed to award our Company land admeasuring 1,33,061 square meters at free of cost and our Company has agreed to construct and develop 1,350 flats [844 EWS & 506 LIG flats] on land area of 33,461.26 square meters for JDA at free of cost. Hence, under the project our Company will be authorized to use the remaining land of 99,599.74 square meters (**Residual Land**) for its own business purpose subject to the prevailing law of town ship policy and provision of Affordable Housing Policy. However, the project shall be considered eligible/successful/cleared only when JDA receives at least 50% of 1350 EWS & LIG flats (i.e. 675 EWS & LIG Flats) and subsequently our Company can start construction, development on, and marketing of the Residual Land for its business purpose. Hence we propose to utilize the Net Proceeds of the Issue to part finance the construction and development of first 675 EWS & LIG flats which would enable us to acquire Residual Land for our business purpose. The details of construction and development of flats is given as under:-

Particulars	
Super Built –up Area (sq. ft)	2,63,650
Building type and no. of floors	G + 3
No. of flats	675
*Construction and Development Costs (₹ in Lacs)	2200

**The above cost of construction is estimated by the management internally as per the experience and the expertise in the real estate development business and not appraised by any outside agency. The actual cost may vary depending upon the cost of building materials and other materials used in the construction prevailing at the time of buying such materials.*

The specification and amenities for construction of EWS & LIG flats under the project are as under:-

Construction Details (Specifications And Amenities)	
Campus (inside the Plot Boundaries) Development:	Internal Roads; Electricity Supply Line; Street Light; Electric Sub stations; Sewerage Treatment plan; Water Supply Line, sewerage line, storm water drainage and water harvesting system.
Structure	Framed structure with brick partition walls
Bedroom	1 ¹ x 1 ¹ Ceramic/Porcelain tile flooring; Solid core flush door; Rooms with overhead storage space
Kitchen	Ceramic Tile Flooring; Kota Stone Platform with Kota stone sink; 2 ¹ high Ceramic tile dado above kitchen platform; Overhead storage space
Bathroom / WC	Separate Bathroom and WC; Anti skid ceramic tile flooring; Ceramic tile Dado up to door height/skirting height; Concealed plumbing; Premium Quality fittings; Indian Style/ Orissa pan WC
Electrical Fittings	Sufficient Points in all rooms; Electrical Switches; Cable TV and Telephonepoints in living room; Batten Copper wiring.
General	Colour wash/ white wash in all rooms, kitchen, WC/Bath, exterior surface and common areas with Kota stone or any equivalent local material flooring in common areas. All door/window frames in steel sections.

Our Company has received permission from PAMC for commencement of work and has already commenced construction and development of flats. Till February 29, 2012, we have incurred expenditure of ₹ 697.75 lacs towards the same.

Issue related expenses

The expenses of this Issue include, among others, lead management fees, printing and distribution expenses, legal fees, advertisement cost, registrar fees, depository charges and listing fees. The total Issue expenses are estimated to be approximately ₹ 30 Lacs as per the following break-up:

Issue Expenses	Amount (₹ in Lacs)
Lead management fees, Legal Advisors' fee and other fees	19.00
Advertisement and marketing expenses	2.86
Printing & Distribution (including courier and transportation charges)	2.20
Others (registrar's fees, listing charges, SEBI fees, taxes etc.)	2.42
Miscellaneous expenses	3.52
Total	30.00

SCHEDULE OF DEPLOYMENT OF FUNDS

Our Company proposes to deploy the funds over a period as follows:

Activity	Already Deployed Till February 29, 2012	From March 01, 2012 to March 31, 2012	FY 2013	(₹ In lacs)
				Total
Construction and development of 675 EWS & LIG flats, being 50% of the total 1350 EWS & LIG flats to be constructed and delivered under the Real Estate project on built-up area sharing basis awarded by Jodhpur Development Authority at Jodhpur	697.75	95.00	1407.25	2200

FUNDS DEPLOYED

As per the certificate (**Deployment Certificate**) dated March 27, 2012 issued by M/s T.N. Gala & Associates, Chartered Accountants, and our Statutory Auditors, till February 29, 2012, the Company has deployed ₹ 697.75 lacs in the project construction and development of 675 EWS and LIG, being object of the Rights Issue, from Unsecured Loan (that would be adjusted against equity) received from Promoter, Mr. Ashok B. Chhajer (Chairman and Managing Director) and Internal accrual of the Company. The details of sources and deployment of fund till February 29, 2012 summarised as under :-

Particulars	(Amount ₹ In Lacs)
Sources of Fund	697.75
Unsecured Loan Mr Ashok Chhajer	600.00
Fund from Internal Accruals	97.75
Deployment of Fund	697.75
Purchases	302.67
Direct Expense	360.59
Indirect Expense	34.49

APPRAISAL

The Object of the Issue has not been appraised by any bank or financial institution or any other independent third party organization. The funding requirements of our Company and the deployment of the Net Proceeds are currently based on management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including variations in the real estate sector, changes in our financial condition and current commercial conditions and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

BRIDGE FINANCING FACILITIES

Our company has not raised any bridge loans from any bank or financial institution as on the date of this Letter of Offer.

INTERIM USE OF NET PROCEEDS

Pending utilization of the funds, the management of our Company, in accordance with policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily invest the funds in high quality interest / dividend bearing liquid instruments including money market mutual funds, deposits with banks for the necessary duration and other investment grade interest bearing securities, as may be approved by the Board of Directors or a committee thereof. Such transactions would be at the prevailing commercial rates at the time of investment. Our Company confirms that pending utilization of the Issue proceeds; it shall not use the funds for any investments in the equity markets.

MONITORING OF UTILISATION OF FUNDS

Our Board will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for FY 2012 and FY 2013 specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchange. As per Clause 49 of the listing agreements with the Stock Exchange, we shall disclose to the Audit Committee, the uses / applications of funds on a quarterly basis as a part of our quarterly declaration of financial results.

Further, we shall, on a quarterly basis, prepare a statement indicating material deviations, if any, in the use of Issue proceeds. Such statement shall be furnished to the Stock Exchanges along with the interim and/ or annual financial statements and shall be published in the newspapers simultaneously with the interim or annual financial results, after placing it before our Audit Committee.

OTHER CONFIRMATIONS

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, or Key Managerial Personnel, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The information presented in this section is derived from the Company's consolidated restated audited financial statements for fiscal year 2009, 2010 and 2011 and Nine Months Ended on December 31, 2011 and from standalone restated audited financial statements fiscal year for 2007, 2008, 2009, 2010 and 2011 and Nine Months ended December 31, 2011, prepared in accordance with Indian GAAP and the Companies Act as restated in accordance with the SEBI Regulations. You should read the following summary with the sections titled "Risk Factors", "Our Business" and "Financial Information" on pages xi, 41 and 106, respectively, of this Letter of Offer.

QUALITATIVE FACTORS

- Experienced Promoters with proven track record.
- Strong internal process enhancing the quality of construction
- Projects aggregating to 63.68 lac sq. ft. are under-development by the Company.
- Qualified and motivated employee base and proven management team.

For further details regarding some of the qualitative factors, please refer to section titled "Our Business – Competitive Strengths" on page 41 of this Letter of Offer.

QUANTITATIVE FACTORS

Information presented in this section is derived from our restated audited financial statements.

1. Weighted Average Earnings Per Share (Basic EPS)

Year/Period	Standalone Basic & Diluted EPS (₹)	Weight	Consolidated Basic & Diluted (₹)	Weight
FY 2008-09	1.76	1	NA	-
FY 2009-10	31.95	2	32.01	1
FY 2010-11	2.98	3	2.39	2
Weighted Average	12.43		12.26	
Nine Months ended December 31, 2011 *	2.30		1.64	

*Not annualized

2. Price/Earning (P/E) ratio in relation to Issue Price of ₹ 12 /-

- Based on the results of year ended March 31, 2011 basic & diluted EPS of ₹ 2.98 on standalone basis and ₹ 2.39 on consolidated basis on equity share of face value of ₹ 10/- each, the P/E ratio is 4.03, and 5.02 respectively.
- Based on weighted average EPS, of ₹ 12.43 for the past 3 years calculated on standalone basis and ₹ 12.26 on consolidated basis the P/E ratio is 0.97 and 0.98 respectively.

3. Weighted Average Return On Average Net Worth

Period	Standalone RONW (in %)	Weight	Consolidated RONW (in %)	Weight
FY 2008-09	15.00	1	NA	-
FY 2009-10	8.64	2	8.66	1
FY 2010-11	20.34	3	17.01	2
Weighted Average	15.55		14.23	
Nine Months ended December 31, 2011 (Not Annualized)	14.84		11.49	

- The minimum return on increased net worth required to maintain pre-Issue EPS consolidated basic & diluted EPS as on March 31, 2011 of ₹ 2.39 is 19.22%.

5. Net Asset Value (NAV)

Particulars	Standalone NAV	Consolidated NAV
As on December 31, 2011	15.51	14.31
As on March 31, 2011	13.18	12.65
Issue Price ₹	12	
Post - Rights Issue (Assuming 100% subscription)	12.93	13.73

6. Industry P/E Ratio

Particulars	P/E Ratio
Industry P/E#	
- Highest	174.8
- Lowest	2.30
- Average	17.10

#Source: Capital Market March 19 – April 1, 2012 Volume XXVII/02.

7. Comparison of key ratios with some of the comparable Companies in the same industry group:

	#EPS (₹)	*P/E	# Return On Net Worth (in %)	# Book Value Per Share (₹)	# Face Value (₹)
Arihant Superstructures Limited					
Standalone basis*	2.98	21.61	20.34	13.18	10.00
Peer Group					
Ashiana Housing Limited	23.52	7.33	27.94	94.17	10.00
D S Kulkarni Developers Limited	6.46	8.95	3.61	178.84	10.00
Kolte Patil Developers Limited	6.95	5.96	7.46	93.16	10.00
Manjeera Constructions Limited	8.24	9.72	16.47	49.18	10.00
Vijay Shanti Builders Limited	3.63	7.47	9.28	39.20	10.00

The above comparison is based on the Standalone Financial Statements of the Companies

Source: Annual Report for FY 2011

* Derived from - www.bseindia.com - Closing market as on April 19, 2012

The Companies in the above list have been selected on the basis that they are listed Companies engaged in Real Estate development. However, their performance may not be directly comparable with that of our business as they cater to different segments of the market and therefore their business portfolio will vary.

8. Share Prices of Our Company

Week end prices of equity shares of our Company for the last four weeks on BSE along with the highest and lowest price are as below:

Week ended on	Closing Price	Highest Price	Lowest Price
April 13, 2012	65.1	66.95	59.00
April 04, 2012	62.6	73.00	53.00
March 30, 2012	65.7	73.80	58.55
March 23, 2012	63.95	70.00	57.00

The Face Value of the shares is ₹ 10/- per share and the Issue Price of ₹ 12/- is 1.2 times the Face Value of the Equity Shares. Considering the above qualitative and quantitative factors, our Company and the Lead Manager are of the opinion that the Issue price of ₹ 12/- is reasonable and justified. The market price of the shares of our Company as on April 19, 2012 is ₹ 64.40 at BSE.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Arihant Superstructures Limited
302, Persipolis Building,
Plot No 74, Sector 17,
Vashi, Navi Mumbai,

Re: Statement of possible tax benefits available to Arihant Superstructures Ltd and its Shareholders

We hereby certify that the enclosed annexure states the possible tax benefits available to **Arihant Superstructures Limited** (Formerly known as Shaktiman Constructions Limited (Formerly known as Shaktiman Mercantile Company Limited)) and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and is also based on an interpretation of the current tax laws in force in India which are subject to change from time to time. We do not assume any obligation or responsibility to update the views consequent to these changes.

The Direct Taxes Code ("Code") has been presented in the Parliament for approval and will be enacted at the earliest after expeditious examination of the report of the Parliamentary standing Committee. The enclosed statement does not incorporate the effect of the same on the Company and its shareholders, as the Code has not yet been approved.

This report is intended solely for your information and for the inclusion in the offer document in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Place: Navi Mumbai
Date: 27.03.2012

For T N GALA & ASSOCIATES
Chartered Accountants
FRN: 102951W

Talakchand N Gala
Proprietor
MRN: 41186

**STATEMENT OF TAX BENEFITS AVAILABLE TO ARIHANT SUPERSTRUCTURES LIMITED
("THE COMPANY") AND ITS SHAREHOLDERS**

I. SPECIAL DIRECT TAX BENEFITS:

a) To the Company: There are no special direct tax benefits available to the Company.

b) To the Shareholders: There are no special direct tax benefits available to the shareholders of the Company.

II. GENERAL DIRECT TAX BENEFITS:

a) General benefits available to the Company under the Act:

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received by the Company from another domestic Company/ Companies is exempt from income-tax. However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein.
Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares or units purchased within a period of three months prior to the record date and sold/ transferred within three months (in case of shares) or nine months (in case of units) respectively after such date, will be ignored to the extent dividend income on such shares or units is claimed as tax exempt.
2. Further, as per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, and is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells/redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of acquisition of the bonus units.
3. By virtue of section 10(35) of the Act, the following income shall be exempt in the hands of the company:
 - a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
 - b. Income received in respect of units from the Administrator of the "specified undertaking"; or
 - c. Income received in respect of units from the "specified company".
Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be. For this purpose:
 - i. "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
 - ii. "Specified Company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
4. As per the provisions of section 10 (38) of the Act, the long term capital gains (gain arising on transfer of long term capital asset) arising to the Company from the transfer of shares or a unit of a equity oriented fund, where the transaction of sale of such share or unit is entered into in a recognized stock exchange in India on or after October 1, 2004 and chargeable to Securities Transaction Tax, will be exempt from tax in the hands of the Company. The equity shares or units of an equity oriented fund are treated as long term assets if it is held for a period of more than 12 months prior to the date of transfer. Provided that the income by way of long-term capital gain of a company shall be taken into account in computing the book profit and income-tax payable under section 115JB of the Act.
For this purpose 'Equity Oriented Fund' means a fund:
 - i. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
 - ii. which has been set up under a scheme of Mutual Fund specified under clause (23D) of section 10.

Provided that percentage of equity share holding shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

5. Under section 32 of the Act, the Company is entitled to claim depreciation, subject to conditions specified therein, at the prescribed rate on its specified assets used for its business.
6. Under section 48 of the Act, if the investments in shares are sold after being held for not less than twelve months, the gains, if any, will be treated as long-term capital gains and the gains will be calculated by deducting from the gross consideration, the indexed cost of acquisition and indexed cost of improvement. The indexed cost of acquisition / improvement refers to the cost of acquisition / improvement adjusted by the cost of inflation index, as prescribed from time to time.
7. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax subject to the limit of ` 50 lacs in a year if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer. For the above purposes a "long term specified asset" inter-alia means any bond, redeemable after three years and issued on or after the first day of April 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.
8. As per the provisions of section 111A of the Act the short term capital gains arising from the transfer of equity shares or unit of an equity oriented fund, where the transaction of sale of such share/ unit is entered into in a recognized stock exchange in India and chargeable to Securities Transaction Tax will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). Where the gross total income includes short term capital gains referred to above, the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such short term capital gains. For the purpose of this section, 'equity oriented fund' shall have meaning as assigned to it in explanation to section 10(38).
9. Under section 112 of the Act, and other relevant provisions of the Act, long term capital gains (In case not covered under section 10(38) of the Act), arising on transfer of shares/ units, shall be taxed at a rate of 20% (plus applicable surcharge and education cess). The tax shall however, not exceed 10% (plus applicable surcharge and education cess) without indexation, if the transfer is made of a listed security. The long term capital gains not covered under paragraph 3 and 8 above shall be chargeable to tax at the rate of 20 percent (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition /improvement.
10. The amount of tax paid under section 115JB by the Company for any assessment year commencing from 01 April 2006 and any subsequent assessment year, will be available as credit to the extent specified in section 115JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA of the Act.
11. As per section 74 of the Act, short-term capital loss can be set-off against short-term as well as long term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long term capital gains. Long term capital loss suffered during the year can be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long – term capital gains
12. Under section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortization over a period of 5 successive years, beginning with the previous year in which the business commences or after the commencement of its business in connection with the extension of its industrial undertaking or in connection with setting up a new industrial unit, subject to the stipulated limits
13. Section 72 of the Act provides that the business loss shall be carried forward to the following assessment year to be set off against the profits and gains of business and profession and the balance shall be allowed to be carried forward for next 8 assessment years subject to the provisions of the Act. Unabsorbed

depreciation, if any, for any assessment year can be carried forward and set off against any source of income of subsequent assessment years as per section 32 of the Act.

b) General benefits available under the Income Tax Act, 1961

1. To all the Shareholders

1. 1 Income:

In terms of Section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from tax. Hence a shareholder is not required to pay tax on such dividend income.

In terms of the second proviso to Section 195(1) such dividend income is not subject to deduction of tax at source. Hence such dividend payable to a non-resident shareholder may be remitted without deduction of tax at source.

1. 2 Taxation of Long -Term capital Gains.

1. Where the Company's shares are sold after being held for not less than twelve months, any income arising from such transfer, i.e. long-term capital gains, will be computed under Section 48 after deducting the indexed cost of acquisition from the full value of consideration.

2. In terms of Section 10(38) of the Income Tax Act, 1961, long-term capital gains, is exempt if such transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No. 2) Act, 2004.

3. In cases not covered under Section 10(38) of the Act, long-term capital gains, will not be charged to tax under Section 54EC of the Income Tax Act, 1961 subject to the conditions and to the extent specified therein, if the capital gains are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds specified under that Section.

4. As per the Finance Act, 2005 where the exemption U/s. 54 EC has been availed of then cost of such long-term specified asset will not qualify for

a. Rebate u/s.88 for any assessment year ending before 1st day of April 2006, and

b. Deduction from the income with reference to such cost shall not be allowed u/s.80C for any assessment year beginning on or after the 1st day of April 2006.

1. 3 Taxation of Short -Term Capital Gains

Under Section 111 A of the Income Tax Act, 1961 if the Company's shares are sold after being held for a period less than twelve months, any income arising from such transfer, i.e. short-term capital gain, will be taxed at a rate of 15% (plus applicable Cess), if such transaction is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No.2) Act, 2004.

2. Benefits restricted to Shareholder who are individuals or HUFs who are beneficial owners of the shares.

In cases not covered under Section 10(38) of the Act, long-term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will not be charged to tax under Chapter 54F of the Income Tax Act, 1961 in proportion to the extent the net consideration from such transfer is used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer, subject to other conditions prescribed.

3. Benefits to all Non-Resident Shareholders

Under the first proviso to Section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per Exchange Control Regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

4. Benefits restricted to Shareholders who are Non-Resident Indians

Under Section 115-I of the Act, a non-resident Indian (i.e. individual being a citizen of India or person of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating To Certain Incomes of Non-Residents" which are as follows: -

- a. Under Section 115E of the Income Tax Act, 1961, where shares in the Company are acquired or subscribed for in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under Section 10(38) of the Act) be concessional taxed at the flat rate of 20 % (Plus applicable Cess) (without indexation benefit).
- b. Under provisions of Section 115F of the Income Tax Act, 1961 long-term capital gains (in cases not covered under Section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from Income Tax, if the net consideration is reinvested in specified assets within six months from the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- c. Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long-term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

5. Benefits available to Shareholders who are Foreign Institutional Investors (FIIs)

1. Under section 10(34) of the Act, any income by way of dividends referred to in section 115-O received from a domestic company is exempt from income tax. However, in view of the provisions of section 14A of Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein. Also, section 94(7) of the Act provides that losses arising from the sale/ transfer of shares purchases within a period of three months prior to the record date and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. Under section 115AD(1)(b)(iii) of the Income-Tax Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under Paragraph 43 above will be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess) without indexation benefit.
4. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).
5. Under section 115AD(1)(b)(ii) of the Income-Tax Act, income by way of short- term capital gains arising from the transfer of shares held in the Company not covered under Paragraph 4 above will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).
6. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
7. As per Section 74 of the Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long-term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming setoff against subsequent years' long-term capital gains.
8. Where the business income of an Assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1) (xv).
9. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax subject to the limit of ` 50 lacss in a year if the capital gains are invested in a "long term specified asset" within a period of six months after the date of such transfer.

For the above purposes a “long term specified asset” inter-alia means any bond, redeemable after three years and issued on or after the first day of April 2007 by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988, or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

6. Benefits available to Mutual Funds

In accordance with Section 10 (23D), subjects to the provisions of Chapter XIIIE, any income of:

- a. Mutual Fund Registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder;
- b. Such other Mutual Fund set up by a public sector bank or a public Financial Institution or authorized by the Reserve Bank of India, subject to such conditions as the Central Government may, by notification in the Official Gazette, Specify in this behalf will be exempt from Income Tax in the hands of the Mutual Fund.

7. Benefits available to Venture Capital Companies / Funds:

Any income received by venture capital companies or venture capital funds set up to raise funds for investment in a venture capital undertaking registered with the Securities and Exchange Board of India, subject to conditions specified in section 10(23FB) of the Act, is eligible for exemption from income-tax. However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipient. As per Section 14A, no deduction shall be allowed in respect of expenditure incurred by the Assessee in relation to income which does not form part of the total income under this Act. Also, Section 94(7) of the Act provides that losses arising from the sale/ transfer of shares or units purchases within a period of three months prior to the record date and sold/ transferred within three months or nine months respectively after such date, will be ignored to the extent dividend income on such shares or units is claimed as tax exempt.

c) Tax Benefits under The Wealth Tax

Shares of the Company held by the shareholder are presently not treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act. Hence no Wealth Tax will be payable on the market value of shares of the company held by the shareholder of the Company.

d) Benefits available to the shareholders of the Company under the Gift Tax Act, 1958:

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax under the Gift Tax Act, 1958. However, as per section 56(1)(vii)(c) of the Act, gift of shares to an individual or Hindu undivided family would be taxable in the hands of the donee as “Income From Other Sources” subject to the provisions of the Act.

Notes:

1. The above statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant tax laws.
2. The above Statement of possible tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or list of all potential tax consequences and the tax benefits listed above are not exhaustive.
3. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
5. In view of the individual nature of tax consequences, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its participation in the scheme.
6. The Direct Taxes Code (“Code”) has been presented in the Parliament for approval and will be enacted at the earliest after expeditious examination of the report of the Parliamentary standing Committee. The enclosed statement does not incorporate the effect of the same on the Company and its shareholders, as the Code has not yet been approved.

SECTION IV – ABOUT US

INDUSTRY OVERVIEW

The information in this chapter is derived from various government publications, industry sources and other public sources. The information in this section has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors

The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect and, accordingly, investment decisions should not be based on such information.

GLOBAL ECONOMIC OVERVIEW

Global growth prospects appear to be declining, even though recovery has not stalled. There have been significant downward revisions in growth projections for the advanced economies. Risks to global growth have amplified with business and consumer confidence dampening on the back of the deepening sovereign debt crisis in Europe. In its World Economic Outlook of September 2011, the International Monetary Fund (IMF) significantly lowered its global growth forecast by 0.3 percentage points for 2011 and 0.5 percentage points for 2012. The world economy is still expected to grow at 4.0 per cent in both these years. The cuts in growth projections were deeper for advanced economies (AEs), but were also pervasive among emerging and developing economies (EDEs).

[Source: Macroeconomic and Monetary Developments Second Quarter Review 2011-12, Reserve Bank of India, Mumbai]

Indian Economy Overview

India, with a Gross Domestic Product (GDP) of ₹ 48,778 billion at the end of financial year 2011, is the fifth-largest economy in the world after USA, China, Japan and the European Union (*Source: CIA Factbook*). Barring financial year 2009, the economy has registered a growth of 8% and above during the period from financial year 2006 to financial year 2011.

YoY Growth (%)	2006	2007	2008	2009	2010	2011
GDP	9.5	9.6	9.3	6.8	8.0	8.5
Agriculture	5.1	4.2	5.8	-0.1	0.4	6.6
Industry	9.7	12.2	9.7	4.4	8.0	7.9
Services	11.0	10.1	10.3	10.1	10.1	9.4

Source: Reserve Bank of India at factor cost (2004-05 prices)

The global financial crisis also hit the Indian economy and economic growth slashed to 6.8% in the financial year 2009. However, with buoyant domestic demand, accommodative policies and stimulus packages announced by the government, macroeconomic environment improved in the later year and the economy registered a growth of 8% in the financial year 2010.

The economy grew at a higher rate in the financial year 2011 and registered an impressive growth of 8.5% (*Source: Ministry of Statistics and Programme Implementation, India*). The high growth in GDP came from all the sectors: the agricultural sector expanded by 6.6%, the manufacturing sector grew at 8.3%, the construction sector expanded by 8.1% and the mining sector grew at 5.8%. The service sector was also buoyant and clocked a growth of 9.4%. The farm sector growth was relatively stronger while industry sector performance was below the expectations. The economic advisory council had in its earlier projections in July 2010 and January 2011 placed an overall economic growth rate at around 9 percent in 2011/12. However, the inflationary situation and investment slowdown necessitated a downward revision. The council expects the economy to grow at 8.2% in 2011/12 with agriculture growing at 3.0%, industry at 7.1% and services at 10%. The projected growth rate of 8.2% though lower than the previous year must be treated high and respectable given the current world situation. High inflation rate is a major concern for Indian economy. RBI Will have to continue to follow a tight monetary policy till inflation shows definite sign of decline. (*Source: Economic Outlook 2011/12 – Economic Advisory Council to the prime minister New Delhi*)

A. THE INDIAN REAL ESTATE SECTOR

The Indian real estate sector plays a significant role in the country's economy. The real estate sector in India is second only to agriculture in terms of employment generation and contributes significantly towards the GDP. Moreover, the real estate sector is also responsible for the development of over 250 ancillary industries such as cement, steel, paints etc. The Indian real estate industry is expected to be valued at US\$ 180 billion by 2020.

According to the latest data given by the Department of Industrial Policy and Promotion (DIPP), Foreign direct investment (FDI) into India in the real estate sector during 2010 – 2011 was around US\$ 1.12 billion approximately and during April-September 2011-12, the Indian real estate and housing sectors received US\$ 453 million in foreign direct investment (FDI), (Source: India Brand Equity Foundation, www.ibef.org) Housing and real estate sector including Cineplex, multiplex, integrated townships and commercial complexes etc., attracted a cumulative foreign direct investment (FDI) worth US\$ 10,682.69 million from April 2000 to July 2011 (Source: Overseas Indian Facilitation Centre, www.oifc.in)

Further, the industry also witnessed growth in private equity (PE) investments as well. In the current calendar year so far (November 13, 2011), total investment from PEs was around US\$ 741 million. (Source: <http://www.oifc.in>)

MARKET SEGMENTS OF REAL ESTATE SECTOR



Brief note on the segments of real estate industry is given as under:

1. The Residential Segment

Driven by increasing urbanisation, rising incomes and decreasing household sizes, the residential segment in India has been on an upswing over the past few years. In terms of value, the residential property market constitutes the largest share of the real estate market in India. The country's housing shortage is expected to increase to more than 26 million units by 2012. (Source: India Brand Equity Foundation, www.ibef.org)

The key growth drivers in the residential segment are:

- Rapid urbanisation: Urban population expected to touch 590 million by 2030
- Decreasing household size: Average increase in number of nuclear families estimated to be over 300 million (middle class population)
- The growing working age population in the 15–60 age group is expected to reach 918 million, or 64 per cent, of the population by 2025.
- The demand for affordable housing is growing, which is a priority segment for both the government and developers.

(Source: India Brand Equity Foundation, www.ibef.org)

Outlook

- Current shortage close to 25 million units, predominantly in middle and low income group which is expected to increase more than 26 million units by 2012.
- Developers have announced the launch of affordable housing projects, which are expected to mostly be developed in the suburbs of large cities and tier-I and tier-II cities.

(Source: India Brand Equity Foundation, www.ibef.org)

2. The Commercial Segment

The year 2010 witnessed addition of more than 55 million sq ft of office space in the top 7 cities, across IT, commercial and SEZ segments, with the pan India office stock rising to more than 280 million sq ft. It is anticipated that an estimated 55-60 million sq ft is lined up to get operational in the next two years, which is expected to push up vacancy levels in all major cities.

The key growth drivers in the commercial real estate sector are:

1. The commercial real estate (CRE) segment (primarily office space) has expanded on the back of growth in the Indian economy.
2. Significant growth in FDI: Progressive liberalisation and easing of FDI norms in India across various sectors have paved the way for growth in FDI. This has further led to burgeoning demand for office space from multinational companies and other foreign investors.

3. The influx of multinational companies (MNCs) and the growth of the services sector have driven the demand for office space in both urban and rural areas.
(Source: India Brand Equity Foundation, www.ibef.org)

Outlook

The demand for office space is expected to increase driven by the growth in the services industry, which includes telecom, financial services and IT & ITeS, which accounts for the maximum demand of commercial office space in the country. (Source: India Brand Equity Foundation, www.ibef.org)

3. The Retail Segment

The Indian retail industry is witnessing a structural change with individual small format stores making way for large format shopping malls and hyper-markets. Presently the top seven cities of India account for a dominant share in mall space. (Source: India Brand Equity Foundation, www.ibef.org)

The key growth drivers in the retail segment are:

- Consumerism is increasing on the back of rising disposable income
- Organised retailing has grown
- The entry of international retailers has boosted industry growth
- Expansion by domestic retailers has also given impetus to the industry

(Source: India Brand Equity Foundation, www.ibef.org)

4. Hospitality Space:

Hospitality segment is also a major segment of real estate in India and responsible for its growth.

The key growth drivers in the hospitality segment are:

- The hospitality segment has witnessed robust demand growth, primarily due to strong growth in tourism, including both business and leisure travel.
- India is becoming increasingly popular as a medical tourism destination.

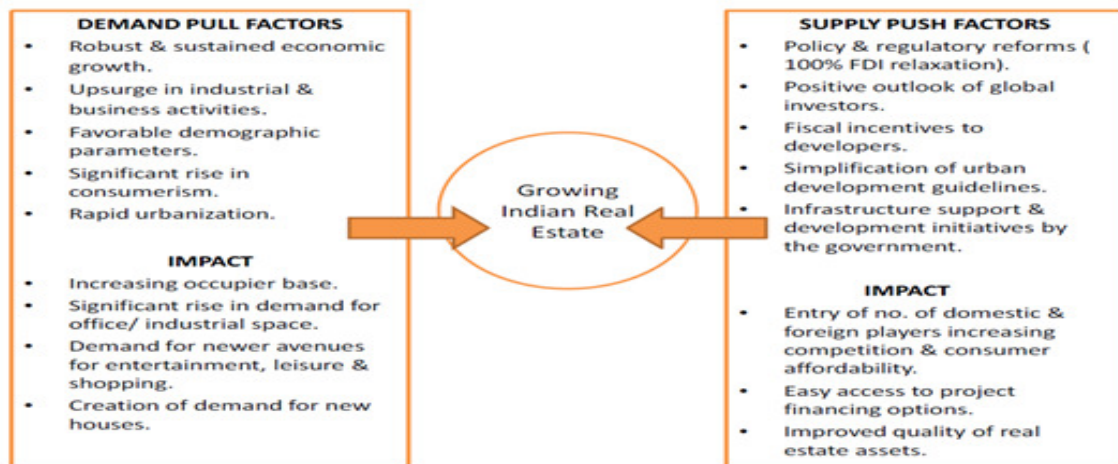
Outlook

- A significant demand-supply gap characterizes the segment. The demand for hotel rooms is around 240,000 rooms, while the current supply of hotel rooms caters to approximately 1,00,000 rooms.
- This gap is expected to reduce in future, as several hotel projects are in the pipeline.
- The potential for budget hotels, service apartments, spas and other niche products is significant.

5. Industry SEZs

The GoI introduced the SEZ Act, 2005, to generate additional economic activity, promote exports and create employment opportunities in the country. Developing an SEZ is approximately 15 to 20 per cent less expensive than developing non-SEZ commercial space, given the various fiscal benefits available to SEZ developers. Several real estate developers have been attracted to these projects. Under the new SEZ Policy, formal approvals have been granted to 579 SEZ proposals as of November 2010. The SEZ Policy allows the use of as much as 50 per cent of the SEZ area as a non-processing zone, offering significant potential for residential and support infrastructure

DEMAND-PULL AND SUPPLY PUSH FACTOR



(Source: Indian Brand Equity Foundation, www.ibef.org)

GOVERNMENT INITIATIVES

The Government has undertaken various initiatives to help the sector grow in the recent past. Some of the major government initiatives include:

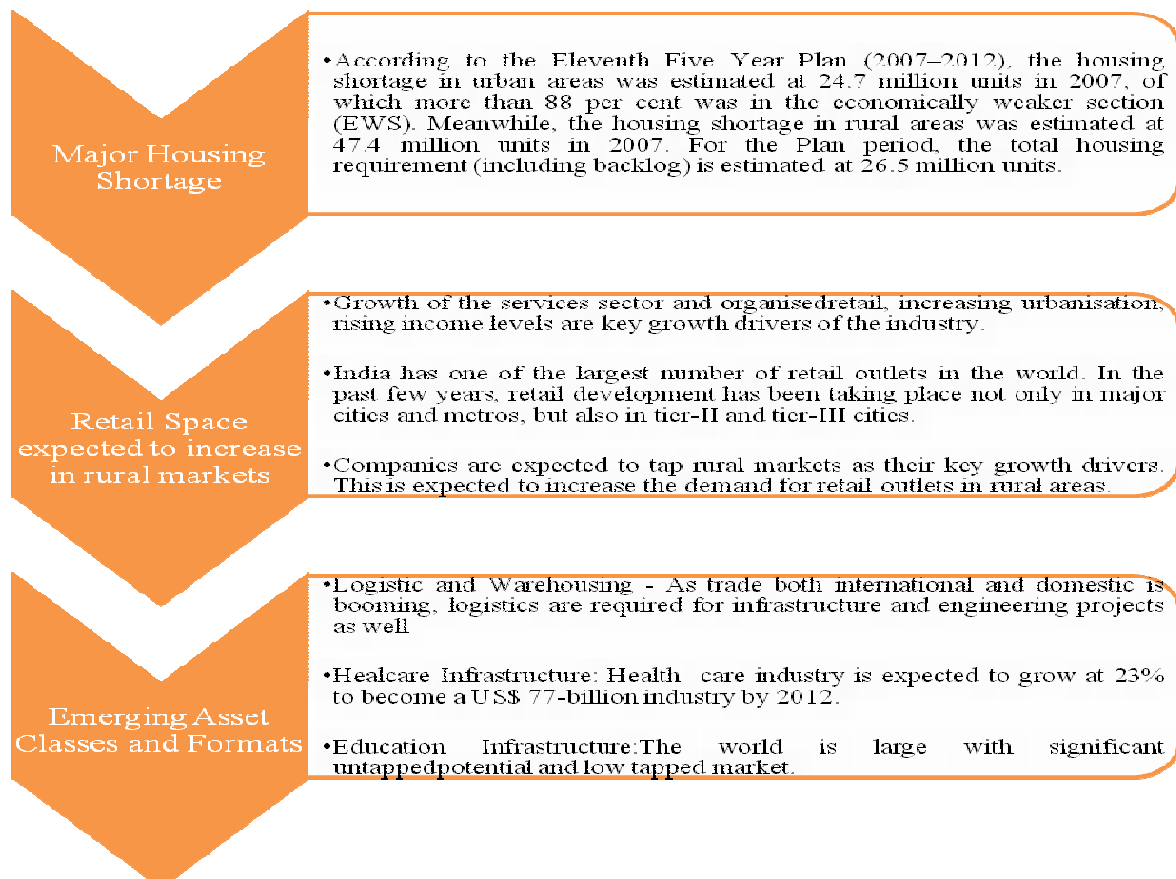
- Allowing 100 per cent FDI in townships, housing, built-up infrastructure and construction development projects through the automatic route, subject to guidelines as prescribed by DIPP.
- Allowing 100 per cent FDI under the automatic route in development of Special Economic Zones (SEZ), subject to the provisions of Special Economic Zones Act 2005 and the SEZ Policy of the Department of Commerce.
- In case of integrated townships, the minimum area to be developed has been brought down to 25 acres from 100 acres
- Full repatriation of original investment after three years

In the Union Budget 2011-12, Mr. Pranab Mukherjee, Union Finance Minister presented various initiatives for the real estate sector, especially focusing on affordable housing. Some of these initiatives include:

- Raising the limit on housing loans eligible for a 1 per cent subsidy in interest rates
- Widening the scope for housing under "priority-sector lending" for banks, making interest rates cheaper on them
- Allocating US\$ 20.03 million for the urban infrastructure development project. The Urban Development Ministry received US\$ 1.5 billion, an increase of US\$ 68.53 million from the last fiscal 2010-11.
- Increasing allocation for Bharat Nirman to US\$ 12.89 billion. Bharat Nirman consists of 6 flagship programs, the PradhanMantri Gram SadakYojana (PMGSY), Accelerated Irrigation Benefit Program, Rajiv Gandhi GrameenVidyutikaranYojana, Indira Awas Yojana.

Opportunities for Indian Real Estate Sector

The long-term view on the Indian real estate industry is positive, as fundamental demand drivers such as increasing urbanisation, favourable demographics, growth of the services sector and rising incomes are still intact.



Challenges facing the Indian Real Estate Sector

Risk weightage increase: In 2006, RBI increased the risk weightage on bank exposures to commercial real estate from 125% to 150%

- i. **Change in preference share policy:** Foreign investment coming as non-convertible, optionally convertible or partially convertible preference shares would be considered as debt and shall require compliance with ECB guidelines
- ii. **Change in external commercial borrowings ("ECB") Policy:** Utilization of ECB proceeds is no longer permitted in the real estate sector; exemption granted to integrated townships has been withdrawn.
- iii. **Rising interest rate:** RBI has implemented various monetary measures to curb inflation and growth in credit to real estate. These have caused home loan interest rates to increase from 10% in January 2007 to 11.50% in July 2011. Rising interest rates may cause higher loan defaults
- iv. **Absence of REITs:** REITs are a significant source of capital and liquidity for real estate industry globally. Absence of REITs in India has restricted retail investor participation and limited capital flows.
- v. **Regulatory issues:**
 - a. Urban Land Ceiling Regulation Act is yet to be repealed in some key states, such as, Karnataka and West Bengal
 - b. Stamp duty rates are still high in many States resulting in high transaction costs
 - c. Tenancy laws are not in favor of owner
- vi. **Unclear titles:** A high percentage of land holdings do not have clear titles. Land is typically held by individuals/families, which hinders easy transfer of title.
- vii. **Time required for obtaining approvals:**
 - a. Approvals required from multiple agencies,
 - b. Time consuming and circuitous procedures; and

The above reasons leads to project delays and affects marketability of projects

(Source: India Brand Equity Foundation (IBEF). For updated news-analysis on Indian business and economy, Log on to www.ibef.org)

B. ROAD INFRASTRUCTURE SECTOR

India has about 4.2 million kilometres of road network, which is the second largest in the world. About 65 per cent of freight and 85 per cent passenger traffic is carried by the roads.

Further, the Government will undertake the upgradation of around 3,700 km of national highways (NHs) under the National Highways Interconnectivity Improvement Project (NHIIP) at a cost of about US\$ 4.26 billion. According to official ministry sources, this project, to be executed by the Ministry of Road Transport and Highways, would involve double laning of single-lane highways in eight states in the next three years. Currently, about 30 per cent of the total NH network is still single-laned, 53 per cent double-laned and 17 per cent four/six/eight-laned.

NHAI has completed 99.2 per cent of construction work on the Golden Quadrilateral (GQ). Out of total length of 5,846 km of GQ project, 4 laning of 5,799 km has been completed. The target date for completion of GQ is December 2011.

Also, the World Bank has agreed to provide funds for the repair of four national highways, measuring 536 km, which pass through Bihar. The national highways which would be repaired using the World Bank funds are 177km-long NH-104 (Sheohar-Sitamarhi-Jainagar-Harhaia), 136km-long NH-106 (Bihpur-Birpur), 154km-long NH-98 (Anisabad-Aurangabad-Hariharnagar) and 69km-long NH-30A (Fatuha-Harnaut-Barh).

(Source: www.oifc.in & Department of Industrial Policy & Promotion (DIPP))

Sector Facts

- The length of various categories of roads is: National Highways - 70,934 km, State Highways - 1,54,522 km, Major District Roads & Other District Roads - 25,77,396 km, Rural Roads - 14,33,577 km
- National Highways comprise only 1.7 per cent of total road network of the country, but carry about 40 per cent of the road traffic

- Foreign direct investment (FDI) received in construction activities (including roads and highways) sector from April 2000 to August 2011 stood at US\$ 9,417.30 million, according to Department of Industrial Policy and Promotion (DIPP) statistics

Investment Opportunities

According to estimates, the road sector in India will require investments in the range of US\$ 75-90 billion over the next five years.

India's construction sector is expected to grow at about 35 per cent between 2008–09 and 2012–13. The private sector is expected to contribute 44 per cent of the total projected spend of US\$ 100 billion on roads and highways over the Twelfth Five Year Plan period.

The Union Ministry of Road Transport and Highways plans to award projects covering 10,000 km of highways during 2011-12. About 80 per cent of these would be awarded on the build-operate-transfer (BOT) mode. "Our target is to award 59 projects covering 7,994 km on BOT (toll) mode. Another 1,000 km will be awarded on annuity and EPC and the remaining will be awarded by the state governments," according to Mr C P Joshi, Union Minister of Road Transport and Highways.

The Indian government has launched the ambitious National Highway Development Programme (NHDP) involving a total investment of US\$ 50 billion on concessions/contracts to be awarded by 2012.

Under this programme, a length of about 15,000 km has already been completed and about 10,000 km is under construction. Over the next three years, it is proposed to take up new sections of about 25,000 km, through a combination of PPP (Public Private Partnership) and EPC (Engineering Procurement and Construction).

To accelerate the pace of NHDP, the Union Government has entered into MOUs with some State Governments who will undertake PPP projects on behalf of the Union Government. A number of projects are in different stages of bidding and award. Based on competitive bidding, up to 40 per cent of the project cost is being provided as viability gap funding for National Highways Projects.

The government has also started the Bharat Nirman Programme that aims to cover every village having a population of over 1,000 or over 500 in hilly and tribal areas, with all-weather roads.

(Source: www.oifc.in & Department of Industrial Policy & Promotion (DIPP))

Investment Policy Updates

According to the newer policy updates from DIPP, 100 per cent FDI under the automatic route is allowed for:

- Support services to land transport like operation of highway bridges, toll roads, and vehicular tunnels
- Services incidental to transport like cargo handling incidental to land transport
- Construction and maintenance of roads, bridges
- Construction and maintenance of roads and highways offered on build own transfer basis, including collection of toll

Highway widening projects will now qualify for the 10-year tax break under Section 80 IA of the Income-Tax Act. The Central Board of Direct Taxes (CBDT) has clarified that widening of existing roads by constructing additional lanes as a part of a highway project, by an undertaking, will be regarded as a new infrastructure facility. This clarification will help highway developers receive tax deduction for a 10-year period under Section 80IA of the Income-Tax Act

(Source: www.oifc.in & Department of Industrial Policy & Promotion (DIPP))

OUR BUSINESS

We are one of the real estate and road infrastructure development and construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra and Jodhpur in Rajasthan.

Our Company was promoted by Mr. Harshad Patel, Mr. Suresh Kumar Jajodia, Mr. Tilokchand Kothari, Mr. Shyamal Ghosh, Mr. Taposh Kumar Basu, Mr. Asitabha Ghoshal and Mr. Pawan Kumar Agarwal in the year 1983 with object to carry on the business of commodity trading. Our Company came out with its initial public issue in the year March 1984 and was listed with BSE. In the year 1986, the change in controlling interest took place and our Company was taken over by Mr. Vikram Somani, Suresh Tapuria and their family members. Subsequently, in December 2005, our Company was taken over by Mr. Rajesh Shankarlal Kakani and Mrs. Rachana Rajesh Kakani. Subsequent to the takeover, the object clause of our Company was amended, to commence the business of construction and infrastructure projects. Further in the FY 2009, the existing Promoters had taken over the controlling interest in our Company by acquiring shares under share purchase agreement and by making open offer under regulations 10 and 12 of then prevailing Takeover Code. Subsequently, with view to undertake real estate development and allied activities, the objects clause of our Company was altered.

Our Company planned and launched the first real estate development project at Koproli, New Panvel named “Arihant Arham”. Subsequently our Company launched another project named “Arihant Abhilasha” at Navi Mumbai. In FY 2011, our Company has taken steps for increasing its *pan-India* presence and in this connection our Company has launched residential projects viz “Arihant Adita and Arihant Ayati in the Jodhpur city of Rajasthan. With view to strengthen our presence in real estate sector, we have acquired 60% stake in Arihant Abode Limited, Arihant Vatika Realty Private Limited and Arihant Gruhnirman Private Limited and 100% stake in Adeshwar Realty Private Limited. We, along with our subsidiaries currently have 4 ongoing projects and 4 projects under planning stage, through which we expect to provide a total Developable/Saleable Area of approximately 63.68 lacs sq feet. We also have 5% stake in “Arihant Aksh Realty LLP-AAA0055, a Limited Liability Partnership, formed to carry on the business of constructions, real estate development, etc. Besides the above projects, we have been also awarded a real estate project by JDA on Built up Sharing Area Basis. Along with the real estate development business, we have also ventured into the development of road infrastructure projects and completed 3 projects of road construction.

Our consolidated total income and consolidated net profit after tax as restated were ₹ 11190.68 Lacs and ₹ 737.78 Lacs for the year ended March 31, 2011, ₹ 2792.08 Lacs and ₹ 131.25 Lacs for the year ended March 31, 2010 and standalone total income and standalone net profit after tax as restated were ₹ 7.78 Lacs and ₹ 4.38 Lacs for the year ended March 31, 2009.

A. COMPETITIVE STRENGTHS

a) ***Strong execution track record of Promoters***

Our Company has commenced real estate projects only after the controlling interest in our company was taken over by our current Promoters. However, our Promoters have varied experience in the real estate Industry through their various companies/ firms in the Arihant Group. Subsequent to the takeover of our Company by the existing Promoters, our Company has become a part of “**Arihant Group**”. Our Group is in real estate segment and has earned reputation in the Industry. The residential projects of our group include residential apartments, super luxury apartments, luxury apartments, and moderately priced apartments along with amenities such as clubhouse, swimming pool and shopping complex. Mr. Ashok Chhajer, our Promoter, has more than two decades of experience in the real estate and construction industry.

b) ***Strong internal process enhancing the quality of construction***

We believe that the quality of our construction is in line with the best construction practices adopted in the industry. We place a special emphasis on ensuring that our quality standards are adhered to at every stage of the project and for every product delivered to the client. Our internal processes and methodologies ensure that various departments and employees of our Company are aware of their respective roles and obligations, and various activities of construction and development are consistent with the standards of quality that we have set for ourselves. This also ensures uniformity in all our processes. We employ technologically advanced tools and processes for ensuring and monitoring quality at each stage of construction including a systematic procedure to oversee onsite construction activities. The quality of each of our projects is monitored by our site supervisors headed by senior coordinators

who report directly to our senior management, thereby providing for quality supervision in all our projects.

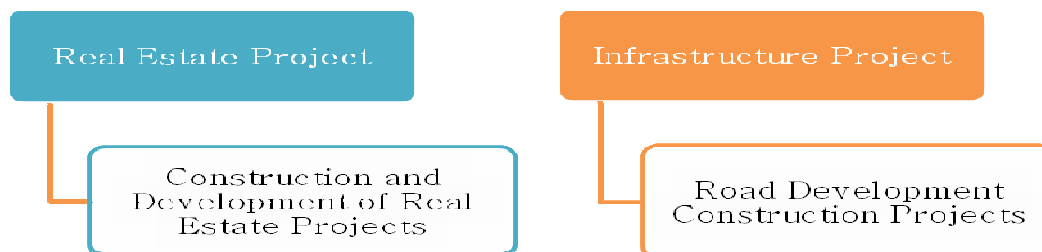
- c) ***Effective and efficient co-ordination with outsourced agencies***
We have the key competencies and in-house resources to deliver a project from its conceptualization stage to completion stage. Our Company is associated with various agencies for outsourcing the work in respect of architectural drawing, structural engineering firms, wood works agencies, mechanical and electrical equipment providing companies, electrical installation agencies, plumbing agencies, etc. The above arrangement enhances our Company's ability to ensure that products and services required for development and construction of a project meets our quality standards and are delivered in a timely manner. We believe that this arrangement is a time tested arrangement for successful completion of projects in a timely manner.
- d) ***Qualified and experienced management team***
We believe that our present qualified and experienced management and technical teams are capable to contribute to the growth of our operations and the development of in-house processes and competencies. Our technical teams bring with it extensive experience in designing, engineering, marketing and construction of the projects. Our senior management team is in charge of operations, finance, sales and marketing, business development, strategic planning and have vast experience in the industry.
- e) ***Quality of Land Reserves acquired at competitive prices***
Our land reserves enable us to maintain a consistent and significant portfolio of projects under development and therefore form an important asset for our business. Prudent care is taken for selection and purchases of land for development. Our land reserves are owned fully by us, enjoy location advantages, which should enable us to undertake projects at our convenience. Our current land Reserves are **23.73 lacs** sq. ft . We acquired such land at prices which are competitively low and possibility of returns out of development of such land parcels is reasonably high.

B. STRATEGY

The key elements of our business strategy are:

- a) ***Expand into new geographical areas***
We are one of the real estate and road infrastructure development and construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra and Jodhpur in Rajasthan. The focus of real estate development of our company has mainly been in Navi Mumbai, Thane and Jodhpur. However, going ahead, we intend to develop and construct real estate projects in other parts of the country.
- b) ***Diversifying the portfolio of projects undertaken by us***
We intend to diversify the portfolio of projects undertaken by us by developing hotels, integrated townships, IT parks, infrastructure projects in addition to continuing the development of residential projects. We have also been awarded a real estate project by JDA on Built up Sharing Area Basis. Along with the real estate development business, we have also ventured into the development of infrastructure projects and completed 3 projects of road construction. We are inclined towards entering into more such road infrastructure development projects, which we feel will help us increase our presence and also provide us a gateway to grow geographically by entering into real estate development in such regions.
- c) ***Maintain high standards of quality and project execution capabilities***
We intend to continue to focus on innovation and quality project execution in order to maximize client satisfaction. We also use technologically advanced tools and processes to ensure quality construction. We continue to further enhance our architectural, design, construction, and development capabilities to enable us to provide innovative, modern and quality products and services to our customers.
- d) ***Persistent Marketing***
We believe that in the present economic scenario, our Company has been able to maintain a good sales portfolio due to our pre-eminent strengths in quality construction, project execution capabilities and above all, a strong and an aggressive marketing strategy. We intend to continue targeting increased sales by innovative means of marketing to our existing customers and to cater to new markets and new customers. Our Company markets its products through a dedicated marketing team.

C. OUR EXISTING OPERATIONS



a. CONSTRUCTION AND DEVELOPMENT OF REAL ESTATE PROJECTS

Our operations mainly consist of construction and development of real estate projects in and around Navi Mumbai and Thane District in Maharashtra and Jodhpur in Rajasthan. The details of our completed, ongoing and planned projects are as under:-

I. Completed Project

Our Company has not completed any project till date as the Real Estate construction activity was commenced by the Company in the year 2009 only. However, Mr. Ashok Chhajera, our Promoter, has more than two decades of experience in the real estate and construction industry.

II. Ongoing projects

The details of the ongoing projects under implementation by our company are as under: -

S.N.	Name of the Project	Development Site / Location	Total Land Area (lacs sq. ft.)	Estimated Developable / Saleable area (Lacs Sq. ft.)	Actual or Estimated Total Number of Units	Total Number of Units Sold / Booked for Sale	Total Saleable Area Sold/ Booked for Sale/ Leased (lacs sq. ft.)	Construction Commencement Date	Estimated Completion Date
1	Arihant Arham	Koparli, New Panvel	4.26	4.07	501	476	3.85	Oct 2009	Sept 2012
2	Arihant Adita	Jodhpur, Rajasthan	5.06	9.45	826	117	1.25	June 2011	March 2016
3	Arihant Abhilasha	Kharghar, Navi Mumbai	0.80	2.51	234	147	1.58	Jan 2010	Sept 2012
4	Arihant Amodini	Taloja, Navi Mumbai	0.42	1.36	126	64	0.69	Oct 2011	March 2014

(1) Project "Arihant Arham"

On this residential project at Panvel, the construction activities for 29 buildings have been started. Multiple contract and agencies have been engaged and marketing strategies have been formulated.

(2) Project "Arihant Adita"

The project is located at Pal road, Gangana, Jodhpur (Rajasthan). The project aims to provide the people of Jodhpur all state of art facilities and amenities and is 1 Km away from the National Highway. This is high rise residential project in Jodhpur. It is propose to have 14 buildings of 10 storeyed each consisting of 2BHK and 3BHK units. Construction work has been started.

(3) Project "Arihant Abhilasha"

This is residential project situated at Kharghar, Navi Mumbai. The land has been conveyed in the name of ASL by way of tripartite agreement. The project is having 2 buildings of 19 storeyed and 20 storeyed each. Currently R.C.C structures of both buildings have been completed. Internal and External plaster of 1 building has been completed and the work of flooring and painting has been commenced.

(4) Project "Arihant Amodini"

This is a residential project located at Taloja (Navi Mumbai). The land has been conveyed in the name of ASL by way of tripartite agreement. The project will be consisting of approx. 126 flats having approx. developable/saleable area of 1.36 lacs sq. ft. The work has been commenced and pilling work is in progress.

III. Planned/ Upcoming Projects

S. N.	Name of the Projects	Development Site / Location	Total Land Area (Lacs sq. Ft. Approx.)	Estimated Developable/ Saleable area (Sq. ft.)	Estimated Total Number of Units	Estimated Construction Commencement Date	Estimated Completion Date
1	Arihant Ayati	Jodhpur, Rajasthan	0.35	1.64	90	June 2012	Nov 2014
2	Arihant Aaroohi	Padle, Thane	0.92	1.40	182	May 2012	Aug 2014
Through our Subsidiaries							
3	Arihant Anmol	Jouvelli, Thane	2.74	3.25	448	May 2012	March 2015
4	Arihant Akanksha	Palaspe, Panvel	9.18	40.00	3625	Sept 2012	March 2021

(1) Project “Arihant Ayati”

The project named as “Arihant Ayati” is situated at Devnagar, Jodhpur, Rajasthan. This project is a high rise residential project consisting 3 BHK super luxurious flats. However, the project is under planning stage.

(2) Project “Arihant Aaroohi”

This is a residential project located at Thane, which will have approximately 1.40 lac sq. ft of developable/saleable area. The project is under planning stage.

(3) Project “Arihant Anmol”

This is a residential project located at Jouvelli, Thane. This is a residential project which would have approximately 3.25 lac sq.ft of developable/saleable area. The project is under planning stage.

(4) Project “Arihant Akanksha”

This is a residential project located at Panvel, Navi Mumbai. The project is under approval stage and will approximately have 40 lacs sq. ft. of developable/saleable area. The project is proposed to be under Rental Housing scheme of MMRDA. The project is under planning stage.

We classify our projects as “Ongoing” or “Planned/ Upcoming” depending on their respective stages of development. Please see the chapter titled “Definitions and Abbreviations” on page ii.

IV Arihant Agrima – PPP Project with Government of Rajasthan at Jodhpur under affordable housing policy 2009

Our Company was awarded with Real Estate Project on Built-Up Area Sharing Basis by JDA at Jodhpur. Under the terms of the project/Agreement, JDA has agreed to award our Company land admeasuring 1,33,061 square meters free of cost and our Company has agreed to construct and develop 1,350 flats [844 EWS & 506 LIG flats] on land area of 33,461.26 square meters for JDA free of cost. Hence, under this project our Company will be authorized to use the remaining land of 99,599.74 square meters for its own commercial purpose subject to the prevailing law of town ship policy and provision of Affordable Housing Policy. The approximate saleable area would be 28 lacs sq. ft. for real estate development. However, The project shall be considered eligible/successful/cleared only when JDA receive at least 50% of 1350 EWS & LIG flats (*i.e* 675 EWS & LIG Flats) and subsequently our Company can start construction, development on, and marketing of the Residual Land for its commercial purpose. For further details on the project please refer chapter titled “Objects of the Issue” on page 24 of the Letter of Offer.

V. Other Projects

We also have 5% stake in “Arihant Aksh Realty LLP – LLPIN-AAA0055, a Limited Liability Partnership, formed to carry on the business of constructions, real estate development, etc. The LLP has two projects “Arihant Aksh & Arihant Akriti” both the projects are located in Badlapur.

OTHER CONSTRUCTION ACTIVITIES

Along with real estate development, our company is also into the development of Infrastructure. As on LOF, we have completed 3 road development projects, details of the projects are given below.

Sr. No.	Name of company who have awarded project to our Company	Particulars of Project awarded to our company	Estimated order value in ₹ Crore	Year of Completion
1.	GKC Projects Limited Hyderabad	Development of Kacha Road in Thane, Mumbai	12.65	2009 – 10
2.	Brahmaputra Infraproject Ltd. New Delhi	Construction of 4 Laning of Road Bijapur – Hungund Section	16.57	2010 -11
3.	ICSA India Limited. Hyderabad	Construction of Road (8 Km.) at Banka, Jharkhand	19.86	2010 -11

We have completed all the projects by sub-contract.

B. OUR LAND RESERVES

Our land reserves comprise lands in respect of which, as of March 27, 2012:

- registered title is owned by the Company or its Subsidiaries
- the Company or its Subsidiaries or joint venture companies have been granted sole development rights;
- a memorandum of understanding, agreement to acquire or letter of acceptance has been entered into by the Company, its Subsidiaries or group companies;
- joint development agreements have been entered into by the Company, its Subsidiaries or joint venture companies; and
- the Company owns a proportionate interest indirectly through joint ventures.

The land reserves figures herein may include lands in respect of which we have already recognised revenue, due in part to the application of “percentage of completion accounting”. We have Ongoing or Planned projects on all our land reserves.

As of March 27, 2012, our land reserves aggregated approximately 23.73 lac sq. ft. The following is a summary of our land reserves as of March 27, 2012:-

S. No.	Land Bank/ Land Reserves (Category wise)	Area (lac sq. ft.)	% of Total Area	*Estimated developable/ Saleable area (lac Sq. ft.)	% of developable/ Saleable area
(i)	Land Owned by the company	23.42	98.72	63.33	99.45
	1. By itself	11.51	48.51	20.08	31.53
	2. Through its Subsidiaries	11.91	50.21	43.25	67.92
	3. Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil
(ii)	Land over which the Company has sole development rights	0.30	1.28	0.35	0.55
	1. By the Company directly	0.30	1.28	0.35	0.55
	2. Through its Subsidiaries	Nil	Nil	Nil	Nil
	3. Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil
(iii)	Memorandum of Understanding/Agreements to acquire/ letters of acceptance to which company and/or its subsidiaries and/ or its group companies are parties, of which:				
	1. Land subject to government allocation -	Nil	Nil	Nil	Nil

S. No.	Land Bank/ Land Reserves (Category wise)	Area (lac sq. ft.)	% of Total Area	*Estimated developable/ Saleable area (lac Sq. ft.)	% of developable/ Saleable area
	2. Land subject to private acquisition	Nil	Nil	Nil	Nil
(A)	Sub-total (i)+(ii)+(iii):	23.73	100.00	63.68	100.00
Joint development with partners					
(iv)	Land for which Joint development agreements have been entered in to by :				
	1. By the company directly	Nil	Nil	Nil	Nil
	2. Through the subsidiaries	Nil	Nil	Nil	Nil
	3. Through entities other than (1) and (2) above	Nil	Nil	Nil	Nil
(v)	Proportionate interest in lands owned indirectly by the company through joint ventures	Nil	Nil	Nil	Nil
(B)	Sub-total (iv)+(v) :	Nil	Nil	Nil	Nil
(C)	Total(i)+(ii)+(iii)+ (iv)+(v) :	23.73	100.00	63.68	100.00

*Please refer risk factor no 5, 12 and 22 on page xii, xv and xvii under section titled Risk Factor”

Brief explanation of each type of land mentioned in the aforesaid table is as under:

(i) Land Owned by us

Land reserves that is owned by the company comprise lands for which sale deeds and other instruments including long-term lease deeds have been executed and registered in the favour of the company/subsidiaries, except as stated below.

Among the land owned/leased by the Company through one of our subsidiaries, Arihant Abode Limited, land admeasuring 3.73 lac sq.ft. is registered in the name of our promoter viz., Mr. Ashok Chhajer, who is also the director of the subsidiary company. However, the consideration, for the purpose of purchasing these lands, has been paid by the subsidiary. In this regard, Mr. Ashok Chhajer has executed an irrevocable power of attorney in favour of the subsidiary company which giving authority to subsidiary to execute and perform any acts deeds, matters and things in respect of said immovable property and that Mr. Ashok Chhajer shall take all such action in order to transfer said lands in the name of Arihant Abode Limited as and when permitted by the law.

As of March 27, 2012, the total land owned by us directly and through our Subsidiaries was approximately 23.42 lac sq. ft. representing 98.72% of our total land reserves. Of this, approximately 11.51 lac sq. ft. representing 48.51% is owned by us directly and 11.91 lac sq. ft., representing 50.21 % of the land owned by us through our Subsidiaries.

Out of total land reserve under this category, we are yet to obtain certificate of Non Agricultural for land admeasuring 0.92 lac sq. ft. representing 3.88 % of our total land reserves in respect of land owned by us directly and 8.26 lac sq. ft. representing 34.81 % of our total land reserves owned by us through our subsidiaries. Please see the Risk Factor No 21 on page xv of the Offer Document.

Out of total land reserve under this category, for area admeasuring 13.18 lac sq. ft., we are yet to commence the projects which are under the planning stage. Please refer page no 44 under chapter titled “Our Business” and chapter titled “Government and Other Approvals” on page no 172 of this LOF.

(ii) Sole Development Rights

As of March 27, 2012, our Company had been granted sole development rights on land admeasuring 0.30 lac sq. ft. by entering into agreements with parties having ownership or other interests over the land. As of March 27, 2012, land on which we have been granted sole development rights comprised approximately 1.28% of our total land reserves.

- (iii) **MoUs/ Agreements to Sell and Purchase/ Letters of Acceptance –**
Our company has not entered into any MoUs/ Agreements to Sell and Purchase / Letter of Acceptance.
- (iv) **Joint Development Agreements**
Our company has not entered into any Joint development agreement.
- (v) **Joint Venture Arrangements**
We do not own any land through joint venture arrangements.”

Material Land Agreements

The following are the material land agreements relating to our Land Reserves falling under categories (ii), (iii) and (iv) above which, as required under the SEBI Regulations, represent at least 10% of the “aggregate agreement value” of land falling within the relevant category. None of these material land agreements have any revocation clauses.

Category (ii): Land over which the Company has sole development rights

Particulars	Details
Contracting Parties	Ashok B. Chhajer & Sangeeta A Chhajer and Arihant Superstructures Limited*
Date of the Agreement	16th March, 2011
Validity period of the Agreement	NA
Agreement Value (₹)	40.47 lacs
Amount Paid (₹)	40.47 lacs
Sources of Funds	Unsecured loan from promoter
Revocation Clause	There is no revocation clause in the agreement.

* The said development rights were owned by Mr. Ashok Chhajer and Mrs. Sangeeta Chhajer on behalf of M/s Arihant Builders. Hence, when development rights on the said land were transferred to the Company, all the payment in respect of the same was made in favour of M/s Arihant Builders.

We do not own any land, under Category (iii), (iv), and (v) and hence there are no material land agreements relating to our Land Reserves falling under this category.

We hereby undertake that:-

The details with respect to the land reserve held by the Company given hereinabove is complete and in case of any amendments to the above information will be disclosed to BSE. The Company further undertakes to make continuous disclosures on stages of development on material agreements that have been disclosed in this Letter of Offer, to Stock Exchange for the purpose of continuous public dissemination.

Details agreements in respect of above mentioned land reserve are as under:-

The lands listed in the land reserve have clear title in the agreement and that none of the parties are related to each other except as mentioned in the table given below.

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
				Party 1	Party 2	Party 3	
On-going projects							
Arihant Arham	25 - 2 Koproli, Panvel, Raighad	0.41	Sale Deed	Ashok Chhajer and Sangeeta Chhajer (Vendor)*	ASL (Purchaser)	-	68.00
	27-2A-1, 2A-2, 2A-3 Koproli, Panvel,	3.30	Sale Deed	Ashok Chhajer and Sangeeta Chhajer (Vendor)*	ASL (Purchaser)	-	555.00

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
	Raighad						
	25/1 Koproli, Panvel, Raighad	0.25	Agreement To Sale	Ganu Hansu Patil (Vendor)	ASL (Purchaser)	-	16.53
	27-1A Koproli, Panvel, Raighad	0.30	Development Agreement	Ashok Chhajjer and Sangeeta Chhajjer (Assignor)*	ASL (Assignee)	-	40.47
Arihant Abhilasha	Plot No. 10, Sector No 35-H, Kharghar, Panvel, Raighad	0.80	Tripartite Agreement	CIDCO (Licensor)	Shri Mohammed Abbas M. Husain Patel and Shri Mohammed Afzal M. Husain Patel (Original Licensee)	ASL (New Licensee)	0.93
			Development Agreement	Shri Mohammed Abbas M. Husain Patel and Shri Mohammed Afzal M. Husain Patel (Assignor)	ASL (Assignee)	-	285.00
Arihant Amodini	Plot No. 4, Sector No 24, Taloja Road Panvel, Raighad	0.42	Tripartite Agreement	CIDCO (Licensor)	Smt. Rakhamabai Munga Bhoir & Others ^ (Original Licensee)	ASL (New Licensee)	7.86
Arihant Adita	K. No. 213 (Pt), K. No. 228 Gangana village, Jodhpur, Rajasthan	5.06	Sale Deed	Harendra Prataap Choudhary (Vendor)	ASL(Purchaser)	-	254.00
	K. NO 227 (PT) Gangana village, Jodhpur, Rajasthan		Sale Deed	Pushpa Choudhary (Vendor)	ASL(Purchaser)	-	36.50
Under Planning Stage							
Our Company is yet to obtain certificate of Non Agricultural for all lands mentioned below except the ones located at Survey no. 150 - 1 TO 7, Mauje Palaspe, Panvel District Raighad admeasuring 0.36 lac sq. ft. and Survey no. 149 - 1 TO 5, 15 /2- 1 TO 6, 7 / 5 Mauje Palaspe, Panvel District Raighad admeasuring 3.24 lac sq. ft., under project Arihant Akansha and those purchased for Project Arihant Ayati.							
Arihant Aarohi	S. No. 17-1b, Padle, Thane	0.23	Sale Deed	Ratan Narayan Patil (Vendor)	ASL (Purchaser)	Ramesh Narayan Patil, Sunil Narayan Patil, Pandhrinath Narayan Patil, Dilip Narayan	189.00

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
						Patil, Milind Narayan Patil (Confirming party)	
	S. No. 18-1, Padle, Thane	0.37	Sale Deed	Prakash Namdev Mhatre (Vendor)	ASL (Purchaser)	-	221.00
	S. No. 18-2, Padle, Thane	0.32	Sale Deed	Ramesh Narayan Patil & Others *	ASL (Purchaser)	-	270.90
Arihant Akanksha	23 - 4, Mauje Palaspe, Panvel District Raighad	0.31 [±]	Sale Deed	Mishrilal Hersukh Bhangdiya (Vendor)	Ashok Chhajer (Purchaser)	-	47.52
	30 - 2C, Mauje Palaspe, Panvel District Raighad	0.04 [±]	Sale Deed	Shri Rafique Abdul Malik (Vendor)	Ashok Chhajer (Purchaser)	-	24.50
	14- 6 , 14 - 7, Mauje Palaspe, Panvel District Raighad	0.79 [±]	Sale Deed	Shri Damji Maken Nisar & Others *	Ashok Chhajer (Purchaser)	-	150.63
	150 - 1 TO 7, Mauje Palaspe, Panvel District Raighad	0.36	Sale Deed	Mr Moiz Saifudddin Rajkotwala (Vendor)	Arihant Abode Ltd (Purchaser)	-	215.00
	30 - 1, Mauje Palaspe, Panvel District Raighad	0.86 [±]	Sale Deed	M/s. Millenium Land Developers Pvt Ltd (Vendor)	Ashok Chhajer (Purchaser)	-	120.15
	24 - 1A Mauje Palaspe, Panvel District Raighad	0.33 [±]	Sale Deed	M/s. Millenium Land Developers Pvt Ltd (Vendor)	Ashok Chhajer (Purchaser)	-	41.64
	21 - 3, Mauje Palaspe, Panvel District Raighad	0.15 [±]	Sale Deed	M/s. Millenium Land Developers Pvt Ltd (Vendor)	Ashok Chhajer (Purchaser)	-	88.20
	16, Mauje Palaspe, Panvel District Raighad	0.53 [±]	Sale Deed	Moiz Saifdeen Rajkotwala (Vendor)	Ashok Chhajer (Purchaser)	-	85.00
	18 - 1B, Mauje Palaspe, Panvel District Raighad	0.27 [±]	Sale Deed	M/s. Millenium Land Developers Pvt Ltd (Vendor)	Ashok Chhajer (Purchaser)	-	27.07
	15 - 3, Mauje Palaspe, Panvel District Raighad	0.06	Sale Deed	Ashok Kanu Chorge (Vendor)	Arihant Abode Ltd (Purchaser)	-	27.00

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
	15 - 1, Mauje Palaspe, Panvel District Raighad	0.46	Sale Deed	Ms Pramilaibai D Gandhi & Others [€] (Vendors)	Arihant Abode Ltd (Purchaser)	-	20.00
	22 - 1B, Mauje Palaspe, Panvel District Raighad	0.25 [€]	Sale Deed	Om Prakash Bansilal Dhupar (Vendor)	Ashok Chhajjer (Purchaser)	-	57.50
	14 - 5, Mauje Palaspe, Panvel District Raighad	0.10 [€]	Sale Deed	Sadanand Basanth Bhagat, Sandeep Basanth Bhagat (Vendor)	Ashok Chhajjer (Purchaser)	-	47.00
	23 - 1, Mauje Palaspe, Panvel District Raighad	0.49	Agreement For Sale	Ramesh Datu Bhagat and Anand Datu Bhagat (Vendor)	Arihant Abode Ltd (Purchaser)	-	273.00
	149 - 1 TO 5, 15 /2- 1 TO 6, 7 / 5 Mauje Palaspe, Panvel District Raighad	3.24	Agreement For Sale	M/s. Millenium Land Developers Pvt Ltd through Nijhar Ali Jivani (Vendor)	Arihant Abode Ltd through Ashok Chhajjer (Purchaser)	-	1288.97
	18 - 1A, Mauje PALASPE, Panvel District, Raighad	0.55	Sale Deed	Dattatray Janu Chorge (Vendor)	Arihant Abode Limited thorough Ashok Chhajjer (Purchaser)	-	266.70
	23 - 3, Mauje, PALASPE, Panvel District Raighad	0.29	Sale Deed	Parvati Bai Dhau Kateker and Harishchandra Dhau Kateker (Vendor)	Arihant Abode Limited thorough Ashok Chhajjer (Purchaser)	-	119.19
Arihant Anmol	S. NO. 5 - 19 A, JOUEVELLI, Ambernath, Thane	0.13	Agreement For Sale	Arihant Vatika Realty Pvt Ltd. (Purchaser)	Smt. Sugandha Sadhshiv Deshpande (Vendor)	Samir Chandrakanth Shethye, Paresh Govind Velankar (consenting parties)	38.00
	S. NO. 67 - 6D(PT), JOUEVELLI, Ambernath, Thane	0.27	Agreement For Sale	Varsha vilas Naik (vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	27.50
	S. NO. 67 - 6B, 67 -6B1, JOUEVELLI, Ambernath, Thane	0.43	Agreement For Sale	Vilas Shantaram Naik and Varsha Vilas Naik (vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	25.00

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
	S. NO. 67 - 6 B 2(PT), JOUEVELLI , Ambernath, Thane	0.05	Agreement For Sale	Vilas Shantaram Naik and Varsha Vilas Naik (vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	4.65
	67 - 6A(PT), 67 - 5, 68, 69 - 1, JOUEVELLI, Ambernath, Thane	1.31	Agreement For Sale	Avinash Dattatray Patka, Sneha Avinash Dattatray Patkar, Jayantilal P Patel and Vanita Jayantilal Patel (Vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	140.00
	67 -4/5, 6/4, JOUEVELLI, Ambernath Thane	0.43	Agreement For Sale	Vilas Shantaram Naik & Varsha vilas Naik (vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	44.00
	67 - 3A/7, JOUEVELLI, Ambernath, Thane	0.05	Agreement For Sale	Gajendra Bharat Gadge (Vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	5.60
	67 - 3A(1) (PT), JOUEVELLI, Ambernath, Thane	0.05	Agreement For Sale	Avinash Dattatray Patkar , Shobha Sharad Gadge, Kumar Ritesh Sharad Gadge, kumari Jagruti Sharad Gadge (Vendor)	Arihant Vatika Realty Pvt Ltd. (Purchaser)	-	5.60
Arihant Ayati	Plot No 6, Devnagar, Jodhpur	0.08	Lease Deed	Rajasthan Rajyapal (Licensor)	ASL (Licensee)	-	18.63
			Sale Deed	Kewal Chand Modi (vendor)	ASL (Purchaser)	-	1,60.00
	Plot No 7, Devnagar, Jodhpur	0.11	Lease Deed	Rajasthan Rajyapal (Licensor)	ASL (Licensee)	-	18.82
			Sale Deed	Prakash Chand Modi(vendor)	ASL (Purchaser)	-	175.00
	Plot No 8, Devnagar, Jodhpur	0.08	Lease Deed	Rajasthan Rajyapal (Licensor)	ASL (Licensee)	-	18.75
			Sale Deed	Kailash Chand Modi (Vendor)	ASL (Purchaser)	-	135.00
	Plot No 9, Devnagar, Jodhpur	0.08	Lease Deed	Rajasthan Rajyapal (Licensor)	ASL (Licensee)		18.94
			Sale Deed	Harish Chand Modi (Vendor)	ASL (Purchaser)	-	140.00

Project Name	Location	Land Area Lac Sq. Ft.	Type Of Document	Name of the parties			Cost (in ₹ lacs)
			Tripartite Agreement	Kewalchand, prakashchand, kailashchand and Harish Chand (Assignors)	ASL (Assignee)	Jinendra Construction Private Ltd (Third party-Conforming Party)	800.00

*** Related Party:** The vendors are the promoter and/or directors of the purchaser i.e. ASL. The land was purchased by M/s Arihant Builders and registered in the name of the then partners Mr. Ashok Chhajer and Mrs. Sangeeta Chhajer. The said land / development rights of the said land were subsequently purchased by the Company and all the payment in respect of the same was made in favour of M/s Arihant Builders. Please Refer Risk Factor No 5 on page xii and Related Party Transaction on page no128 under chapter titled “Financial Statements” of the LOF.

Name of the vendor:

[^]Shri Sunil Munga Bhoir, Shri Anil Munga Bhoir, Shri Sachin Munga Bhoir, Kum. Aruna Munga Bhoir, Smt. Taibai Baban Bhoir, Smt. Surekha Balaram Mhatre, Smt. Sunita Santosh Thakur, Shri Harishchandra Namdev Bhoir, Shri Maruti NamDev Bhoir, Shri Pradip Namdev Bhoir, Smt. Jaibai Bhagwan Keni, Smt. Janabai Ramdas Khutarkar, Smt. Reventa Baliram Patil, Smt. Asha Sadashiv Phadke, Shri Sitaram Sakhamam Bhoir

^{\$}Sunil Narayan Patil, Pandhrinath Narayan Patil, Dilip Narayan Patil, Milind Narayan Patil, Neera Bai Naryan Patil, Yesu Bai Narayan Patil, Manoj Narayan Patil, Prema Bai Narayan Patil, Ratan Narayan Patil, Kamla Bai Babu Shailar, Manisha Prahlad Paushe (Vendor)

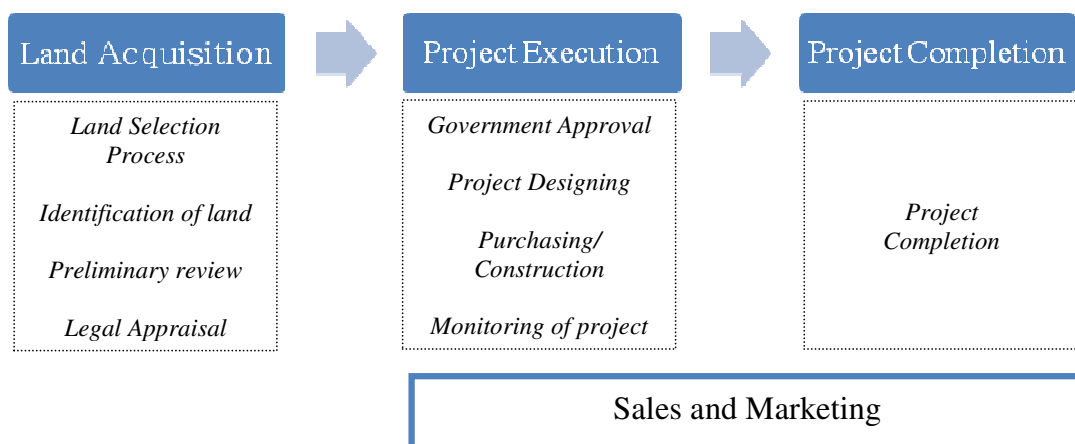
^{*}Smt Panchiben Damji Nisar, Devsi hansraj Patel, Mohanlal Devsi Patel, Bipin Tulsidas Bhavani, Shri Pankaj Lalji Bhavani, Manilal Valji Patel, Shri Premji Nanji Patel, Purshottam Parpaya Thakker, Chandrakant Ramji Thakkar, Dinesh Parpaya Thankker

[€]Mr. Ashok Pritamlal Mehta, Mr. Devendra Babubhai Valia, Mr. Arunkumar Babubhai Valia, Mr. Sundaram Harihar Krishna

£Among the land owned/leased by the Company through Arihant Abode Limited, subsidiary, land admeasuring 3.73 lac sq. ft. is registered in the name of a promoter viz., Mr. Ashok Chhajer, who is also the director of the subsidiary company. However, the consideration, for the purpose of purchasing these lands, has been paid by the said subsidiary. In this regard, Mr. Ashok Chhajer has executed an irrevocable power of attorney in favour of the subsidiary company which giving authority to subsidiary to excute and perform any acts deeds, matters and things in respect of said immovable property and that Mr. Ashok Chhajer shall take all such action in order to transfer said lands in the name of Arihant Abode Limited as and when permitted by the law.

D. KEY BUSINESS PROCESSES

The process of real estate development can be divided into distinct stages of activity. These stages are as follows:



i. Land Acquisition

(a) Land Selection Process

The acquisition, development and marketing of properties and the land on which our buildings are constructed form an important part of our business. We have over a period of time, developed an internal process through which we select land for the purpose of acquisition and development.

(b) Identification of land

Our senior management identifies the areas where we believe our projects will have commercial feasibility. Upon the finalization of the same, the process of identifying the strategic land parcel is being done in the specified areas.

(c) Preliminary review

Legal department of our Company undertakes preliminary study of the land to assess whether it can be used for the activities our Company plans to acquire the land for. We acquire information on factors like technical feasibility of the proposed land for the development of the project, such as shape, size and contours, the availability of ground water, the type of construction possible given the prevalent soil conditions, the number of floors that may be constructed on the given plot of land.

Further, we acquire information which deals with locational advantages and disadvantages and target clientele for marketing purpose. For certain projects, in addition to the above information, we also try to acquire details about existing and potential clients to help us determine market needs. This information includes information about schools and amenities, analysis of demographic details to determine whether a project will be saleable and at what price.

(d) Legal Appraisal

Upon approval by our management to proceed with the acquisition of the land, our Senior Management proceeds with the negotiation with the owners of the land for the acquisition. The legal department usually attempts to ensure that the flow of title to the land is clearly ascertainable over a period of at least thirty years prior the date of the proposed acquisition. The processes involved in the legal feasibility survey includes, examination of copies of the relevant title deeds, examination of corroborative documents including tax and revenue related documentation and evidences of utility payments. In addition, the legal feasibility report may also incorporate a title opinion from an advocate acknowledging the unqualified, clear and marketable title of the owner on the property in question. During the course of the land acquisition process, we may enter into a memorandum of understanding with the owner of the land that is proposed to be acquired and pay to such owner a percentage of the proposed value of the property. In certain exceptional cases, for exceptionally attractive portions of land, we may enter into a sale agreement with the owner of the land being acquired and advance to the said owner, a larger portion of the proposed value of the property in advance. Prior to our decision to acquire the land, we generally issue a public notice calling for objections in relation to the land that we propose to acquire.

While our decision to select a particular location for our business is dependent on the information received from the above processes, it also involves a significant degree of independent judgment and analysis, which we carry out based on our prior experience, feedback from our clients and market sources.

ii. Project Execution

The project execution process commences with the obtaining of requisite regulatory approvals, including environmental approvals, and the development of a project concept based on the area's marketability, target customers and potential return. After a detailed review of the site parameters, we formalise an architectural brief based of the project concept which is subsequently finalised with selected architects and other external consultants. We closely monitor the development process, construction quality, actual and estimated project costs and construction schedules. We endeavour to maintain high health and safety standards in all our real estate developments.

iii. Sales and Marketing

Sales

We follow a simple system for sales of our on-going projects from our corporate office or from project sites as well as through our channel partners. Firstly, we accept minimum 20% amount of the total

consideration of the property and only then we proceed with the stamp duty and registration formalities as majority of client's approach their financial institute for balance 80% of funding. In case of Bank finance rest of the payments would be disbursed by the banks as per the progress on-site. On the completion of the construction and final finishing of the project we form the society and hand it over to members along with all the maintenance and house-keeping management, who further take care of the day to day administrative management of the society. Finally upon completion of all the formalities we execute conveyance deed in favour of the housing society as per the Maharashtra Ownership of Flat Act. For our projects in the state of Rajasthan local state laws would be followed.

Marketing:

We do the market survey before launching the project. After understanding the depth of market for the project we plan our marketing strategy. We hold a heavy media budget which we spend on various medium's like Advertisements. We do both direct & indirect marketing. Direct marketing sales efforts are a combination of telephonic marketing, tours of our model homes, digital marketing and Property exhibitions, all of the above listed direct marketing efforts are handled by our internal marketing team. Indirect Marketing through various medias like Print, Web, Out Door, Electronic Media, Internet marketing etc. are also handled by our internal marketing team.

E. RISK MANAGEMENT

We are exposed to different types of risks such as credit risk, market risk (including liquidity risk, interest rate risk), operational risk and legal risk. We monitor credit and market risks, as well as operational risk through the supervision of senior management personnel in each of our business areas. We are also exposed to specific risks in connection with the management of investments and the environment within which it operates.

F. HEALTH, SAFETY AND ENVIRONMENT

We take care of health, safety and environmental regulations and other requirements in our operations. We believe that accidents and occupational health hazards can be significantly reduced through systematic analysis and control of risks and by providing appropriate training to management, employees and sub-contractors. We seek to work proactively towards eliminating or minimizing the impact of hazards to people and the environment. Project heads are principally responsible for ensuring that safety standards are met at project sites. In addition, health and safety is also supervised on site.

G. INFORMATION TECHNOLOGY

We use Enterprise Resource Planning (ERP) system. ERP integrates internal and external management information across an entire organization, embracing finance/accounting, engineering, customer relationship management & marketing etc. ERP systems automate this activity with an integrated software application. Its purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders.

We have the necessary infrastructure to support our day to day operations and the ERP software used by us helps us in generation of various reports and extracting information for our management.

H. OUR EMPLOYEES

As of December 31, 2011, our Company's work force consists of 62 permanent employees. Apart from this our Company also avails the services of Architects, Structural Engineers, Electrical Consultants, Plumbing Consultants, Landscaping Designers, etc. on contract basis. Our permanent employees include personnel engaged in our management, administration, planning, purchase, finance, sales and marketing, projects, and legal functions. The breakup of our employees in terms of their function is as set forth below:

Department	No. of Employees
Technical/Construction	20
Finance & Accounts	8
Legal & Secretarial	4
Marketing	13
Office Administration & Others	17
Total	62

Retirement benefits to the employees by way of provident fund are in line with statutory requirements. Our employees are not represented by unions and they do not have any collective bargaining agreements. We believe that our relationship with our employees is harmonious.

I. INTELLECTUAL PROPERTY

The Logo “ AFFORDABLE LUXURY” is registered in the name of our Company. Our Company is using the following trade name/trademark/logo which are registered in the name of our group company “Arihant Universal Realty Private Limited”

S.No	Logo
1.	CONTINUING STABILITY
2.	
3.	

The group company has issued No Objection Letters to our Company to use the said trade name/trademark/logo for our real estate business.

J. INSURANCE

Our operations are subject to hazards inherent in the construction industry, such as risk of equipment failure, work accidents, fire, earthquake, flood and other *force majeure* events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. However, at our construction sites, various types of insurance cover are obtained by the contractors whom we assign the work as per terms and conditions of contracts. Except for vehicles owned, we do not maintain any kind of insurance policies with regard to office premises, property, our employees, etc.

K. PROPERTY

The Registered & Corporate Office of our Company is situated at 302, Persipolis Building, Plot no. 74, Sector 17, Vashi, Navi Mumbai 400 703. The status of our Offices is summarized below:-

Description of the property	Vendor/ Lessor	Date and type of instrument/ Document executed/ receipt	Terms of the Lease
Registered & Corporate Office 302, Persipolis building, Plot no. 74, Sector 17, Vashi, Navi Mumbai 400 703	Leased out by our Promoter Ms. Sangeeta Chhajaj	LLA; 29/10/2009 and Renewed till 28/02/2012 vide letter dated 25/03/2011 Renewed till 31/01/2013 vide letter dated 16/02/2012	Deposit: ₹ 200 lacs Rent: ₹ 0.40 lacs per month
Jodhpur Branch Office Ayushi Tower, 1 st Floor, Pal Road, Barvi Road Circle, Jodhpur (Rajasthan)-342001 Phone No. 0291-6623636	Leased out by our Promoter Mr. Ashok Chhajaj	LLA Oct 01, 2010 till September 30, 2020	Deposit ₹ 20 lacs Rent: ₹ 0.40 lacs per month for the First year, with a 10% increase every year.
Shop No 1, Ground Floor , Arihant Siddhi, Ploat No 24 Sector 7 Ghansoli Navi Mumbai	Sold by M/s Arihant Enterprises	Agreement for sale August 02, 2010	Aadmeasuring 22.25 Sq. Mtrs. For consideration 15.5 Lacs

KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government. The information detailed in this chapter has been obtained from the various legislations that are available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. In this section, unless the context requires otherwise, any reference to “Company” refers to Arihant Superstructures Limited. No action or omission should be taken or contemplated based on the contents below without independent verification with each prospective investors' legal advisors, and any prospective investor who does without such independent verification and based on the contents hereinbelow would do so at his/her/its sole risk and without recourse to the Company or the Lead Manager or any other person or entity whatsoever.

There are no specific regulations in India governing the real estate industry. Set forth below are certain significant legislation and regulations that generally govern the building & construction industry in India:

1. The Environment (Protection) Act, 1986
2. Transfer of Property Act, 1882
3. The list of regulatory bodies and approvals required for development of Real Estate projects in India are as below:

Approvals/Clearances Required	Department to be Approached and Consulted
Incorporation of Company	Registrar of Companies
Allotment of land (in specific industrial zones)	<ul style="list-style-type: none"> • State District Industries Center (part of the Govt.) OR • State Industrial Development Corporation OR • State Infrastructure Development Corporation OR • Small Scale Industries Development corporation OR • City and Industrial Development Corporation Limited <p>AS THE CASE MAY BE</p>
Permission for land use	<p>Local Regulatory Authority including:</p> <ul style="list-style-type: none"> • Municipal Corporations (for city areas) • Industrial Development Corporation (for industrial estates) • Dept. of Town and Country Planning
NOC and consent under Water and Air Pollution Control Acts	State Pollution Control Board
Approval of construction activity and building plan	<ul style="list-style-type: none"> a. Town and country planning b. Municipal and local authorities c. Chief Inspector of Factories d. Pollution Control Board e. Electricity Board <p>OR THE SPECIFIC INDUSTRIAL DEVELOPMENT AUTHORITY (IN CASE OF SINGLE WINDOW)</p>
Sanction of Power	State Electricity Board
Fire Safety Clearance	Fire Department
Building Completion Certificate	Local Building Regulatory Authority (Municipal Corporation in most cases, Industrial Development Corporations in Industrial Areas)

General

The Company is engaged in the business of real estate development. The Company undertakes construction by sub-contracting all the activities. Thus most of the legal requirements are taken care by such sub contractors. For the purpose of executing the work, the company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations applicable in the relevant state and/or local governing bodies like Municipal Corporations, Fire Department, Environmental Department, etc. For details of such approvals, please see "Government and Other Approvals" on page 170 of this Letter of Offer.

Central Laws

Laws relating to land acquisition

The Urban Land (Ceiling and Regulation) Act, 1976 prescribes the limits to urban areas that can be acquired by a single entity. It has however been repealed in some states and union territories under the Urban Land (Ceiling and Regulation) Repeal Act, 1999. Further, land holdings are subject to the Land Acquisition Act, 1894 which provides for the compulsory acquisition of land by the central government or appropriate state government for public purposes, including planned development and town and rural planning. However, any person having an interest in such land has the right to object to such compulsory acquisition and the right to compensation.

Laws regulating transfer of property

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of the execution of documents affecting transfer of interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered.

The Indian Stamp Act, 1899

Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Easements Act. 1882

The law relating to easements is governed by the Easements Act, 1882 {"Easements Act"}- The right of easement is derived from the ownership of property and has been defined under the Easements Act to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. Under this law an easement may be acquired by the owner of immovable property, i.e. the dominant owner, or on his behalf by the person in possession of the property. Such a right may also arise out of necessity or by virtue of a local custom.

Property Tax

Property tax is levied as a percentage of the Rateable Value (RV) of the property. The calculation of RV and the tax rate payable varies between states. The property tax payable also varies depending on whether the property is owner occupied or leased out. The RV is calculated on the basis of actual rental if the property is leased. If the property is owner occupied, the RV is calculated on the basis of the comparable rental that the property can achieve

Laws relating to employment

The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the employees Provident Funds and Miscellaneous Provisions Act, 1952, the payment of Gratuity Act 1972, the workmen's compensation Act 1923 and the Payment of Wages Act, 1936.

Laws for Classification of Land User

Usually, land is broadly classified under one or more categories, such as agricultural or non - agricultural (residential, commercial and industrial). Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose, the classification of the land it is required to be converted into residential, commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities.

In addition, some State governments in India have imposed various restrictions, which vary from State to State, on the transfer of property within such States.

Development of Agricultural Land

The acquisition of land is regulated by State land reform laws which prescribe limits up to which an entity may acquire agricultural land. Any transfer of land which results in the aggregate land holdings of the acquirer in the State to exceed this ceiling is void, and the surplus land is deemed, from the date of the transfer, to have been vested in the State government free of all encumbrances.

While granting licenses for development of townships, the authorities generally levy proportional development charges for the provision of services such as laying down of main lines, drainage, sewerage, water supply and electricity, where the authority is carrying out the same. Such licenses require approvals of layout plans for development and building plans for construction activities.

Land Use Planning

Land use planning and its regulation, including the formulation of regulations for building construction, form a vital part of the urban planning process. There are several authorities having jurisdiction to regulate land use planning and real estate development activities in each Indian State.

Various enactments, rules and regulations have been made by the Government, concerned State governments and other authorised agencies and bodies such as the Ministry of Urban Development, State Land Development and/or Planning Boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate. All relevant applicable laws, rules and regulations have to be taken into consideration by any person or entity proposing to enter into any real estate development or construction activity in this sector in India.

Building Consents

Each State and city has its own set of laws which govern planned development and rules for construction (such as floor area ratio "FAR" or floor space index "FSI" limits). The various authorities that govern building activities in States are the Town and Country Planning Department ("TCPD"), municipal corporations and the Urban Arts Commission. Any application for undertaking any construction or development activity has to be made to the TCPD, which is a State level department engaged in the physical planning of urban centres and rural areas in the State.

The municipal authorities regulate building development and construction norms. For example, building plans are required to be approved by the relevant municipal authority. The Urban Arts Commission advises the relevant State Government in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design in some States and also provides advice and guidance to any local body with respect to building or engineering operations or any development proposal which affects or is likely to affect the skyline or the aesthetic quality of the surroundings or any public amenity provided therein. Under certain State laws, the local body, before it accords its approval for building operations, engineering operations or development proposals, is obliged to refer all such operations to the Urban Arts Commission and seek its approval for the project.

Besides the above, certain approvals and consents may also be required from various other departments, such as the Fire Department, the Airport Authority of India and the Archaeological Survey of India.

Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971

The Maharashtra Slum Areas (Improvement, Clearance and Redevelopment) Act, 1971 ("MSA Act") provides for and governs the making of better provisions for improvement and clearance of slum areas in the State and their redevelopment and for the protection of occupiers from eviction and distress warrants.

Maharashtra Rent Control Act, 1999

The Maharashtra Rent Control Act, 1999 ("MRC Act") has been enacted to unify, consolidate and amend the law relating to control of rent and repairs of certain premises and of eviction in Maharashtra and for encouraging the construction of new houses by assuring a fair return on the investment by landlords and to provide for the matters connected with the purposes aforesaid.

Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979

The Maharashtra Tax on Buildings (with Larger Residential Premises) Act, 1979 has been enacted to provide for levy of tax on buildings in corporation areas in the State of Maharashtra, which contain larger residential premises.

The Bombay Stamp Act, 1958

As stated above, the applicable rates for stamp duty on various instruments, including those relating to conveyance, are prescribed by state legislation. The stamp duty rates as applicable in Maharashtra have been prescribed by the Bombay Stamp Act, 1958 ("BSA").

The Maharashtra Value Added Tax Act, 2002

The Maharashtra Value Added Tax Act, 2002 prescribes certain requirements in relation to the payment of value added tax in Maharashtra and are payable as per the provisions of this Act.

The Maharashtra Cooperative Societies Act, 1960

The Maharashtra Cooperative Societies Act, 1960 has been enacted with a view to providing for the orderly development of cooperative movement in the State of Maharashtra in accordance with the relevant Directive Principles of State Policy enunciated in the Constitution of India.

Bombay Municipal Corporation Act, 1888

The Bombay Municipal Corporation Act, 1888 has been enacted to regulate the municipal administration of the city of Bombay (now Mumbai) and to secure the due administration of municipal funds.

The Maharashtra Housing and Area Development Act, 1976

The Maharashtra Housing and Area Development Act, 1976 has been enacted for giving effect to the policy of the State towards securing the principle specified in the Constitution of India and the execution of the proposals, plans or projects therefore and acquisition therefore of the lands and buildings and transferring the lands, buildings or tenements therein to the needy persons and cooperative societies of occupiers of such lands or buildings.

The Maharashtra Apartment Ownership Act, 1970

The Maharashtra Apartment Ownership Act, 1970 has been enacted to provide for ownership of an individual apartment in a building and to make such apartment heritable and transferable property.

The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 has been enacted to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare measures and for other matters connected therewith or incidental thereto.

Slum Rehabilitation Scheme of the Government of Maharashtra

The Government of Maharashtra ("GoM") launched the Slum Rehabilitation Scheme in 1995 ("Scheme") by introducing amendments to the Development Control Regulations for Greater Bombay, 1991 ("DCR"). The Scheme was made effective from December 25, 1995. The provisions of the Scheme are contained in Regulation 33(10) and Appendix IV of the DCR. Under the Maharashtra Regional and Town Planning Act, 1966 ("MRTPA") the SRA, appointed under section 3A of the Maharashtra Slum Areas (Improvement and Redevelopment) Act, 1971, serves as a planning authority for all slum areas in Greater Mumbai except those located in the Maharashtra Industrial Development Corporation ("MIDC") area and to facilitate the slum rehabilitation scheme. The powers, duties and functions of the SRA are to survey and formulate schemes of rehabilitation of slum areas and to ensure their implementation.

Working of the Slum Rehabilitation Scheme

- All slum dwellers whose names appear in the electoral roll of January 1, 1995 or prior electoral roll and who are presently residing in huts are eligible to claim free tenement under the rehabilitation scheme.
- At least 70% of the eligible hutment dwellers in a slum or pavement in a viable stretch at one place must agree to join the rehabilitation scheme and come together to form a co-operative housing society of all eligible hutment dwellers through a resolution to that effect.
- The decision to search a competent developer to act as a promoter has to be taken by the proposed cooperative housing society of slum-dwellers. The society itself or the developer can take up slum rehabilitation scheme as a promoter.
- An individual agreement must be entered into between the developer and the hutment dweller jointly with his/her spouse for every structure.
- After obtaining the requisite level of consent of the slum dwellers, the Developer submits a detailed slum rehabilitation proposal to the SRA along with various documents such as building plan, layout plan, PR card, for approval. The SRA scrutinizes the proposal and sanctions the rehabilitation scheme.
- The SRA approves the scheme within a time limit of 30 days. In the event of a failure by the SRA to do so, the approval shall be deemed to have been given, provided the project is in accordance with the provisions of the Scheme.
- The SRA issues a letter of intent to the Developer conveying the approval to the scheme, approval to the layout, building wise plan approval (I.O.A. or Intimation of Approval) and C.C. (Commencement Certificate) first in relation to the rehabilitation component and thereafter in relation to the proportionate free sale component.
- The Developer proceeds with the implementation of the scheme.
- Providing temporary transit accommodation to the slum-dwellers, during the construction and rehabilitation of free-sale tenements, is the responsibility of the promoter.
- Eligible hutment dwellers are allotted in exchange for their structure, free of cost, a residential tenement having a carpet area of 269 sq.ft. In respect of eligible commercial tenements, equivalent area is allotted to the dweller, as was occupied prior to the development.
- The Developer will re-house the slum dweller as per the list certified by SRA allotting tenements and shop area free of cost.
- The Developer should register the society of slum dwellers to be re-housed under the Slum Rehabilitation Scheme after completion of the project.
- The rehabilitation tenements cannot be sold/leased/assigned/transferred in any manner for 10 years from the date of taking over possession except to legal heirs without the prior permission of SPA.
- SRA leases part of the land on which the rehabilitation component of the scheme is constructed initially for 30 years to be renewed for a further period of 30 years at a nominal lease rent of ₹ 1,001 for 4,000 square mtrs of land to the society of slum dwellers. The same conditions apply to land under the free sale

component and the land shall be leased directly to the society/ association of the purchasers on the free sale components pending which it shall be leased to the developer.

- In consideration of the Developer providing tenements to the slum dwellers free of cost, the Developer is permitted to construct and sell separate structures in the plot. The ratio between the rehabilitation component and the sale component varies from 1:1 to 1:1.33, depending upon the location of the project.
- Prior to applying for an occupation certificate for the rehabilitation building, the Developer has to deposit with the SRA / SPA, an amount of ₹ 20,000 per rehabilitation tenement for meeting the maintenance costs.
- The Developer is also required to pay infrastructure development charges of ₹ 840 per square meter (depending upon the location of the project) for the Built-up area over and above the normally permissible FSI for the Rehabilitation and free Sale tenements.
- FSI to be sanctioned for a slum rehabilitation project may exceed 2.5, but the maximum FSI that can be utilized on any slum site for a project cannot exceed 2.5. The difference between the sanctioned higher FSI and 2.5, if any, is made available in the form of Transferable Development Rights ("TDR"). If the full amount of the relevant FSI cannot be used on the same site due to constraints such as height restrictions, uneconomical site conditions, etc., TDR may be allowed as necessary even without consuming FSI upto 2.5 on the same site, or to the north of the site.
- The SRA on being satisfied that it is necessary to do so, or when directed by the State government, shall denotify a slum rehabilitation area.

Slum Protection Programme

The Government of Maharashtra has formulated the housing policy for the State of Maharashtra with the objective of providing affordable houses for poor on rental basis. Under the said Slum Prevention Programme, the Government of Maharashtra appointed MMRDA as a project implementing agency to implement the projects with the objective of increasing the housing stock by constructing or procuring maximum rental housing units in Mumbai Metropolitan Region, and to make available housing units of 160 sq. ft. carpet area at a reasonable rent.

Development Control Regulations for Greater Mumbai, 1991 (Development Control Regulations)

The Development Control Regulations for Greater Mumbai, 1991 (Development Control Regulations) ("Development Control Regulations") were formulated under the Maharashtra Regional Town Planning Act, 1966. The Development Control Regulations apply to building activity and development work in areas under the entire jurisdiction of the Municipal Corporation of Greater Mumbai.

The Development Control Regulations provides for an alternative to acquisition under the Land Acquisition Act by way of Transfer of Development Rights (TDRs). The permissible floor space index (FSI) defines the development rights of every parcel of land in Mumbai. If a particular parcel of land is designated for a public purpose, the land owner has an option of accepting monetary compensation under the Land Acquisition Act, 1894 or accept TDRs which can be sold in the market for use elsewhere in Mumbai. Regulation 34 the Development Control Regulations states that in certain circumstances, the development potential of a plot of land may be separated from the land itself and may be made available to the owner of the land in the form of TDRs Regulation 33 (10) of the Development Regulations provides that additional floor space index will be allowed to owners/developers of land on which slums are located where such owners/developers are prepared to provide 269 square feet dwelling units free of cost to the slum dwellers. The remainder of total development rights can be used as TDR. The Development Control Regulations also set out standards for building design and construction, provision of services like water supply, sewerage site drainage, access roads, elevators, fire fighting etc.

Development Control Regulations for Mumbai Metropolitan Region, 1999

The Development Control Regulations for Mumbai Metropolitan Region, 1999 ("Development Control Regulations for MMR") apply to the development of any land situated within the Mumbai Metropolitan Region as defined in the Mumbai Metropolitan Region Development Authority Act, 1974. Regulation 15.3.1 states that no person can carry out any development (except those stated in proviso to section 43 of the Maharashtra Regional Town Planning Act, 1966) without obtaining permission from the Planning Authority and other relevant authorities including Zilla Parishads and the Pollution Control Board.

The Development Control Regulations for MMR have demarcated the region into various zones for development purposes including urbanisable zones, industrial zone, recreation and tourism development zone, green zones and forest zone. Regulation 15.3.5 states that development of land in these zones (other land in specified urbanisable zone and industrial zone) shall not be permitted unless the owner undertakes to provide at his own cost physical

and social infrastructural facilities including roads, water supply, sewage waste disposal systems, electricity, play grounds etc. as well as any other facilities that the Planning Authority will determine.

Regulation 15.3.7 provides that all developments which are existing prior to the Development Control Regulations for MMR, which are authorised under the Maharashtra Regional Town Planning Act, 1966 and Maharashtra Land Revenue Code, 1966 but which are not in conformity with the use provisions of the Regional Plan or these Regulations will continue as though they are in the conforming zone and will be allowed reasonable expansion within existing land area and within FSI limits prescribed by these Regulations.

Building Consents

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town planning authority, municipal corporations and the Urban Arts Commission. Any application for undertaking any construction or development activity has to be made to the town planning authority, which is a state level department engaged in the physical planning of urban centres and rural areas in the state.

The municipal authorities regulate building development and construction norms. For example, building plans are required to be approved by the relevant municipal authority. The Urban Arts Commission advises the relevant State Government in the matter of preserving, developing and maintaining the aesthetic quality of urban and environmental design in some states and also provide; advice and guidance to any local body with respect to building or engineering operations or any development proposal which affect; or is likely to affect the skyline or the aesthetic quality of the surroundings or any public amenity provided therein.

Under certain State laws, the local body, before it accords its approval for building operations, engineering operations or development proposals, is obliged to refer all such operations to the Urban Arts Commission and seek its approval for the project. Additionally, certain approvals and consents may also be required from various other departments, such as the Fire Department, the Airport Authority of India and the Archaeological Survey of India.

Urban Development Laws

State legislations provide for the planned development of urban areas and the establishment of regional and local development authorities charged with the responsibility of planning and development of urban areas within their jurisdiction. Real estate projects have to be planned and developed in conformity with the norms established in these laws and regulations made there under and require sanctions from the government departments and developmental authorities at various stages. Where projects are undertaken on lands that form part of the approved layout plans and/or fall within municipal limits of a town, generally the building plans of the projects have to be approved from concerned municipal or developmental authority.

Building plans are required to be approved for each building within the project area. Clearances with respect to other aspects of development such as fire, civil aviation and pollution control are required from appropriate authorities, depending on the nature, size and height of the projects.

Construction Business

Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The Central Government enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("BOCWA") as a comprehensive central legislation governing construction worker. The BOCWA aims at regulating the employment and conditions of service of construction workers and to provide for their safety, financial health among other welfare measures.

Under the BOCWA every employer employing ten or more building workers for building or construction work in the past twelve months must apply for registration of the establishment. The BOCWA vests the responsibility of providing for immediate assistance in case of accidents, old age pension, loans for construction of house, premium for group insurance, financial assistance for education, to meet medical expenses, maternity benefits etc to beneficiaries under the BOCWA on the Building and Other Construction Workers Welfare Board.

The BOWCA also prescribes health and safety measures for the construction workers. For this purpose comprehensive Central Rules i.e. Building and other Construction Workers (Regulation of Service and Conditions of Service) Central Rules, 1998 have been notified by the Central Government.

Laws specific to the State of Rajasthan

The Company has commenced two projects in Jodhpur city, State of Rajasthan. The overall revenue laws in Rajasthan are directed by the following key statutes in general:

1. Rajasthan Land Reforms and Resumption of Jagirs Act, 1952,
2. Rajasthan Land Summary Settlement Act, 1952
3. Rajasthan Land Acquisition Act, 1952
4. Rajasthan Agricultural Lands Utilization Act, 1954
5. Rajasthan Jagir Lands Resumption (Validation) Act, 1957
6. Rajasthan Urban Improvement Act, 1959
7. Rajasthan Land Revenue (Surcharge) Act, 1960
8. Rajasthan Housing Schemes (Land Acquisition) Act, 1960
9. Rajasthan Land Reforms and Acquisition of Land-owners Estate Act, 1963
10. Rajasthan Land and Buildings Tax Act, 1964
11. Rajasthan Land Development Corporation Act, 1975
12. Rajasthan Lands (Restriction on Transfers) Act, 1976
13. Rajasthan Urban Property (Restriction of Transfer) Act, 1975
14. Rajasthan Land Tax Act, 1985
15. Rajasthan Rent Control Act, 2011
16. Rajasthan Land Revenue Act, 2003 and the Rajasthan Model Building Bye-Laws under the same
17. Jodhpur Development Authority Act, 2009
18. The Rajasthan Affordable Housing Policy, 2009 (With focus on EWS and LIG Housing) for urban areas of Rajasthan.

However, for the purposes of the three projects in Jodhpur, the last two statutes above mentioned are more relevant and applicable. a summary of the legislative intent and direction of the same is set out below.

A. Jodhpur Development Authority Act, 2009

Summary

This statute was promulgated in order to: (a) form Jodhpur City and certain contiguous areas into Jodhpur Region, (b) to provide for the establishment of an Authority for the purposes of planning, co-ordinating and supervising the proper, orderly and rapid development of the Jodhpur Region, for (c) executing plans, projects and schemes for such development and (d) to provide for matters connected therewith.

Jodhpur City and areas contiguous to it were being progressively developed and populated, and the necessity was felt for forming these areas into Jodhpur Region and for setting up of an authority for the purpose of planning, coordinating, and supervising the proper, orderly and rapid development of these areas, in which several government departments, local authorities and other organisations were engaged within their own jurisdictions.

The said Act was created so that the Jodhpur Development Authority ("Authority") be enabled either itself or through other authority to formulate and execute plans, projects and schemes for the development of Jodhpur Region so that housing, community facilities, civic amenities and other infrastructure are properly created for the population of Jodhpur Region in the perspective of 2023 A.D. or thereafter including the intermediate stages, and to provide for matters connected with the purpose aforesaid.

Under the said Act, the Authority has become the nodal agency with which the Company deals, in order to procure all necessary approvals and permissions in respect of its two projects. Insofar as land titles are concerned, the following provisions of the JD Act becomes relevant:

QUOTE 48. Land to vest in the Authority and its disposal.- (1) Notwithstanding anything contained in the Rajasthan Land Revenue Act, 1956(Rajasthan Act No. 15 of 1956), the land as defined in section 103 of that Act, excluding land referred to in sub-clause (ii) of clause (a) of the said section and nazul land placed at the disposal of a local authority under section 102 A of that Act in Jodhpur Region shall, immediately after establishment of the Authority under section 3 of this Act, be deemed to have been placed at the disposal of and vested in the Authority which shall take over such land for and on behalf of the State Government and may use the same for the purposes of this Act and may dispose of the same by way of allotment, regularisation or auction subject to such conditions and restrictions as the State Government may, from time to time, lay down and in such manner, as it may, from time to time, prescribe :

Provided that the Authority may dispose of any such land-

(a) without undertaking or carrying out any development thereon; or (b) after undertaking or carrying out such development as it thinks fit, to such person, in such manner and subject to such covenants and conditions, as it may consider expedient to impose for securing development according to plan.

(2) No development of any land shall be undertaken or carried out except by or under the control and supervision of the Authority.

(3) If any land vested in the Authority is required at any time by the Municipal Corporation, Jodhpur for carrying out its functions, or by the State Government for any other purpose, the State Government may, by notification in the Official Gazette, place such land at the disposal of the Municipal Corporation, Jodhpur or any Department of the State Government on such terms and conditions, as may be deemed fit.

(4) All land acquired by the Authority, or by the State Government and transferred to the Authority, shall be disposed of by the Authority in the same manner as may be prescribed for land in sub-section (1). *UNQUOTE*

The Company is in the process of procuring necessary approvals inter alia from the Authority as mentioned above, for the purposes of its projects.

B. The Rajasthan Affordable Housing Policy, 2009 (With focus on EWS and LIG Housing) for urban areas of Rajasthan

In exercise of powers conferred under section 337 of the Rajasthan Municipalities Act 2009, section 90 of the Jaipur Development Authority Act, 1982, section 49 of the Jodhpur Development Authority Act 2009, section 60 of the Rajasthan Housing Board Act 1970, and Rule 31 of the Rajasthan Urban Improvement (Disposal of Urban lands) Rules, 1974 the State Government of Rajasthan has notified the policy "Affordable Housing Policy – 2009 (with focus on EWS & LIG Housing) for Urban Areas of Rajasthan" for construction/allotment of EWS/ LIG/ MIG-A houses/ flats in the scheme area of the aforesaid Government agencies as well as of private property developers, where applicable.

The said policy has the following objectives: (a) To reduce the housing shortage in the State, especially in EWS/LIG categories. (b) To take up large scale construction of Affordable Housing (with focus on EWS & LIG housing.) (c) To bring down the cost of EWS & LIG categories of houses to affordable limits. (d) To promote investments in housing in Urban Sector on PPP Model. (e) To involve Private developers in the construction of EWS/LIG categories of houses by offering various attractive incentives. (f) To create Rental Housing as transit accommodation for migrants to urban areas, and (g) To check creation of slums.

HISTORY AND OTHER CORPORATE INFORMATION

Our Company was originally incorporated as Shaktiman Mercantile Company Limited (SMCL) on March 26, 1983 under the Companies Act, 1956. Mr. Harshad Patel, Mr. Suresh Kumar Jajodia, Mr. Tilokchand Kothari, Mr. Shyamal Ghosh, Mr. Taposh Kumar Basu, Mr. Asitabha Ghosal and Mr. Pawan Kumar Agarwal were the original subscribers to our Equity Shares through the MOA & AOA. Furthermore, Mr. Harshad Patel, Mr. Ashok Agarwal and Mr. Suresh Chandra Agarwal were the first directors. With a view to pursue trading business in various commodities SMCL made its maiden public issue in March 1984 and was listed at BSE. Subsequently, in the year 1986, the change in the controlling interest took place and SMCL was taken by Mr. Vikram Somani, Mr. Suresh Tapuria and their family members. In December 2005, Mr. Rajesh Shankarlal Kakani and Smt. Rachana Rajesh Kakani entered into a share purchase agreement with the then Promoters and made an open offer in compliance with the Takeover Code and took over the controlling interest of the Company. After taking over the controlling interest by Mr. Rajesh Shankarlal Kakani and Smt. Rachana Rajesh Kakani, SMCL changed its object clause and commenced the business of construction and infrastructure project contracts. The name of SMCL was changed to Shaktiman Constructions Limited (SCL) w.e.f. August 21, 2007.

Thereafter, on September 26, 2008, our Promoters had entered into a Share Purchase Agreement (“Agreement”) with Shri Rajesh Shankarlal Kakani and Smt. Rachana Rajesh Kakani the then promoters of our Company to acquire 1,30,000 equity shares of ₹ 10/- each for cash consideration. Pursuant to the Agreement, our Promoters made an open offer to acquire 49,800 equity shares of ₹ 10/- each at a price of ₹ 12/- per equity share in terms of Regulation 10 and 12 of Takeover Code and listing agreement with the Stock Exchange and other applicable laws and regulations in force. The object clause of SCL was altered on May 23, 2009 by our Promoters with a view to undertake real estate development and allied activities. Accordingly, our Promoters planned the first real estate development project in the Company at Koproli, New Panvel. The name of SCL was also changed to Arihant Superstructures Limited on August 26, 2009 to reflect the present business activities.

We are one of the real estate and road infrastructure development and construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra and Jodhpur in Rajasthan. For further details in relation to our business including description of our activities, services, market of each segment, our growth, technology, market, managerial competence and capacity built-up, our standing with reference to our prominent competitors, see the chapter titled “Our Business” beginning on page 41 of the Letter of Offer. Our Company is not operating under any injunction or restraining order.

MILESTONES AND ACHIEVEMENTS OF OUR COMPANY:

Year	Event
1983	➤ Incorporated as Shaktiman Mercantile Company Limited
1984	➤ Public Issue of 150,000 shares of ₹ 10/- each at par and the equity shares was listed on BSE
1986	➤ Acquisition of controlling interest in our Company by Mr. Suresh Tapuria and Others
2005	➤ Acquisition of controlling interest of our Company by Rajesh Kakani and Ms. Rachana Kakani by acquisition of shares through SPA and making open offer in terms of SEBI Takeover Code.
2007	➤ Alteration to the main object clause of MOA relating to construction activity. ➤ Name of our Company changed to Shaktiman Constructions Limited.
2008	➤ Acquisition of controlling interest in our Company by Mr. Ashok Chhajer and Ms. Sangeeta Chhajer by acquiring majority shareholding our Company through SPA and by making open offer under the Takeover Code.
2009-10	➤ Name of the Company changed to Arihant Superstructures Limited with effect from August 26, 2009 by ROC. ➤ New policies of the business and plans were drafted in September 2009. ➤ Launch of our first real estate development project “Arihant Arham” at Koproli, New Panvel. ➤ Rights issue - 1,46,91,000 equity shares on rights basis in the ratio of 59:1 on a

Year	Event
	<p>face value of ₹ 10/-.</p> <ul style="list-style-type: none"> ➤ Company acquired 60% stake in Arihant Abode Limited and Arihant Vatika Realty Private Limited and making them our subsidiary company. ➤ Obtained the connectivity with CDSL and NSDL and received ISIN – INE643K01018 for trading of its Equity Shares.
2010-11	<ul style="list-style-type: none"> ➤ Preferential Allotment of 12499994 equity share of ₹ 10/- each at price of ₹ 12 each to Promoters and Non Promoters. ➤ Adeshwar Realty Private Limited became our wholly owned subsidiaries. ➤ Launched residential projects in Jodhpur City, Rajasthan. ➤ JDA has awarded Real Estate Project on Built-Up Area Sharing Basis by JDA at Jodhpur
2011-12	<ul style="list-style-type: none"> ➤ Our Company acquired 60% stake in Arihant Gruhnirman Private Limited making it, our subsidiary.

CHANGES IN OUR REGISTERED OFFICE

Presently our Registered Office situated at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703. The details of change in the registered office are as under:-

Date	From	To
15/7/1985	22/24, Bhaskar Lane, Bhuleshwar, Bombay 400 002	Apte Industrial Estate, 1076, Dr. E. Moses Road, Worli, Bombay 400 018
1/8/1994	Indian Mercantile Chambers, 3 rd Floor 14-R, Kamani Marg Ballard Estate, Bombay 400 038	B-23/24, Kapur Mahal, 65 Marine Drive, Bombay 400 020
7/11/2006	B-23/24, Kapur Mahal, 65 Marine Drive, Bombay 400 020	303, Rajendra Chambers, 19, Nanabhai Lane, Fort, Mumbai 400 001
15/1/2009	303, Rajendra Chambers, 19, Nanabhai Lane, Fort, Mumbai 400 001	25/27, Ovalwadi, Vithalwadi, Poddar Building No. 3, 4 th Floor, Kalbadevi, Mumbai 400 002
1/4/2009	25/27, Ovalwadi, Vithalwadi, Poddar Building No. 3, 4 th Floor, Kalbadevi Mumbai 400 002	302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400 703

OUR MAIN OBJECTS

The main objects of our Company as contained in the Memorandum of Association are as set forth below:

“To engage in the business activities of Infrastructure projects and services, realtors, builders, developers, contractors, erectors and land estate agents, including to buy, sell, lease, sub-lease, barter, exchange, rent out and to build, construct, develop, run, maintain, operate and manage residential spaces, apartments, service apartments, rooms, row houses, bungalows, dwelling units, commercial spaces, shops, offices, malls, warehouses, godowns, entertainment spaces, cinema houses, multiplexes, recreation and amusement lounges, hospitality, spaces, hotels, resorts, hospitals, educational institutions, townships, special economic zones, information technology parks, bio-technology parks, industrial parks of all types and kinds”.

The existing and proposed activities of our Company are within the scope of the objects clause of the Memorandum of Association.

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date	Changes
April 26, 1983	The authorised capital of our Company increased from ₹ 5 lacs to ₹ 25 lacs by creation of 2,00,000 equity shares of ₹ 10/- each
March 27, 1984	Alteration in the Object Clause of Memorandum Of Association

Date	Changes
July 6, 2007	Alteration in the Object Clause of Memorandum Of Association related to Construction Activity and Change in name from Shaktiman Mercantile Co. Limited to Shaktiman Constructions Limited
May 23, 2009	The authorised capital of our Company increased from ₹ 25 lacs to ₹ 300 lacs by creation of 27,50,000 equity shares of ₹ 10/- each
May 23, 2009	Alteration in the Object Clause of Memorandum Of Association relating to activity of the Company by replacing existing clause with following clause under the main objects: “To engage in the business activities of infrastructure projects and services, realtors, builders, developers, contractors, erectors and land estate agents, including to buy, sell, lease, sub-lease, barter, exchange, rent out and to build, construct, develop, run, maintain, operate and manage residential spaces, apartments, service apartments, service apartments, rooms, row houses, bunflows, dwelling units, commercial spaces, shops, offices, malls, warehouses, godowns,entertainment spaces, cinemas houses, multiplexes, recreation and amusement lounges, hospitality spaces, hotels, resorts, hospitals, educational institutions, townships, special economic zones, information technology parks, bio-technology parks, industrial parks of types and kinds.” Alteration in the Object Clause of Memorandum Of Association by inserting following clause under Objects incidental or ancillary to the attainment of the main objects: “To borrow or to raise or secure the payment of money, by issue or sale of debentures, debenture stock, bonds, placement of shares. Mutual funds, real estate investment trusts (REIT), structured financial products, obligations, mortgages and securities of all kinds, either perpetual or terminable and either redeemable or otherwise, and to change or secure the same, by trusts, deed, or otherwise on the undertaking of the company or upon any specific property and rights, present and future of the company or otherwise, howsoever, and to pledge or hypothecate any of the securities investments of the kinds before mentioned, provided the company shall not carry on banking business, as defined under Banking Regulation Act, 1949, subject to section 58A and RBI Directives”.
August 10, 2009	The authorised capital of our Company increased from ₹300 lacs to ₹1,500 lacs by creation of 1,20,00,000 equity shares of ₹ 10/- each
August 26, 2009	Change in name from Shaktiman Constructions Limited to Arihant Superstructures Limited
June 05, 2010	The authorised capital of our Company increased from ₹ 1500 lacs to ₹ 7500 lacs by creation of 4,50,00,000 equity shares of ₹ 10/- each and 1,50,00,000 preference shares of ₹ 10/- each

SUBSIDIARIES

Our Company has four subsidiaries. For details regarding the Subsidiaries, please see the chapter titled “Our Subsidiaries and Joint Ventures” on page 69.

SHAREHOLDERS’ AGREEMENT

As on date of LOF, Our Company confirms that no shareholders’ agreement exists.

JOINT VENTURES

We don’t have any company with which we have joint venture agreement.

OTHER AGREEMENTS

Except as stated below and the Contracts / Agreements entered into in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other Agreement / Contract.

Material Terms of Agreement with JDA the execution of construction of EWS & LIG flats on Built-up Area Sharing Basis

JDA has invited bid for construction of EWS & LIG flats on Built-up Area Sharing Basis as per Model 4 of Affordable Housing Policy 2009 on land equivalent to 1,33,061 square meters located at Village Chokha, Tehsil, Luni District Jodhpur, Rajasthan. In response to above invitation, our Company has offered highest bid for construction of 1350 LIG & EWS flats and the project was awarded to our Company. Subsequently our Company has entered into an agreement with JDA on January 10, 2011 for the execution of the project. The following are material terms and conditions of the agreement.

- JDA has agreed to award our Company land admeasuring 1,33,061 square meters at free of cost and our Company has agreed to construct and develop 1,350 flats [844 EWS & 506 LIG flats] on land area of 33,461.26 square meters for JDA at free of cost. The Company will bear cost for construction of 1350 flats. Hence, under the project our Company will be authorized to use the remaining land of 99,599.74 square meters (Residual Land) for its own commercial purpose *i.e* either group housing or for plotted development or for any other purpose subject to the prevailing law of town ship policy and provision of affordable housing policy.
- The developer shall be free to use the remaining land as per his choice for the residential purpose with 10% for the commercial use. The commercial development to the tune of 10% is allowed in the affordable housing block which shall be retained by our Company and our Company shall have the rights to sell the commercial area at rates desired by the company, accept payments, enter into agreements for sale, rent, and mortgage the property for raising funds.
- Over all FSI (FAR) permitted to be used on the plot area are double of FSI(FAR) *i.e* $1.67 \times 2 = 3.34$ of the total plot area, for affordable housing project.
- The project shall be considered eligible/successful/cleared only when JDA receive at least 50% of 1350 EWS & LIG flats (*i.e* 675 EWS & LIG Flats) and subsequently the Company can start construction, development on, and marketing of the Residual Land for its commercial purpose. Further the conditional allotment of 100% land to the Company will be made only after deposition of bank guarantee of 25% of the total value calculated on the prevailing residential DLC rates of that particular locality.
- The construction and development of 1350 flats shall be completed by the Company within period of 3 years of the after 15 days of PAMC approval. On timely completion of EWS/LIG flats an extra 0.50 FSI shall be given to our company as an incentives which shall be over and above available FAR *i.e* 3.6. In case of unavoidable circumstances as reported by inspection agency the PAMC could approve the extension in time line.
- The Company shall construct the EWS/LIG House in conformity with minimum specification given under the affordable housing policy for EWS/LIG flats.
- The Company shall be responsible for quality of work and in order to ensure it, the company shall carry out necessary control tests including setting up of testing laboratory.
- The Company is required to maintain the record in the format prescribed by JDA at site and same shall be remained open for inspection to JDA/agency.
- During the execution, any change and specification or drawing shall require consent of all the parties as per Affordable Housing Policy.
- The Company before handing over the complete scheme shall produce a structural certificate from a structural consultant for building -constructed and/or to satisfaction level of the inspection agency. After handing over the flats to JDA, if there is any major structural collapsing of mass plaster of any sanitary/sewer, pipe line, burning of transformers or any other major defect as observed, the Company will be liable for removing defects. If the defects are not removed, the cost of the same will be recovered from the company. The defect liability period shall be 12 months from the date of completion certificate.
- JDA is having full rights and authority of the title of land and being physical possession thereof. JDA shall provide the MOEF clearance if required.

FINANCIAL / STRATEGIC PARTNERS

There are no financial or strategic partners in our Company.

OUR SUBSIDIARIES AND JOINT VENTURES

SUBSIDIARIES

Our Company has four Subsidiaries. None of our Subsidiaries have made any public or rights issue in the last three years and have not become sick companies under the meaning of SICA and are not under winding up. Other than as disclosed in the section titled “Our Promoters and Promoter Group” on page 94, the Promoters has not disassociated from any of group companies during the preceding three years. The information provided in this chapter is as of the date of this LOF. Further there are no defaults in meeting any statutory/bank/institutional dues.

None of our subsidiary Companies a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 nor is it under winding up.

Interest of the Subsidiaries in the Company

None of the Subsidiaries hold any Equity Shares in the Company. Except as stated in the section titled “Related Party Transactions/Financial Statements” on page 105/124 & 148 our Subsidiaries do not have any other interest in the Company’s business.

Common Pursuits

Several of our Group Companies/Entities including subsidiaries are in the business of construction and development of residential and commercial projects and have invested in real estate projects. Please see the section titled “Our Promoters and Promoter Group” on page 91 and Risk Factors no. 30 on page no. xx of the LOF.

Our Company has the following Subsidiaries as of the date of this Letter of Offer:

Name of the Company	Country of Incorporation	Extent of holding (%)	Effective date of becoming subsidiary
Arihant Abode Limited	India	60%	28/03/2010
Arihant Vatika Realty Private Limited	India	60%	28/03/2010
Adeshwar Realty Private Limited	India	100%	25/08/2010
Arihant Gruhnirman Private Limited	India	60%	29/11/2011

1. Arihant Abode Limited

Corporate Information

The company was incorporated on November 17, 2009 vide Reg No. 197090 with Registrar of Companies, Maharashtra, Mumbai. The registered office of the company is situated at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400703. The Company is engaged in the business of Real Estate Development. The main object of our company is stated below:

“To carry on in India or abroad the business of builders, developers, contractors, designers, architects, decorators, constructors, and brokers of all types of buildings and structures including houses, flats, apartments, townships, offices, godowns, warehouses, shops, factories, sheds, hospitals, hotels, holidays resorts, shopping cum residential complexes, Business Malls, Multiplex, Exhibition ground, Exhibition halls, community halls, Residential houses of all types and kind, Boat houses, Club, Old man Homes, Shopping Complex of all types and kinds and to develop, erect, install, alter, improve, add, establish, renovate, recondition, protect, participate, enlarge, repair and demolish.”

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Lalitkumar P Bothra	Director	02492956	Director
Akshay Agarwal	Director	00664101	Director
Abhishek Balar	Director	00507150	Director

Shareholding Pattern as on February 29, 2012 is as under

Name of the Shareholder	No of shares	holding
Arihant Superstructures Ltd.	30,000	60.00%
Sangeeta Chhajjer	650	1.30%
Ashok Chhajjer	500	1.00%
Nimish S. Shah	975	1.95%
Abhishek Balar	1625	3.25%
Dimple Balar	500	1.00%
Anoop Agrawal	1550	3.10%
Anoop Agrawal (HUF)	1550	3.10%
Kritika Agrawal	1550	3.10%
Parasmal Ladhuram Bothra	500	1.00%
Ushadevi Praveen Kumar Bothra	250	0.50%
Praveen Kumar Bothra	50	0.10%
Akshay Agrawal	2575	5.15 %
Rajni Lalit Bothra	500	1.00%
Mahendra Bothra	500	1.00%
Pyaridevi Bothra	500	1.00%
Pankaj Bothra	500	1.00%
Praveen Kumar Bothra	450	0.90%
Achalji Balar	500	1.00%
Minaxi Balar	500	1.00%
Saraswati Balar	500	1.00%
Keshrimal Chhajjer	500	1.00%
Piyush Balar	750	1.50%
Sujata Agrawal	2525	5.05%
Total	50000	100.00%

Financial Highlights

The Audited financial highlights for the last 2 years (since incorporation) are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For the financial year ended March 31,	
	2011	2010
Share Capital	5.00	5.00
Reserves (Excluding Revaluation Reserve)	1.01	0.15
Sales & Other income	261.19	14.18
PAT	1.35	0.15
EPS (₹)	2.70	0.82
NAV Per Share (₹)	11.56	9.68

2. Arihant Vatika Realty Pvt. Ltd

Corporate Information

The Company was incorporated on October 23, 2008 with Registrar of Companies Maharashtra, Mumbai. The Company is engaged in the business of Constructions, Real Estate development. The registered office of the company is situated at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400703. The main object of our company is stated below:

“To engage in the business activities of Infrastructure projects and services, realtors, builders, developers, contractors, erectors and land estate agent, including to buy, sell, lease, sub-lease, barter, exchange, rent out and to build, construct, develop, run, maintain, operate and manage agricultural lands, residential spaces, apartments, service apartments, rooms, row houses, bungalows, dwelling units, commercial spaces, shops, office, malls, warehouses, godowns, entertainment spaces, cinema houses, multiplexes, recreation and amusement lounges, hospitality, spaces, hotels, resorts, hospitals, educational institutions,

townships, special economic zones, information technology parks, bio-technology parks, industrial parks of all types and kinds.

To Sale, Lease, sub lease, transfer, enter in to business alliance, Commission basis, and share in profit ratio, leave & license basis, rent basis, consignment sale agreement for the constructed buildings & spaces on the lands. To do property management, facility management of the building and spaces in the constructed buildings.”

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Sangeeta A Chhajer	Director	01965110	Director
Akshay Agarwal	Director	00664101	Director

Shareholding Pattern as on February 29,2012 is as under

Name of the Shareholder	No of shares	% holding
Arihant Superstructures Ltd.	6000	60.00%
Rajni Lalit Bothra	100	1.00%
Abhishek Balar	100	1.00%
Anoop Agrawal	310	3.10%
Anoop Agrawal (HUF)	310	3.10%
Sujata Agrawal	1570	15.70%
Kritika Agrawal	310	3.10%
Akshay Agrawal	1150	11.50%
Nimish S. Shah	50	0.50%
Sangeeta Chhajer	50	0.50%
Ashok Chhajer	50	0.50%
Total	10000	100.00%

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	1.00	1.00
Reserves (Excluding Revaluation Reserve)	0.24	0.14	0.03
Sales & other Income	151.80	71.43	0.30
PAT	0.11	0.11	0.03
EPS (₹)	1.10	1.11	0.29
NAV Per Share (₹)	10.76	9.02	7.11

3. Adeshwar Realty Pvt. Ltd (Wholly owned Subsidiary)

Corporate Information

The Company was incorporated on December 20, 2006 with an object of carrying out the business of construction, real estate development, etc. The registered office of the company is sitatue at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400703. The main object of our company is stated below:

“To carry on the business in India and elsewhere as contractors, builders, lands and estate agents, surveyors, architects, consulting engineers, decorators, house owners, house sellers.

To purchase land, development rights, immovable properties and to erect and construct houses, building of works or every description on any land of the Company, or upon any other lands or property, and to

pull down, rebuild, enlarge, alter and improve existing houses, buildings or works thereon to convert appropriate and to deal with to improve the property or the company or any other property and to sell, lease, let mortgage or otherwise dispose of the land, houses, building and other property of the company.”

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Sangeeta A Chhajer	Director	01965110	Director

Shareholding Pattern as on February 29, 2012

Name of the Shareholder		No of shares	% holding
Arihant Superstructures Ltd.		9940	99.40%
Ashok Chhajer	On behalf of ASL	10	0.10%
Rajesh Bothra		10	0.10%
Anita Chhajer		10	0.10%
Rakesh Chhajer		10	0.10%
Lalit Bothra		10	0.10%
Sangeeta Chhajer		10	0.10%
Total		10000	100.00%

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	1.00	1.00
Reserves (Excluding Revaluation Reserve)	0.14	0.05	0.01
Sales & other Income	0.49	0.29	0.30
PAT	0.10	0.04	0.05
EPS (₹)	0.98	0.41	0.47
NAV Per Share (₹)	11.38	10.08	9.27

4. Arihant Gruhnirman Private Limited

Corporate Information

The Company was incorporated on December 9, 2010, with an object of carrying out the business of construction, real estate development, etc. The registered office of the company is situated at 302, Persipolis Building, Plot No. 74, Sector 17, Vashi, Navi Mumbai 400703. The main object of our company is stated below:

“To carry on the business of infrastructure projects and services, realtors, builders, developers, contractors, erectors and land estate agents, including to buy, sell, lease, sub-lease, exchange, rent out and to build, construct, develop, run, maintain, operate and manage residential spaces, apartments, service apartments, rooms, row houses, bungalows, dwelling units, commercial spaces, shops, offices, malls, warehouses, godowns, entertainment spaces, cinema houses, multiplexes, recreation and amusement lounges, hospitality, spaces, hotels, resorts, hospitals, educational institutions, townships, special economic zones, information technology parks, bio-technology parks, industrial parks of all types and kinds.”

The Board of Directors comprises of

Name of the Director	Designation	DIN	Nature of Directorship
Sangeeta A Chhajer	Director	01965110	Director
Lalit Bothra	Director	02492956	Director
Akshay Anoop Agrawal	Director	00664101	Director
Abhishek Balar	Director	00507150	Director
Ashok Chhajer	Additional Director	01965094	Director

Shareholding Pattern as on February 29, 2012

Name of the Shareholder	No of shares	% holding
Arihant Superstructure Ltd.	6000	60.00
Akshay Anoop Agrawal	450	4.50
Sujata Agrawal	650	6.50
Kritika Agrawal	200	2.00
Piyush Balar	325	3.25
Abhishek Balar	650	6.50
Dimple Balar	325	3.25
Ashok Chhajer	150	1.50
Lalit Bothra	975	9.75
Sangeeta Chhajer	80	0.80
Nimish Shah	195	1.95
Total	10000	100.00%

Financial Highlights

The Audited financial highlights for the FY ended March 31, 2011 (since incorporation) are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For FY ended March 31, 2011
Share Capital	1.00
Reserves (Excluding Revaluation Reserve)	-
Sales & other Income	-
PAT	-
EPS (₹)	-
NAV Per Share (₹)	5.39

OTHER VENTURE

Arihant Aksh Realty LLP – LLPIN-AAA0055

It is a Limited Liability Partnership, formed on June 30, 2009 to carry on the business of Constructions, Real Estate development, etc. The Partnership comprises of four partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Akshay Agrawal	20%
2	Ashok Chhajer	45%
3	Arihant Superstructures Ltd	5%
4	Sujata Agrawal	30%
	Total	100%

Financial Highlights

The Audited financial highlights for the last 2 years are as follows:

(₹ in lacs)

Particulars	For the financial ended March 31,	
	2011	2010
Partners Capital	223.31	91.96
Secured Loan	20.72	25.35
Current Assets, Loans & Advances	1425.34	278.81
Current Liabilities & Provisions	1221.16	203.78
Unsecured Loan	-	-
PAT	219.60	-

OUR MANAGEMENT

1. BOARD OF DIRECTORS

As per our Articles of Association, our Company cannot have less than 3 directors and not more than such number as stipulated in the Act for the time being in force according to which our Company cannot have more than 12 directors on our Board, including ex-officio Directors but excluding debenture Directors, if any. We currently have 6 Directors of which 2 are Non-Independent Executive Director, 1 Non Independent Non Executive Directors and 3 Independent Non-Executive Directors.

[a] *Name, age etc of Directors*

The following table sets forth details regarding the Board of Directors as on the date of this Letter of Offer:

Sr. No.	Name of the Director, Father's/ Husband's Name, Designation, Occupation, Term and DIN	Age (years)	Permanent Address & Correspondence Address	Other directorships
1	Mr. Ashok Chhajer s/o Mr. Bhanwarlal Chhajer Designation: Chairman & Managing Director Nature of Director ship: Promoter & Executive Directors Occupation: Business Term: 5 years w.e.f January 15, 2009 DIN: 01965094	42	Permanent Address 5, Raju Mansion, Plot No.01, Vallabh Baug Lane, Garodia Nagar, Ghatkopar (E) Mumbai – 75 Correspondence Address B – 2001, Mahavir Amrut CHS Ltd. Plot No.02, Sector – 19, Sanpada, Navi Mumbai 400706	1. Arihant Universal Realty Pvt. Ltd. 2. Arihant Vatika Realty Pvt. Ltd. 3. Arihant Paradise Realty Pvt. Ltd. 4. Adinath Realty Pvt. Ltd. 5. Adeshwar Realty Pvt. Ltd. 6. Abhinandan Agrofarm Pvt. Ltd. 7. Arihant Dream Houses Pvt. Ltd. (previously known as 'SAAC Exports Private Limited') 8. Arihant Abode Ltd 9. Arihant Gruhnirman Private Limited
2	Mr. Nimish S Shah s/o Mr. Shashikant Shah Designation: Whole Time Director Nature of Director ship: Executive & Non Independent Director Occupation: Service/Professional Term: 5 years w.e.f. 13/04/2010 DIN: 03036904	37	Flat No.5, ShashiPrabha, Plot No.91, Garodia Nagar, Ghatkopar (E), Mumbai. 400 077	Nil.
3	Mr. Varaprasad Atluri s/o Mr. Sankara Rao	45	201, Amast CHS Ltd., Plot No.80, Sector 29, Vashi, Navi Mumbai	

Sr. No.	Name of the Director, Father's/ Husband's Name, Designation, Occupation, Term and DIN	Age (years)	Permanent Address & Correspondence Address	Other directorships
	<p>Atluri</p> <p>Designation: Director</p> <p>Nature of Director ship: Non-Independent Non-Executive Director</p> <p>Occupation: Business</p> <p>Term: Retire by rotation</p> <p>DIN: 02262636</p>		400 705	
4	<p>Mr. Dinesh Chandra Babel s/o Mohanlal Babel</p> <p>Designation: Director</p> <p>Nature of Director ship: Independent Non-Executive Directors</p> <p>Occupation: Professional</p> <p>Term: Retire by rotation</p> <p>DIN: 03042254</p>	68	Plot No. Rh 52, Sec – 15, Near “DMart”, Koper Kharine, Navi Mumbai – 400709	1. Money Matters Financial Services Ltd
5	<p>Mr. Virendra Kumar Mital s/o Late Shri Chandra Prakash Mital</p> <p>Designation: Director</p> <p>Nature of Director ship: Independent Non-Executive Directors</p> <p>Occupation: Professional</p> <p>Term: Retire by rotation</p> <p>DIN: 00376830</p>	63	Rh 001 Sicily Apartments, Plot No. 60 & 61, Sector 16-A, Phase III Nerul, Navi Mumbai-400 706	1. Mukand Vini Mineral Ltd 2. Adonis Energy & Power Pvt Ltd

Sr. No.	Name of the Director, Father's/ Husband's Name, Designation, Occupation, Term and DIN	Age (years)	Permanent Address & Correspondence Address	Other directorships
6.	Mr. Vinayak V. Nalavde s/o Vaman S. Nalaved Designation: Director Nature of Directorship: Independent Non-Executive Directors Occupation: Consultancy Services Term: Appointment upto forthcoming Annual General Meeting DIN : 02047436	69	H/7, Palm Acre CHS Ltd., Mulund (East), Mumbai – 400081	1. Nagpur Mass Transport Company Private Limited

Mr. Ashok Chhajer, is a graduate in Bachelor of Science (B.Sc) from Mumbai University. He has been associated with the family businesses which are wide spread in various sectors like cloth trading and manufacturing, edible oil refinery, real estate etc. since last 2 decades with a core focus on real estate sector. After having gained expertise in the real estate business, he promoted “Chhajer Group” to carry on the real estate business in and around Navi Mumbai. He was also instrumental in forming “Arihant Group” for setting up various real estate projects including multi stored buildings. Mr. Ashok Chhajer has successfully handled and completed 32 projects and is one of the prominent real estate developer in and around Navi Mumbai. He was inducted on the Board of our Company w.e.f January 15, 2009.

Mr. Nimish S. Shah is the Whole –Time Director of our Company. He is a Chief Project Officer (CPO) of all the projects undertaken by Arihant Superstructures Ltd. He holds Bachelor degree in Engineering, Civil. He is the core person of our Company. He has more than 17 years of experience in construction and related activities. He is actively involved in all the nuances of engineering includes detailed Planning & Execution, Project Estimations, Infrastructure & Site organization of the projects. In the past he was Involved in several turnkey projects of Water supply & Sewerage Scheme for Govt. Of Maharashtra and has successfully commissioned them. He was earlier associated with Hiranandani Builder, Powai and Soham Builders, Thane.

Mr. Varaprasad Atluri is appointed as non-executive Director of the Company. He is B.Sc. (Chemistry) & Holding PGD in industrial chemistry. He has 25 years of experience in industrial chemical (including construction chemicals).

Mr. Dineshchandra Babel is an Independent Non Executive Director of our Company. He is a Fellow member of Institute of Chartered Accountants of India and also holds a Bachelor of Law. He has 30 years of corporate experience in industries like Steel, Cement, Chemical, and Engineering etc. He was associated with renowned Companies like Ispat Industries Ltd, Birla Corp. Ltd, Jai Prakash Ind. Ltd, J. K. Corp. Ltd etc. His enriched experience in the field of finance, taxation & audit help board for the better decision making in business.

Mr. Virendra Kumar Mital is an Independent Non Executive Director of our Company. He is an Engineer from IIT - Delhi. He is a Fellow Member of Chartered Engineer of Institutes of Engineers (India). He has worked in various capacities with the Government of Rajasthan, Multinational

Companies (MNCs) & other renowned companies both in India & Abroad. He has experience in Construction, Real Estate, Power Plants, Mining and Highway Projects.

Mr. Vinayak V. Nalavde is an Independent, Non Executive Director of our company. He is a graduate of Commerce (B. Com) and passed the Intermediate level of ICWA. He has experience of Class I position in various Government Organisations and he has worked with CIDCO for 25 years on various designations like General Managers, Financial Advisor and Joint MD. His experience in the field of Accounts, Finance & Administration help board for the better decision making in business.

(b) ***The Nature of any Family Relationship Among Directors***

None of the directors are in the family relationship.

(c) ***Details of Service Contract Entered Into By Directors***

We do not have any service contracts entered with our Directors that provides for any benefits upon termination of employment.

(d) ***Borrowing Powers of our Board***

Our Articles of Association authorise our Board, to borrow monies and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. The Shareholders at their meeting dated September 12, 2009 have accorded the Board the power to borrow upto ₹ 300 Crore. Please refer to the section titled "Main Provisions of the Articles of Association" on page 244 of this Letter of Offer.

(e) None of our directors are or were director of any company the shares of which are or were suspended from trading by BSE and/ or NSE in last five years. None of our directors are or were director of any company the shares of which are or were delisted from stock exchanges in India.

2. COMPENSATION OF OUR DIRECTORS

a) Independent Non-Executive Directors

The sitting fees to the Independent Non - Executive Directors for attending the Board meetings and Committee meetings is as stated below:

Board Meeting - ₹ 20000/- per meeting

Audit Committee - ₹ 5000/- per meeting

Remuneration Committee – ₹ 5000/- per meeting

Shareholders' Grievance Committee – ₹ 5000/- per meeting

Executive Directors

Name	Mr. Ashok Chhajer
Designation	Chairman and Managing Director
Period	For a period of five years w.e.f January 15, 2009
Date of Board Meeting for appointment.	January 15, 2009
Date of General Meeting for appointment.	May 23, 2009
Existing Remuneration (Salary, Perquisites and other allowances)	<p>The Total remuneration by way of Salary, perquisites and allowances payable to him will be aggregating to maximum ₹ 24.00 Lacs per Annum.</p> <p>He will also entitled for reimbursement of expenses incurred in the course of business of the Company, which will not be included in the abovementioned limit of remuneration.</p> <p>In the event of loss or inadequacy of profits in any financial year Mr. Ashok Chhajer will be paid the remuneration as above, as the minimum remuneration subject to the stipulations contained in Schedule XIII to the Act.</p>

Remuneration paid in FY 2011 (Salary, Perquisites and other allowances)	₹ 1.20 lacs
Agreement Date	July 1, 2011

Name	Mr. Nimish S. Shah
Designation	Whole time Director
Period	For a period of five years w.e.f April 13, 2010
Date of Board Meeting for appointment.	April 13, 2010
Date of Result of Postal Ballot in which appointment was confirmed.	June 05, 2010
Existing Remuneration (Salary, Perquisites and other allowances)	<p>The Total remuneration by way of Salary, perquisites and allowances payable to him will be aggregating to maximum ₹ 20.00 Lacs per Annum.</p> <p>Mr. Nimish S. Shah shall also be entitled to reimbursement of expenses incurred in the course of business of the Company, which will not be include in the abovementioned limit of remuneration The other terms and conditions of his appointment shall stand the same as has been decided by the Members at the time of his appointment.</p> <p>In the event of loss or inadequacy of profits in any financial year Mr. Nimish S. Shah will be paid remuneration as above, as the minimum remuneration subject to the stipulations contained in Schedule XIII to the Act.</p>
Remuneration paid in FY 2011 (Salary, Perquisites and other allowances)	₹ 12.60 lacs including bonus
Agreement Date	July 1, 2011

- c) **Non Independent Non-Executive Directors**
Our Company does not pay any remuneration/ compensation to non independent non-executive directors.

3. SHAREHOLDING OF THE DIRECTORS OF OUR COMPANY

The following table details the shareholding of the Directors in their personal capacity as at the date of this Letter of Offer.

Name of Directors	Number of Equity Shares (Pre-Issue)
Mr. Ashok Chhajer	1,82,80,000

4. INTEREST OF DIRECTORS

Except as stated in "Related Party Transactions/Financial Statements" on page 105/124 & 148 of this Letter of Offer and the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and reimbursement of expenses. Mr. Ashok Chhajer and Mr. Nimish S. Shah Managing Director and Whole time director, may be deemed to be interested to the extent of remuneration paid/payable to him.

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and /or by their friends /relatives in our Company that may be subscribed for or allotted to them in the present Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. The Directors may also be regarded as interested in the equity shares, if any, held or that may be allotted to the companies, firms and trust in which they are interested as directors, members, partners and or trustees.

Except as stated otherwise, in this Letter of Offer, our Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of the Letter of Offer in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

5. CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Name	Date of change	Reasons
Mr. Vinayak V. Nalavde	11-02-2012	Appointment
Mr. Anant Karweer	01-12-2011	Demise
Mr. Anand Shah	05-01-2011	Resignation
Mr. Nitin Chopra	20-06-2010	Resignation
Mrs. Lata Mallya	20-06-2010	Resignation
Mr. Varaprasad Atluri	20-06-2010	Appointment
Mr. Anant Karweer	23-04-2010	Appointment
Mr. Dinesh Chandra Babel	23-04-2010	Appointment
Mr. Virendra Kumar Mital	23-04-2010	Appointment
Mr. Nimish S. Shah	13-04-2010	Appointment
Mr. Abhishek Balar	13-04-2010	Resignation
Mr. Lalit Bothra	13-04-2010	Resignation
Mrs. Lata Mallya	24-11-2009	Appointment
Mr. Manish Dangara	24-11-2009	Resignation
Mr. Manish Dangara	11-11-2009	Appointment
Mr. Sourabh Punch	11-11-2009	Resignation
Mr. Nitin Chopra	24-09-2009	Appointment
Mr. Sourabh Punch	24-09-2009	Appointment
Mr. Anand Shah	24-09-2009	Appointment
Mr. Varaprasad Atluri	24-09-2009	Resignation
Mr. Ashok Vyas	24-09-2009	Resignation
Mr. Rajesh Kakani	05-06-2009	Resignation
Mr. Abhishek Balar	15-01-2009	Appointment
Mr. Varaprasad Atluri	15-01-2009	Appointment
Mr. Ashok Vyas	15-01-2009	Appointment
Mr. Ashok Chhajer	15-01-2009	Appointment
Mr. Lalit Bothra	15-01-2009	Appointment
Ms. Rachana Kakani	15-01-2009	Resignation
Mr. Satish Karmalkar	15-01-2009	Resignation
Mr. Bharat Somani	15-01-2009	Resignation
Mr. Suresh Chandra Tapuria	22-05-2008	Resignation
Mr. Vikram Somani	07-09-2007	Resignation
Ms. Saraswati Somani	07-09-2007	Resignation
Mr. Krishnakumar Somani	07-09-2007	Resignation

6. CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY

The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. Keeping in view the Company's size, complexity of operations and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities;
- Ensuring timely flow of information to the Board and its Committees for meaningful and focused discussions in the meeting;
- Independent verification of the Company's financial reporting;
- A sound system of internal control to mitigate the risks;
- Timely and balanced disclosure of all material information to all the stakeholders;

- Compliance with applicable laws, rules, guidelines and regulations;
- Transparency and accountability; and
- Equitable and fair treatment to all its stakeholders including employees, customers, vendors, shareholders and investors.

BOARD OF DIRECTORS

The Board of Directors (the Board), an apex body formed by the shareholders, serve and protect the overall interests of stakeholders; provides and evaluates the strategic directions of the Company; formulates and reviews management policies and ensure their effectiveness. As LOF, the Chairman & Managing Director managed the business of the Company under the overall supervision and guidance of the Board.

COMPOSITION

The Board represents an optimum mix of professionalism, knowledge and experience. Currently the strength of our Board is 6 directors with an Executive Chairman. The Board comprised of 3 Independent Directors (50%), 2 Executive Non Independent Directors (33.33%), and 1 Non-Executive and Non-Independent Director (16.67%). Hence our Company is in full compliance with clause 49 of listing agreement.

COMMITTEE

There are four committees constituted under the Board of Directors, which have been constituted and function in accordance with the relevant provisions of the Act and the Listing Agreement: (i) Audit committee, (ii) Remuneration committee (iii) Share Transfer Committee and (iv) Shareholders' Grievance Committee.

Details of each Committee, its scope, composition and meetings for the current year are given below:

i. Audit Committee:

Audit Committee comprises 3 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The members of the committee are:

Name of Director	Category	Status
Mr. Dinesh Chandra Babel	Independent Non-Executive Directors	Chairman
Mr. Virendra Kumar Mital	Independent Non-Executive Directors	Member
Mr. Varaprasad Atluri	Non-Independent Non-Executive Director	Member
Mr. Vinayak V. Nalavde	Independent Non-Executive Directors	Member

Mr. Manoj Dhariwal, *Company Secretary*, acts as Secretary of the Audit Committee in terms of Clause 49 of the Listing Agreement.

Broad terms of reference

The terms of reference of Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause 49 of the Listing Agreement. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

1. Overseeing financial reporting process and disclosure of financial information, to ensure that the financial statements are correct, sufficient and credible;
2. Recommending appointment and removal of the statutory auditors, fixation of audit fee and approval for payment of any other services;
3. Reviewing with the management, the periodical financial statements including of subsidiaries/ associates, in particular the investments made by the unlisted subsidiaries of the Company, before submission to the Board for approval;

4. Reviewing with the management and the statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
5. Reviewing the adequacy of internal audit function, approving internal audit plans and efficacy of the functions including the structure of the internal audit department, staffing, reporting structure, coverage and frequency of internal audit;
6. Discussion with internal auditor on any significant findings and follow-up thereon;
7. Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board;
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit, as well as post-audit discussions to ascertain any area of concern;
9. Reviewing the management discussion and analysis of financial condition and results of operations, statement of significant related party transactions, management letters/letter of internal control weakness issued by statutory auditors, internal audit reports etc.;
10. Reviewing the Company's financial and risk management policies;
11. Reviewing the uses/applications of funds raised through public offerings; and
12. To perform such other function(s) as may be delegated by the Board from time to time.

ii. Remuneration Committee:

The Remuneration Committee comprises of 3 Independent Non-Executive Directors. The members of the committee are:

Name of Director	Category	Status
Mr. Vinayak V. Nalavde	Independent Non-Executive Directors	Chairman
Mr. Virendra Kumar Mital	Independent Non-Executive Director	Member
Mr. Dinesh Chandra Babel	Independent Non-Executive Director	Member

Terms of Reference

1. Determining Remuneration Policy of the Company;
2. Recommending remuneration including periodic revision, performance bonus, incentives, commission, stock option, other services, perquisites and benefits payable to the Managing, Whole-time and other Director(s) including their relatives;
3. Framing policies and fixation of compensation including salaries, incentives, bonuses, promotions, benefits, stock options and performance targets for executives of the Company; and
4. Formulation of the detailed terms and conditions of stock options, granting of administration and superintendence thereof.
5. Ensuring due compliance with the provisions pertaining to the Managerial Remuneration and Remuneration to the Board of Directors, as per the compliances of the Companies Act, 1956.

iii. Share Transfer Committee:

The Share Transfer Committee comprises of our Chairman & Managing Director, Executive Director and 1 Non Independent Non-Executive Directors. The members of the committee are:

Name of Director	Category	Status
Mr. Ashok Chhajer	Chairman & Managing Director	Chairman
Mr. Nimish S. Shah	Whole Time Director	Member
Mr. Varaprasad Atluri	Non Independent Non-Executive Director	Member

Terms of Reference

The Committee oversees and reviews all matters connected with transfer of physical securities and also interalia approves issue of duplicate, split of share certificates, etc.

The broad terms of reference includes the following:

- To take note of Shareholders Complaints received, Shareholders grievances not solved to the satisfaction of shareholders and pending complaint of Shareholders.

iv. Shareholders Grievance Committee:

The Shareholders' Grievance Committee comprises of 3 Independent Non-Executive Directors. The members of the committee are:

Name of Director	Category	Status
Mr. Virendra Kumar Mital	Independent Non-Executive Director	Chairman
Mr. Dinesh Chandra Babel	Independent Non-Executive Director	Member
Mr. Vinayak V. Nalavde	Independent Non-Executive Directors	Member

Terms of Reference

- The Committee looks into the redressal of Shareholders complaints/ grievances pertaining to transfer or credit of shares, non-receipt of annual reports, dividend payments and other miscellaneous complaints/ Grievances.
- The Committee reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

Compliance Officer

Mr. Manoj Kumar Dhariwal, Company Secretary is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement with Stock Exchange.

Redressal of Investor Grievances

The Company's policy is to address all complaints, suggestions and grievances expeditiously and to send/issue replies at earliest except in case of dispute over facts or other legal impediments.

In addition to above, our Company has constituted following additional committees of the directors:

v. Executive Committee:

The Executive Committee comprises our Chairman & Managing Director, Executive Director and 1 Non Independent Non-Executive Directors.

Name of Director	Category	Status
Mr. Ashok Chhajer	Chairman & Managing Director	Chairman
Mr. Varaprasad Atluri	Non Independent Non-Executive Director	Member
Mr. Nimish S. Shah	Whole Time Director	Member

The broad terms of reference includes the following:

To improve efficiency and ease administrative decisions relating to the business of the Company and for regular business decision making of the Company.

vi. Rights Issue Committee

The Rights Issue Committee comprises of our Chairman & Managing Director, Executive Director and 1 Independent Non-Executive Directors.

Name of Director	Category	Status
Mr. Ashok Chhajer	Chairman & Managing Director	Chairman
Mr. Nimish S. Shah	Whole Time Director	Member
Mr. Dinesh Chandra Babel	Independent Non-Executive Director	Member

The broad terms of reference includes the following:

1. To decide the amount of the rights issue;
2. To issue the price band and premium of the rights Issue;
3. To decide the number of shares to be issued;
4. To decide the ratio.
5. However, the total amount to be raised for the Rights Issue not to be exceeding ₹ 20 crores.
6. To appoint and enter into arrangements with Lead Managers to the Rights Issue, Bankers, Registrars, Legal Advisors, Monitoring Agency, Consultants, Advisors, Underwriters to the Issue, syndicate shareholders to the Issue, brokers to the Issue, printers and such other agencies as may be desired and to negotiate and finalise the terms of their appointment, including but not limited to changing and/or substituting any one or more of the above agencies, finalizing the issue expenses including the payment to the intermediaries, regulators and any other entities as may be required, execution of the Lead Managers mandate letter, negotiation, finalization and execution of the Memorandum of understanding with the Lead Managers etc.;
7. To finalise, adopt, and approve and execute the draft Letter of Offer, Composite application form, abridged Letter of Offer (if approved), final Letter of Offer, Syndicate Agreement, Underwriting Agreement, and other document and to file the same with SEBI, Stock Exchanges and other concerned authorities and issue the same to the equity shareholders of the Company and to make any corrections or alterations therein;
8. To open with the Bankers to the Rights Issue such accounts as are required by the regulations issued by the SEBI;
9. To fix record date(s) for the purpose of the Rights Issue for ascertaining the names of the share holders who will be entitled to the aforesaid offer of equity shares in consultation with the Stock Exchanges with which the Company's shares are listed.
10. To take necessary actions and steps for obtaining relevant approvals, consents from SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the Rights Issue,
11. To decide the treatment to be given to the fractional entitlement if any, including rounding upward or downwards or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements or issue of fractional entitlements into a whole share and application to the Company for the same as well as to decide the disposal off the shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole shares or treating fractional entitlement in the manner as may be approved by SEBI and the Stock Exchanges;

12. To decide the opening and closing dates for the Rights Issue and to extent, vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchanges and other authorities from time to time;
13. To finalise the basis of allotment of equity shares in consultation with Lead Managers, Registrar and the designated Stock exchange and other Stock Exchanges where the existing shares are listed, if necessary;
14. To issue and allot the equity shares in one or more tranches and to do all such acts, deeds, matters, and things necessary or desirable in connection with or incidental to the equity shares;
15. To issue the letters of allotment and/ or certificates to the proposed allottees either in dematerialized form or in physical form as may be required by the allottees;
16. To enter the names of the allottees in the register of shareholders of the Company;
17. To issue new shares (including new certificates where required) representing the equity shares issued as part of the Rights Issue with new distinctive numbers as laid down in the Companies (Issue of Shares Certificate) Rules, 1960 and also to inform the depositories to take the necessary action to give effect to the above and all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the Rights Issue;
18. To negotiate, execute amendments to the Depository Agreements, signing of all other relevant documents, agreements etc. If required, in connection with the amendments to the Depository Agreements to accommodate various provisions in connection with issuing of GDRs/ underlying shares under the Rights Issue.
19. To settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issue and allotment of the equity shares as aforesaid and to do all such acts, deeds and things as the committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the Rights Issue and allotment of equity shares;
20. To decide the mode and manner of allotment of shares if any not subscribed and left/remaining after allotment of rights shares and additional shares applied by the shareholders and renounces;
21. To apply to regulatory authorities seeking their approval for allotment of any unsubscribed portion of the rights issue (in favour of the parties willing to subscribe to the same), if required;
22. To file necessary returns, make declarations announcements, furnish information etc, to the concerned authorities in connection to the Rights Issue;
23. To sign and execute any other document, agreement, undertaking in connection with the Rights Issue and to take all such other steps as may be necessary in connection to the Rights Issue;
24. To file necessary certificates / returns/ forms with SEBI, Stock Exchanges, Reserve Bank of India, Registrar of Companies, Government of India and other authorities;
25. To do all necessary acts, things, execution of documents, undertaking etc. with NSDL/CDSL in connection with admitting of shares issued in Rights Issue.
26. To issue public advertisements notices;
27. To apply to the Stock Exchange(s) for obtaining in-principle approval for listing and for permission to trade the equity shares to do all such acts, deeds, matters and things and to sign all such paper, documents and agreements, as may be necessary to seek the listing of such equity shares on the Stock Exchange(s) with power to settle any query, difficulty or doubt that may arise in regard to Rights Issue;
28. To incur necessary expenses such as fees of various agencies, filing fees, stamp duty etc.

vii. Business Planning & Development Committee:

The Business Planning & Development Committee comprises of our Chairman & Managing Director, Executive Director.

Name of Director	Category	Status
Mr. Ashok Chhajer	Chairman & Managing Director	Chairman
Mr. Virendra Kumar Mital	Independent Non-Executive Director	Member
Mr. Vinayak V. Nalavde	Independent Non-Executive Directors	Member

CODE OF CONDUCT

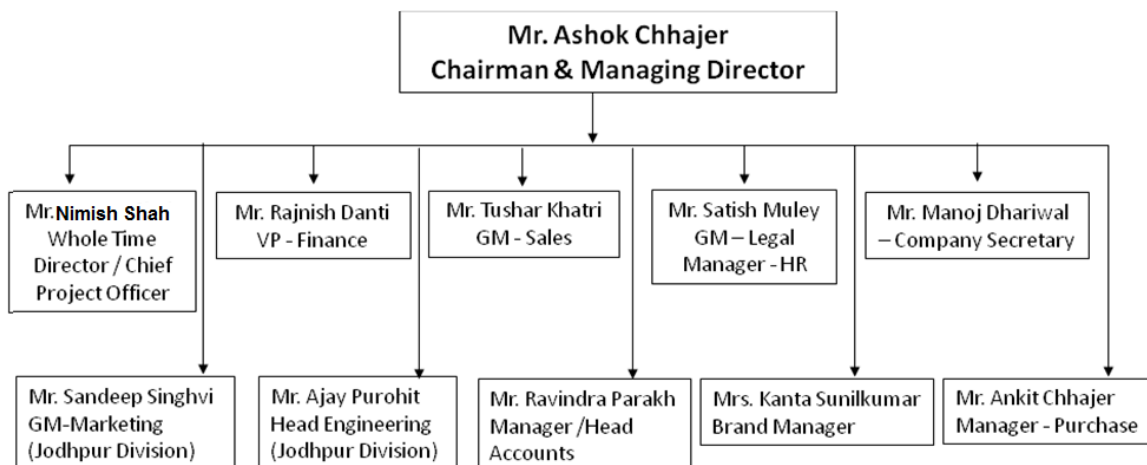
The Code of Conduct (the Code) as adopted by the Board is a comprehensive Code to ensure good governance and to provide for ethical standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. The Code is applicable to all the Directors and Senior Management Personnel of the Company including its subsidiaries.

SUBSIDIARY MONITORING FRAMEWORK

The subsidiaries of the Company namely Arihant Abode Limited, Arihant Vatika Realty Private Limited, Adeshwar Realty Private Limited and Arihant Gruhnirman Private Limited are managed with their respective Boards having rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company monitors and reviews the performance of such companies' inter-alia, by the following means:

- Financial Statements, in particular, the investments made by the unlisted subsidiary companies, have been reviewed periodically by the Audit Committee;
- Minutes of the meetings of the unlisted subsidiary companies are placed before the Company's Board, periodically;
- Statements containing significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically placed before the Board of Directors; and
- None of the unlisted company is material subsidiary in terms of Clause 49 of the Listing Agreement.

7. MANAGEMENT ORGANISATION STRUCTURE CHART



8. KEY MANAGERIAL PERSONNEL (KMP)

The details of our key managerial personnel excluding our directors are as follows:

Sr. No	Name of the Employee	Qualification	Designation/ Nature of Duties	Age	Compensation Paid last FY 2011 (₹ In Lacs)	Date of Joining	Total Experience	Last Employment and Designation
1.	Mr. Satish Muley	B.Sc., LLB, MBA	GM-Legal /Manager HR	30	8.58	01/09/2009	11 Years	Self Employed
2.	Mr. Tushar Khatri	B. Com	GM – Sales marketing	35	8.22	01/08/2009	14 Years	Self Employed
3.	Mr. Rajnish Danti	MMS – Finance	VP – Finance	33	1.41	08/02/2011	10 Years	Manager - Finance Lodha Developers Ltd
4.	Ms. Kanta Sunilkumar	B.Com, Dip. - Media and PR	Manager-Brand	32	2.06	01/09/2009	7 Years	Business Coordinator - Team Rustic Pvt. Ltd.
5.	Mr. Ankit Chhajer	B.com	Manager Purchase -	25	-	01/08/2011	4 Years	Arihant Enterprises, Manager - Purchase
6.	Mr.Ravindra Parakh	B. Com, ACA	Manager-Accounts	24	2.19	17/04/2010	1.5 Years	-
7.	Mr.Manoj Kumar Dhariwal	M.Com, ACS	Company Secretary & Compliance Officer	27	2.23	01/05/2010	2 Years	Company Secretary-Oswal Industries Ltd.
8.	Mr.Sandeep Singhvi	B. Com (Honrs)	GM Marketing (Jodhpur Division)	43	0.30	11/03/2011	22 Years	PRESCON (Prestige City Dev. P.L. Jodhpur) – Sr. Manager Sales & marketing
9.	Mr.Ajay Purohit	B.E.	Head Engineering (Jodhpur Division)	37	-	01/06/2011	12 Years	M/s DD Dosi (Project Manager)

All the abovementioned key managerial personnel are permanent employees of our Company.

Mr. Satish Muley holds the bachelor's degree in law and has over 11 years of experience in handling licenses and legal compliance matters for his consultancy firm. He joined our Company on September 1, 2009 and is responsible for the human resources and legal compliances department of our Company.

Mr. Tushar Khatri is a commerce graduate and has over 14 years of experience in the industry. He joined our group in the year 2009. Prior to joining Arihant group, he was running his consultancy firm engaged in the real estate business. He is responsible for the sales, after-sales & marketing of the projects undertaken by our company.

Mr. Rajnish Danti holds the master's degree in business administration from University of Mumbai with over 10 years experience in the field of Finance. He joined our group in the year 2011. Prior to joining our group, he was associated with Lodha Developers Ltd and IDBI Homefinance limited, where he was responsible for finance related activities.

Mrs. Kanta Sunilkumar is commerce graduate and having experience of 7 year. She joined our Company on September 1, 2009. She is responsible for framing the strategies for brand building and its promotion.

Mr. Ankit Chhajer is commerce graduate and has over 4 years of experience in the field of purchase. At ASL he is responsible for the purchase department. He performs quality checks of the materials to be purchased and looks after the inventory levels for all the projects of the company.

Mr. Ravindra Parakh is a commerce graduate and Chartered Accountant. He joined the Company in year 2010. He is Head of the accounts department and responsible for the all accounts related activities.

Mr. Manoj Kumar Dhariwal is a qualified Company Secretary from the Institute of Company Secretaries of India and has over 2 years of experience in handling all the secretarial matters of the various companies with whom he was associated prior to joining our Company. He joined our Company on May 01, 2010 and is responsible for the all the company secretarial matters.

Mr. Sandeep Singhvi is commerce graduate and joined our company on March 11, 2011. Before joining our company he was associated with PRESCON (Prestige City Dev. Pvt. Ltd. Jodhpur). He is responsible for the sales, after-sales & marketing of the projects undertaken by our company at Jodhpur Division at Rajasthan. He has total experience of over 22 years.

Mr. Ajay Purohit is Engineering Graduate and joined our company on June 01, 2011 before joining our company he was associated with M/s. DD Dosi as project manager. He is responsible for the Technical aspect of all projects in Jodhpur Division at Rajasthan. He has total experience of over 12 years.

None of the Key Managerial Personnel are related to any of our Directors.

Shareholding of key managerial personnel

None of our key managerial personnel holds any equity shares of our Company except Mr. Tushar Khatri who holds 180 equity shares of our Company.

Bonus or Profit Sharing Plan for KMP

As per the policy of our Company, employees receive bonus. However, our Company does not have any specific bonus or profit sharing plan for its Key Managerial Personnel.

Details of loans taken by key managerial personnel in the Company

None of our key managerial personnel have taken any loans from our Company.

Changes in our key managerial employees during the last three years

S.No.	Name	Designation	Date of joining/leaving	Reasons
1	Nimish S. Shah	Chief Project Officer (CPO)	01/08/2009	Appointment
2	Siddhi Bhagat	GM – Operations	01/08/2009	Appointment
3	Kunal Shah	GM – Purchase	01/09/2009	Appointment
4	Ashok Vyas	Head – Project & Facility Management	01/02/2009	Appointment
5	Tushar Khatri	GM – Sales Marketing	01/08/2009	Appointment
6	Satish Muley	GM Legal / Manager HR	01/09/2009	Appointment
7	Suresh Singhvi	GM- Accounts	01/09/2009	Appointment
8	Kanta Sunilkumar	Brand Manager	01/09/2009	Appointment
9	Rashmita Kamath	Company Secretary & Compliance Officer	24/09/2009	Appointment
10	Ashok Vyas	Head – Project & Facility Management	24/09/2009	Resignation
11	Rashmita Kamath	Company Secretary & Compliance Officer	30/04/2010	Resignation
12	Ravindra Parakh	Manager- Accounts	17/04/2010	Appointment
13	Suresh Singhvi	-	17/04/2010	Removed from the List of KMP
14	Manoj Kumar Dhariwal	Company Secretary & Compliance Officer	01/05/2010	Appointment
15	Kunal Shah	GM - Purchase	09/06/2010	Resignation
16	Rajnish Danti	VP-Finance	08/02/2011	Appointment
17	Sandeep Singhvi	GM-Marketing (Jodhpur Division)	11/03/2011	Appointment
18	Siddhi Bhagat	GM – Operations	29/05/2011	Demise
19	Ajay Purohit	Head Engineering (Jodhpur Division)	01/06/2011	Appointment
20	Ankit Chhajjer	Manager - Purchase	01/08/2011	Appointment

9. EMPLOYEES

Arrangements and understanding with major shareholders

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Scheme of Employee Stock Option or Employee Stock Purchase

Our Company does not have any scheme of employee stock option or employee stock purchase.

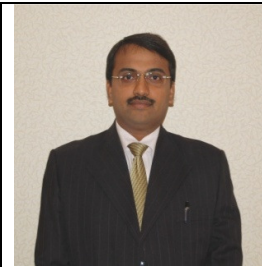

Payment or Benefit (Non-Salary Related) to Officers of Our Company.

Except for the normal remuneration paid to Directors, officers or employees of our Company as per the policies of the Company, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers.

OUR PROMOTERS AND PROMOTER GROUP

OUR PROMOTERS

Mr. Ashok Chhajer and Ms. Sangeeta Chhajer are the current Promoters of our Company.

	<p>Ashok Chhajer, age 42 years, is a graduate in Bachelor of Science (B.Sc) from Mumbai University. He has been associated with the family businesses which are wide spread in various sectors like cloth trading and manufacturing, edible oil refinery, real estate, etc since last 2 decades with a core focus on real estate sector. After having gained expertise in the real estate business, he promoted “Chhajer Group” to carry on the real estate business in and around Navi Mumbai. He was also instrumental in forming “Arihant Group” for setting up various real estate projects including multi stored buildings Mr. Ashok Chhajer has successfully handled and completed 32 projects and is one of the prominent real estate developer in and around Navi Mumbai. He was inducted on the Board of our Company w.e.f January 15, 2009.</p>
	<p>PAN: AAAPC8632L; Passport No: J9027623; Driving License No: 88/E/1837; Voter’s identification card Not Available; Bank Account Details: The Federal Bank Limited, Vashi Branch (Current A/c No :13690200003047)</p>
	<p>Ms. Sangeeta Chhajer, Age 36 years, is a house wife. She is also a director in few of the Group Companies/Entities.</p> <p>PAN: ADKPC2426R ; Passport No: K1642604; Driving License No: 03/98/55068 Voter’s identification card Not Available; Bank Account Details: The Federal Bank Limited, Vashi Branch (SB A/c No. 13690100004830)</p>

DECLARATION

The Permanent Account Number, Bank Account Number, Driving License and Passport Number of the individual Promoter have been submitted to the Stock Exchange on which securities are proposed to be listed at the time of filing of the Draft Letter of Offer with them.

Further, our Promoters, Promoter Group and Promoter Group Companies/Entities have confirmed that they have not been identified as willful defaulters by the RBI or any other Governmental authority.

Additionally, neither our Promoter nor Promoters Group has been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

CHANGE IN MANAGEMENT

On September 26, 2008, our Promoters had entered into a Share Purchase Agreement (“SPA”) with Shri Rajesh Shankarlal Kakani and Smt. Rachana Rajesh Kakani the then promoters of our Company to acquire 1,30,000 equity shares of ₹ 10/- each for cash consideration. Pursuant to the Agreement, our Promoters made an open offer to acquire 49,800 equity shares of ₹ 10/- each at a price of ₹ 12/- per equity share in terms of Regulation 10 and 12 of Takeover Code and listing agreement with the Stock Exchange and other applicable laws and regulations in force.

COMMON PURSUITS

Most of our Group Companies/Entities are in the business of construction and development of residential and commercial projects and have invested in real estate projects. For details please refer page no 92 under chapter titled “Our Promoters and Promoter Group” in the real estate development business.

RELATED PARTY TRANSACTIONS

Except as stated in the chapter titled “Related Party Transactions/Financial Statement” beginning on page no. 105/124 & 148 the promoters do not have any interest in our Company.

INTEREST OF PROMOTERS

Our Promoters are deemed to be interested in the promotion of our Company to the extent of the Equity Shares held by them and their relatives as well as the Rights Equity Shares offered under this Issue and also to the extent of any dividend payable to them and other distributions in respect of the aforesaid Equity Shares and Rights Equity Shares. Further, our Promoters may also be interested to the extent of Equity Shares held by them or that may be subscribed by and allotted to the companies, firms and trust, in which either of them are interested as a director, member, partner or trustee. In addition, our Promoters, being Managing Director/Director of our Company, may be deemed to be interested to the extent of fees, if any, payable for attending meetings of the Board or a committee thereof as well as to the extent of remuneration and reimbursement of expenses, if any, payable under our Articles of Association and to the extent of remuneration, if any, paid for services rendered as an officer or employee of our Company.

INTEREST OF THE PROMOTERS IN THE PROPERTY OF OUR COMPANY

Our registered & corporate office, situated at 302, Persipolis Building, Plot No. 74, Sector-17, Vashi, Navi Mumbai - 400 703 is leased by Ms. Sangeeta Chhajer. Our company pays a monthly rent of ` 40,000/- for the office to our promoter. Our branch office situated at Ayushi Tower, 1st Floor, Pal Road, Barvi Road Circle, Jodhpur (Rajasthan) - 342001 is leased by Mr. Ashok Chhajer. Our company pays a monthly rental of ` 40,000/- for the office to our promoter. Except as stated in section titled “Property” and “Our Land Reserves” under chapter titled “Our Business” on page no 55, 45 and 52 respectively and chapter titled “Related Party Transactions/Financial Statements” on page no. 105/124 & 148 of this Letter of Offer. Except as stated above our promoter does not hold any interest in the property owned by our company.

PAYMENT OF BENEFITS TO OUR PROMOTER DURING THE LAST TWO YEARS

Except as stated in the chapter titled “Related Party Transactions/Financial Statements” on page no. 105/124 & 148 there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Letter of Offer.

PROMOTER GROUP:

- A. The natural persons who are part of our Promoter Group (due to the relationship with our Promoters), other than the Promoters named above are as follows**

Name	Relationship
Relatives of Mr. Ashok Chhajjer	
Mrs. Sangeeta A. Chhajjer	Wife
Master Parth A. Chhajjer; Master Bhavik A. Chhajjer	Son (s)
Mr. Omprakash Chhajjer	Brother
Mrs. Meena Ranka; Mrs. Usha Ranka	Sister(s)
Mrs. Suadevi B. Chhajjer	Mother
Mr. Bhanwarlal V. Chhajjer	Father
Mr. Parasmal L. Bothra	Father of Spouse
Mrs. Parmeshwari P. Bothra	Mother of Spouse
Mr. Lalit P. Bothra	Brother of Spouse
Mrs. Saroj G. Chhajjer; Mrs. Meena O. Maloo; Mrs. Anita R. Chhajjer; Mrs. Kalpana R Doshi; Mrs. Payal D. Doshi	Sister of Spouse
Relatives of Mrs. Sangeeta A. Chhajjer	
Mr. Ashok Chhajjer	Husband
Master Parth Chhajjer; Mater Bhavik Chhajjer	Son (s)
Mr. Lalit P. Bothra	Brother
Mrs. Saroj G. Chhajjer; Mrs. Meena O. Maloo; Mrs. Anita R. Chhajjer; Mrs. Kalpana R. Doshi; Mrs. Payal D. Doshi	Sister (s)
Mrs. Parmeshwari P. Bothra	Mother
Mr. Parasmal L. Bothra	Father
Mr. Bhanwarlal V. Chhajjer	Father of Spouse
Mrs. Suadevi B. Chhajjer	Mother of Spouse
Mr. Omprakash B. Chhajjer	Brother of Spouse
Mrs. Meena Ranka; Mrs. Usha Ranka	Sister of Spouse (s)

- B. Companies, firms, HUFs and Trusts which form part of our Promoter Group are as follows (Group Companies/Entities):**

- a. Subsidiary Companies**

Name & Type of Organization	Description of Business	Nature of Interest of the Promoters
Arihant Abode Ltd.	Real Estate	Mr. Ashok Chhajjer – promoter & director holding 1% shares in the company. Ms. Sangeeta Chhajjer – Promoter holding 1.30% shares in the company.
Arihant Vatika Realty Pvt Ltd.	Real Estate	Mr. Ashok Chhajjer & Ms Sangeeta Chhajjer – promoter & director, holding 0.50% shares each in the company.
Adeshwar Realty Pvt. Ltd.	Real Estate	Mr. Ashok Chhajjer & Ms Sangeeta Chhajjer – director, holding 0.10% shares on behalf of ASL
Arihant Gruhnirman Private Limited (Became Subsidiary w.e.f 29/11/2011)	Real Estate	Mr. Ashok Chhajjer – promoter and director holding 1.50% shares in the company. Ms. Sangeeta Chhajjer – promoter and director, holding 0.80% shares in the company

b. Other Companies, firms, HUFs and Trusts which form part of our Group Companies/Entities are as follows:

Name & Type of Organization	Description of Business	Nature of Interest of the Promoters
COMPANIES		
Arihant Universal Realty Pvt. Ltd.	Real Estate	Mr. Ashok Chhajer – promoter & director, holding 51% shares in the company. Ms Sangeeta Chhajer – Promoter & Director, holding 49% Shares in the company.
Adinath Realty Pvt. Ltd.	Real Estate	Mr. Ashok Chhajer - promoter & Director, holding 0.03% shares in the company Ms Sangeeta Chhajer – Promoter & Director, holding 80.33% Shares in the company.
Arihant Paridise Realty Pvt. Ltd.	Real Estate	Mr. Ashok Chhajer - promoter & director, holding 0.50% shares in the company. Ms Sangeeta Chhajer – Promoter & Director, holding 0.50% Shares in the company.
Arihant Dream Houses Pvt. Ltd. (previously known as “SAAC Exports Private Limited”)	Real Estate	Mr. Ashok Chhajer - Promoter & Director, holding 81.07% Shares in the company. Ms Sangeeta Chhajer – Promoter & Director, holding 4.73% Shares in the company.
Abhinandan Agrofarm Pvt. Ltd.	Commodities Trading	Mr. Ashok Chhajer - promoter & director, holding 0.50% shares in the company. Ms Sangeeta Chhajer – promoter & director, holding 0.50% shares in the company.
Arihant Ashiyana Pvt. Ltd.	Real Estate	Ms Sangeeta Chhajer – Promoter & Director, holding 5% share in the company Mr. Ashok Chhajer is holding 39% Shares in the company.
Arihant Technoinfra Pvt. Ltd.	Real Estate Construction & Infrastructure	Ms Sangeeta Chhajer – Promoter & Director, holding 5% share in the company Mr. Ashok Chhajer is holding 39% Shares in the company.
PARTNERSHIP FIRM		
Arihant Enterprises	Real Estate	Mr. Ashok Chhajer & Ms Sangeeta Chhajer – Partner
Arihant Properties	Real Estate	Mr. Ashok Chhajer – Partner
Arihant Realtors	Real Estate	Mr. Ashok Chhajer – Partner
Arihant Builders	Real Estate	Mr. Ashok Chhajer – Partner
Arihant Constructions	Real Estate	Mr. Ashok Chhajer – Partner
Abhinandan Enterprises	Real Estate	Mr. Ashok Chhajer & Ms Sangeeta Chhajer – Partner
Arihant Estates	Real Estate	Mr. Ashok Chhajer & Ms Sangeeta Chhajer – Partner
HUF		
Ashokkumar Bhanwarlal Chhajer HUF	-	Karta – Mr. Ashok Chhajer
LLP		

Name & Type of Organization	Description of Business	Nature of Interest of the Promoters
Arihant Aksh Realty LLP	Real Estate	Mr. Ashok Chhajer – Designated Partner

SICK COMPANY

None of our Group Companies/Entities has become sick company within the meaning of Sick Industrial Companies (Special Provision) Act 1985 or is under winding up.

LOSS MAKING GROUP COMPANIES/ ENTITIES

The following Group Companies/Entities are loss making during past three years:

(₹ In Lacs)

Sl. No	Name of Group Companies/ Entities	2010-2011	2009-2010	2008-2009
1	Arihant Paradise Realty Private Limited	0.00	0.19	(0.04)
2	Abhinandan Enterprises	2.55	3.30	(0.02)
3	Arihant Constructions	260.09	0.00	(0.37)
4	Arihant Builders	164.62	122.23	(0.02)

DEFUNCT COMPANY

None of our Promoter Group Companies/ Entities was declared as defunct company by Registrar of Companies.

LITIGATION

For details on outstanding litigations against Group Companies/Entities, please refer page no. 167 of the Letter of Offer.

DISASSOCIATION BY PROMOTERS IN LAST THREE YEARS

The Promoters has disassociated from the following companies during the preceding five years due to a change in business decision:-

Name of the Company	Year of Disassociation	Reason for disassociation	Pending/completed proceeding against the promoter during the tenure
Sarvodaya Refinery Pvt. Ltd.	2010	To Focus on Real Estate and Construction business	NIL
DHS Mercantile Pvt. Ltd.	2010		NIL
VRH Mercantile Pvt. Ltd.	2009		NIL
CAB Mercantile Pvt. Ltd.	2009		NIL
Space Creation Pvt. Ltd.	2009		NIL

COMMON PURSUITS

Several of our Group Companies/Entities are in the business of construction and development of residential and commercial projects and have invested in real estate projects. For details please refer page no 92 under chapter titled “Promoter and Promoter Group” in the real estate development business.

RELATED BUSINESS TRANSACTIONS WITHIN THE GROUP COMPANIES/ENTITIES AND SIGNIFICANCE ON THE FINANCIAL PERFORMANCE OF THE COMPANY.

For business transaction between our Company and Group Companies/ Entities please refer chapter titled “Related Party Transactions/Financial Statements” on page no. 105/124 & 148.

SALE OR PURCHASE BETWEEN GROUP COMPANIES/ENTITIES / SUBSIDIARIES / ASSOCIATES COMPANIES.

Our company had purchased a shop bearing number 1, Ground Floor, admeasuring 22.25 Sq. Mtrs. of carpet area from M/s Arihant Enterprises in the project Arihant Siddhi for a consideration of ₹ 15.50 lacs/-. Except as stated above there have been no sales or purchase between our Company and Group Companies/ Entities.

FINANCIAL INFORMATION OF GROUP COMPANIES/ENTITIES

[A] FINANCIAL INFORMATION OF LISTED GROUP COMPANIES

As on date of Letter of Offer there is no listed company under our group companies.

[B] FINANCIAL INFORMATION OF UNLISTED GROUP COMPANIES

1. Arihant Universal Realty Private Limited

The company was incorporated on August 29, 2006. The company is engaged in the business of constructions and real estate development.

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Sangeeta Chhajer	Director	01965110	Director

Shareholding Pattern as on February 29, 2012:

Name of the Shareholder	No of shares	% holding
Ashok Chhajer	2,539,800	51.00
Sangeeta Chhajer	2,440,200	49.00
Prakashchand Nemichand HUF	1	Negligible
Kanhaiyalal Nemichand HUF	1	
Arunkumar Kanhaiyalal HUF	1	
Prakashchand Vadera	1	
Vimla Devi	1	
Varun Kumar Vadera	1	
Mahaveer Vadera	1	
Harsha Vadera	1	
Total	4,980,008	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	498.00	498.00	498.00
Reserves (Excluding Revaluation Reserve)	2,711.21	1,633.05	946.50
Sales & Other Income	2,099.56	2058.65	3614.45
PAT	1,0789.27	686.55	905.67
EPS (₹)	21.65	13.79	18.18
NAV Per Share (₹)	64.44	42.79	29.00

2. Adinath Realty Private Limited

The Company was incorporated on December 20, 2006 with an object of carrying out the business of construction, real estate development, estate agents, etc.

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Mr. Ashok Chhajer	Director	01965094	Director
Mrs. Sangeeta Chhajer	Director	01965110	Director

Shareholding Pattern as on February 29, 2012:

Name of the Shareholder	No of shares	% holding
Ashok Chhajer	475	0.03
Sangeeta Chhajer	1282025	80.33

Ashok B. Chhajer (HUF)	313500	19.64
Total	1596000	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	159.60	16.80	16.80
Reserves (Excluding Revaluation Reserve)	12.19	148.50	148.25
Sales & Other Income	10.77	0.83	0.34
PAT	6.48	0.26	0.03
EPS (₹)	0.41	0.15	0.02
NAV Per Share (₹)	10.68	98.29	98.03

3. Arihant Paradise Realty Private Limited

The company was incorporated on March 13, 2008 with an object of carrying out the business of construction, real estate development, etc. The company is a subsidiary of Arihant Universal Realty Pvt. Limited.

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Sangeeta Chhajer	Director	01965110	Director

Shareholding Pattern as on February 29, 2012:

Name of the Shareholder	No of shares	% holding
Ashok Chhajer	50	0.00
Sangeeta A Chhajer	50	0.00
Arihant Universal Realty Pvt. Ltd.	9900	98.84
Alka R Dangra	1	Negligible
Anil Kurkarni	1	
Bhavika V Mehta	1	
Dilip Jain	1	
Kumud Indulal Mehta	1	
Mangilal Jain	1	
Mohd. Abbas Mohd. Hussain	1	
Mohd. Afzal Mohd. Hussain	1	
Mukesh Dosi	1	
Parasmal Manakmal Chhajer	1	
Phoenix Chemical Works Pvt. Ltd.	1	
Rakesh Dosi	1	
Rakesh N Shah	1	
Ramchandra Barsha Gharat	1	
Ravilal H Rangani	1	
Ravindra Nath Vatsa	1	
Total	10016	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	1.00	1.00
Reserves (Excluding Revaluation Reserve)	0.80	0.82	0.66
Sales & Other Income	291.78	29.13	46.95
PAT	0.00	0.19	(0.04)
EPS (₹)	0.00	1.94	(0.42)
NAV Per Share (₹)	17.23	16.57	13.83

4. Arihant Dream Houses Private Limited (previously known as 'SAAC Exports Private Limited')

The company was incorporated on March 18, 1999 to carry on the business of trading of various commodities.

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Mr. Ashok Chhajer	Director	01965094	Director
Mr. Lalitkumar P. Bothra	Director	02492956	Director
Ms. Sangeeta Chhajer	Director	01965110	Director

Shareholding Pattern as on February 29, 2012:

Name of the Shareholder	No of shares	% holding
Ashok Chhajer	25700	81.07
Ashok B Chhajer HUF	4500	14.20
Sangeeta A Chhajer	1500	4.73
Total	31700	100.00

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	3.17	3.17	3.17
Reserves (Excluding Revaluation Reserve)	381.03	363.03	358.69
Sales & Other Income	18.32	4.71	22.56
PAT	18.02	4.63	4.22
EPS (₹)	56.85	14.60	13.31
NAV Per Share (₹)	1211.98	1155.19	1141.53

5. Abhinandan Agrofarm Private Limited

The company was incorporated on April 13, 2007 with an object of carrying out the business of construction, real estate development, etc. The Company is a subsidiary of Arihant Universal Realty Pvt. Limited.

The Board of Directors comprises

Name of the Director	Designation	DIN	Nature of Directorship
Ashok Chhajer	Director	01965094	Director
Sangeeta A Chhajer	Director	01965110	Director
Lalitkumar P. Bothra	Director	02492956	Director

Shareholding Pattern as on February 29, 2012

Name of the Shareholder	No of shares	% holding
Ashok Chhajer	50	0.50
Sangeeta A Chhajer	50	0.50
Arihant Universal Realty Pvt. Ltd.	9900	99.00
Total	10000	100.00

Financial Highlights

The audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	1.00	1.00
Reserves (Excluding Revaluation Reserve)	0.36	0.26	0.20
Sales & Other Income	0.36	0.33	0.68
PAT	0.09	0.05	0.14
EPS (₹)	0.87	0.55	1.40
NAV Per Share (₹)	12.80	11.01	9.68

6. Arihant Aashiyana Pvt. Ltd.

The company was incorporated on December 08, 2010 with an object of carrying out the business of construction, real estate development, etc. The company is a subsidiary of Arihant Universal Realty Pvt. Limited.

The Board of Directors comprises of

Name of the Director	Designation	DIN	Nature of Directorship
Sangeeta A Chhajer	Director	01965110	Director
Akshay Agarwal	Director	00664101	Director
Abhishek Balar	Director	00507150	Director
Lalitkumar P. Bothra	Director	02492956	Director

Shareholding Pattern as on February 29, 2012

Name of the Shareholder	No of shares	% holding
Arihant Universal Realty Pvt. Ltd.	5100	51.00%
Ashok Chhajer	3900	39.00%
Sangeeta Chhajer	500	5.00%
Lalit Bothra	500	5.00%
Total	10000	100.00%

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	N.A	N.A
Reserves (Excluding Revaluation Reserve)	-	N.A	N.A
Sales and Other Income	-	N.A	N.A
PAT	-	N.A	N.A
EPS (₹)	-	N.A	N.A
NAV Per Share (₹)	5.35	N.A	N.A

7. Arihant Technoinfra Pvt. Ltd

The company was incorporated on December 03, 2010 with an object of carrying out the business of construction, real estate development, etc. The company is a subsidiary of Arihant Universal Realty Pvt. Limited.

The Board of Directors comprises of

Name of the Director	Designation	DIN	Nature of Directorship
Sangeeta A Chhajer	Director	01965110	Director
Lalitkumar P. Bothra	Director	02492956	Director
Akshay Agarwal	Director	00664101	Director

Shareholding Pattern as on February 29, 2012

Name of the Shareholder	No of shares	% holding
Arihant Universal Realty Pvt. Ltd.	5100	51.00%
Ashok Chhajer	3900	39.00%
Sangeeta Chhajer	500	5.00%
Lalit Bothra	500	5.00%
Total	10000	100.00%

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ In Lacs except EPS and NAV per share)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Share Capital	1.00	-	-
Reserves (Excluding Revaluation Reserve)	-	-	-
Sales and Other Income	-	-	-
PAT	-	-	-
EPS (₹)	-	-	-
NAV Per Share (₹)	5.39	-	-

[C] FINANCIAL INFORMATION OF PARTNERSHIP FIRMS/OTHER VENTURES

1. Arihant Enterprises

It is a partnership firm, formed on April 1, 2001 to carry on the business of Construction, Real Estate, etc.

The partnership firm comprises of 3 partners namely

Sr. No.	Name of the Partner	% of Partnership
1	Ashok Chhajer	5
2	Sangeeta A Chhajer	90
3	Arihant Dreamhouses Pvt. Ltd.	5

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	1,704.09	1,706.87	1,398.45
Secured Loan	-	-	1.24
Current Assets Loans & Advances	3731.27	2442.64	2030.18
Current Liabilities & Provisions	1,823.95	468.02	396.58

Unsecured Loan	283.30	360.87	355.39
PAT	280.64	92.23	42.21

2. Arihant Properties

It is a partnership firm, formed on January 1, 2007 to carry on the business of Construction, Real Estate, etc. It consists of 9 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Ashok Chhajer	65
2	M/s Arihant Universal Realty Pvt. Ltd	2
3	J.R.Shah (HUF)	3
4	Nirav Desai HUF	3
5	S.S. Hingorani HUF	3
6	V.T. Rajani HUF	3
7	Jitendra Dhariwal	1
8	Sushila Dhariwal	8
9	Kavita Jayantilal Lunkad	12

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	154.87	(83.53)*	(2553.35)*
Secured Loan	-	-	-
Current Assets Loans & Advances	304.17	5505.33	2113.59
Current Liabilities & Provisions	164.08	5,598.75	4679.67
Unsecured Loan	-	7.50	7.50
PAT	526.06	2,929.95	7.08

*- Pending distribution of profits, partners have withdrawn certain amount in excess of their capital

3. Arihant Realtors

It is a partnership firm, formed on January 8, 2007 to carry on the business of Construction, Real Estate, etc. It comprises of 9 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Ashok Chhajer	57
2	M/s Arihant Universal Realty Pvt. Ltd	5
3	Kavita Jayantilal Lunkad	10
4	Sushila Dhariwal	3
5	Jitendra Dhariwal	5
6	Ankit Mahendra Jain	8
7	Lalit P. Bothra	3
8	Rajesh Bansidhar Bothra	4
9	Rajesh Durgashankar Joshi	5

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	(12.08)*	(500.41) *	237.04

	For Financial Year Ended March 31,		
Secured Loan	-	0.00	0.00
Current Assets, Loans & Advances	700.81	3734.55	2029.01
Current Liabilities & Provisions	726.04	4210.67	1714.77
Unsecured Loan	1.42	41.42	97.36
PAT	3,229.34	1,275.78	25.36

*. Pending distribution of profits, partners have withdrawn certain amount in excess of their capital

4. Arihant Builders

It is a partnership firm, formed on October 22, 2007 to carry on the business of Constructions, Real Estate development, etc. It comprises of 8 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Abhishek Balar	18
2	M/s Arihant Universal Realty Pvt. Ltd	5
3	Ashok Chhajer	5
4	Banshidhar Bothra	15
5	Bharat Bothra HUF	15
6	Kesharimal Chhajer	8
7	Piyush Balar	19
8	Praveen Bothra HUF	15

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

	For Financial Year Ended March 31,		
Particulars	2011	2010	2009
Partners Capital	439.48	173.37	843.09
Secured Loan	-	-	-
Current Assets, Loans & Advances	510.36	1188.37	1776.97
Current Liabilities & Provisions	76.16	948.05	305.86
Unsecured Loan	-	73.16	628.03
PAT	164.62	122.23	(0.02)

5. Arihant Constructions

It is a partnership firm, formed on October 21, 2008 to carry on the business of Constructions, Real Estate development, etc. It comprises of 6 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Ashok Chhajer	1
2	M/s Arihant Universal Realty Pvt. Ltd	55
3	Rajesh Doshi	15
4	M/s Jagprem Chemical Pvt. Ltd	14.5
5	Parasmal Ladhuram Bothra HUF	7.25
6	Mahendra Banshidhar Bothra HUF	7.25

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	400.33	833.29	574.94
Secured Loan	-	-	0.00
Current Assets, Loans & Advances	514.32	1071.95	805.39
Current Liabilities & Provisions	116.86	10.27	35.22
Unsecured Loan	-	231.76	199.19
PAT	260.09	-	(0.37)

6. Abhinandan Enterprises

It is a partnership firm, formed on June 2, 2002 to carry on the business of Construction, Real Estate development, etc. It comprises of 6 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Shri Bhanwarlal V Chhajer	7
2	Ashok Chhajer	5
3	Suadevi B Chhajer	30
4	Sumitradevi O Chhajer	33
5	Sangeeta A Chhajer	20
6	Omprakash B Chhajer	5

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	87.80	119.21	156.83
Secured Loan	-	0.00	0.00
Current Assets, Loans & Advances	88.75	122.12	155.67
Current Liabilities & Provisions	0.95	2.91	0.07
Unsecured Loan	-	-	-
PAT	2.55	3.30	(0.02)

7. Arihant Estates

It is a partnership firm, formed on January 18, 2007 to carry on the business of Constructions, Real Estate development, etc. The partnership firm comprises of 3 partners namely.

Sr. No.	Name of the Partner	% of Partnership
1	Mr. Ashok Chhajer	20
2	M/s Arihant Universal Realty Pvt. Ltd.	60
3	Ms. Sangeeta A Chhajer	20

Financial Highlights

The Audited financial highlights for the last 3 years are as follows:

(₹ in lacs)

Particulars	For Financial Year Ended March 31,		
	2011	2010	2009
Partners Capital	163.33	163.23	158.12
Secured Loan	-	-	-
Current Assets, Loans & Advances	163.33	163.42	158.22
Current Liabilities & Provisions	-	0.10	0.10
Unsecured Loan	-	0.09	-
PAT	-	-	-

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous Fiscal Years or out of both.

We do not have a formal dividend policy. Any future dividends declared would be at the discretion of the Board of Directors and would depend on the financial condition, results of operations, capital requirements, contractual obligations, the terms of our credit facilities and other financing arrangements at the time a dividend is considered, and other relevant factors. The Board may also from time to time declare and pay interim dividends. As regards past record of Dividend policy, our Company has had a track record of paying dividend since last three years.

Set forth below is the dividend paid by our Company for the last five Fiscals as per the restated financials

						(₹ in Lacs)
Particulars	For the Year Ended					For the Nine Months
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
On Equity Share Capital						
Paid up Share Capital						
- Equity	24.90	24.90	24.90	1,494.00	2,744.00	2,744.00
Face Value (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %						
- Equity	-	-	5.00%	2.72%	3.00%	-
Dividend Paid						
- Equity	-	-	1.25	74.64*	82.32	-
- Corporate Dividend Tax	-	-	0.19	12.68	13.67	-

*The dividend for FY 2010 was declared on enhanced equity share capital on record date which was ₹ 2744 lacs.

Note: Board of Directors have recommended Dividend @ 5% for F.Y. 2010. However, Final Dividend for F.Y. 2010 @ 2.72% has been declared by shareholders in the AGM.

RELATED PARTY TRANSACTIONS

For details on Related party transaction of our Company, please refer Annexure XVI of restated financial statement under chapter titled “Financial Statements” on page no 124 and 148 of this Letter of Offer.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENT

Sr. No	Contents	Page Number
1	Standalone Restated Financial Statements for each of the Fiscals 2007, 2008, 2009, 2010 2011 and nine months period ended December 31, 2011 of our Company.	107-130
2	Consolidated Restated Financial Statements for each of the Fiscals 2010, 2011 and nine months period ended December 31, 2011 of our Company and unaudited financials for period ending September 30, 2011	131-152
3	Standalone Unaudited Financial result for 11 month period ended February 29, 2012	153

FINANCIAL STATEMENTS - RESTATED STANDALONE

AUDITOR REPORT

To,
The Board of Directors,
Arihant Superstructures Limited
302, Persipolis Building,
Plot No 74, Sector 17,
Vashi, Navi Mumbai.

Dear Sirs,

- A. We have examined the attached standalone financial information of Arihant Superstructures Limited (Formerly known as Shaktiman Constructions Limited (Formerly known as Shaktiman Mercantile Company Limited)) (the “**Company**”), as approved by the Board of Directors of the Company prepared in terms of the requirements of :
 - a. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (“the **Act**”);
 - b. The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/ Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and terms of reference received from the Company in connection with the proposed issue of Equity Shares of the Company on Right basis, (“**Right Issue**”).
- B. This financial information has been extracted by the management from the financial statements for the financial years ended March 31, 2011, 2010, 2009, 2008 and 2007 respectively.
- C. We have also examined the financial information of the Company for the period April 1, 2011 to December 31, 2011 prepared and approved by the Board of Directors of the Company in its meeting.
- D. In accordance with the requirements of the Securities and Exchange Board of India, (“**SEBI**”) (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, (“**SEBI Regulations**”), and terms of our engagement agreed with you; we further report that:
 1. We have examined the attached “Statement of Assets and Liabilities – Restated” of the Company as at March 31, 2011, 2010, 2009, 2008 and 2007 respectively , as also for the period of nine months ended December 31, 2011, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 2. The “Statement of Profit and Loss - Restated” of the Company for the year ended March 31, 2011, 2010, 2009, 2008 and 2007 respectively, as also for the period of three months ended December 31, 2011 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 3. The “ Cash Flow Statement - Restated” of the Company for the year ended March 31, 2011, 2010, 2009, 2008 and 2007 respectively, as also for the period of nine months ended December 31, 2011 examined by us, as set out in Annexure VI to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 4. We have also examined the following other financial information – restated, set out in Annexure

prepared by the management and approved by Board of Directors relating to the Company for the year ended March 31, 2011, 2010, 2009, 2008 and 2007 respectively, as also for the period of nine months ended December 31, 2011.

Annexure	Description
Annexure III	Significant Accounting Policies and Standard Notes on accounts as per the audited accounts.
Annexure IV	Segment Reporting
Annexure V	Notes on Adjustment Carried out In Restated Financial Statement.
Annexure VI	Cash flow Statement – Restated
Annexure VII	Statement of Dividend Paid
Annexure VIII	Statement of Performance Ratio
Annexure IX	Statement of Capitalization
Annexure X	Statement of Tax Shelters
Annexure XI	Statement of Other Income
Annexure XII	Statement showing Age-wise analysis of Sundry Debtors
Annexure XIII	Statement of Loans and Advances
Annexure XIV	Statement of Unsecured Loans
Annexure XV	Statement of Secured Loans
Annexure XVI	Statement of Related Party Transaction
Annexure XVII	Statement of Investments
Annexure XVIII	Contingent Liabilities
Annexure XIX	Qualifications in Auditors Report
Annexure XX	Statement of Current Liabilities & Provisions

In our opinion the restated financial information contained in Annexure I to XX of this report read along with the Significant Accounting Policies, Auditors Qualifications, Comments in Annual Reports and Selected Notes prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with the SEBI Regulations.

5. This report should not, in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by the auditors for the respective period and years nor should this reports be construed as a new opinion on any of the financial statements referred to herein.
6. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares on Right basis of the Company. Our report should not be used for any other purpose except with our consent in writing

Place: Navi Mumbai
Date.: 27.03.2012

Yours faithfully,
For T N GALA & ASSOCIATES
Chartered Accountants
FRN: 102951W

Talak N Gala
Proprietor
MRN: 41186

Annexure I

Statement of Assets and Liabilities – Restated

(₹ in Lacs)

Particulars		As At					
		March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
A	FIXED ASSETS						
	Gross Block	-	-	-	54.09	262.72	282.69
	Less: Depreciation	-	-	-	2.60	17.56	38.57
	Net Block	-	-	-	51.49	245.16	244.12
	Less: Revaluation Reserve	-	-	-	-	-	-
	Net Block after adjustment for Revaluation Reserve	-	-	-	51.49	245.16	244.12
	Capital Work in Progress	-	-	-	-	-	-
	Total (A)	-	-	-	51.49	245.16	244.12
B	INVESTMENT (B)	-	-	-	3.70	214.91	216.38
C	CURRENT ASSETS, LOANS AND ADVANCES						
	Inventories	-	-	-	1,416.88	1,772.39	2,178.26
	Sundry Debtors	4.95	13.45	9.36	9.36	523.12	17.68
	Cash Balance	0.01	0.94	13.03	6.55	12.50	15.76
	Bank Balances	2.06	5.07	4.92	22.73	25.09	49.84
	Loans and Advances	6.56	7.76	13.33	2,258.44	6,806.60	8,999.09
	Total (C)	13.58	27.22	40.64	3,713.96	9,139.70	11,260.63
D	LIABILITIES AND PROVISIONS						
	Secured Loans	-	-	-	24.50	883.67	866.26
	Unsecured Loans	0.17	-	-	-	1391.76	3,303.23
	Current Liabilities	4.28	0.92	9.56	2,071.69	3186.17	2,567.48
	Provisions	1.48	0.03	1.85	155.40	508.99	712.55
	Deferred Tax Liabilities	-	-	-	1.12	11.30	15.45
	Total (D)	5.93	0.95	11.41	2,252.71	5981.89	7,464.97
	NET WORTH (A+B+C-D)	7.65	26.27	29.23	1516.44	3,617.88	4,256.16
	REPRESENTED BY						
A	Share Capital	24.90	24.90	24.90	1,494.00	2,744.00	2,744.00
	Share Application Money	-	-	-	-	-	-
	Reserve & Surplus						
	~ Securities Premium	-	-	-	-	250.00	250.00
	~ General Reserve	-	-	-	-	-	-
	~ Profit & Loss A/c	(17.25)	1.59	4.53	46.99	676.91	1,304.10
	Less : Revaluation Reserve	-	-	-	-	-	-
B	NET RESERVE & SURPLUS (Net of Revaluation Reserve)	(17.25)	1.59	4.53	46.99	926.91	1,554.10
C	Miscellaneous Expenditure	-	0.22	0.20	24.55	53.03	41.94
	NET WORTH (A+B-C)	7.65	26.27	29.23	1516.44	3,617.88	4,256.16

Annexure II

Statement of Profit and Loss Account - Restated

(Amount in ₹ in Lacs)

	For the Year Ended					For the Nine Months ended
Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
INCOME						
Construction & Real estate operations						
Project Sale	-	-	-	-	6,377.62	3,589.92
Contract Income	-	713.47	-	1274.13	3,642.58	-
Trading Sale	139.43	518.34	-	-	136.91	801.71
Increase / (Decrease) in WIP and stock	-	-	-	1,416.88	355.51	405.88
Operational Income	139.43	1,231.81	-	2691.01	10512.61	4,797.51
Other Income	-	0.12	7.78	15.46	264.66	355.28
Total Income	139.43	1,231.93	7.78	2706.47	10777.28	5,152.79
EXPENDITURE						
Project Cost	-	681.73	-	1,018.43	4433.24	3,221.28
Contract Expenses	-	-	-	1,227.96	3,551.34	-
Trading Purchase	135.75	518.36	-	-	844.50	45.00
Staff Expense	0.16	2.79	0.17	71.40	143.74	131.16
Administrative Expenses	0.71	2.22	1.43	40.34	204.33	231.94
Selling & Distribution Expenses	0.05	-	0.66	42.96	303.82	171.48
Directors Remuneration	-	-	1.31	3.60	13.80	30.75
Misc. and Deferred Revenue Exp. W/off	-	0.02	0.02	6.21	14.79	11.09
Total Expenditure	136.67	1,205.12	3.59	2410.90	9509.56	3,842.70
Profit before Interest, Depreciation, Amortisation and Tax	2.76	26.81	4.19	295.57	1267.72	1,310.09
Less: Depreciation & Amortisation	-	-	-	2.60	14.96	21.01
Profit before Interest and Tax	2.76	26.81	4.19	292.97	1252.76	1,289.07
Less: Interest	-	-	-	93.67	171.75	357.74
Loss on Sale of Investment / Asset	-	-	-	-	-	-
Net Profit Before tax and extra ordinary Items	2.76	26.81	4.19	199.30	1,081.01	931.33

	For the Year Ended					For the Nine Months ended
Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Less: Provision for Taxation						
Current Tax						
~ Income Tax	1.13	8.29	1.30	68.00	345.00	299.55
~ Fringe Benefit Tax	—	0.03	-	-	-	-
Tax for Earlier Years	-	-	-	0.32	-	-
Net Profit After Tax and before extra ordinary items	1.63	18.49	2.89	130.98	736.01	631.78
Prior Period Adjustment	-	0.35	1.49	-	-	-
Extra ordinary Item	-	-	-	-	-	-
Net Profit after Tax after adjusting prior period item and Extra ordinary Item	1.63	18.84	4.38	130.98	736.01	631.78
Transfer to General Reserve	-	-	-	(1.12)	(10.17)	(4.15)
Excess Dividend Provision Written Off	-	-	-	-	0.07	(0.45)
Profit and Loss at the Beginning of the Year	(18.88)	(17.25)	1.59	4.53	46.99	676.91
Proposed Dividend & Tax Thereon	-	-	(1.44)	(87.40)	(95.99)	-
Balance Carried to Balance Sheet	(17.25)	1.59	4.53	46.99	676.91	1,304.10

Annexure III

Significant Accounting Policies of Standalone Accounts

A. Nature of Operations

M/s Arihant Superstructures Limited (the 'Company'), a public limited company, is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

B. Significant Accounting Policies:

1) Basis of preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards notified by the Central Government of India, to the extent applicable and the provisions of the Companies Act, 1956.

2) Use of Estimates:

The preparation of Financial Statements are in conformity with generally accepted Accounting Principles requires Management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of Financial Statements and reported amounts of revenue and expenses for restated period. Although these estimates are based upon

management's best knowledge of current events and actions, actual results could differ from these estimates.

3) Fixed Assets:

Fixed Assets are stated at cost less accumulated depreciation and amortisation. Cost includes original cost of acquisition, including incidental expenses related to such acquisition and installation.

4) Depreciation / Amortization:

Depreciation on Fixed Assets has been provided on Straight Line Method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956.

Intangible Assets

Trade Mark and Software are amortised over a period of 5 years.

5) Investments:

i) Long-term investments are valued at cost. Provision is made for diminution in the values when the decline is other than temporary.

ii) Current investments are valued at lower of cost or market value determined on an individual investment basis.

6) Revenue Recognition:

The Company was, up to the financial year 2009-10, following Percentage Completion Method wherein it added the estimated gross profit on direct cost based on the percentage of work completed to arrive at the value of Incomplete Projects (WIP) for the purpose of recognizing revenue for the year.

From the year 2010-11, the Company has changed accounting of revenue recognition by following the "Percentage Completion Method" of accounting as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by The ICAI. The revenue / income from real estate sales is recognized as revenue when there is no significant uncertainty exists regarding the realization and it is not unreasonable to expect ultimate collection.

As per new method of revenue recognition:

- i. Total Sale Consideration as per the Agreements to Sale of constructed properties is recognized as Revenue based on the percentage of actual project cost incurred there on, including the cost of land, estimated construction and development cost of the such properties, subject to actual construction cost incurred being 25% or more of the total estimated cost of the construction of the project. However, when the total Project cost is estimated to exceed total revenues from the Project, the loss is recognized immediately.
- ii. Costs relating to construction / development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year 2010-11. The balance costs are carried as part of 'Incomplete Projects' under Inventories. Amounts receivable / payable are reflected as Debtors / Advance from Customers, respectively after considering income recognized in the aforesaid manner.

The estimates of sales and costs are subject to change on the basis of prevailing market conditions and variations in market dynamics. Such change in estimates as revised periodically by the Management and are considered as change in estimate and accordingly, the effect of such changes to estimates is recognized in the period in which such changes are determined.

The retrospective effect to the change in accounting policy is not given, because such retrospective effect would have required the company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence earlier year results have not been restated to reflect change in revenue recognition policy.

Share of Profit / Loss from Partnership Firm / Association of Person (AOP) is accounted in respect of the financial year of the firm / AOP, ending on or before the reporting date, on the basis of their Audited / Unaudited Accounts, as the case may be.

Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realization exists.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

7) Transaction in foreign currencies:

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

8) Retirement benefits:

The Company contributes to Employee's Provident Fund (a defined contribution plan) towards post employment benefits, which is administered by the respective Government authorities and the Company has no further obligation beyond making its contribution.

9) Accounting for taxes on income:

Provision for income tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income-tax Act, 1961.

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

10) Borrowing costs:

Borrowing costs attributable to the acquisition and construction of qualifying assets upto the date of such acquisition or construction are capitalised as part of the cost of respective assets. Other borrowing costs are charged to profit and loss account in the period in which they are incurred.

11) Impairment of assets:

The Company assesses once in every three year whether there is any indication that an asset may be impaired. If any such indication exists, the Management estimates the recoverable amount of the asset. If such recoverable amount of the asset 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 recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

12) Provisions and contingent liabilities:

The Company creates a provision when there is a present obligation as result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Annexure – IV

No Segment reporting is required as the company is carrying out only construction activity

Annexure – V

Notes on Adjustment Carried out in Restated Financial Statements

Regroupings

There are no material regroupings during the period under consideration. Further some minor regroupings have been made as follows

- Bank Charges have been clubbed to Administration Expenses in Restated Financial Statements
- Remuneration to Directors have been shown separately in Restated Financial Statements which were grouped in Administration Expenses in Annual Accounts

Prior period items

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. There are no material prior period items during the period under consideration

Change in Accounting Policy

Reference is invited to Sub Point 6 of Point B of Annexure III relating to the change in Accounting Policy of Revenue Recognition adopted by the Company from the year so as to bring them in line with norms generally followed in the industry and to make the Financial Statements more comparable. The retrospective effect to the change in accounting policy is not given, because such retrospective effect would have required the company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence earlier year results have not been restated to reflect change in revenue recognition policy.

Annexure VI

Cash Flows Statement - Restated

(Amount in ₹ Lacs)

Particulars	For the Year					For the Nine months
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>						
Net Profit / (Loss) Before Tax and Extraordinary Items	2.76	26.81	4.19	199.30	1,081.01	931.33
Adjustments for:						
Depreciation & Amortisation	-	-	-	2.60	14.96	21.01
Interest Income	-	(0.12)	-	(15.44)	(246.49)	(312.92)
Less: Depreciation Renewal	-	-	-	-	-	-
(Profit) / Loss from Investments in LLP	-	-	-	-	(10.11)	(0.87)
Miscellaneous expenses written off	-	0.02	0.02	6.21	14.79	11.09
Operating Profits before Working Capital Changes	2.76	26.71	4.21	192.67	854.16	649.65
Adjustments For:						
(Increase) / Decrease in	-	-	-	(1,416.88)	(355.51)	(405.88)

Particulars	For the Year					For the Nine months
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Inventories						
(Increase) / Decrease Trade & Other Receivables	(5.12)	(9.70)	(1.47)	(2,189.53)	(4,811.92)	(1,456.02)
Increase / (Decrease) Trade and other Payable	4.04	(3.60)	8.88	2,062.14	1,114.48	(618.69)
Cash Generated From Operations	1.68	13.41	11.62	(1,351.60)	(3198.80)	(1,830.93)
Income Tax (Paid) / Refund	-	(9.17)	0.32	(56.29)	(250.00)	(231.49)
Interest Paid	-	-	-	-	-	-
Cash Flow Before Extraordinary Items	1.68	4.24	11.94	(1,407.89)	(3,448.80)	(2,062.42)
Extraordinary items (Prior Year Adjustments)	-	-	-	-	-	-
Net Cash From Operating Activities (A)	1.68	4.24	11.94	(1,407.89)	(3,448.80)	(2,062.42)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>						
Capital Work in Progress	-	-	-	-	-	-
Sale / (Purchase) of Fixed Assets	-	-	-	(54.09)	(208.63)	(19.97)
Sale / (Purchase) of Investment	-	-	-	(3.70)	(211.21)	(1.47)
Interest Income	-	0.12	-	15.44	246.49	312.92
Profit from Investments in LLP	-	-	-	-	10.11	0.87
Deferred Revenue Expenditure	-	-	-	-	-	-
Net Cash From Investing Activities (B)	-	0.12	-	(42.35)	(163.24)	292.35
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>						
Proceeds from Issue of Share Capital / Share Premium	-	-	-	1,469.10	1,500.00	-
Net Proceeds / (Repayments) of Loans	0.17	(0.17)	-	24.50	2250.92	1,894.06
Share Issue Expense/ Preliminary Expense	-	(0.25)	-	(30.57)	(43.26)	-
Dividend including Dividend tax	-	-	-	(1.46)	(87.32)	(95.99)
Net Cash from Financing Activities (C)	0.17	(0.42)	-	1,461.57	3,620.34	1,798.07
Net Increase in Cash and Cash Equivalents (A+B+C)	1.85	3.94	11.94	11.33	8.30	28.00
Cash and Cash Equivalents at beginning of the Year	0.22	2.07	6.01	17.95	29.28	37.59
Less : Transferred to resulting Co. on account of Demerger	-	-	-	-	-	-
Cash and Cash Equivalents at end of the Year	2.07	6.01	17.95	29.28	37.59	65.59

Annexure VII

Statement of Dividend Paid

(Amount in ₹ Lacs)

	For the Year Ended					For Nine Months ended
Particulars	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
On Equity Share Capital						
Paid up Share Capital						
- Equity	24.90	24.90	24.90	1,494.00	2,744.00	2,744.00
Face Value (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Rate of Dividend %						
- Equity	-	-	5.00%	2.72%	3.00%	0.00%
Dividend Paid						
- Equity	-	-	1.25	*74.64	82.32	-
- Corporate Dividend Tax	-	-	0.19	12.68	13.67	-

* The dividend for FY 2010 was declared on enhanced Equity Share Capital on record date which was ₹ 2744 Lacs.

Note: Board of Directors have recommended Dividend @ 5% for F.Y. 2010. However, Final Dividend for F.Y. 2010 @ 2.72% has been declared by shareholders in the AGM.

Annexure VIII
Performance Ratio

(₹ in Lacs except EPS, NAV & No of Shares)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Net Profit after extra ordinary items as Restated (A)	1.63	18.84	4.38	130.98	736.01	631.78
Less: Preference Dividend & Dividend tax	-	-	-	-	-	-
Profit Available for Equity Share Holders (B)	1.63	18.84	4.38	130.98	736.01	631.78
Net Worth	7.65	26.27	29.23	1,516.44	3,617.88	4,256.16
Less: Preference Share Capital	-	-	-	-	-	-
Net Worth for Equity (C)	7.65	26.27	29.23	1,516.44	3,617.88	4,256.16
Return on Net Worth (%) (A / C)	21.33	71.72	15.00	8.64	20.34	14.84
Share at the end of year (Face Value ₹ 10/-)	249,000	249,000	249,000	14,940,000	27,439,994	27,439,994
Weighted no. of Equity Shares	249,000	249,000	249,000	409,997	24,666,023	27,439,994
Earning Per Share (₹) Basic and Diluted	0.66	7.57	1.76	31.95	2.98	2.30
Net Asset Value / Book Value per Share (₹) Basic and Diluted	3.07	10.55	11.74	10.15	13.18	15.51

Notes:

- The above ratios are calculated as under

Return on net worth : $\frac{\text{Net profit as restated}}{\text{Net Worth as restated at the year}}$

Basic Earning Per Share: $\frac{\text{Net profit as restated attributable to the equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$

Net Asset Value: $\frac{\text{Net Worth as restated at the year}}{\text{Number of equity shares as at year}}$

- “Net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account as set out in Annexure I
- The Calculation of Net profit attributable to equity shareholders, Weighted average number of equity shares outstanding during the year, basic earnings per share and diluted earnings per share is in compliance with Accounting Standard 20 "Earnings per share" issued by Institute of Chartered Accountants of India. There are no extra ordinary items for the above year ends.

Annexure IX
Capitalization Statement

(Amount in ₹ lacs)

	Pre Issue	Post Issue
	As at December 31, 2011	
Total Debt :		
Short Term Debt	-	-
Long Term Debt	4,169.49	3569.49
Total Debt :	4,169.49	3569.49
Shareholders Fund :		
Share Capital	2,744.00	4116.10
Reserve & Surplus		
~ Securities Premium	250.00	524.40
~ General Reserve	-	
~ Profit & Loss A/c	1,304.10	1304.10
Less : Miscellaneous Expenditure	41.94	41.94
Total Shareholders Fund	4,256.16	5902.56
Long Term Debt / Shareholders Fund	0.98	0.60

Note: The reduction of Long Term Debt of Rs. 600/- lacs is due to conversion of Unsecured Loan given by promoter Mr. Ashok B. Chhajer to the Company, towards Promoters Rights Entitlement for the right issue.

Annexure X
Statement of Tax Shelters

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Profit before current and Deferred Taxes as restated	2.76	26.81	4.19	199.30	1,081.01	931.33
Tax Rate %	33.66	30.90	30.90	33.99	33.22	32.45
Tax at Normal Rate (A)	0.93	8.28	1.30	67.74	359.09	302.17
Permanent Difference						
~ Exempt Income	-	-	-	-	(10.11)	-
~ Other Disallowance	-	-	-	0.51	1.19	-
~ Deduction under Chapter VI A of Income Tax Act, 1961	-	-	-	(0.26)	-	-
Total (B)	-	-	-	0.26	(8.92)	-
Timing Difference						
Depreciation as per Books	-	-	-	2.60	14.96	21.01
Depreciation as per IT Act, 1961	-	-	-	5.90	45.66	34.55
~ Difference between book Depreciation and tax Depreciation	-	-	-	3.30	30.70	13.53
~ Other Adjustments	-	-	-	-	-	-
Total (C)	-	-	-	3.30	30.70	13.53
Net Adjustment (B-C)	-	-	-	(3.05)	(39.63)	(13.53)
Tax Expense / (Savings) on above (D)	-	-	-	(1.04)	(13.16)	(4.39)
Total Taxation (E = A + D)	0.93	8.28	1.30	66.71	345.92	297.78
Tax provided in Books	1.13	8.29	1.30	68.00	345.00	299.55

Annexure XI
Statement of Other Income

(Amount in ₹ Lacs)

Particulars	For the Year Ended					For Nine Months ended
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Recurring & Related to Business activity						
Interest Received	-	0.12	-	15.44	246.49	312.92
Discount	-	-	0.03	-	7.96	10.08
Sale of Plot	-	-	-	-	-	28.50
Dividend Income	-	-	-	-	-	2.75
Profit from Investments in LLP	-	-	-	-	10.11	0.87
Consultancy Income	-	-	7.75	-	-	-
Miscellaneous Income	-	-	-	0.03	0.10	0.02
Total	-	0.12	7.78	15.46	264.66	355.28

Annexure XII
Statement Showing Age-Wise Analysis of Sundry Debtors

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Debtors Outstanding for a period exceeding Six months	-	-	9.36	9.36	9.36	-
Others	4.95	13.45	-	-	513.76	17.68
Total	4.95	13.45	9.36	9.36	523.12	17.68
Debt Outstanding from subsidiaries, promoters, promoters group companies/entities, directors and their relatives	-	-	-	-	-	-

Annexure XIII
Statement of Loans and Advances

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
To promoters, promoter group companies, directors and their relatives:						
Loans and advances to subsidiaries	-	-	-	-	1,698.76	2,978.64
Deposit to Directors/Promoters and their relatives	-	-	-	200.00	220.00	220.00
To Others:						
Advance recoverable in Cash or in Kind or value to be received	6.11	6.48	12.05	1,385.49	2,604.24	3,548.74
Income Tax Payment	-	0.83	0.82	55.86	416.14	647.17
VAT / Excise / DEPB etc. Receivable	-	-	-	-	-	-
Interest Receivable	-	-	-	-	-	-
Deposits	0.45	0.45	0.45	616.55	1,866.92	1,604.00
Income Tax Refundable	-	-	-	0.54	0.54	0.54
Total	6.56	7.76	13.33	2,258.44	6,806.60	8,999.09

Annexure XIV
Statement of Unsecured Loans

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
From Bodies Corporate	0.17	-	-	-	312.33	708.79
Deposits from Customers	-	-	-	-	-	-
FCCB	-	-	-	-	-	-
Redeemable Non Convertible Debentures Issued to Financial Institutions	-	-	-	-	-	-
Bank	-	-	-	-	-	-
Interest Accrued & Due	-	-	-	-	-	-
Loan from Promoters / Directors	-	-	-	-	1,079.44	2,594.45
Loan from Promoter Group Companies	-	-	-	-	-	-
Loan from Subsidiaries	-	-	-	-	-	-
Loan from material Associate Companies	-	-	-	-	-	-
Loan from Others	-	-	-	-	-	-
Total	0.17	-	-	-	1,391.76	3,303.23

Notes:

1. Unsecured Loans are repayable on demand
2. The Loans from Promoter Directors carries interest rate of 12% p a

Standalone Statement of Unsecured Loans and Outstanding as on 31.12.2011

Lender	Rate of Interest	Outstanding as on 31.12.2011 (in Lacs)	Repayment Terms	Security	Purpose
<u>Loan from Promoters / Director</u>					
Ashok B Chhajjer	12%	1,994.45	on demand	-	Utilized towards Land Acquisition for project 'Arihant Ayatil & 'Arihant Adita' at Jodhpur & 'Arihant Amodini' at Taloja & also towards construction expenses being carried out at Arihant Adita as working capital requirement & fixed deposit with Bank for ₹ 900.00 Lac for expansion of Business & Business opportunities
Ashok B Chhajjer	12%	600.00	-	-	Object of the Issue
Total		2,594.45			

Lender	Rate of Interest	Outstanding as on 31.12.2011 (in Lacs)	Repayment Terms	Security	Purpose
From Bodies Corporate:					
Desert Eagle Security Services Pvt. Ltd	15%	461.31	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Sarvodaya Refinery Pvt. Ltd	15%	33.05	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Viratra Investment Consultants & Trading Pvt. Ltd	15%	214.42	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Total		708.79			
Grand Total		3,303.23			

Annexure XV
Statement of Secured Loans

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
Kotak Mahindra Prime Ltd	-	-	-	24.50	65.50	52.02
Federal Bank	-	-	-	-	18.16	14.22
Federal Bank Term Loan	-	-	-	-	800.00	800.00
Federal Bank OD Account						0.02
Total	-	-	-	24.50	883.67	866.26

Statement of Secured Loans and Outstanding as on 31.12.2011

(Amount in ₹ Lacs)

Lender	Amount Sanctioned	Rate of Interest at time of sanction/agreement	Outstanding as on 31.12.2011	Repayment Terms	Security	Purpose
Kotak Mahindra Prime Ltd	26.01	9.75%	10.08	Thirty Six Equal Monthly Installment	Hypothecation of Vehicles	Purchase of Car
Kotak Mahindra Prime Ltd	53.87	9%	41.94	Fifty Nine Equal Monthly Installments	Hypothecation of Vehicle	Purchase of Car
Federal Bank	18	9 (Base Rate) + 1.75 = 10.75%	14.22	Thirty Six Equal Monthly Installment	Hypothecation of Vehicle	Purchase of Car
Federal Bank Term Loan	1500	8(Base Rate) + 4.75 = 12.75%	800.00	Nine Equal Monthly Installment with last installment	Plot no. 10 Sec 35H, Kharghar, Navi Mumbai & Other Customer Receivables from the	Construction of Residential Project Arihant

Lender	Amount Sanctioned	Rate of Interest at time of sanction/agreement	Outstanding as on 31.12.2011	Repayment Terms	Security	Purpose
				due on 26.11.2012	Project. Personal Guarantee of Mr. Ashok Chhajjer & Ms. Sangeeta Chhajjer	Abhilasha
Federal Bank O/D Account	475.00	Deposti Rate + 1% (Presently 10.50%)	0.02		Fixed Deposit of ₹ 500 Lacs	Working Capital
HDFC Limited	2500	16 (CPLR) – 2.25 = 13.75%	-	-	Land Bearing (I). Survey No. 27 Hissa No. 2A/1, (II) Survey No. 27 Hissa No. 2A/2, (III). Survey No. 27 Hissa No. 2A/3, (IV) Survey No. 25 Hissa No. 2 Situated at Village Koproli, Taluka Panvel. Dist. Raigad & Other Customer Receivables from the Project. Personal Guarantee of Mr. Ashok Chhajjer & Ms. Sangeeta Chhajjer	Construction of Residential Project Arihant Arham

Annexure XVI

STATEMENT OF RELATED PARTY TRANSACTION

NAME OF THE RELATED PARTIES AND NATURE OF RELATIONSHIP

Particular	As at 31 March					As at
	2,007	2,008	2,009	2,010	2,011	December 31, 2011
Mr. Ashok Chhajjer	-	-	Key Management Personnel (KMP) & Director	Key Management Personnel (KMP) & Director	Key Management Personnel (KMP) & Director	Key Management Personnel (KMP) & Director
Mr. Abhishek Balar	-	-	Key Management Personnel (KMP)	-	-	-
Mr. Varaprasad Aturi	-	-	Key Management Personnel (KMP)	-	-	-
Mr. Ashok Vyas	-	-	Key Management	Key Management	-	-

			Personnel (KMP)	Personnel (KMP)		
Mr. Lalit Bothra	-	-	Key Management Personnel (KMP)	Key Management Personnel (KMP) & Director	-	-
Mr. Rajesh Kakani	Key Management Personnel (KMP)	Key Management Personnel (KMP)	Key Management Personnel (KMP)	-	-	-
Mr. Ankit Chhajer	-	-	Relative of KMP	-	-	-
Arihant Abode Limited	-	-	-	Subsidiary	Subsidiary	Subsidiary
Arihant Vatika Realty Private Limited	-	-	-	Subsidiary	Subsidiary	Subsidiary
Adeshwar Realty Private Limited	-	-	-	-	Subsidiary	Subsidiary
M/s. Arihant Builders	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Universal Realty Private Limited	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
Mrs. Sangeeta Chhajer	-	-	-	Relative of Director	Relative of Director	Relative of Director
Mr. Achalchandji Balar	-	-	-	Relative of Director	-	-
Mr. Parasmal L Bothra	-	-	-	Relative of Director	-	-
Mr. Parasmal L Bothra HUF	-	-	-	Relative of Director	-	-
Mrs. Parmeshwaridevi P Bothra	-	-	-	Relative of Director	-	-
Mrs. Rajni L Bothra	-	-	-	Relative of Director	-	-
Mrs. Saraswatidevi Balar	-	-	-	Relative of Director	-	-
M/s Arihant Aksh Realty LLP	-	-	-	-	Company is Partner	Company is Partner
Mr. Nimish Shah	-	-	-	-	Whole Time Director	Whole Time Director
M/s Abhinandan Agrofarms Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s Adinath Realty Private	-	-	-	-	Enterprises in which	Enterprises in which

Limited					KMP have a significant influence	KMP have a significant influence
M/s Arihant Paradise Realty Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s Arihant Dream Houses Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
Mrs. Rachna Kakani	Key Management Personnel (KMP)	Key Management Personnel (KMP)	-	-	-	-
Mr. Satish Karmalkar	Key Management Personnel (KMP)	Key Management Personnel (KMP)	-	-	-	-
Mr. Bharat Somani	Key Management Personnel (KMP)	Key Management Personnel (KMP)	-	-	-	-
Mr. Krishna Kumar Somani	Key Management Personnel (KMP)	-	-	-	-	-
Mrs. Saraswati Somani	Key Management Personnel (KMP)	-	-	-	-	-
Mr. Vikaram Somani	Key Management Personnel (KMP)	-	-	-	-	-
M/s. Arihant Enterprise	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Construction	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Properties	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Realtors	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant				Enterprises	Enterprises	Enterprises

Estate	-	-	-	in which KMP have a significant influence	in which KMP have a significant influence	in which KMP have a significant influence
M/s. Arihant Aashiyana Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Gruhnirman Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Subsidiary
M/s. Arihant Technoinfra Private Limited	-	-	-	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence

DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Name of Party	Transactions	As at 31 March					For Nine Months ended
		2,007	2,008	2,009	2,010	2,011	December 31, 2011
Mr. Ashok Chhajer	Deposit Given	-	-	-	-	20.00	-
	Remuneration Paid	-	-	-	0.60	1.20	18.00
	Interest Paid	-	-	-	72.16	99.39	206.89
	Booking Advance	-	-	-	1,282.00	-	-
	Rent Paid	-	-	-	-	2.40	3.60
	Loan Taken	-	-	-	123.55	1,992.01	1,328.81
Mrs. Sangeeta Chhajer	Booking Advance Refund	-	-	-	-	56.50	-
	Booking Advance	-	-	-	58.00	-	-
	Rent Paid	-	-	-	2.00	4.80	3.60
	Loan Taken	-	-	-	47.00	-	-
	Interest Paid	-	-	-	1.68	-	-
	Deposit Given	-	-	-	200.00	-	-
M/s. Arihant Vatika Realty Pvt. Ltd	Loan Given	-	-	-	18.00	199.00	55.00
	Interest Received	-	-	-	-	11.52	19.22
M/s Arihant Enterprises	Purchase of office	-	-	-	-	15.50	-
M/s. Arihant Abode Ltd	Loan Given	-	-	-	-	1,425.00	1,061.00
	Interest Received	-	-	-	-	135.92	163.31
M/s. Adeshwar Realty Pvt. Ltd	Loan Given	-	-	-	-	19.50	-
	Loan Received	-	-	-	-	-	0.40

Name of Party	Transactions	As at 31 March					For Nine Months ended
		2,007	2,008	2,009	2,010	2,011	December 31, 2011
	Interest Received	-	-	-	-	0.20	-
Mr. Nimish Shah	Remuneration	-	-	-	-	13.80	12.75
M/s. Arihant Builders	Transfer of Booking	-	-	-	291.78	-	-
	Reimbursement of Exp.	-	-	-	300.00	-	-
	Land Purchased (Note1)	-	-	-	700.00	-	-
M/s. Arihant Universal Realty Private Ltd	Loan Taken	-	-	-	1.00	-	-
Mr. Lalitkumar P Bothra	Booking Advance	-	-	-	7.23	-	-
	Interest Paid	-	-	-	0.25	-	-
Mr. Achalchandji Balar	Booking Advance	-	-	-	30.00	-	-
	Interest Paid	-	-	-	0.64	-	-
Mr. Parasmal L Bothra	Booking Advance	-	-	-	18.57	-	-
	Interest Paid	-	-	-	0.65	-	-
Parasmal L Bothra HUF	Booking Advance	-	-	-	8.16	-	-
	Interest Paid	-	-	-	0.28	-	-
Mrs. Parmeshwaridevi P Bothra	Booking Advance	-	-	-	5.48	-	-
	Interest Paid	-	-	-	0.19	-	-
Mrs. Rajni L Bothra	Booking Advance	-	-	-	7.00	-	-
	Interest Paid	-	-	-	0.21	-	-
Mrs. Saraswatidevi Balar	Booking Advance	-	-	-	30.00	-	-
	Interest Paid	-	-	-	0.64	-	-
Mr Ashok Vyas	Remuneration	-	-	-	3.00	-	-
Mr. Ankit Chhajer	Salary Paid	-	-	0.28	-	-	-

DISCLOSURE OF RELATED PARTIES OUTSTANDING BALANCES

Name of Party	As at 31 March					As at
	2,007	2,008	2,009	2,010	2,011	December 31, 2011
Mr. Ashok Chhajer (Deposit Given)	-	-	-	-	20.00	20.00
Mr. Ashok Chhajer (Remuneration Payable)	-	-	-	-	-	0.80
Mr. Ashok Chhajer (Loan Taken)	-	-	-	325.87	1,079.44	2,594.45
Mrs. Sangeeta Chhajer	-	-	-	256.50	200.00	200.00
M/s. Arihant Vatika Realty Pvt. Ltd (Loan Given)	-	-	-	-	209.46	281.76
M/s. Arihant Abode Ltd (Loan Given)	-	-	-	-	1,479.63	2,687.61

M/s. Adeshwar Realty Pvt. Ltd (Loan Given)	-	-	-	-	9.68	9.28
Mr. Nimish S. Shah (Remuneration Payable)	-	-	-	-	-	1.25

Note 1: The land was purchased by M/s Arihant Builders and registered in the name of the then partners Mr. Ashok Chhajera and Mrs. Sangeeta Chhajera. The said land / development rights of the said land were subsequently purchased by the Company and all the payment in respect of the same was made in favour of M/s Arihant Builders.

Annexure XVII Statement Of Investments

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
- Non Trade (Quoted)	-	-	-	-	200.00	200.00
- Non Trade (Unquoted)	-	-	-	3.70	14.91	16.38
Total	-	-	-	3.70	214.91	216.38
- Quoted Investments	-	-	-	-	-	-
BOOK VALUE	-	-	-	3.70	214.91	216.38
MARKET VALUE	-	-	-	-	200.59	214.35

Note: Subsequent to the takeover by the present promoters, the company has commenced its real estate construction activities in the FY 2010 and the level of activities of the company has increased on YoY basis. The revenue realised from the sale of projects during 2009-10 were mainly spent towards meeting project related expenditure on account of which there was no investible surplus available to the company. During FY 2011 the revenue from sale of project generated adequate investible surplus which have been invested in Fixed Maturity Plans of Mutual funds (₹ 200 Lacs) registered under AMFI, equity share capital of subsidiaries (aggregating ₹ 5.3 Lacs) and capital with LLP (₹ 11.08 Lacs).

The Issuer has invested capital to the extent of ₹ 11.08 Lacs being the contribution towards 5% of the capital of Arihant Aksh LLP which is developing two projects viz., Arihant Aksh and Arihant Akriti. For the year ended March 31, 2011, the LLP earned a PAT of ₹ 219.60 lacs based on financial results. The Issuer earned income of ₹ 10.98 Lacs forming its share of the distributable surplus.

Annexure XVIII Contingent Liabilities

The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI - an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.

Annexure XIX Qualification In Auditors Report

There have been no qualifications in the Audit Report for the preceding five years.

Annexure XX
Statement of Current Liabilities And Provisions

(Amount in ₹ Lacs)

Particulars	As at					
	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2011	December 31, 2011
<u>Current Laibilities</u>						
Sundry Creditors for Goods	3.52	0.55	9.38	290.55	1,037.62	477.16
Sundry Creditors for Others	-	0.24	0.18	1,775.35	2,069.94	2,069.77
Liabilities for Expenses	0.76	0.13	-	5.79	78.61	20.56
Total (A)	4.28	0.92	9.56	2,071.69	3,186.17	2,567.48
<u>Provisions</u>						
Provision for Income Tax	1.48	-	0.41	68.00	413.00	712.55
Provision for FBT	-	0.03	-	-	-	-
Proposed Dividend	-	-	1.25	74.70	82.32	-
Provision for Dividend Tax	-	-	0.19	12.70	13.67	-
Total (B)	1.48	0.03	1.85	155.40	508.99	712.55
Grand Total (A) + (B)	5.76	0.95	11.41	2,227.09	3,695.16	3,280.03

FINANCIAL STATEMENTS - RESTATED CONSOLIDATED

AUDITORS REPORT

To,
The Board of Directors,
Arihant Superstructures Limited
302, Persipolis Building,
Plot No 74, Sector 17,
Vashi, Navi Mumbai.

Dear Sirs;

- A. We have examined the attached consolidated financial information of Arihant Superstructures Limited (Formerly known as Shaktiman Constructions Limited (Formerly known as Shaktiman Mercantile Company Limited)) (the “**Company**”), as approved by the Board of Directors of the Company prepared in terms of the requirements of :
 - a. Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 (“the **Act**”);
 - b. The Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/ Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India and terms of reference received from the Company in connection with the proposed issue of Equity Shares of the Company on Right basis, (“**Right Issue**”).
- B. This financial information has been extracted by the Management from the consolidated financial statements for the financial years ended March 31, 2011 and 2010.
- C. We have also examined the financial information of the Company for the period April 1, 2011 to December 31, 2011 prepared and approved by the Board of Directors of the Company in its meeting.
- D. In accordance with the requirements of the Securities and Exchange Board of India, (“**SEBI**”) (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended, (“**SEBI Regulations**”), and terms of our engagement agreed with you; we further report that:
 1. We have examined the attached “Consolidated Statement of Assets and Liabilities – Restated” of the Company as at March 31, 2011 and 2010, as also for the period of nine months ended December 31, 2011, as set out in Annexure I to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 2. The “Consolidated Statement of Profit and Loss - Restated” of the Company for the year ended March 31, 2011 and 2010, as also for the period of nine months ended December 31, 2011 examined by us, as set out in Annexure II to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 3. The “Consolidated Cash Flow Statement - Restated” of the Company for the year ended March 31, 2011 and 2010, as also for the period of nine months ended December 31, 2011, examined by us, as set out in Annexure VI to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Changes in Significant Accounting Policies and Selected Notes (Refer Annexure III & V).
 4. We have also examined the following other financial information – restated, set out in Annexure prepared by the management and approved by Board of Directors relating to the Company for the year ended March 31, 2011 and 2010, as also for the period of nine months ended December 31, 2011.

Annexure	Description (Consolidated)
Annexure III	Significant Accounting Policies and Standard Notes on accounts as per the audited accounts.
Annexure IV	Segment Reporting
Annexure V	Notes on Adjustment Carried out In Restated Financial Statement.
Annexure VI	Cash flow Statement – Restated
Annexure VII	Statement of Dividend Paid
Annexure VIII	Statement of Performance Ratio
Annexure IX	Statement of Capitalization
Annexure X	Statement of Tax Shelters
Annexure XI	Statement of Other Income
Annexure XII	Statement showing Age-wise analysis of Sundry Debtors
Annexure XIII	Statement of Loans and Advances
Annexure XIV	Statement of Unsecured Loans
Annexure XV	Statement of Secured Loans
Annexure XVI	Statement of Related Party Transaction
Annexure XVII	Statement of Investments
Annexure XVIII	Contingent Liabilities
Annexure XIX	Qualifications in Auditors Report
Annexure XX	Statement of Current Liabilities & Provisions

In our opinion the restated financial information contained in Annexure I to XX of this report read along with the Significant Accounting Policies, Auditors Qualifications, Comments in Annual Reports and Selected Notes prepared after making adjustments and regrouping as considered appropriate have been prepared in accordance with the SEBI Regulations.

5. This report should not, in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by the auditors for the respective period and years nor should this reports be construed as a new opinion on any of the financial statements referred to herein.
6. Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares on Right basis of the Company. Our report should not be used for any other purpose except with our consent in writing

Yours faithfully,

Place: Navi Mumbai
Date.: 27.03.2012

For T N GALA & ASSOCIATES
Chartered Accountants
FRN: 102951W

Talak N Gala
Proprietor
MRN: 41186

Annexure I
Consolidated Statement of Assets and Liabilities – Restated

Particulars		As At		
		March 31, 2010	March 31, 2011	December 31, 2011
A	FIXED ASSETS			
	Gross Block	55.07	282.21	302.10
	Less: Depreciation	2.60	18.68	40.50
	Net Block	52.47	263.52	261.59
	Less: Revaluation Reserve	-	-	-
	Net Block after adjustment for Revaluation Reserve	52.47	263.52	261.59
	Capital Work in Progress	-	-	-
	Total (A)	52.47	263.52	261.59
B	INVESTMENT (B)	0.10	210.21	362.53
C	CURRENT ASSETS, LOANS AND ADVANCES			
	Inventories	1,416.88	2,175.54	2,846.41
	Sundry Debtors	11.61	523.12	17.68
	Cash Balance	7.62	19.36	29.82
	Bank Balances	121.51	40.55	57.07
	Loans and Advances	4,784.19	8689.96	11,583.79
	Total (C)	6,341.81	11448.54	14,534.77
D	LIABILITIES AND PROVISIONS			
	Secured Loans	24.50	883.67	866.26
	Unsecured Loans	48.14	3,789.50	6,782.33
	Current Liabilities	4,646.53	3,254.26	2,850.07
	Provisions	155.52	509.09	712.88
	Deferred Tax Liabilities	1.12	11.81	16.02
	Minority Interest	2.52	3.21	4.08
	Total (D)	4,878.32	8,451.54	11,231.65
	NET WORTH (A+B+C-D)	1,516.06	3470.73	3,927.24
	REPRESENTED BY			
A	Share Capital	1,494.00	2,744.00	2,744.00
	Share Application Money	-	-	-
	Reserve & Surplus			
	~ Securities Premium	-	250.00	250.00
	~ General Reserve	-	-	-
	~ Profit & Loss A/c	46.99	529.97	975.79
	~ Capital Reserve	0.17	0.19	0.19
	Less : Revaluation Reserve	-	-	-
B	NET RESERVE & SURPLUS (Net of Revaluation Reserve)	47.16	780.16	1,225.97
C	Miscellaneous Expenditure	25.11	53.43	42.73
	NET WORTH (A+B-C)	1,516.06	3470.73	3,927.24

Annexure II

Consolidated Statement of Profit and Loss Account – Restated

(Amount in ₹ lacs)

Particulars	For the Year Ended		For the Nine Months Ended
	March 31, 2010	March 31, 2011	December 31, 2011
INCOME			
Construction & Real estate operations			
Project Sale	-	6377.61	3589.92
Contract Income	1,345.56	3,642.58	-
Trading Sale	-	136.91	801.71
Increase / (Decrease) in WIP and Stock	1,416.88	758.67	670.87
Operational Income	2,762.44	10,915.77	5,062.50
Other Income	29.64	274.91	174.84
Total Income	2,792.08	11,190.68	5,237.34
EXPENDITURE			
Project Cost	1,065.19	4,712.53	3,452.19
Contract Expenses	1,227.96	3,551.34	-
Trading Purchase	-	844.50	45.00
Staff Expenses	77.03	149.60	139.11
Administrative Expenses	51.45	321.71	256.06
Selling & Distribution Expenses	45.30	311.63	172.57
Directors Remuneration	3.60	13.80	30.75
Misc. and Deferred Revenue Exp. W/off	6.37	14.99	11.21
Total Expenditures	2,476.90	9,920.10	4,106.89
Profit before Interest, Depreciation, Ammortisation and Tax	315.18	1270.58	1,130.45
Less: Depreciation & Amortisation	2.61	15.95	21.90
Profit before Interest and Tax	312.57	1254.62	1,108.55
Less: Interest	112.89	171.76	357.74
Loss on Sale of Investment / Asset	-	-	-
Net Profit Before tax and extra ordinary Items	199.68	1,082.86	750.82
<u>Less: Provision for Taxation</u>			
<u>Current Tax</u>			
~ Income Tax	68.11	345.10	299.55

Particulars	For the Year Ended		For the Nine Months Ended
	March 31, 2010	March 31, 2011	December 31, 2011
~ Fringe Benefit Tax	-	-	-
Tax for Earlier Years	0.32	-	-
Net Profit After Tax and before extra ordinary items	131.25	737.77	451.27
Prior Period Adjustment	-	(147.49)	
Extra ordinary Item	-	-	-
Net Profit after Tax after adjusting prior period item and Extra ordinary Item	131.25	590.28	451.27
Minority Interest in Share of Profit and Loss	(0.11)	(0.69)	(0.78)
Transfer to General Reserve	(1.30)	(10.68)	(4.22)
Excess Dividend Provision Written Off	-	0.07	(0.45)
Profit and Loss at the Beginning of the Year	4.55	46.99	529.97
Proposed Dividend & Tax Thereon	(87.40)	(95.99)	
Balance Carried to Balance Sheet	46.99	529.97	975.79

Annexure III

SIGNIFICANT ACCOUNTING POLICIES OF CONSOLIDATED ACCOUNTS

A. Nature of Operations:

M/s Arihant Superstructures Limited (the 'Company'), a public limited company, together with its subsidiaries (collectively referred to as the 'Group') is engaged primarily in the business of Construction Contracts, Trading in Real Estate and Real Estate Development. The operations of the Company span all aspects of real estate development, from the identification and acquisition of land, planning, execution, construction and marketing of projects.

B. Significant Accounting Policies:

1) Basis of preparation of Consolidated Financial Statements:

The Consolidated Financial Statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles (GAAP) in India and comply with the Accounting Standard (AS)-21 'Consolidated Financial Statements' notified under the Companies (Accounting Standard) Rule 2006. The Consolidated Financial Statements are presented in Indian rupees.

2) Principles of Consolidation:

a) The Consolidated Financial Statements include the Financial Statements of M/s Arihant Superstructures Limited, the parent company (hereinafter referred to as the 'Company') and its subsidiaries (collectively referred to as the 'Group').

The Consolidated Financial Statements have been prepared on the following basis:

i) Consolidated Financial Statements normally include Consolidated Balance Sheet, Consolidated Statement of Profit & Loss Account, Consolidated Statement of Cash Flows and Notes to the Consolidated Financial Statements and Explanatory Statements that form an integral part thereof. The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the parent for Standalone Financial Statements.

ii) The Consolidated Financial Statements include the Financial Statements of the Company and all its subsidiaries, which are more than 50 per cent owned or controlled as at December 31, 2011.

iii) The Financial Statements of the parent company and the subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase in the relevant reserves of the subsidiaries.

b) The excess of acquired portion of equity in subsidiaries over the cost of acquisition of investments in the subsidiaries is recognised in the Financial Statements as 'Capital Reserve'.

c) Minority Interest in the net assets of Consolidated subsidiaries consists of:

- the amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
- the minorities' share of movements in equity since the date the parent and subsidiary relationship came into existence.

d) The Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances to the extent possible.

e) The Subsidiary Companies considered in the Consolidated Financial Statements are:

Name of the Company	Relationship	Country of Incorporation	Extent of holding (%)	Reporting Currency	Effective date of becoming subsidiary
Arihant Abode Limited	Subsidiary	India	60%	Indian Rupees	28/03/2010
Arihant Vatika Realty Private Limited	Subsidiary	India	60%	Indian Rupees	28/03/2010
Adeshwar Realty Private Limited	Subsidiary	India	100%	Indian Rupees	21/08/2010
Arihant Gruhnirman Pvt Ltd	Subsidiary	India	100%	Indian Rupees	29/11/2011

3) **Investments:**

Investments other than in subsidiaries and associates have been accounted as per the Accounting Standard (AS) 13 on 'Accounting for Investments' issued by ICAI.

4) **Other Significant Accounting Policy:**

These are set out under "Significant Accounting Policy" as given in the company's Standalone / Separate Financial Statements.

Annexure – IV

No Segment reporting is required as the company is carrying out only construction activity.

Annexure – V

Notes on Adjustment Carried out in Restated Financial Statements.

Adjustment arising on consolidation

There are no material adjustment arising on consolidation

Prior period items

Prior period items are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods. There are no material prior period items during the period under consideration except for the Inter Company adjustments of Interest paid of ₹ 147.51 Lacs by Subsidiary Company to Holding Company pertaining to the period FY 2010-11 and resulting in reduction of interest income and land cost.

Regroupings

There are no material regroupings during the period under consideration. Further some minor regroupings have been made as follows

- Bank Charges have been clubbed with Administration Expenses in the Restated Consolidated Financial Statements
- Remuneration to Directors have been shown separately in Restated Consolidated Financial Statements which were grouped with Administration Expenses in Annual Accounts

Annexure VI
Consolidated Cash Flows Statement - Restated

(Amount in ₹ lacs)

Particulars	For the Year		For the Nine Months Ended
	2009-2010	2010-2011	December 31, 2011
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Net Profit / (Loss) Before Tax and Extraordinary Items	199.68	1,082.94	750.82
Adjustments for:			
Depreciation & Amortisation	2.61	15.87	21.90
Interest Income	(15.44)	(253.32)	(130.45)
Less: Depreciation Renewal	-	-	-
(Profit) / Loss from Investments in LLP	-	(10.11)	(0.87)
Miscellaneous expenses written off	6.37	14.99	11.21
Operating Profits before Working Capital Changes	193.22	850.37	652.61
Adjustments For:			
(Increase) / Decrease in Inventories	(1,416.88)	(758.66)	(670.87)
(Increase) / Decrease Trade & Other Receivables	(4,696.67)	(5993.52)	(2,157.50)
Increase / (Decrease) Trade and other Payable	4,636.70	(1,392.54)	(405.07)
Cash Generated From Operations	(1,283.63)	(7,294.35)	(2,580.82)
Income Tax (Paid) / Refund	(57.33)	(250.00)	(231.74)
Interest Paid	-	-	-
Cash Flow Before Extraordinary Items	(1,340.96)	(7,544.35)	(2,812.56)
Extraordinary items (Prior Year Adjustments)	-	-	-
Net Cash From Operating Activities (A)	(1,340.96)	(7,544.35)	(2,812.56)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>			
Capital Work in Progress	-	-	-
Sale / (Purchase) of Fixed Assets	(55.07)	(226.72)	(19.89)
Sale / (Purchase) of Investment	(3.70)	(211.21)	(152.32)
Interest Income	15.44	253.32	130.45
Profit from Investments in LLP	-	10.11	0.87
Deferred Revenue Expenditure	-	-	-
Net Cash From Investing Activities (B)	(43.34)	(174.49)	(40.89)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>			
Proceeds from Issue of Share Capital / Share Premium	1474.10	1499.99	-
Net Proceeds / (Repayments) of Loans	51.56	6,278.55	2,975.42
Share Issue Expenses/Preliminary Expense	(30.96)	(43.26)	-
Dividend including Dividend tax	(1.46)	(87.32)	(95.99)
Net Cash from Financing Activities (c)	1,493.24	7,647.96	2,879.43
Net Increase in Cash and Cash Equivalents (A+B+C)	108.94	(70.88)	25.98
Cash and Cash Equivalents at beginning of the year	20.19	129.13	59.91
Cash and Cash Equivalents at the begning of the year for subsidiary acquired during the year	-	1.66	1.00
Less : Transferred to resulting Co. on account of Demerger	-	-	-
Cash and Cash Equivalents at end of the Year	129.13	59.91	86.89

Annexure VII
Consolidated Statement of Dividend Paid

(Amount in ₹ Lacs)

Particulars	For the Year		For the Nine Months ended
	March 31 , 2010	March 31, 2011	December 31, 2011
On Equity Share Capital			
Paid up Share Capital			
- Equity	1,494.00	2,744.00	2,744.00
Face Value (₹)	10.00	10.00	10.00
Rate of Dividend %			
- Equity	2.72%	3.00%	0.00%
Dividend Paid			
- Equity	*74.64	82.32	-
-Corporate Dividend Tax	12.68	13.67	-

*The dividend for FY 2010 was declared on enhanced equity share capital on record date which was ₹ 2744 Lacs.

Note: Board of Directors have recommended Dividend @ 5% for F.Y. 2010. However, Final Dividend for F.Y. 2010 @ 2.72% has been declared by shareholders in the AGM.

Annexure VIII
Consolidated Statement of Performance Ratio

Amount in ₹ in Lacs except EPS & No of Shares

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
Net Profit after extra ordinary items as Restated (A)	131.25	590.28	451.27
Less: Preference Dividend & Dividend tax	-	-	-
Profit Available for Equity Share Holders (B)	131.25	590.28	451.27
Net Worth	1,516.06	3470.73	3,927.24
Less: Preference Share Capital	-	-	-
Net Worth for Equity (C)	1,516.06	3470.70	3,927.24
Return on Net Worth (%) (A / C)	8.66	17.01	11.49
Share at the end of year (Face Value ₹ 10/-)	14,940,000	27,439,994	27,439,994
Weighted no. of Equity Shares	409,997	24,666,023	27,439,994
Earning Per Share (₹) Basic and Diluted	32.01	2.39	1.64
Net Asset Value / Book Value per Share (₹) Basic and Diluted	10.15	12.65	14.31

Notes:

- The above ratios are calculated as under

Return on net worth: Consolidated Net profit as restated
Net Worth as restated at the year

Basic Earning Per Share: Consolidated Net profit as restated attributable to the equity share holders
Weighted average number of equity shares outstanding during the year

Net Asset Value: Net Worth as restated at the year
Number of equity shares as at year

- “Net worth” means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account as set out in Annexure I
- The Calculation of Net profit attributable to equity shareholders, Weighted average number of equity shares outstanding during the year, basic earnings per share and diluted earnings per share is in compliance with Accounting Standard 20 "Earnings per share" issued by Institute of Chartered Accountants of India. There are no extra ordinary items for the above year ends.

Annexure IX
Consolidated Capitalization Statement

(Amount in ₹ lacs)

	Pre Issue	Post Issue
	As at December 31, 2011	
Total Debt :		
Short Term Debt	-	-
Long Term Debt	7,648.59	7048.59
Total Debt :	7,648.59	7048.59
Shareholders Fund :		
Share Capital	2,744.00	4116.00
Reserve & Surplus		
~ Securities Premium	250.00	524.40
~ General Reserve	-	
~ Profit & Loss A/c	975.79	975.79
~Capital Reserve	0.19	0.19
Less : Miscellaneous Expenditure	42.73	42.73
Total Shareholders Fund	3,927.24	5573.64
Long Term Debt / Shareholders Fund	1.95	1.26

***Note:** The reduction of Long Term Debt of Rs. 600/- lacs is due to conversion of Unsecured Loan given by promoter Mr. Ashok B. Chhajjar to the Company, towards Promoters Rights Entitlement for the right issue.*

Annexure X

Consolidated Statement of Tax Shelters

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
Profit before current and Deferred Taxes as restated (A)	199.68	1,082.86	750.82
Tax Rate %	33.99	33.22	32.45
Tax at Normal Rate (A)	67.87	359.70	243.60
Permanent Difference			
~ Exempt Income	-	(10.11)	-
~ Other Disallowance	0.51	1.19	-
~ Deduction under Chapter VI A of Income Tax Act, 1961	(0.26)	-	-
Total (B)	0.26	(8.92)	-
Timing Difference			
Depreciation as per Books	2.61	15.95	21.90
Depreciation as per IT Act, 1961	5.95	47.91	36.03
~ Difference between book Depreciation and tax Depreciation	3.34	31.96	14.13
~ Other Adjustments	-	-	-
Total (C)	3.34	31.96	14.13
Net Adjustment (B-C)	(3.08)	(40.88)	(14.13)
Tax Expense / (Savings) on above (D)	(1.05)	(13.58)	(4.58)
Total Taxation (E = A + D)	66.82	346.12	239.02
Tax provided in books	68.11	345.10	299.55

Annexure XI

Consolidated Statement of Other Income

(Amount in ₹ Lacs)

Particulars	For the Year Ended		For the Nine Month Ended
	March 31, 2010	March 31, 2011	December 31, 2011
Recurring and related to business activity			
Interest Received	17.94	253.32	130.45
Discount	11.68	7.96	10.08
Sale of Plot	-	-	28.50
Dividend Income	-	-	4.78
Profit from Investments in LLP	-	10.11	0.87
Consultancy Income	-	-	-
Miscellaneous Income	0.03	3.51	0.02
Total	29.64	274.91	174.84

Annexure XII

Consolidated showing Age-wise Analysis of Sundry Debtors

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
Debtors Outstanding for a period exceeding Six months	9.36	9.36	-
Others	2.25	513.76	17.68
Total	11.61	523.12	17.68
Debt Outstanding from promoters, promoters group companies, directors and their relatives	-	-	-

Annexure XIII

Consolidated Statement of Loans And Advances

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
To Promoter, Promoter group companies, directors and their relatives			
Deposits to Director/Promoter and their relatives	200.00	220.00	220.00
To Others			
Advance recoverable in Cash or in Kind or value to be received	1,695.09	6110.93	8,211.18
Income Tax Payment	56.89	420.82	652.11
VAT / Excise / DEPB etc. Receivable	-	-	-
Interest Receivable	-	-	-
Deposits	2,831.64	1,936.69	2,499.96
Income Tax Refundable	0.57	1.51	0.54
Total	4,784.19	8,689.96	11,583.79

Annexure XIV

Consolidated Statement of Unsecured Loans

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
From Bodies Corporate	-	1,897.51	2,464.39
Deposits from Customers	-	-	-
FCCB	-	-	-
Redeemable Non Convertible Debentures Issued to Financial Institutions	-	-	-
Bank	-	-	-
Interest Accrued & Due	-	-	-
Loan from Promoters / Directors	26.02	1,791.84	4,317.94
Loan from Promoter Group Companies	-	-	-
Loan from Subsidiaries	-	-	-
Loan from material Associate Companies	-	-	-
Loan from Others	22.12	100.15	-
Total	48.14	3,789.50	6,782.33

Notes:

1. Unsecured Loan are repayable on demand
2. The Loans from Promoter, Directors carries interest rate of 12% p a

Consolidated Statement of Unsecured Loans and Outstanding as on 31.12.2011

Lender	Rate of Interest	Outstanding as on 31.12.2011 (₹ in Lacs)	Repayment Terms	Security	Purpose
Loan from Promoters / Director					
Ashok B Chhajjer	12%	2,934.09	on demand	-	Utilized towards Land Acquisition for project 'Arihant Ayatil & 'Arihant Adita' at Jodhpur & 'Arihant Amodini' at Taloja & also towards construction expenses being carried out at Arihant Adita as working capital requirement & fixed deposit with Bank for Rs. 900.00 Lac for expansion of Business & Business opportunities
Ashok B Chhajjer	12%	600.00	-	-	Object of the Issue
Abhishek Balar	12%	8.55	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Anmol' at Jouvelli, Thane
Akshay Agarwal	12%	536.80	on demand	-	Utilized towards Land

Lender	Rate of Interest	Outstanding as on 31.12.2011 (₹ in Lacs)	Repayment Terms	Security	Purpose
					Acquisition for Project 'Arihant Anmol' at Jouvelli, Thane and 'Arihant Akanksha' at Palaspe, Panvel
Lalit Parasmal Bothra	12%	27.91	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Sangeeta A Chhajjer	12%	210.60	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Anmol' at Jouvelli, Thane
Total		4,317.94			
From Bodies Corporate:					
Desert Eagle Security Services Pvt. Ltd	15%	461.31	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Sarvodaya Refinery Pvt. Ltd	15%	33.05	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Balar Fabrics Pvt Ltd	12%	39.77	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Jagprem Chemicals Pvt Ltd	12%	133.60	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Marnite Enterprises Pvt. Ltd.	12%	25.99	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Marnite Shoppe Pvt. Ltd.	12%	229.28	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Marnite Steel Pvt. Ltd.	12%	132.43	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Pragya Textiles Pvt. Ltd	12%	101.45	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Shree Bhairavnath Garment Pvt Ltd	12%	937.45	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Anmol' at Jouvelli, Thane and 'Arihant Akanksha' at Palaspe, Panvel
Tulsiguru Textile Pvt Ltd	12%	69.77	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel

Lender	Rate of Interest	Outstanding as on 31.12.2011 (₹ in Lacs)	Repayment Terms	Security	Purpose
Vivek Textech Pvt Ltd	12%	85.85	on demand	-	Utilized towards Land Acquisition for Project 'Arihant Akanksha' at Palaspe, Panvel
Viratra Investment Consultants & Trading Pvt. Ltd	15%	214.42	on demand	-	Towards fixed deposit with Bank for expansion of Business & Business Opportunities
Total		2,464.39			
Grand Total		6,782.33			

Annexure XV

Consolidated Statement of Secured Loans

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
Kotak Mahindra Prime Ltd	24.50	65.50	52.02
Federal Bank	-	18.16	14.22
Federal Bank Term Loan	-	800.00	800.00
Federal Bank O/D Account			0.02
Total	24.50	883.67	866.26

Statement of Secured Loans and Outstanding as on 31.12.2011

Lender	Amount Sanctioned	Rate of Interest at time of sanction/agreement	Outstanding as on 31.12.2011	Repayment Terms	Security	Purpose
Kotak Mahindra Prime Ltd	26.01	9.75%	10.08	Thirty Six Equal Monthly Installment	Hypothecation of Vehicles	Purchase of Car
Kotak Mahindra Prime Ltd	53.87	9%	41.94	Fifty Nine Equal Monthly Installments	Hypothecation of Vehicle	Purchase of Car
Federal Bank	18	9 (Base Rate) + 1.75 = 10.75%	14.22	Thirty Six Equal Monthly Installment	Hypothecation of Vehicle	Purchase of Car
Federal Bank Term Loan	1500	8(Base Rate) + 4.75 = 12.75%	800.00	Nine Equal Monthly Installment with last installment due on 26.11.2012	Plot no. 10 Sec 35H, Kharghar, Navi Mumbai & Other Customer Receivables from the Project. Personal Guarantee of Mr. Ashok Chhajjer & Ms. Sangeeta Chhajjer	Construction of Residential Project Arihant Abhilasha
Federal Bank O/D Account	475.00	Depositi Rate + 1% (Presently 10.50%)	0.02		Fixed Deposit of ₹ 500 Lacs	Working Capital
HDFC Limited	2500	16 (CPLR) – 2.25 = 13.75%	-	-	Land Bearing (I). Survey No. 27 Hissa No. 2A/1, (II) Survey No. 27 Hissa No. 2A/2, (III). Survey No. 27 Hissa No. 2A/3, (IV) Survey No. 25 Hissa No. 2 Situated at Village	Construction of Residential Project Arihant Arham

Lender	Amount Sanctioned	Rate of Interest at time of sanction/agreement	Outstanding as on 31.12.2011	Repayment Terms	Security	Purpose
					Koprol, Taluka Panvel. Dist. Raigad & Other Customer Receivables from the Project. Personal Guarantee of Mr. Ashok Chhajer & Ms. Sangeeta Chhajer	

ANNEXURE XVI

CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTION

NAMES OF RELATED PARTIES AND NATURE OF RELATIONSHIP:

Name	As at 31 March		As at
	2010	2011	December 31, 2011
Mr. Ashok Chhajer	Key Management Personnel (KMP) & Director	Key Management Personnel (KMP) & Director	Key Management Personnel (KMP) & Director
Mr. Ashok Vyas	Key Management Personnel (KMP)	-	-
Mr. Lalit Bothra	Key Management Personnel (KMP) & Director	-	-
M/s Arihant Abode Limited	Subsidiary	Subsidiary	Subsidiary
M/s Arihant Vatika Realty Private Limited	Subsidiary	Subsidiary	Subsidiary
M/s Adeshwar Realty Private Limited	-	Subsidiary	Subsidiary
M/s. Arihant Gruhnirman Private Limited	-	Enterprises in which KMP have a significant influence	Subsidiary
M/s. Arihant Builders	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Universal Realty Private Limited	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
Mrs. Sangeeta Chhajer	Relative of Director	Relative of Director	Relative of Director
Mr. Achalchandji Balar	Relative of Director	-	-
Mr. Parasmal L Bothra	Relative of Director	-	-
Mr. Parasmal L Bothra HUF	Relative of Director	-	-
Mrs. Parmeshwaridevi P Bothra	Relative of Director	-	-
Mrs. Rajni L Bothra	Relative of Director	-	-
Mrs. Saraswatidevi Balar	Relative of Director	-	-
M/s Arihant Aksh Realty LLP	-	Company is Partner	Company is Partner
Mr. Akshay Agrawal	Key Management Personnel (KMP) & Director	-	-

Name	As at 31 March		As at
	2010	2011	December 31, 2011
Mrs. Sujata Agrawal	Relative of Director	-	-
Mr. Nimish Shah	-	Whole Time Director	Whole Time Director
M/s Abhinandan Agrofarms Private Limited	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s Adinath Realty Private Limited	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s Arihant Paradise Realty Private Limited	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s Arihant Dream Houses Private Limited	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Enterprise	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Construction	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Properties	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Realtors	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Estate	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Aashiyana Private Limited	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence
M/s. Arihant Technoinfra Private Limited	-	Enterprises in which KMP have a significant influence	Enterprises in which KMP have a significant influence

DISCLOSURE OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Name of Party	Transactions	As at 31 March		As at
		2010	2011	December 31, 2011
Mr. Ashok Chhajer	Deposit Given	-	20.00	20.00
	Remuneration	0.60	1.20	18.00
	Interest Paid	72.16	99.39	245.94
	Booking Advance	1,282.00	-	-
	Rent Paid	-	2.40	3.60
	Loan Taken	123.55	1,992.01	1,969.81
Mrs. Sangeeta Chhajer	Booking Advance Refund	-	56.50	-
	Booking Advance	58.00	-	-
	Rent Paid	2.00	4.80	3.60
	Loan Taken	47.00	-	173.50
	Interest Paid	1.68	-	13.99
	Deposit Given	200.00	-	200.00
M/s. Arihant Vatika Realty Pvt. Ltd	Loan Given	18.00	199.00	55.00
	Interest Received	-	11.52	19.22
M/s. Arihant Abode Ltd	Loan Given	-	1,425.00	1,061.00
	Interest Received	-	135.92	163.31
M/s. Adeshwar Realty Pvt. Ltd	Loan Given	-	19.50	-
	Loan Received Back	-	-	0.40
	Interest Received	-	0.20	-
M/s Arihant Enterprise	Purchase of Shop	-	15.50	-
Mr. Nimish S. Shah	Remuneration	-	13.80	12.75
M/s. Arihant Builders	Transfer of Booking	291.78	-	-
	Reimbursement of Exp.	300.00	-	-
	Land Purchased (Note 1)	700.00	-	-
M/s. Arihant Universal Realty (P) Ltd	Loan Taken	1.00	-	-
Mr. Lalitkumar P Bothra	Booking Advance	7.23	-	-
	Interest Paid	0.25	-	-
Mr. Achalchandji Balar	Booking Advance	30.00	-	-
	Interest Paid	0.64	-	-
Mr. Parasmal L Bothra	Booking Advance	18.57	-	-
	Interest Paid	0.65	-	-
Mr. Parasmal L Bothra HUF	Booking Advance	8.16	-	-
	Interest Paid	0.28	-	-
Mrs. Parmeshwaridevi P Bothra	Booking Advance	5.48	-	-
	Interest Paid	0.19	-	-
Mrs. Rajni L Bothra	Booking Advance	7.00	-	-
	Interest Paid	0.21	-	-
Mrs. Saraswatidevi Balar	Booking Advance	30.00	-	-
	Interest Paid	0.64	-	-
Mr Ashok Vyas	Remuneration	3.00	-	-

DISCLOSURE OF RELATED PARTIES OUTSTANDING BALANCES

Name of Party	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
Mr. Ashok Chhajer (Deposit Given)	-	20.00	20.00
Mr. Ashok Chhajer (Remuneration Payable)	-	-	0.80
Mr. Ashok Chhajer (Loan Taken)	325.87	1,079.44	3,214.09
Mrs. Sangeeta Chhajer (Deposit Given)	-	200.00	200.00
Mrs. Sangeeta Chhajer (Loan Taken)	256.50	-	210.60
M/s. Arihant Vatika Realty Pvt. Ltd (Loan Given)	-	209.46	281.76
M/s. Arihant Abode Ltd (Loan Given)	-	1,479.63	2,687.61
M/s. Adeshwar Realty Pvt. Ltd (Loan Given)	-	9.68	9.28
Mr. Nimish S. Shah (Remuneration Payable)	-	-	1.25

Note 1: The land was purchased by M/s Arihant Builders and registered in the name of the then partners Mr. Ashok Chhajer and Mrs. Sangeeta Chhajer. The said land / development rights of the said land were subsequently purchased by the Company and all the payment in respect of the same was made in favour of M/s Arihant Builders.

Annexure XVII

Consolidated Statement of Investments

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
- Non Trade (Quoted)	-	200.00	351.45
- Non Trade (Unquoted)	0.10	10.21	11.08
Total	0.10	210.21	362.53
- Quoted Investments	-	-	-
BOOK VALUE	0.10	210.21	362.53
			351.45
MARKET VALUE	-	200.59	365.77

Note: Subsequent to the takeover by the present promoters, the company has commenced its real estate construction activities in the FY 2010 and the level of activities of the company has increased on YoY basis. The revenue realised from the sale of projects during 2009-10 were mainly spent towards meeting project related expenditure on account of which there was no investible surplus available to the company. During FY 2011 the revenue from sale of project generated adequate investible surplus which have been invested in Fixed Maturity Plans of Mutual funds (₹ 200 Lacs) registered under AMFI, and capital with LLP (₹ 11.08 Lacs). The investment as at December 31, 2011, was on account of investible surplus available with the Subsidiary Company (₹ 150 Lacs) being invested in Short term Liquid Funds.

The Issuer has invested capital to the extent of ₹ 11.08 Lacs being the contribution towards 5% of the capital of Arihant Aksh LLP which is developing two projects viz., Arihant Aksh and Arihant Akriti. For the year ended March 31, 2011, the LLP earned a PAT of ₹ 219.60 lacs based on financial results. The Issuer earned income of ₹ 10.98 Lacs forming its share of the distributable surplus.

Annexure XVIII

Consolidated Contingent Liabilities

The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI - an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.

Annexure XIX

Qualifications in Auditors Report

There have been no qualifications in the Audit Report for the preceding five years.

Annexure XX

Consolidated Statement of Current Liabilities and Provisions

(Amount in ₹ Lacs)

Particulars	As at		
	March 31, 2010	March 31, 2011	December 31, 2011
<u>Current Laibilities</u>			
Sundry Creditors for Goods	500.80	1,074.94	713.75
Sundry Creditors for Others	4,112.20	2,079.07	2,114.86
Liabilities for Expenses	33.53	100.25	21.46
Total (A)	4,646.53	3,254.26	2,850.07
<u>Provisions</u>			
Provision for Income Tax	68.12	413.10	712.88
Provision for FBT	-	-	-
Proposed Dividend	74.70	82.32	-
Provision for Dividend Tax	12.70	13.67	-
Total (B)	155.52	509.09	712.88
Grand Total (A) + (B)	4802.05	3763.35	3,562.95

Working Result

Information as required by Government of India, Ministry of Finance Circular No. F2/5/SE/76 dated February 5, 1977 as amended vide Circular of even number dated March 8, 1977 is given below:

Standalone Unaudited Financial Results for 11 months period ended February 29, 2012:

Sr. No	Particulars	Amount (₹ In lacs)
(a) (i)	Sales / turnover	5684.63
(ii)	Other income	361.83
(b)	Estimated gross profit / loss (excluding depreciation and taxes)	1853.09
(c) (i)	Provision for depreciation / amortisation	26.90
(ii)	Provision for taxes	339.46
(d)	Estimated net profit / loss	706.80

STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY

The Equity Shares are listed on the Bombay Stock Exchange Limited. As the Equity Shares are actively traded on the Stock Exchange since April 2010 the share price data since April 2010 has been provided below.

The closing price of the Equity Shares on August 11, 2011, the day on which the resolution of the Board of Directors approved this Issue, was ₹ 65.15 on the BSE.

The high and low prices recorded on the BSE since April 05, 2010 till March 31, 2012 and the number of Equity Shares traded on the days the high and low prices were recorded are stated below.

Year	High (₹)	High Date	Volume	Low (₹)	Low Date	Volume	Total Volume for the Year	No. of Trading Sessions	Average (₹)
2012*	74.00	09/03/2012	35663	50.15	07/03/2012	31026	1327212	64	60.46
2011	88.00	05/01/2011	1365	49.8	20/12/2011	6612	2177022	247	68.90
2010	122.75	30/08/2010	11748	04.63	05/04/2010	50	431899	155	63.69
2009	Data not available on BSE website from Jan 01, 2009 till April 04, 2010								

Source: BSE website

*From Jan 01, 2012 to March 31, 2012.

The average volume of Equity Shares traded in the BSE was 16155 Equity Shares per day respectively for the six month period from 01/10/2011 to 31/03/2012. The number of trading days in this period was 124 days. The high and low prices and volume of Equity Shares traded on the respective dates during the last six months is as follows:

The details of monthly high and low prices on the BSE during last 6 months are as follows:

Month	High (₹)	Date of High	Volume on date of high (no. of Equity Shares)	Low (₹)	Date of Low	Volume on date of low (no. of Equity Shares)	Total Volume on Monthly basis	Average ₹
Mar 2012	74	09/03/2012	35663	55.1	13/03/2012	32326	672201	64.55
Feb 2012	62.4	17/02/2012	32532	57.6	01/02/2012	24013	577254	59.85
Jan 2012	60.85	18/01/2012	13949	55.35	02/01/2012	4070	240801	55.35
Dec 2011	57.3	01/12/2011	5985	49.35	21/12/2011	6845	141326	53.42
Nov 2011	73.95	15/11/2011	8927	50.00	21/11/2011	13654	185139	61.98
Oct 2011	71.90	28/10/2011	8301	54.00	12/10/2011	8552	186534	62.95

Source: BSE website

The resolution of Board of Directors approving the previous Right Issue was approved on September 24, 2009. The detail of the share prices for the day is not available on BSE website. The resolution of Board of Directors approving the preferential allotment was approved on June 20, 2010 and BSE was intimated of the outcome of the meeting on June 20, 2010. The detail of the share prices for June 21, 2010 is as follows:

Date	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	Total (no. of Equity Shares)	No. of Trades	Total Turnover (₹)
June 21, 2010	13.38	13.38	13.38	13.38	2500	1	33450

Source: BSE website

The Equity Shares issued through Right Issue and Preferential Issue got listed on BSE with effect from April 01, 2010 & July 16, 2010. The details of the share prices on the above mentioned date's are as follows.

Date	Open Price (₹)	High Price (₹)	Low Price (₹)	Close Price (₹)	Total (no. of Equity Shares)	No. of Trades	Total Turnover (₹)
April 01,2010	Data not available on BSE Website						
July 16, 2010	28.75	28.75	28.75	28.75	15	1	431

Source: BSE website

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based on our restated audited consolidated financial statements as of and for the years ended March 31, 2010, 2011 and the nine months ended December 31, 2011, including the annexures and notes thereto and the reports thereon, which appear elsewhere in this LOF and stand alone financial for the years ended March 31, 2008, 2009 and 2010.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages xi and x, respectively.

Our restated consolidated financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from U.S. GAAP or IFRS and other accounting and auditing standards with which prospective investors may be familiar with in other countries. We do not provide a reconciliation of our restated consolidated financial statements to U.S. GAAP or IFRS and we have not otherwise described, quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP or IFRS as applied to our restated consolidated financial statements. As there are significant differences between Indian GAAP, U.S. GAAP and IFRS, there may be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with U.S. GAAP or IFRS instead of Indian GAAP.

Overview

Business overview

We are one of the real estate and road infrastructure development and construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel & Thane in Maharashtra and Jodhpur in Rajasthan.

Our Company was promoted by Mr. Harshad Patel, Mr. Suresh Kumar Jajodia, Mr. Tilokchand Kothari, Mr. Shyamal Ghosh, Mr. Taposh Kumar Basu, Mr. Asitabha Ghoshal and Mr. Pawan Kumar Agarwal in the year 1983 with object to carry on the business of commodity trading. Our Company came out with its initial public issue in the year March 1984 and was listed with BSE. In the year 1986, the change in controlling interest took place and our Company was taken over by Mr. Vikram Somani, Suresh Tapuria and their family members. Subsequently, in December 2005, our Company was taken over by Mr. Rajesh Shankarlal Kakani and Mrs. Rachana Rajesh Kakani. Subsequent to the takeover, the object clause of our Company was amended, to commence the business of construction and infrastructure projects. Further in the FY 2009, the existing Promoters had taken over the controlling interest in our Company by acquiring shares under share purchase agreement and by making open offer under regulations 10 and 12 of then prevailing Takeover Code. Subsequently, with view to undertake real estate development and allied activities, the objects clause of our Company was altered.

Our Company planned and launched the first real estate development project at Koproli, New Panvel named "Arihant Arham". Subsequently our Company launched another project named "Arihant Abhilasha" at Navi Mumbai. In the FY 2011, our Company has taken steps for increasing its pan India presence and in this connection our Company has launched residential projects viz "Arihant Adita and Arihant Ayati in the Jodhpur city of Rajasthan. With view to strengthen our presence in real estate sector, we have acquired 60% stake in Arihant Abode Limited, Arihant Vatika Realty Private Limited and Arihant Gruhnirman Private Limited and 100% stake in Adeshwar Realty Private Limited. We, along with our subsidiaries currently have 4 ongoing and 4 projects under planning stage, through which we expect to provide a total Developable/Saleable Area of approximately 63.68 lac square feet. We also have 5% stake in "Arihant Aksh Realty LLP – LLPIN-AAA0055, a Limited Liability Partnership, formed to carry on the business of constructions, real estate development, etc. Besides the above projects, we have also awarded a real estate project by JDA on Built up Sharing Area Basis. Along with the real estate development business, we have also ventured into the development of infrastructure projects and completed 3 projects of road construction.

Our consolidated total income and consolidated net profit after tax as restated were ₹11190.68 Lacs and ₹ 737.78 lacs for the year ended March 31, 2011, ₹ 2792.08 Lacs and ₹ 131.25 Lacs for the year ended March 31, 2010 and

standalone total income and standalone net profit after tax as restated were ₹ 7.78 Lacs and ₹ 4.38 Lacs for the year ended March 31, 2009.

Factors Affecting Our Result of Operations

1. *Sales volume and rate of progress of the development of residential real estate projects.*

Our primary focus is on the development of residential real estate projects for sale. For details of our projects and land reserves, please see the chapter titled “Our Business” on page 41 of the LOF. For the financial year ended March 31, 2011, as per consolidated restated financial statement, our income from residential business is ₹ 6377.61 lacs which constitutes more than 50% of the total income. We rely on our ability to understand the preferences of our residential customers and to develop projects that suit their needs. We believe that the quality of our construction is in line with the best construction practices adopted in the industry. We place a special emphasis on ensuring that our quality standards are adhered to at every stage of a project and for every product delivered to the client. Our internal processes and methodologies ensure that various departments and employees of our Company are aware of their respective roles and obligations, and various activities of construction and development are consistent with the standards of quality that we have set for ourselves. This also ensures uniformity in all our processes. We aim to create developments that we believe have quality construction and finishings, as we believe that this enhances our brand and reputation, and enables us to sell our units quickly and at a premium to other competing developments.

2. *The real estate market in India.*

We are one of the real estate construction companies primarily focused on residential projects in India. All the residential projects, which are currently under construction/ planning stage, are located in Navi Mumbai, New Panvel, & Thane in Maharashtra, and Jodhpur in Rajasthan. For details of our projects and land reserves, please see the chapter titled “Our Business” on page 41 of the LOF. As a result, our business, financial condition and results of operations have been and will continue to be heavily dependent on the performance of, and the prevailing conditions affecting, the real estate market in India particularly in Navi Mumbai New Panvel, & Thane and Jodhpur. The real estate market in the areas where we are doing the business may be affected by various factors outside our control, including, among others:

- prevailing local economic, income and demographic conditions;
- availability of consumer financing (interest rates and eligibility criteria for loans);
- availability of and demand for properties comparable to those we develop;
- changes in governmental policies relating to zoning and land use;
- changes in applicable regulatory schemes; and
- the cyclical nature of demand for and supply of real estate.

These factors may result in fluctuations in real estate prices and the availability of land, which may negatively affect the demand for and the value of our projects, and may result in delays to or the cancellation of our projects or the cancellation of sales bookings.

3. *Timely Completion of Projects*

We have procured preliminary architect plans and completed our management development plans for all of our planned projects and currently intend to finance a portion of all of the costs with internal funds. However, we have not applied for any regulatory consents or approvals for some of these projects. Our ongoing and planned projects are subject to significant changes and modifications from our currently estimated management plans and timelines as a result of factors outside our control, including, among others:

- availability of raw materials and financing;
- increases in construction costs;
- natural disasters;
- reliance on third party contractors; and
- risk of decreased market demand during the development of a project.

We may also change our management plans and timelines for strategic, marketing, internal planning and other reasons. Such changes and modifications may have a significant impact on our ongoing and planned projects.

4. Volatility in prices of, or shortages of, key building materials.

Our ability to develop projects profitably is dependent upon our ability to source adequate building supplies for use by our construction contractors. Although we typically enter into contracts with our contractors, we generally agree to procure the cement and steel required for our projects, although we plan to outsource such procurement in future projects. We have experienced shortages of cement and steel in the past and have also experienced significant price volatility in the cement and steel markets. Such shortages in supply and volatility in prices of building materials could arise from changes in import restrictions, such as changes to customs duties and licensing policies, applicable to goods (such as certain building materials) imported into India. In addition, our supply chain may be periodically interrupted by circumstances beyond our control, including work stoppages and labour disputes affecting our suppliers, their distributors, or the transporters of our supplies. During periods of shortages in building materials, such as cement and steel, we may not be able to complete projects according to our previously established timelines, at our previously estimated project cost, or at all, which could harm our results of operations and financial condition. In addition, during periods of volatility in the price of building materials, where prices have increased significantly or unexpectedly, we may not be able to pass the increase in construction costs through to our customers, particularly as we generally aim to pre-sell a significant portion of our residential units prior to project completion, which could reduce or eliminate the profits we attain with regards to our developments.

5. Competition in the real estate development.

The real estate development industry in India, while fragmented, is highly competitive and we face competition in Navi Mumbai and Jodhpur (where our business activities are presently focused) from numerous sources including other Indian real estate development and construction companies. We compete on the basis of location, facilities and supporting infrastructure, services and price. Competitors with greater resources could acquire land in more desirable locations, offer more attractive prices than we are able to or anticipate or respond sooner to the requirements of customers. We may not therefore be able to compete successfully against our existing or potential competitors. In addition, increased competition between real estate developers may result in higher costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may materially and adversely affect our business, financial condition and operations.

Summary profit and loss account

Note :- Arihant Abode Limited, Arihant Vatika Realty Private Limited became our subsidiaries in FY 2009-10, and Adeshwar Realty Private Limited became our subsidiary in the FY 2010-11 and Arihant Gruhnirman Private Limited became our subsidiary in the FY 2011-12. We have compared financial result for financial year ended March 31, 2010 and March 31, 2011 on consolidated financial statement and for March 31, 2008, 2009 and 2010 on stand alone basis.

(₹ in Lacs)

Particulars	For the Year Ended					For the Nine Months December 31, 2011
	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2010	March 31, 2011	
	Standalone Basis			Consolidated Basis		
INCOME						
Construction & Real estate operations						
Project Sale			-	-	6377.61	3589.92
Contract Income	713.47		1274.13	1,345.56	3,642.58	-
Trading Sale	518.34		-	-	136.91	801.71
Increase / (Decrease) in WIP and Stock			1,416.88	1,416.88	758.67	670.87
Operational Income	1,231.81		2691.01	2,762.44	10,915.77	5,062.50

Particulars	For the Year Ended					For the Nine Months December 31, 2011
	March 31, 2008	March 31, 2009	March 31, 2010	March 31, 2010	March 31, 2011	
	Standalone Basis			Consolidated Basis		
Other Income	0.12	7.78	15.46	29.64	274.91	174.84
Total Income	1,231.93	7.78	2706.47	2,792.08	11,190.68	5,237.34
EXPENDITURE		-				
Project Cost	681.73	-	1,018.43	1,065.19	4,712.53	3,452.19
Contract Expenses	-	-	1,227.96	1,227.96	3,551.34	-
Trading Purchase	518.36	-	-	-	844.50	45.00
Staff Expenses	2.79	0.17	71.40	77.03	149.60	139.11
Administrative Expenses	2.22	1.43	40.34	51.45	321.71	256.06
Selling & Distribution Expenses	-	0.66	42.96	45.30	311.63	172.57
Directors Remuneration	-	1.31	3.60	3.60	13.80	30.75
Misc. and Deferred Revenue Exp. W/off	0.02	0.02	6.21	6.37	14.99	11.21
Total	1,205.12	3.59	2410.90	2,476.90	9,920.10	4,106.89
Profit before Interest, Depreciation, Amortisation and Tax	26.81	4.19	295.57	315. 18	1270.58	1,130.45
Less: Depreciation & Amortisation	-	-	2.60	2.61	15.95	21.90
Profit before Interest and Tax	26.81	4.19	292.97	312.57	1254.62	1,108.55
Less: Interest	-	-	93.67	112.89	171.76	357.74
Loss on Sale of Investment / Asset	-	-	-	-	-	-
Net Profit Before tax and extra ordinary Items	26.81	4.19	199.30	199.68	1,082.86	750.82
<u>Less: Provision for Taxation</u>						
<u>Current Tax</u>		-	-			
~ Income Tax	8.29	1.30	68.00	68.11	345.10	299.55
~ Fringe Benefit Tax	0.03	-	-	-	-	-
Tax for Earlier Years	-	-	0.32	0.32	-	-
Net Profit After Tax and before extra ordinary items	18.49	2.89	130.98	131.25	737.77	451.27
Prior Period Adjustment	0.35	1.49	-	-	(147.49)	-
Extra ordinary Item	-	-	-	-	-	-
Net Profit after Tax after adjusting prior period item and Extra ordinary Item	18.84	4.38	130.98	131.25	590.28	451.27
Minority Interest in Share of Profit and Loss	-	-	-	(0.11)	(0.69)	(0.78)
Transfer to General Reserve	-	-	(1.12)	(1.30)	(10.68)	(4.22)
Excess Dividend Provision Written Off	-	-	-	-	0.07	(0.45)
Profit and Loss at the Beginning of the Year	(17.25)	1.59	4.53	4.55	46.99	529.97
Proposed Dividend & Tax Thereon	-	(1.44)	(87.40)	(87.40)	(95.99)	-
Balance Carried to Balance Sheet	1.59	4.53	46.99	46.99	529.97	975.79

Income

Our total income consists of income from sale of residential units (flats) termed as project sales, trading of residential units and income of contracts of road construction. Trading income arises from sale of trading flats constructed by us. Non operating income consists of income from interest received on account of loans advanced to subsidiaries and from fixed deposits with banks. Our company also received income from Arihant Aksh LLP on being 5% profit sharing partner. Our company has three subsidiaries from which it receives dividends.

Expenditure

Our total expenditure comprises of project cost, contract expenses, cost of goods sold (trading), staff cost, administrative costs, selling and distribution costs, depreciation, interest and financial charges, directors' remuneration, miscellaneous deferred revenue expenditure.

Project cost consists of cost of land and TDRs, architect and contractor fees, the cost of construction materials and fees and taxes paid to regulatory authorities

Contract Expenses consists of primarily cost of sub-contracting and other specific construction materials.

Administrative costs consist of various indirect expenses like compensation against cancellation, conveyance, electricity, printing, legal expenses, professional fees, rent, service tax (GTA), travelling expenses etc.

Staff cost comprises of salaries paid to the employees, contribution towards PF, gift expenses, training, staff welfare.

Selling and distribution expenses comprises of business promotion, advertisements, exhibitions and other selling and distribution expenses.

Interest and financial expenses comprises expenses incurred with respect to any amount borrowed for business. It includes bank charges, loan processing fees and interest expenses.

Depreciation and Amortization is calculated on our fixed assets as per Straight Line Method on pro-rata basis in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. We amortise certain expenses incurred on software and trademark for 5 years.

Changes in accounting policies

The Company was, up to the financial year 2009-10, following Percentage Completion Method wherein it added the estimated gross profit on direct cost based on the percentage of work completed to arrive at the value of Incomplete Projects (WIP) for the purpose of recognizing revenue for the year.

from the the year 2010-11, the Company has been following the "Percentage Completion Method" of accounting as per the Guidance Note on Revenue Recognition by the Real Estate Developers issued by The ICAI. The revenue / income from real estate sales is recognized as revenue when there is no significant uncertainty exists regarding the realization and it is not unreasonable to expect ultimate collection.

Total Sale Consideration as per the Agreements to Sale of constructed properties is recognized as Revenue based on the percentage of actual project cost incurred there on, including the cost of land, estimated construction and development cost of the such properties, subject to actual construction cost incurred being 25% or more of the total estimated cost of the construction of the project. However, when the total Project cost is estimated to exceed total revenues from the Project, the loss is recognized immediately.

Costs relating to construction / development are charged to the Profit and Loss Account in proportion with the revenue recognized during the year 2010-11. The balance costs are carried as part of 'Incomplete Projects' under Inventories. Amounts receivable / payable are reflected as Debtors / Advance from Customers, respectively after considering income recognized in the aforesaid manner.

The estimates of sales and costs are subject to change on the basis of prevailing market conditions and variations in market dynamics. Such change in estimates as revised periodically by the Management and are considered as change in estimate and accordingly, the effect of such changes to estimates is recognized in the period in which such changes are determined.

The retrospective effect to the change in accounting policy is not given, because such retrospective effect would have required the company to identify all incomplete projects that fulfilled the conditions specified in Guidance Note in the earlier reporting period and also to determine the stage of completion for all such projects in the earlier reporting period. The records required for such an exercise are not available. Hence earlier year results have not been restated to reflect change in revenue recognition policy.

Material events after December 31, 2011:

There is no material development after the date of the last financial statements disclosed in this Letter of Offer which is likely to materially and adversely affect or is likely to affect the trading or profitability of our company or the value of our assets, or our ability to pay our liabilities within the next twelve months.

RECENT DEVELOPMENTS DURING THE NINE MONTHS ENDED DECEMBER 31, 2011.

Income

Our total income for the nine month ended December 31, 2011 was ₹ 5237.34 lacs out of which income from sale of units was ₹ 3589.92 lacs. No income was generated from contract as there were none such contracts in which our company was engaged during this period. Income from trading was ₹ 801.71 lacs. Non-operating income earned during this period is ₹ 174.84 lacs which consist of interest earned on loans advanced, profit on sale of plot of land, dividend from investments made and discounts earned in normal course of business.

Expenditure

Our total expenditure for the nine months ended December 31, 2011 was ₹ 4106.89 lacs out of which cost of sale of units, Staff Cost, Administrative expenses, selling and distribution expenses were ₹ 3452.19 lacs, 139.11 lacs, ₹ 256.06 lacs and ₹ 172.57 lacs respectively. Financial expenses like interest, bank charges was ₹ 357.74 and provision for tax was made of ₹ 299.55 lacs.

Net profit after tax, as restated

Net profit after tax, as restated was ₹ 451.27 lacs for the nine months ended December 31, 2011.

COMPARISON OF THE FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED ON MARCH 31, 2010 AND MARCH 31, 2011

Income

Our total income increased by 300.80% from ₹ 2792.08 lacs in fiscal 2010 to ₹ 11190.68 lacs in fiscal 2011 on account of increase in income from construction and real estate operations and other income.

Income from Construction and Real Estate Operations: Our income from construction and real estate operation increased by 295.15% from 2762.44 Lacs for the fiscal year 2010 to ₹ 10915.77 Lacs for the fiscal year 2011. This was primarily due to the income from project sales amounting ₹ 6377.61 Lacs as the Company commenced its development activities towards the residential projects only in the late FY 2010 and the revenues were recognized only in the FY 2011. Further, our contract income increased from ₹1345.56 Lacs to ₹3642.58 Lacs primarily on account of completion of two road construction projects. Our Company also booked trading income only in FY 2011.

Other Income: Our other income increased by 827.50% from ₹ 29.64 Lacs in fiscal 2010 to ₹ 274.91 Lacs in fiscal 2011. This was primarily on account of interest income due to increase in loans advanced and fixed deposits with Banks. Apart from interest income we have also earned share of profit from Arihant Aksh LLP and discount received in normal course of business.

Expenditure

Our total expenditure increase by 300.5% from ₹ 2476.90 Lacs in fiscal 2010 to ₹ 9920.10 Lacs in fiscal 2011 as a result of new projects commenced and construction and other cost thereon, increase in project cost, contract expenses, cost of goods sold (trading), administrative cost, selling and distribution expenses, staff cost, directors' remuneration and miscellaneous expenses written off.

Project cost increased by 342.41% from 1065.19 Lacs in FY2010 to 4712.53 Lacs in FY2011. This was primarily on account of commencement of development of two residential projects in the late FY 2010 and early FY 2011. Hence, expenses incurred for development of residential units in the fiscal 2010 was comparatively very less.

Contract expenses rose by 189.21% from ₹ 1227.96 Lacs in the fiscal 2010 to ₹ 3551.34 Lacs in the fiscal 2011 as two road construction projects were executed during the FY 2011.

Purchase (trading): Purchase (trading) in the fiscal 2011 was ₹ 844.5 Lacs as compare to nil in 2010 as no such activity occurred in FY 2010.

Administration Expenses increased by 525.29% from ₹ 51.45 Lacs in fiscal 2010 to 321.71 Lacs in the fiscal 2011. This increase was primarily on account of compensation paid against cancellation of booked flats, computer expense, legal expenses incurred on purchase of land, TDRs, service tax (GTA), travelling expense, etc.. Apart from these, there is an increase in printing and stationary expenses, legal and professional fee, rent, rates and taxes, telephone expenses, travelling expenses, vehicle expenses and miscellaneous expenditure.

Staff Cost increased by 94.21% from ₹ 77.03 Lacs in fiscal 2010 to 149.60 Lacs in FY 2011. This is increase was primarily due to increase in staff on account of increase in projects undertaken, establishment of branch at Jodhpur during the FY 2011.

Selling and distribution expenses Increased by 587.92% from ₹ 45.30 Lacs in fiscal 2010 to 311.63 Lacs in fiscal 2011. This increase was primarily on account of increase in advertisement cost, business promotion, exhibition expenses and selling and distribution expenses.

Interest and Finance Charges increased by 52.15% from ₹ 112.89 Lacs in the fiscal 2010 to ₹ 171.76 Lacs in fiscal 2011. Our company had procured further secured loans for vehicles and its projects. Also, the company has availed certain unsecured loans during FY 2011. As a result, there is an increase in interest expenses, bank charges and loan processing fees.

Depreciation & Amortization: Depreciation and amortization increased by 511.11% from ₹ 2.61 Lacs in fiscal 2010 to 15.95 Lacs in fiscal 2011. This was primarily due to purchase of plant and machinery, vehicles, electronic equipments and computer software in FY 2011.

Prior Period Adjustment:-The Inter company adjustments of Interest paid of ₹ 147.51 Lacs by Subsidiaries Company to our Company pertaining to the period FY 2010-11 has resulted in reduction profit for FY 2010-11.

Net profit after tax as restated

Net profit after tax, as restated increased by 349.74 % from ₹ 131.25 Lacs for the fiscal 2010 to 590.28 Lacs for the fiscal 2011.

For the FY 2011, there was change in accounting policy for recognition of revenue which as explained in more detail on page no. 112.

COMPARISON OF THE FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED ON MARCH 31, 2010 AND MARCH 31, 2009

Our company was taken over by our existing promoters on September 26, 2008. The name of the company was changed from Shaktiman Constructions Limited to Arihant Superstructures Limited on August 26, 2009. Our Management came into power only in late FY 2010. Hence, in the fiscal year 2009, our Company had not undertaken any major business activity other than certain real estate contracts.

Income

Our total income increased from ₹ 7.78 Lacs in fiscal 2009 to ₹ 2706.47 Lacs in fiscal 2010 on account of commencement of residential projects and completion of certain real estate contracts in FY 2010. In FY 2009, the company earned only non-operational income.

Income from Construction and Real Estate Operations: Our income from construction and real estate operation increased from 'Nil' for the fiscal year 2009 to ₹ 2691.01 Lacs for the the fiscal year 2010. The two residential projects namely "Arihant Arham" and "Arihant Abhilasha" commenced only in FY 2010. Also, there was one road construction contract completed during the FY 2010.

Other Income: Our other income increased by 98.71% from ₹ 7.78 Lacs in FY 2009 to ₹ 15.46 Lacs in FY 2010. This was primarily on account of increase in interest income on loans advanced and fixed deposits with Banks.

Expenditure

Our total expenditure increased from ₹ 3.59 Lacs in fiscal 2009 to ₹ 2410.90 Lacs in fiscal 2010 as a result of incurrance of project cost and contract expenses and increase in administrative cost, selling and distribution expenses, staff cost, directors' remuneration and miscellaneous expenses written off.

Project cost increased from 'Nil' to ₹ 1,018.43 Lacs. This was primarily on account of commencement of development of residential projects only at the end of fiscal 2010.

Contract expenses rose from 'Nil' in fiscal 2009 to ₹ 1,227.96 Lacs in the fiscal 2010 as one road construction project was executed during the fiscal 2010.

Administration Expenses increased from ₹ 1.43 Lacs in fiscal 2009 to 40.34 Lacs in the fiscal 2010. This increase was primarily on account of sitting fees of directors, rent, telephone expense, conveyance expenses, vehicle expenses, electricity charges and increase in management remuneration, printing and stationary expenses, professional and legal fees and miscellaneous expenditure. Since there were no commercial activities undertaken in the fiscal 2009, administrative expenses were considerably less.

Staff Cost increased from ₹ 0.17 Lacs in fiscal 2009 to ₹ 71.40 Lacs in fiscal 2010. This was primarily on account of commencement of commercial activities and recruitments made accordingly.

Selling and distribution expenses: The selling and distribution expenses increased from 0.66 Lacs in fiscal 2009 to ₹ 42.96 Lacs in fiscal 2010. This increase was primarily on account of commencement two residential projects. As a result, business promotion and exhibition expenses were incurred along with increase in advertisement expenses.

Interest and Finance Charges: Interest and finance charges increased from 'Nil' in the fiscal 2009 to ₹ 93.67 Lacs in the fiscal 2010. This was primarily due to unsecured loan availed by the company and also availing a loan secured against motor cars of the company as result of which company has paid interest and bank charges.

Depreciation & Amortization: Depreciation and amortization increased from 'Nil' in fiscal 2009 to ₹ 2.60 Lacs in fiscal 2010. This was primarily due to purchase of plant and machinery, vehicles, electronic equipments, computer software and registration of trademark. The intangible assets i.e. computer software and trademark are amorised for the period of 5 years.

Net profit after tax as restated

Net profit after tax, as restated increased from ₹ 4.38 Lacs for the fiscal 2009 to ₹ 130.98 Lacs for the fiscal 2010 on account of reasons as explained above.

COMPARISON OF THE FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED ON MARCH 31, 2009 AND MARCH 31, 2008

During the FY 2008, our Company altered its main object to contructions and infrastructure projects. Prior to this, our Company was engaged in trading of variuos commodities. Due to this, the name of the company was changed from Shaktiman Mercentile Co. Ltd to Shaktiman Constructions Limited.

Income

Our total income decreased from ₹ 1231.93 Lacs in fiscal 2008 to ₹ 7.78 Lacs in fiscal 2009 as there was no commercial activity undertaken in the fiscal 2009.

Income from Construction and Real Estate Operations decreased from ₹ 1231.81 for the fiscal 2008 to 'Nil' for the fiscal year 2009 as there were no operations in the fiscal 2009.

Other Income: Our other income increased from ₹ 0.12 Lacs for the fiscal 2008 to ₹ 7.78 Lacs for the fiscal 2009 which consist of income from offering consultancy service.

Expenditure

Our total expenditure decreased from ₹ 1205.12 lacs for the fiscal 2008 to ₹ 3.59 lacs in fiscal 2009.

Project cost decreased from ₹ 681.73 Lacs for the fiscal 2008 to 'Nil' for the fiscal 2009 due to no commercial activity undertaken in the fiscal 2009.

Purchase(trading) decreased from ₹ 518.36 lacs for the fiscal 2008 to 'Nil' for the fiscal 2009. Till the financial year 2008, the company was engaged in the business of commodity trading. In the FY 2008 expenses incurred for purchase signifies cost of trading in steel. However, from the FY 2009, company shifted its business line. Hence the purchases (trading) are 'Nil' in FY 2009

Administration Expenses Decreased from ₹ 2.22 Lacs for the fiscal 2008 to ₹ 1.43 Lacs in fiscal 2009.

Staff Cost decreased from ₹ 2.79 Lacs in fiscal 2008 to ₹ 0.17 Lacs in fiscal 2009.

Selling and distribution expenses: The selling and distribution expenses increased from 'Nil' in fiscal 2008 to 0.66 Lacs in fiscal 2009. This was primarily on account of advertisement and publicity cost.

Net profit after tax as restated

Net profit after tax, as restated decreased from ₹ 18.84 Lacs in the fiscal 2008 to ₹ 4.38 Lacs in fiscal 2009.

Summary of Cash flow

The following table sets forth our cash flows for the years ended March 31, 2009, 2010 and 2011 and for the Nine months ended December 31, 2011:

Particulars	For the year ended on March 31			(₹ in Lacs)
	2009	2010	2011	For the Nine months ended December 31, 2011
	Stand Alone	Consolidated		
Net Cash generated from/(used in) Operating Activities	11.94	(1,340.96)	(7,544.35)	(2812.56)
Net Cash generated from/(used in) Investing Activities	-	(43.34)	(174.49)	(40.89)
Net Cash generated from/(used in) Financing Activities	-	1,493.24	7,647.96	2879.43
Net increase/(decrease) in Cash and Cash Equivalents	11.94	108.94	(70.88)	(25.98)

Cash Flows from Operating Activities

Net cash used in operating activities for the fiscal year 2011 was ₹ 7544.35 Lacs, consisting of net profit before tax as restated of ₹ 1082.94 Lacs as adjusted for, among other things, depreciation/amortization of ₹ 15.87 Lacs, interest income of ₹ 253.32 Lacs, profit from investment in LLP of ₹ 10.11 Lacs and miscellaneous expenses 14.99 Lacs and as further adjusted for an increase in inventories of ₹ 758.66 Lacs, an increase in trade receivables of ₹ 5993.52 Lacs and decrease in current liabilities of ₹ 1392.54 Lacs.

Net cash used in operating activities for the fiscal year 2010 was ₹ 1340.96 Lacs, consisting of net profit before tax as restated ₹ 199.68 Lacs as adjusted for, among other things, depreciation/amortization of ₹ 2.61 Lacs, interest income of ₹ 15.44 Lacs and miscellaneous expenses ₹ 6.37 Lacs, and as further adjusted for an increase in inventories of ₹ 1416.88 Lacs, an increase in trade receivables of ₹ 4696.67 Lacs and increase in current liabilities of ₹ 4636.70 Lacs.

Net cash generated from operating activities for the fiscal year 2009 was ₹ 11.94 Lacs consisting of net profit before tax as restated ₹ 4.19 lacs as adjusted among other things, miscellaneous expenses ₹ 0.02 lacs, increase in trade receivables of ₹ 1.47 lacs and increase in current liabilities of ₹ 8.88 lacs

Cash Flows from Investing Activities

Net cash used in investing activities for the fiscal year 2011 was ₹ 174.49 Lacs, primarily consisting of purchase of fixed assets of ₹ 226.72 Lacs and purchase of investment of ₹ 211.21 Lacs partially offset by income from investment in LLP of ₹ 10.11 and interest received of ₹ 253.32 Lacs.

Net cash used in investing activities for the fiscal year 2010 was ₹ 43.34 Lacs, primarily consisting of purchase of fixed assets of ₹ 55.07 Lacs and purchase of investment of ₹ 3.70 Lacs partially offset by interest income received of ₹ 15.44 Lacs.

Cash Flows from Financing Activities

Net cash generated from financing activities for the fiscal year 2011 was ₹ 7647.96 Lacs, primarily consisting of net proceeds of ₹ 1456.73 Lacs from issue of share capital and net proceeds from borrowings of ₹ 6278.55 Lacs partially offset by payment of dividend and dividend distribution tax of ₹ 87.32 Lacs.

Net cash generated from financing activities for the fiscal year 2010 was ₹ 1493.24 Lacs, primarily consisting of net proceeds of ₹ 1443.14 Lacs from issue of share capital and net proceeds from borrowings of ₹ 51.56 Lacs partially offset by payment of dividend and dividend distribution tax of ₹ 1.46 Lacs

Off-Balance Sheet Arrangements

Except for the contingent liabilities set forth below, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any transactions with unconsolidated entities, derivative contracts that are indexed to our shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements.

Contingent Liabilities

As on December 31, 2011, our Company is having following contingent liability:

The levy of MVAT under the Maharashtra Value Added Tax Act on under construction flats / units sold is challenged by Maharashtra Chamber of Housing Industry (MCHI - an association of builders in which the company is a member) by a writ petition in Bombay High Court (being tax writ petition no. 2022 of 2007). In case, the said liability is finally confirmed, the amount is recoverable from the Flat Owner.

INFORMATION REQUIRED AS PER ITEM (2) (IX) (E) (5) OF PART A OF SCHEDULE VIII TO THE SEBI REGULATIONS: AN ANALYSIS OF REASONS FOR THE CHANGES IN SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE IS GIVEN HEREUNDER:

Unusual or Infrequent Events or Transactions

Except as described in this LOF, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Significant economic changes that materially affected or are likely to affect income from continuing operations

Other than as mentioned under "Factors affecting our result of operation" in this chapter on page no. 157 we do not believe that there are any significant economic changes that materially affect or are likely to affect income from continuing operations.

Known Trends or Uncertainties

Other than as described in the section titled "Risk Factors" on page no. xi of this LOF, and in this section and elsewhere in this LOF, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on pages xi and 156 respectively, to our knowledge there are no future relationship between cost and income that have or had or are expected to have a material adverse impact on our operations and finances.

Extent of material increase in revenue due to increased operations and introduction of new products or services or increased prices

Changes in revenue during the last three fiscals are explained in this chapter under the sub-section titled "Factors affecting Our Result of Operations" on page no. 157.

Total Turnover of each major industry segments in which the Company operates

The Company is mainly into real estate development sector. Revelant industry data as available has been included in the chapter titled "Industry overview" beginning on page no. 35 of this LOF.

New Product or Business Segment

Other than as described in the section “Our Business” beginning on 41 to our knowledge, there are no new products or business segments.

Seasonality

Our results of operations do not generally exhibit seasonality. However, we may have variation in our financial results from the fiscal period to the fiscal period as a result of various factors, including those described under “– Factors Affecting Our Results of Operations” and “Risk Factors” on page no. 157 and xi respectively.

Competitive Conditions

We expect competition in the real estate development sector from existing and potential competitors to intensify. For further details, please refer to the discussions of our competition in the sections “Risk Factors” and “Our Business” beginning on pages xi and 41, respectively.

Dependence on single or few clients

Our Company’s operations are not dependent on a particular client or group of clients.

SECTION VI : LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigations, suits or civil proceedings, or criminal proceedings, or prosecutions or tax liabilities, irrespective of whether specified in Schedule XIII of the Act, against the Company or the Directors, or the Subsidiaries or the Promoters or Group Companies/Entities, and there are no defaults, non-payment or overdues of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues payable to holders of any debentures, bonds, or fixed deposits, and arrears on preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ and other offences (including past cases where penalty may or may not have been awarded) that would result in a material adverse effect on the business. None of the aforesaid persons/ companies is on RBI's list of willful defaulters. Except as discussed below, no disciplinary action has been taken by the SEBI/ Stock Exchanges against the Company, Directors of the Company and Promoters.

I. LITIGATION INVOLVING THE COMPANY

A. Cases filed against Our Company

Sr. No	Name of the Party	Case No. & Court/ Jurisdiction	Background	Current Status	Amount (in ₹)
1	Anil Kumar Dhandaria Appellant Vs M/s Shaktiman Mercantile Co. Ltd. Respondent	First Appeal No. 133 of 2002 in the Hon'ble High Court of Judicature at Bombay in B.C.C.C Summary Suit No. 7757/1993	Appellant received an amount of ₹ 25,000/- by way of loan for the Respondent on December 1998 at an agreed interest rate @ 18%p.a. Summary Suit No. 7757/1993 was filed by the Respondent (Plaintiff therein) on June 25, 1993 for realization of the said loan amount. Impugned order Decree and Judgment was passed on by the Hon'ble Judge on October 24, 2002. Appellant filed this appeal on January 3, 2003 and same was admitted on February 27, 2003	Matter is subjudiced before the Hon'ble High Court of Judicature at Bombay	60,051.00 (Plus interest @ 18% p.a)

B. Cases filed by Our Company

NIL

II. LITIGATIONS INVOLVING GROUP COMPANIES/ENTITIES

A. Cases filed against Group Companies/Entities

Sr. No	Name of the Party	Case No. & Court/ Jurisdiction	Background	Current Status	Amount (in ₹)
1.	1. Mr. Suresh Tukaram Mahskar 2. Mr. Manohar Sudam Mahskar 3. Mr. Santosh Dattu Mahskar 4. Mr. Gyaneshwar Harishchandra Madhvi 5. Mr. Ganesh Sudam	Suit No. 243/ 2009 before the Hon'ble Civil Judge, Panvel	Plaintiffs have filed the suit disputing construction of compound wall and other related aspect, such as sewage water drainage from/in Survey No 27, parts bearing nos 2A(1), 2A/3 & 2A/2, Mouje Koproli, Taluka-	Matter is subjudiced before the Hon'ble Civil Judge, Panvel	As per the market value or fair value of the land or as may be decided by the Hon'ble Civil Judge, Panvel. The ability of

Sr. No	Name of the Party	Case No. & Court/ Jurisdiction	Background	Current Status	Amount (in ₹)
	<p>Mahskar</p> <p>Having address at Khopoli, Taluka-Panvel, Dist. Raigad</p> <p>.....Plaintiffs</p> <p>Vs</p> <p>M/s Arihant Builders</p> <p>1. 302, Persepolis Building. Plot No.-74, Sector 17, Vashi, Navi Mumbai - 400703</p> <p>2. Mouje Koproli, Taluka-Panvel, Dist Raigad</p> <p>.....Defendants</p>		<p>Panvel, Dist.Raigad(“Said Land”) by the Defendant.</p>		<p>the Defendant to claim the right, interest & title over the Said Land may be restricted by the outcome of the order in respect of the suit.</p>

B. Statutory Liability/ Dues against Group Company

Sr. No	Title of the Case	Name & address of Court/ authority/ jurisdiction	Background	Current Status	Amount (₹ in lacs)
1	<p>MH/PF/VSH/7A Cell/Enf/Circle-I/116601/3093</p> <p>M/S Arihant Enterprises, 302, Perispolis Building. Plot No.-74, Sector 17, Vashi, Navi Mumbai - 400703</p>	<p>Before the Assistant. P.F Commissioner, Sub Regional Office, Vashi</p>	<p>Memo has been served to the M/s. Arihant Enterprise by Assistant. P.F Commissioner, Sub Regional Office, Vashi under section 7A EPF & MP Act, 1952 on account of non appearance before the said authority on September 24, 2010.</p>	<p>Pending before the Assistant. P.F Commissioner, COMPL. CIR.I, SRO, Vashi Last date: August 5, 2011</p>	<p>As may be decided by the Assistant P.F Commissioner under the provision of the employees Provident Fund and Miscellaneous Provisions Act , 1952.</p> <p>The amount of claim can not be quantified.</p>

C. Cases filed by the Group Companies/Entities
NIL

d) Show Cause Notice

A “Show Cause Notice” vide Letter No. ROC/Co. No. 11-187732/DN/ 749 ” dated March 13, 2012 has been issued by the Registrar of Companies, Mumbai, Maharashtra, to one of our subsidiaries, Arihant Vatika Realty Private Limited and our promoters, Mr. Ashok Chhajjer and Mrs. Sangeeta Chhajjer, in their capacity as directors in the subsidiary company. The said show cause notice is issued for the

contravention of Section 159/160, 166 and 210 of the Companies Act, 1956 for non filing of Annual Return and Annual Report for the FY 2011, by the subsidiary. The said notice also states that, in case the company has already filed the Annual Return and Annual Report, the same shall be intimated to ROC.

The subsidiary company has filed the relevant forms (i.e. XBRL Form 23AC & ACA on April 02, 2012 and Form 20B on November 29, 2011) with ROC. The filing of XBRL Form 23AC & ACA was made only on April 02, 2012 due to certain technical difficulties, and has intimated the same to ROC vide its Letter dated April 4, 2012.

III. LITIGATIONS INVOLVING THE PROMOTERS / DIRECTORS

- A. Cases filed against the Promoters / Directors - NIL
- B. Cases filed by the Promoters / Directors – NIL

Show Cause Notice:- Except as stated litigation under the Group Companies, our directors/promoters have not received any show cause notice from any regulatory/statutory authorities.

IV. PAST PENALTIES IMPOSED ON OUR COMPANY

Except as stated below, there is no instance of past penalties on our Company as on date of the LOF:

In past, SEBI issued a Show Cause Notice to our Company for non-compliance of regulations 6(2) and 6(4) for the year 1997 and regulation 8(3) for the financial year 1998 to 2005 and 2007, under the Takeover Code. Subsequently the Adjudicating officer was appointed to inquire into and adjudge under section 15A(b) of the SEBI Act. After taking into consideration all the facts and circumstances, the Adjudicating Officer imposed monetary penalty of ₹ 1,00,000 on our Company in respect of alleged violation. Our company has paid the said penalty.

V. AMOUNTS OWED TO SMALL SCALE UNDERTAKINGS

None of the persons selling goods and materials and/or rendering services as claimed to be small-scale undertaking, as on December 31, 2011.

Except as given below there is no creditors whom our company owes sum exceeding ₹ 1.00 Lacs which outstanding more than thirty days as on December 31, 2011.

Sr. No	Particulars	Amount (₹ in Lacs)
1.	Fenesta Building Systems	12.33
2.	Gamut Infosystems Ltd.	1.47
3.	Kajaria Ceramics Ltd.	2.71
4.	King Bricks & Sand Suppliers	4.20
5.	Md.Abbas Mohd. Hussian Patel	108.39
6.	Mohd.Afzal Mohd. Hussian Patel	101.50
7.	Klaus Waren Fixtures (P) Ltd.	107.2
8.	Vanjari Khan Kamgar Sahakari Majur Sanstha Ltd.	1.65
	TOTAL	339.45

VI. DEFAULTS

The Company reports no defaults outstanding in meeting statutory dues, institutional dues and towards instrument holders like debentures, fixed deposits etc.

VII. MATERIAL DEVELOPMENTS

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section 'Management's Discussion and Analysis of Financial Condition And Results Of Operations' on page 161 of the Letter of Offer.

GOVERNMENT AND OTHER APPROVALS

As per Notification No. FEMA 20 / 2000 - RB dated May 03, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs under Rights Issue shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

Company has the necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by our Company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities, and those mentioned under the heading risks envisaged.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, Company can undertake the proposed Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue its business activities.

APPROVALS FOR THE ISSUE

1. In- principle approval from the BSE dated March 05, 2012, Letter No. DCS/PREF/NTP/IP-RT/832/2011-12
2. The Board of Directors has, pursuant to a resolution dated August 11, 2011 authorized the Issue.
3. The shareholders of our Company have, pursuant to a resolution dated September 26, 2011 under section 81(1) of the Companies Act, authorized the Issue by way of postal ballot.

APPROVALS/LICENSES/ PERMISSION RECEIVED FOR THE COMPANY'S BUSINESS:

Sl.No.	Nature of Registration/ License	Registration/ License No.	Issuing Authority	Date of Issue/ Renewal
1	Certificate of Incorporation	CIN – L51900MH1983PLC029643	Registrar of Companies	March 26, 1983
2	Certificate of Commencement of Business	29643	Registrar of Companies	March 26, 1983
3	Certificate of Registration	FS 563112	BSI – Quality Management Systems ISO 9001:2008	July 04, 2010

Taxation and Other Registration:

Sr. No	Name of the Registration	License/ Registration No.	Name of the Issuing Authority / Department
ARIHANT SUPERSTRUCTURES LTD			
1	PAN No.	AABCS1848L 26/03/1983	Income Tax Department
2	TAN No.	MUMS40806D 05/08/2004	Income Tax Department
3	Service Tax No.	AABCS1848LST001 23/08/2007	Service Tax Department
4	Professional Tax No. Employees	27380624225P 27/10/2007	Sales Tax Department
5	Professional Tax No. Company	99921609042P 28/10/2007	Sales Tax Department
6	VAT TIN No.	27380624225V 06/08/2007	Sales Tax Department
7	CSTTINNo.	27380624225C 06/08/2007	Sales Tax Department
8	Import & Export Code	0311029175 29/07/2011	Ministry of Commerce
ARIHANT ABODE LTD			
1	PAN No.	AAICA0612R 07/11/2009	Income Tax Department
2	TAN No.	MUMA36224G	Income Tax Department
3	Import & Export Code	031008897624/03/2011	Ministry of Commerce
ARIHANT VATIKA REALTY PVT. LTD.			
1	PAN No.	AAHCA4707G 23/10/2008	Income Tax Department

2	TAN No.	MUMA34193F 09/01/2009	Income Tax Department
ADESHWAR REALTY PVT. LTD.			
1	PAN No.	AAGCA2502A 20/12/2006	Income Tax Department
2	TAN No.	MUMA29198B	Income Tax Department
ARIHANT GRUHNIRMAN PRIVATE LIMITED			
1	PAN No.	AAJCA0860C 19/12/2010	Income Tax Department

APPROVAL FOR THE PROJECT UNDER THE OBJECT OF THE ISSUE

Sr. No.	Project name & location	Approvals/Per mission Taken	Issuing Authority	Reference no & date of issue
ARIHANT SUPERSTRUCTURES LTD				
1	Arihant Agrima – PPP Project with Government of Rajasthan at Jodhpur under affordable housing policy 2009, for which our company is raising funds through Rights Issue. For details, please refer page no. 23 of chapter titled “Objects of the Issue”	Under an Agreement with Jodhpur Development Authority, Jodhpur Approval of Plan from Jodhpur Development Authority, Jodhpur Work order by Jodhpur Development Authority, Jodhpur	Jodhpur Development Authority	L.No. F-37/DIR (P)/JDA/2011/1988(K) for Agreement entered with JDA dated January 10, 2011 L.NO. F-37/DTP/JDA/TAMIR/10/311 dated 22/02/2011 L.NO. F/46/ALLOT/JDA/JU/11/10013 dated 14.03.2011

As on date there is no approval pending specific to the project that proposes to utilize the issue proceeds.

APPROVAL FOR ON-GOING AND PLANNED PROJECTS BY THE COMPANY AND ITS SUBSIDIARIES ARE AS FOLLOWS:

Sr. No.	Project name & location	Approvals/Permiss ion Taken	Issuing Authority	Reference no & date of issue
ARIHANT SUPERSTRUCTURES LTD				
1	Arihant Arham, Panvel	Non Agriculture and Approvals of Plan	Collector of Raigad, Alibaug	S.No./Land/A-2/220074/10 Dated 19/05/2010
		Non Agriculture and Approvals of Plan	Collector of Raigad, Alibaug	S.No./L.N.A.1(B)/A.K. 166/2009 dated 26/02/2010
2	Arihant Abhilasha, Kharghar	Commencement Certificate and Approvals of Plan	CIDCO	REF No. CIDCO/ATPO/2542 dated March 25, 2011
3	Arihant Amodini, Taloja Road	Commencement Certificate and Approvals of Plan	CIDCO	Ref. no. CIDCO/ATPO//1398 dated 18 October, 2011
4	Arihant Adita, Jodhpur	Plan approved by Jodhpur Development Authority, Jodhpur	Jodhpur Development Authority	L. No. C/109/11 dated 13.06.2011

Sr. No.	Project name & location	Approvals/Permission Taken	Issuing Authority	Reference no & date of issue
6	Arihant Ayati, Jodhpur	(Under Planning Stage)		
7	Arihant Aaroohi, Padle , Thane	(Under Planning Stage)		
ARIHANT ABODE LIMITED (SUBSIDIARY)				
8	Arihant Akanksha, Palaspe, Panvel	Location Clearance	MMRDA	L.No. MMRDA /RHD/RHS – 113/11/145 dated April 05, 2011
		Grahmpanchayat NOC	Grahmpanchayat, Palaspe	Dated June 27, 2011
		NOC for Height Clearance	Airport Authority of India	L.No. BT-1/NOCC/CS/MUM/11/ NM/12/2523-25 dated July 15, 2011
ARIHANT VATIKA REALTY PVT. LTD. (SUBSIDIARY)				
9	Arihant Anmol, Jouvelli, Badlapur	(Under Planning Stage)		

PENDING APPROVALS WHERE APPLICATIONS ARE ALREADY MADE

On-going project:

Project Name	Description of Approval	Authority	Date of Application
ARIHANT SUPERSTRUCTURES LTD			
Arihant Adita	Environment clearance	Secretariat of State Level Expert Appraisal Committee (SEAC), SEIAA, Environment Department, Rajasthan.	09/09/2011

Planned/ Upcoming projects:

Project Name	Description of Approval	Authority	Date of Application
ARIHANT ABODE LIMITED (SUBSIDIARY)			
Arihant Akanksha	Non Agricultural	Collector Raigad	Acknowledgement Token No. 3987 dated 28/02/2011
	Environmental clearance	SEAC, Environment Department, Mumbai	25/10/2010
ARIHANT VATIKA REALTY PVT. LTD. (SUBSIDIARY)			
Arihant Anmol	Non Agricultural	Badlapur Municipal Corporation	07/10/2011
ARIHANT SUPERSTRUCTURES LTD			
Arihant Aaroohi	Approval of Plans	Thane Municipal Corporation	02/01/2012 bearing no. 46573
Arihant Ayati	Approval of Plans	Jodhpur Nagar Nigam	18/11/2010

PERMISSIONS/APPROVALS YET TO BE APPLIED

On-going project:

As on the date of Letter of Offer there is no permission or approval yet to be applied for on going projects.

Planned/ Upcoming projects:

As on date of Letter of Offer there is no permission or approval yet to be applied for the Planned/ Upcoming projects except as stated below :-

Project Name	Description
ARIHANT ABODE LIMITED (SUBSIDIARY)	
Arihant Aaroohi	Non Agricultural (To be made after the Plans are approved)

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to the resolution passed by the Board of Directors of the Company at their meetings held on August 11, 2011 and also the resolution passed by the members of the Company by way of Postal Ballot, result of which declared on September 26, 2011, it has been decided to make the Issue to the Eligible Equity Shareholders of the Company, with a right to renounce. The Board of Directors determined the Rights Issue price at ₹ 12/- per equity share and a rights entitlement of ONE Equity Share for every TWO fully paid-up Equity Shares held on the Record Date, i.e. on, May 02, 2012.

PROHIBITION BY SEBI

Neither our Company, nor its Directors or its Promoter or Promoter Group or Group Companies/Entities, or companies with which our Company's Directors are or were associated with as directors or promoter or person in control of company, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Further, none of the directors or person(s) in control of the Promoter have been prohibited from accessing the capital market under any order or direction passed by SEBI.

PROHIBITION BY RBI OR GOVERNMENT AUTHORITIES

Our Company, Directors, Promoters, the relatives (as defined under the Companies Act) of our Promoters, the Promoter Group, Group Companies/Entities in which our Directors, Promoters are associated as directors or promoter have not been declared as wilful defaulters by RBI or any other governmental authorities.

ELIGIBILITY FOR THE ISSUE

Our Company is eligible for this Issue in terms of Regulation 4(2) of the SEBI (ICDR) Regulations, 2009.

(a) Neither our Company, nor its Promoters and the members of the Promoter Group, nor the Directors or persons in control of the Company have been debarred from accessing the capital market by the SEBI;

(b) The Directors, Promoters and the persons in control of the Company were not and are not associated as directors or promoters or persons in control of any other company which is debarred from accessing the capital markets under any order or directions made by the SEBI;

(c) The Company has applied to the BSE for obtaining its in-principle listing approval for listing of the Equity Shares under this Issue and has received same from the BSE pursuant to the letter No DCS/PREF/NTP/IP-RT/832/2011-12 dated March 5, 2012;

(d) Our Company has entered into agreements dated November 13, 2009 and November 23, 2009 with NSDL and CDSL, respectively for dematerialization of our Equity Shares;

(e) The Equity Shares are fully paid-up and there are no partly paid-up equity shares as on the date of filing this Letter of Offer; and

(f) Our Company proposes to meet all the requirement of funds for the objects as stated in "Objects of the Issue" entirely from the Proceeds of the Issue and internal accrual. No amount is required to be raised through means other than this Issue for financing the same. Accordingly, there is no requirement for the Company to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the issue excluding internal accruals.

Compliance with Part A of schedule VIII of SEBI Regulations

The Company is in compliance with part A of schedule VIII of SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, DALMIA SECURITIES PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ICDR) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, DALMIA SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 8, 2011, WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**

- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT LETTER OF OFFER – NOT APPLICABLE.
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT LETTER OF OFFER – NOT APPLICABLE.
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT RRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL COMPANY AND SHALL BE ELEASD TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE WILL FURTHER CONFIRM THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

- (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

CAUTION/ DISCLAIMER CLAUSE OF OUR COMPANY AND LEAD MANAGER

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and our Company shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports *etc.* after filing of this Letter of Offer with SEBI.

Investors who invest in the Issue will be deemed to have represented to the Company and Lead Manager and their respective Directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

SELLING RESTRICTIONS

The distribution of this Letter of Offer and the Issue of Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform them about and observe such restrictions. Our Company is making this Issue of Rights Equity Shares to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this LOF has been filed with SEBI for observations. Accordingly, the Rights Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the LOF may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the Issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer.

Neither the delivery of this Draft Letter of Offer and / or the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purposes of this Issue is BSE.

DISCLAIMER CLAUSE OF THE BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of the Draft Letter of Offer, is as follows

Bombay Stock Exchange Limited ("the Exchange") has given vide its letter dated March 5, 2012, permission to this company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner;

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- ii. warrant that this company's securities will be listed or will continue to be listed on the Exchange; or
- iii. take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

A copy of the Draft Letter of Offer has been filed with SEBI, the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations and Bombay Stock Exchange Ltd., (BSE) (Designated Stock Exchange) Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai (BSE). All legal requirements applicable till the date of filing this Draft Letter of Offer with the Stock Exchange have been complied with.

After SEBI observations, the final Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the Companies Act, 1956, listing agreement and other applicable regulations.

LISTING

The existing Equity Shares are listed on the BSE. Our Company has made an application to BSE for permission to deal in and for an official quotation in respect of the securities being offered in terms of this Letter of Offer. Our Company has received in-principle approval from the BSE vide letter No DCS/PREF/NTP/IP-RT/832/2011-12 dated March 5, 2012. Our Company will apply to BSE for listing of Right Issue Equity Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchange mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

DEMATERIALIZED DEALING

The Equity Shares of Our Company are traded in the demat segment. Our Company has entered into a tripartite agreement dated November 13, 2009 with the National Securities Depository Ltd. (NSDL) and Adroit Corporate Services Pvt. Limited for dematerialisation of the Equity Shares of Our Company. Our Company has also entered into a tripartite agreement dated November 23, 2009 with the Central Depository Services Limited (CDSL) and Adroit Corporate Services Pvt. Limited for dematerialization of the Equity Shares of our Company. The ISIN No. granted to the equity shares of our Company is INE643K01018.

CONSENTS

The written consents of the Promoters, the Directors, our Company Secretary and Compliance Officer, the Auditor, the legal advisors, Registrar to the Issue, Banker to the Company, the Lead Manager, Bankers to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the Letter of Offer with Stock exchange and have agreed that such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with Stock Exchange.

The Auditors of our Company have given their written consent for the inclusion of their Report in the form and content as appearing in this Letter of Offer and also the tax benefits accruing to our Company and its members and such consents and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchange.

To the best of our knowledge there are no other consents required for making this Issue. However, should the need arise; the necessary consents shall be obtained by us.

EXPERT OPINION, IF ANY

Except stated below, there is no expert opinion has been obtained by our Company in relation to this Letter of Offer.

M/s T. N. Gala & Associates, Chartered Accountant & our statutory auditors in respect of “Financial Statements” and “Statement of Tax Benefits” mentioned on page 106 and 29 of this Letter of Offer.

M/s Ambike Consultants, Government Registered Valuer, in respect of valuation report no. AC/Val/Koprol/Raigad/2009/454 dated August 14, 2009 obtained by our company in connection with land purchased (located at Gat. No. 25/2 & Hissa no. 2 and Gat. No. 27 & hissa no. 2A/1, 2A/2 & 2A/3, Village Koprol, Tal-Panvel, Dis- Raigad) from promoters group entities.

FEES PAYABLE TO THE LEAD MANAGER TO THE ISSUE

The fee payable to the Lead Manager to the Issue is set out in the engagement letter issued by our Company to the Lead Manager and Memorandum of Understanding entered into by our Company with the Lead Manager, copies of which are available for inspection at the Registered Office of our Company.

FEES PAYABLE TO THE REGISTRARS TO THE ISSUE

The fee payable to the Registrars to the Issue is as set out in the agreement executed between our Company and the Registrar to the Issue, copy of which is kept open for inspection at the Registered Office of our Company.

FEES PAYABLE TO THE SCSBS

The total fees payable to the SCSBs will be as per the memorandum of understanding among the Registrar to the Issue, our Company and the SCSBs, for the services rendered in uploading and processing the ASBA, a copy of which will be made available for inspection at our Corporate Office.

BROKERAGE AND SELLING COMMISSION

No brokerage and selling commission will be paid for this Issue.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, lead management fees, printing and distribution expenses, legal fees, advertisement cost, registrar fees, depository charges and listing fees. The total Issue expenses are estimated to be approximately ₹ 30 lacs as per the following break-up:

Particulars	Amount (₹ in Lacs)	As a Percentage of total Expenditure	As a Percentage of Issue Size
Lead Management fees, Legal Advisors and Other fees	19.00	63.33	1.15
Advertisement and marketing expenses	2.86	9.53	0.17
Printing & Distribution (including courier and transportation charges)	2.20	7.30	0.13
Others (Registrar's fees, Listing Charges, SEBI Fees, Taxes etc.)	2.42	8.07	0.15
Misc. Expenses	3.52	11.73	0.21
Total	30.00	100	1.82

PREVIOUS ISSUES BY OUR COMPANY DURING THE LAST TEN YEARS

Our Company has issued 1,46,91,000 Equity Shares of ₹ 10/- each for cash at par on rights basis to the existing equity shareholders of our Company in the ratio of 59 (Fifty Nine) Equity Shares for every 1 (One) Equity Shares held. The details of the rights are given below:-

1	Closing Date	March 23, 2010
2	Date of Listing on the recognized stock exchange	April 01, 2010
3	Date of Dispatch of certificate/credit to NSDL/CDSL	March 29, 2010/March 30, 2010
4	Date of Refund	March 26, 2010
5	Rate of Dividend	Please refer chapter titled "Dividend Policy" on page no. 104

Our company has issued 12499994 Equity Share of ₹ 10/- for cash at ₹ 12 (incl. ₹ 2 as premium) to promoters and non-promoters on preferential basis.

1	Date of Allotment	June 20, 2010
2	Date of Listing on the recognized stock exchange	July 16, 2010
3	Rate of Dividend	Please refer chapter titled "Dividend Policy" on page no. 104

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES

No Underwriting, Brokerage and selling Commission has been paid on previous issues.

PARTICULARS IN REGARD TO THE ISSUER AND OTHER LISTED GROUP- COMPANIES/ SUBSIDIARIES/ASSOCIATES WHICH MADE ANY CAPITAL ISSUE DURING THE LAST TEN YEARS SHALL BE GIVEN:

Promise vis-à-vis Performance

A. ISSUER

Our Company came out with a Rights Issue of 14,691,000 Equity Shares of ₹ 10/- each at par in the ratio of 59 Equity Shares for every 1 Equity Shares held on the record date i.e. 5th March, 2010. The issue opened on 9th March, 2010 and closed on 23rd March, 2010. The object of the Issue was to acquire land and land developmet rights and develop real estate business and general corpotare purpose

Schedule of deployment of funds raised through the rights issue in financial year 2009-10:-

Particulars	2009-10		2010-11	
	Promised in the letter of offer dated February 23, 2010	Actual deployment	Promised in the letter of offer dated February 23, 2010	Actual deployment
Acquisition of land and land developmet rights and development of real estate	1425	1444.65**	0	NA*
General Corporate purposes	10	0	10	0
Issue Expense	24.10	24.45	0	NA
Total	1459.10	1469.10	10	0

* The Company has utilised ₹ 1469 Lacs raised by way of Right Issue in the financial year ended March 31, 2010 itself. Hence, no funds were remaining in the financial year ended March 31, 2011 for utilisation.

** General corporate purposes fund of ₹ 20 lacs in total (summing amount allocated in FY2010 and FY2011) was consumed in the acquisition of land, land development rights, development of real estate.

B. LISTED GROUP- COMPANIES/ SUBSIDIARIES/ASSOCIATES:

None of our group companies/subsidiaries/associates are listed on any stock exchange.

DATE OF LISTING ON THE STOCK EXCHANGE

The Equity Shares of our Company were listed on BSE w.e.f July 5, 1984.

STOCK MARKET DATA

For details on stock market data please refer to the chapter titled “Stock Market Data For Equity Shares of Our Company” on page 154 of the Letter of Offer.

LISTING ON THE STOCK EXCHANGE

The Equity Shares of our Company are listed on BSE.

ISSUES FOR CONSIDERATION OTHER THAN CASH

Our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves.

INVESTORS GRIEVANCES REDRESSAL SYSTEM FOLLOWED BY OUR COMPANY

Our Company has adequate arrangements for redressal of Investor complaints. Well-arranged correspondence system developed for letters of routine nature. Our registrar and share transfer agent is handling the share transfer and dematerialization for our Company. Letters are filed category wise after having attended to. Redressal norm for response time for all correspondence including shareholders complaints is within 10 days.

Constitution of Shareholder's and Investor's Grievance Committee

The Shareholders' Grievance Committee comprises of 3 Independent Non-Executive Directors. The members of the committee are:

Name of Director	Category	Status
Mr. Virendra Kumar Mital	Independent Non-Executive Director	Chairman
Mr. Dineshchandra Babel	Independent Non-Executive Director	Member
Mr. Vinayak Nalavade	Independent Non-Executive Director	Member

Infrastructure

Our Company is well-equipped with adequate numbers of computers and man power to handle investor's complaints.

i) Share Transfer Mechanism

The share transfers received in physical form are processed and dispatch through Registrar and Share Transfer Agent, within thirty days from the date of receipt, subject to the documents being valid and complete in all respects. The share certificates duly endorsed are returned immediately to the shareholders by RTA. The details of transfers/transmission so approved, is placed before the Share Transfer Committee for its confirmation. Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificate on half – yearly basis confirming due compliance of share transfer formalities by the Company, certificates for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary have been submitted to The Bombay stock exchange within stipulated time.

The contact details of our Registrar and Share Transfer Agent are as follows:

Adroit Corporate Services Pvt. Limited

19/20, Jaferbhoy Industrial Estate, 1st Floor

Makwana Road, Marol Naka,

Andheri (East) Mumbai 400 059

Tel: +91-42270400/ 28594060

Fax: +91 -28503748

E-Mail: arihant_ri@adroitcorporate.com

Website: www.adroitcorporate.com

Contact person: Surendra V. Gawade

STATUS OF COMPLAINTS

Particulars	As on March 28, 2012	From April 1, 2011 to March 28, 2012	2011	2010	2009
Total number of complaints received during the FY March 31	Nil	1	2	2	Nil
Total number of complaints resolved during the year	Nil	1	2	2	Nil
Number of shareholders complaints outstanding	Nil	Nil	NIL	Nil	Nil

Time normally taken for disposal of various types of Investor grievances is 10 days.

INVESTOR GRIEVANCES ARISING OUT OF THIS ISSUE

Our Company's Investor grievances arising out of the Issue will be handled by Mr. Manoj Dhariwal, Compliance Officer, Company Secretary and Adroit Corporate Services Pvt. Limited, who are the Registrars to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate / warrant / refund order to enable the Registrar to redress grievances of the Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first Investor, number and type of shares applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact our Company Secretary and Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc.

Mr. Manoj Dhariwal, Compliance Officer & Company Secretary
Arihant Superstructures Limited
302, Persipolis, Plot No 74,
Sector 17,
Vashi, Navi Mumbai 400 704
Navi Mumbai 400 703
Tel: +91- 4111 3333
Fax: +91-022 27882946
E-Mail: cs@asl.net.in

OUTSTANDING DEBENTURES OR BONDS

As on the date of filing of this Letter of Offer, our company does not have any outstanding Bond/Debenture Issue.

OUTSTANDING PREFERENCE SHARES

As on the date of filing of this Letter of Offer, our Company does not have any outstanding preference shares.

OPTION TO SUBSCRIBE

Other than the proposed Rights Issue, our Company has not given any person any option to subscribe to the Equity Shares of our Company.

CHANGES IN AUDITORS DURING THE LAST THREE YEARS

Our Company has appointed M/s T.N. Gala & Associates, Chartered Accountants as the statutory auditors of the Company for the year FY 2009-10 in place of M/s J.K. Lahoti & Co., Chartered Accountants vide ordinary resolution dated September 12, 2009 at the AGM of our Company held on that date. .

CAPITALISATION OF RESERVES OR PROFITS

Our Company has not capitalized any of its reserves or profits for the last five years

REVALUATION OF FIXED ASSETS

There has been no revaluation of our Company's fixed assets for the last five years

ISSUE SCHEDULE

Issue Opening Date	Friday, May 11, 2012
Last date for receiving requests for split forms	Friday, May 18, 2012
Issue Closing Date:	Friday, May 25, 2012

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION VII – TERMS AND PROCEDURE OF THE ISSUE

The Rights Equity Shares, proposed to be issued, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the CAF, the ASBA form, the Memorandum and Articles of Association of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in FEMA, approval from Stock Exchange where our Equity Shares are listed, guidelines and regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIB applicants and Non Institutional Investors, must participate in the Issue only through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 194 below.

Authority for the Issue

The Rights Issue has been approved by our Board of Directors at their meetings held on August 11, 2011 and our shareholders by postal ballot, the results of which were announced on September 26, 2011 with the right to renounce.

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in electronic form and on the Register of Members of our Company in respect of the Equity Shares held in the physical form at the close of business hours on the Record Date i.e. Wednesday, May 02, 2012, fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in electronic form or appears in the Register of Members as an Equity Shareholder on the Record Date, you are entitled to the number of Rights Equity Shares shown in Block I of Part A of the enclosed CAF.

Rights entitlement on shares held in the pool account of the clearing members on the Record Date shall be considered, and such claimants are requested to:

- a. Approach the concerned depository through the clearing member of the Stock exchange with requisite details; and

b. Depository in turn should furnish details of the transaction to the Registrar to the Issue only upon receipt of the aforesaid details, rights entitlement of the claimants shall be determined.

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of Equity Shares on a rights basis to the Equity Shareholders and this Letter of Offer, Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India. Any person who acquires Rights Entitlements or Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES

Face value

Each Rights Equity Share shall have a face value of ₹10/-.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 12/- each, 1.2 times of the face value.

Payment terms

Full amount of ₹ 12/- per share is payable on Application.

Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of ONE Rights Equity Share for every TWO Equity Shares held on the Record Date.

Fractional Entitlements

For Equity Shares being offered on a rights basis under this Rights Issue, if the shareholding of any of the Equity Shareholders is less than TWO equity shares or not in the multiple of TWO, then the fractional entitlement of such Equity Shareholders shall be ignored.

Those Equity Shareholders holding less than TWO equity shares and therefore entitled to zero Equity Shares under this Issue and shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

Equity Shareholders whose fractional entitlements are being ignored and those entitled to zero Equity Shares would be given preferential allotment of ONE additional Equity Share each if they apply for additional Equity Shares as per the Basis of Allotment mentioned on page 202 of this Letter of Offer. For example, if an Equity Shareholder holds less than TWO equity shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of ONE additional Equity Share if he has applied for additional shares.

Ranking of Equity Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company. The Equity Shares allotted in this Issue, shall be *pari passu* with the existing Equity Shares in all respects including dividend. For more details see section titled “Main Provisions of the Articles of Association” beginning on page 216 of this Letter of Offer.

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is 1 (one) Equity Share. In case of holding of Equity Shares in physical form, Our Company would issue to the allottees 1 (one) certificate for the Rights Equity Shares allotted to each folio (“Consolidated Certificate”). In respect of consolidated certificates, Our Company will upon receipt of a written request from the respective holder of Equity Shares, split such consolidated certificates into smaller denominations within three weeks time from the receipt of the request in respect thereof.

Arrangements for Disposal of Odd Lots

Our Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 (One) share. Therefore there would not be any odd lots generated at the time of allotment.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association of our Company.

Nomination

In terms of Section 109A of the Companies Act, the nomination facility is available in case of the Rights Equity Shares. The Investors can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Eligible Equity Shareholder or the first named Eligible Equity Shareholder, along with other joint Eligible Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Rights Equity Share(s), in the event of death of the said Eligible Equity Shareholder(s), during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share(s) is held by two or more Eligible Equity Shareholders, the nominee shall become entitled to receive the amount only on the demise of all the Eligible Equity Shareholders. Fresh nominations can be made only in the prescribed form available on request at the registered office of our Company or such other person at such addresses as may be notified by our Company. The Investors can make the nomination by filling in the relevant portion of the CAF. Only one nomination would be applicable for one folio. Hence, in case the Eligible Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either: (a) to register himself or herself as the holder of the equity shares; or (b) to make such transfer of the equity shares, as the deceased holder could have made. Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

In case the allotment of Rights Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participant ("DP") of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Rights of our Equity Shareholders

Subject to applicable laws, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights,

dividends, forfeiture, lien, transfer and transmission, and / or consolidating / splitting, please refer to the section titled “Main Provisions of the Articles of Association” beginning on page 216 of this Letter of Offer.

Mode of payment of Dividend

We shall pay dividend to our Equity Shareholders as per the provisions of the Companies Act.

Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting

Except as stated in articles of association of our Company, there is no restriction on transmission of shares or debentures.

Option to receive equity shares in dematerialized form

Applicants to the Equity Shares, other than an ASBA Investor, issued through this Issue shall be allotted the securities in dematerialized (electronic) form at the option of the applicant. ASBA Investors shall be allotted the securities only in dematerialized form. Our Company signed a tripartite agreement with National Securities Depository Limited (NSDL) on November 13, 2009 and with Central Depository Services (India) Limited (CDSL) on November 23, 2009 which enables the Investors to hold and trade in securities in a dematerialized form, instead of holding the securities in the form of physical certificates.

Listing and trading of Equity Shares proposed to be issued

Our Company’s existing Equity Shares are currently listed and traded on BSE (Scrip Code: 506194) under the ISIN - INE 643K01018. The listing and trading of the Rights Issue Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

Our Company has made an application for “in-principle” approval for listing of the Rights Issue Equity Shares respectively to BSE through letters dated December 09, 2011 and has received such approval from BSE through letter vide no.DCS/PREF/NTP/IP-RT/832/2011-12, dated March 05, 2012. Our Company will apply to BSE for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken within seven working days from the finalisation of the basis of allotment. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE under the existing ISIN for fully paid up Equity Shares of our Company.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation, and one Regional daily with wide circulation in Marathi daily and/or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares from time to time.

Minimum Subscription

If Our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within eight days from the date Our Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the refusal by the Stock Exchange (s), whichever is earlier) our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under sub-section (2) and (2A) of Section 73 of the Companies Act.

Our Promoters, Mr. Ashok Chhajer and Ms. Sangeeta Chhajer, *vide* their Letter dated December 05, 2011 confirmed that Promoters and Promoter Group intend to subscribe to the full extent of their Rights Entitlement in the Issue.

The Promoters also reserve their right to apply for additional Rights Equity Shares. In addition to the subscription to the Rights Equity Shares as stated above, in case the Issue is undersubscribed, our Promoters intends to subscribe, either directly or through any of the entities controlled by them, the unsubscribed portion at least upto the minimum subscription of 90% of the Issue size. As a result of such additional subscription, our Promoters may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoters & Promoter Group above the current shareholding. Our Company hereby confirms that, in case the Issue is completed with our Promoters subscribing to unsubscribed portion, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement. Hence, the subscription to unsubscribed portion by the

promoters/promoter group will be restricted to the maximum number of shares which can be allotted so that the minimum level of public shareholding will not be breached as per Clause 40A of the Listing Agreement. Further, the subscription to additional Equity Shares to be made by the promoters/promoter group shall be in compliance with SEBI (SAST) Regulations 2011.

Our Promoter, Mr. Ashok Chhajer, has from time to time brought in an amount ₹ 600 lacs as unsecured loan, for the purpose of construction and development of 675 EWS and LIG flats being the Objects of the Issue. As per the confirmation furnished by the promoter, the said unsecured loan of ₹ 600 lacs would be adjusted as subscription amount towards Promoters Rights Entitlement and also towards subscription of additional equity shares over and above their Rights Entitlement as stated above. In addition to adjustment of above unsecured loan, the promoters would also bring in an additional amount to subscribe (i) their rights entitlement and/or (ii) additional equity shares over and above their rights entitlement and/or (iii) undersubscribed portion, as stated above.

As per the fund deployment certificate issued by M/s. T.N. Gala & Associates, Chartered Accountants and Statutory Auditors, the above stated unsecured loan of ₹ 600 lacs has already been deployed for the Objects of the Issue by our Company. For further details on deployment of the fund, please refer to chapter titled "Objects of the Issue" under para "Funds Deployed" on page 25 of this LOF.

Further issue / secured borrowings/ bonus issue / rights issue

The Company shall be entitled, from time to time, to make further issue(s) of equity shares, bonds and/ or other instruments to the public, members of the Company and/ or any other person(s) and/ or raise further loans, advances, deferred credit and/ or avail of further financial and/ or guarantee non-fund based facilities from financial institutions, banks and/ or any other person(s) on the security of the said properties/ assets as may be decided by the Company, from time to time, and having such ranking and on such terms and conditions as may be agreed to by the Company.

Offer to Non-Resident Equity Shareholders / Applicants / Foreign Institutional investors

Applications received from NRIs and non-residents for Allotment of Equity Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 2000 (FEMA) in the matter of receipt and refund of application moneys, Allotment of Equity Shares, issue of letter of allotment / share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000 as amended by notification dated June 18, 2003, bearing number FEMA 94/2003, RBI has granted general permission to Indian companies to issue rights/bonus shares to existing non-resident shareholders. The existing non-resident shareholders may apply for issue of additional shares and the Company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid up capital does not exceed the sectoral cap. In other words, non-residents may subscribe for additional shares over and above shares offered on rights basis by the Company and renounce the shares offered in full or part thereof in favour of a person named by them. NR shareholders are requested to refer to the paragraph titled "Renunciation" for the approvals required from FIPB / RBI for renunciation. The Equity Shares issued under the Rights Issue and purchased by NR shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the previously held equity shares against which Equity Shares under the Rights Issue are issued. However, as per the provisions of AP (DIR) circular No. 14 dated September 16, 2003 (issued by the RBI), such shareholders who have been allotted the equity shares as OCBs would not be permitted to participate in the Rights Issue. Accordingly, shareholders/ applicants who are OCBs and wishing to participate in the Rights Issue would be required to submit approvals in relation thereto from the FIPB and the RBI. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Equity Shares, payment of dividend etc. to the Equity Shareholders who are NR. Accordingly, the existing Equity Shareholders of the Company who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of renounees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated nonresident entities. Thus, OCBs desiring to participate in this Issue must obtain prior approval from the RBI. On providing such approval to the Company at its Registered Office, the OCB shall receive this Letter of Offer and the CAF. This Abridged Letter of Offer and CAF shall be dispatched to non-resident Equity Shareholders in India only. In case the registered address of non-resident Equity Shareholders is not in India, this Letter of Offer and CAF shall be dispatched, to the address in India, supplied by such non-resident Equity Shareholders to the Company. The Abridged Letter of Offer / Letter of Offer and CAF should not be forwarded to or transmitted in or into the United States of America or the territories or possessions thereof at any time or to, or

for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the United States Securities Act of 1933, as amended), except in a transaction exempt from the registration requirements of the Securities Act.

No Offer in the United States

The offer of Equity Shares pursuant to the Issue have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any U.S. state securities laws and will not be offered, sold, resold or otherwise transferred within the United States or to, or for the account or benefit of, “U.S. Persons” (as defined in Regulation S under the Securities Act), except in a transaction exempt from the registration requirements of the Securities Act. The rights referred to in this Letter of Offer are being offered in India but not in the United States of America. The Issue to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or rights for sale in the United States of America, or the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said Equity Shares or rights. Accordingly, this Letter of Offer should not be forwarded to or transmitted in or into the United States of America at any time except in a transaction exempt from the registration requirements of the Securities Act. Neither our Company nor any person acting on behalf of Our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. Our Company is informed that there is no objection to a United States shareholder selling its rights in India. Rights will not be transferred or sold to any U.S. Person (as defined in Regulation S under the Securities Act).

PROCEDURE FOR APPLICATION

For Equity Shareholders wishing to apply through the newly introduced ASBA process for rights issues, kindly refer section titled “Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process beginning on page 193 of this Letter of Offer.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIB applicants and Non Institutional Investors, must participate in the Issue only through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs;

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

The CAF would be printed in black ink for all shareholders. The CAF would be mailed to all the shareholders, with an additional, separate advice for non-resident shareholders. In case the original CAF is not received by the Applicant or is misplaced by the Equity Shareholder, the applicant may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. Non-resident shareholders can obtain a copy of the CAF from the Registrars to the Issue, by furnishing the registered folio number, DP ID number, Client ID number and their full name and address.

Please note that neither the Company nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

The CAF consists of four parts:

- Part A** : Form for accepting the Rights Equity Shares and for applying for additional Rights Equity Shares;
Part B : Form for renunciation;
Part C : Form for application for renunciation;
Part D : Form for request for split Application forms.

Options available to the Eligible Equity Shareholders

The CAF will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. If the Eligible Equity Shareholder applies for an investment in Rights Equity Shares, then he can:

- Apply for his Rights Entitlement of Rights Equity Shares in part(without renouncing the other party);
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAF and submit the same along with the application money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Investors at centers not covered by the branches of collecting banks can send their CAF together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares you are entitled to, provided that you have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation, if necessary, with the Designated Stock Exchange and in the manner prescribed in the paragraph titled “Basis of Allotment” on page 202 of this Letter of Offer. If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF.

The Renouncee applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Where the number of additional Rights Equity Shares applied for exceeds the number available for allotment, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not allot and / or register the Rights Equity Shares in favour of more than 3 persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares).

Any renunciation (i) from a resident Indian Equity Shareholder to a Non Resident, or (ii) from a Non Resident Equity Shareholder to a resident Indian, or (iii) from a Non Resident Equity Shareholder to a Non Resident, in light of RBI Master circular on Foreign Investment in India dated July 01, 2010, RBI Notification No. FEMA 20/2000-RB dated May 03, 2000 and RBI circular No. 38 dated December 03, 2003 would not require approval from RBI, if such renunciation is made on the floor of the exchange, provided that in case of any renunciation from a resident Indian Equity Shareholder to a Non Resident, the offer price for the Rights Equity Shares should not be less than the price at which an offer is made to the resident Eligible Equity Shareholder. Any renunciation through a private arrangement would be subject to

applicable pricing requirements prescribed by the RBI and/or seeking appropriate approvals from the RBI in this regard.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Accordingly, the Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated nonresident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Bankers to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Rights Equity Shares of the CAF to receive allotment of such Rights Equity Shares. The Renouncees applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares. Part ‘A’ of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Equity Shares in favour of any other person. Renouncer will not be entitled to apply for additional Equity Shares.

The right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment to Renouncee(s) without assigning any reason thereof.

Procedure of renunciation

a. *To renounce all the Rights Equity Shares offered to an Eligible Equity Shareholder in favour of one Renouncee*

If you wish to renounce the offer indicated in Part ‘A’, in whole, please complete Part ‘B’ of the CAF. In case of joint holding, all joint holders must sign Part ‘B’ of the CAF. The person in whose favour renunciation has been made should complete and sign Part ‘C’ of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

b. *To renounce in part/or renounce the whole to more than one person(s)*

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into the requisite number of forms. Please indicate your requirement of split forms in the space provided for this purpose in Part ‘D’ of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms, on Friday, May 18, 2012. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in the paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not agree with the specimen registered with our Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Rights Equity Shares are renounced should fill in and sign Part ‘C’ of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for Rights Equity Shares jointly with any other person(s), not more than three, who is / are

not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed. However, this right of renunciation is subject to the express condition that our Board of Directors shall be entitled in its absolute discretion to reject the request for allotment from the Renouncee(s) without assigning any reason thereof.

Splitting of Composite Application Forms

Only the person to whom this Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for split application forms. Request for split forms should be sent to the Registrars to the Issue, before the closure of business hours on or before Friday, May 18, 2012 by filling in Part D of the CAF along with entire CAF. Split Forms cannot be re-split. The renouncee(s) shall not be entitled to split form(s). Split forms shall be sent to the applicant by post at the applicant's risk. Requests for Split forms should be made for Equity Shares in multiples of ONE only. Requests for split forms will be entertained only once.

Instructions for options

You may exercise any of the following options with regard to the Rights Equity Shares offered, using the enclosed CAF:

Sl. No.	Options Available	Action Required
1	Accept the whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign).
2	Accept your Rights Entitlement in full and apply for additional Rights Equity Shares.	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Equity Shares (All joint holders must sign).
3	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one).	Fill in and sign Part B (all joint holders must sign) indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign).
4	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s). OR Renounce your Rights Entitlement to all the Rights Equity Shares offered to you to more than one Renouncee.	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Application Forms i.e Friday, May 18, 2012. Splitting will be permitted only once. On receipt of the Split Application Form take action as indicated below. For the Rights Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Rights Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
5	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholders to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- A request for split forms should be made for a minimum of ONE share, Rights Equity Share or, in multiples thereof and one split form for the balance Rights Equity Shares, if any.

- A request by the Investor for the split Application form should reach our Company on or before Friday, May 18, 2012
- Only the Eligible Equity Shareholders to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for split application forms. Forms once split cannot be split further.
- Split form(s) will be sent to the Investor(s) by post at the Investors' risk.
- Investors must provide information in the CAF as to their savings bank / current account number and the name of the bank with whom such account is held, to enable the Registrar to print the said details in the refund orders after the names of the payee(s). Failure to comply with this may lead to rejection of the application. Bank account details furnished by the Depositories will be printed on the refund warrant in case of Equity Shares held in electronic form.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order and as per specimen signatures recorded with the Company/ Depositories.
- Equity Shareholders may not renounce in favour of persons or entities in the United States or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- **Investors must write their CAF Number at the back of the cheque/demand draft.**

Availability of Duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for a duplicate CAF should reach the Registrar to the Issue within 7 (seven) days from the Issue Opening Date. Please note that those who are making the application in the duplicate CAF should not utilize the original CAF for any purpose including renunciation, even if it is received / found subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the CAFs. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with a demand draft, net of bank and postal charges payable at Mumbai which should be drawn in favor of **"Arihant Superstructures Limited - Rights Issue -R"** in case of resident shareholders and non-resident shareholders applying on non-repatriable basis or **"Arihant Superstructures Limited - Rights Issue -NR"** in case of non-resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue.

The envelope should be superscribed "Arihant Superstructures Limited – Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of the Issuer, being Arihant Superstructures Limited;
- Name and address of the Eligible Equity Shareholder including joint holders;
- Registered Folio Number / DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of ₹ 12 per Rights Equity Share;
- Separate cheques / DDs are to be attached for amounts to be paid for Rights Equity Shares;
- Particulars of cheque / demand draft / Savings / Current Account Number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order;
- In case of Non Resident Shareholders, NRE/ FCNR/ NRO A/c No. Name and Address of the Bank and Branch;
- If payment is made by a draft purchased from NRE/ FCNR/ NRO A/c No., as the case may be, an Account

debit certificate from the bank issuing the draft, confirming that the draft has been issued by debiting NRE/ FCNR/ NRO Account.

- PAN of the Investor, and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Rights Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulations, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulations.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making an application otherwise than on an original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates any of these requirements, he / she shall face the risk of rejection of both the applications. Separate cheque / DDs are to be attached for amounts to be paid for Rights Equity Shares. Our Company shall refund such application amount to the Investor without any interest thereon.

Submission of CAF

(i) For Applicants residing at places where the Bank collection centres have been opened,

Applications for Equity Share should be made only on the CAF, which are provided by the Company. The CAF should be completed in all respects as explained here under the head “INSTRUCTIONS” indicated on the reverse of the CAF before submission to the Banker to the Issue at its collecting branches mentioned on the reverse of the CAF on or before the closure of the subscription list. Non Resident Shareholders/Renouncee should forward their applications to Banker to the Issue as mentioned in the CAF for Non-Resident Equity Share-holders. No part of the CAF should be detached under any circumstances otherwise the application is liable to be rejected. Applicants must provide information in the CAF as to their savings / current / NRE / NRO / FCNR bank account and the name of the bank with whom such account is held to enable the Registrar to print the said details in the refund orders after the name of the payees. Shareholders cannot utilise both Part A and Part B simultaneously i.e. accepting the offer as well as renouncing the offer. If all the parts are filled in, in that case, the allotments will be made under Part B and C i.e. to the renouncee only and the entry in Part A shall be ignored. Please check the number of shares registered in your name. In case of any discrepancy in the

number of shares held by you as appearing in the CAF, the Company shall be entitled to amend the same on the basis of the entry in the Register of Members and the information provided by the Depositories.

(ii) For Applicants residing at places other than the cities where the Bank collection centres have been opened

Applicants residing at places other than the cities where the Bank collection centres have been opened should send their completed CAF by registered post/speed post to the Registrars to the Issue along with bank drafts payable at Mumbai in favour of “**Arihant Superstructures Limited - Rights Issue -R**” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis *or* “**Arihant Superstructures Limited - Rights Issue -NR**” in case of non-resident shareholders applying on repatriable basis and the Eligible Equity Shareholders should send the same by registered post directly to the Registrar to the Issue crossed “A/c Payee only” so that the same are received on or before the Issue Closing Date. The Company will not be liable for any postal delays and applications received through mail after the Issue Closing Date, are liable to be rejected and returned to the applicants. Applications by mail should not be sent in any other manner except as mentioned above. The date of mailing by the applicant and / or the date of Demand Draft / Banker’s Cheque will not be the criteria for acceptance.

Note :-

The CAF along with application money must not be sent to the Company or the Lead Manager to the Issue or the Registrars to the Issue except as mentioned above.

The applicants are requested to strictly adhere to these instructions. Failure to do so could result in the application being liable to be rejected with the Company, the Lead Manager and the Registrars not having any liabilities to such applicants.

Last date of Application

The last date for submission of the duly filled in CAF is Friday, May 25, 2012. The Issue will be kept open for minimum 15 days and our Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Bankers to the Issue / Registrar to the Issue, as the case be, on or before the closure of banking hours on the aforesaid last date or such date as may be extended by our Board / committee of Directors, the offer contained in the Letter of Offer shall be deemed to have been declined and our Board / committee of Directors shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided in the paragraph titled “Basis of Allotment” on page 202 of this Letter of Offer.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

PROCEDURE FOR APPLICATION THROUGH THE ASBA (“ASBA PROCESS”)

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIB applicants and Non Institutional Investors, must participate in the Issue only through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009), namely such Investors who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs

Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Retail Individual Investors may optionally apply through the ASBA process provided that they are eligible ASBA Investors (as per the conditions of the SEBI circular dated December 30, 2009).

This section is for the information of Equity Shareholders proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and ensure that the number of Equity applied for by such Equity Shareholders do not exceed the applicable limits under laws or regulations. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks which have been notified by SEBI to act as SCSB for the ASBA Process is provided on <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSB collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares in the Issue through the ASBA Process is only available to Equity Shareholders of our Company on Record Date and who:

- hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee; and
- apply through a bank account maintained with one of the SCSBs

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their entitlement on the Record Date for the Issue. Those Equity Shareholders who must or wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details. Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Please note, no more than five applications (including CAF and plain paper) can be submitted per bank account in the Issue. Equity Shareholders applying under the ASBA Process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on application as stated in the CAF will be blocked by the SCSB.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares offered, either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Mode of payment

The Equity Shareholder applying under the ASBA Process agrees to block the Application Money for the Equity Shares applied for (including for additional Equity Shares, if any) with the submission of the CAF, by authorizing the SCSB to block such amount in the ASBA Account.

After verifying that sufficient funds are available in the ASBA Account provided in the CAF, the SCSB shall block an amount equivalent to the application money for the Equity Shares applied for until it receives instructions from the Registrar of the Issue. Upon receipt of intimation from the Registrar, the SCSBs shall transfer the application money in relation to the Equity Shares which will be allotted to the ASBA Investor. Such amount will be transferred into the separate bank account maintained by our Company. The balance amount remaining after the finalization of the basis of allotment shall be either unblocked by the SCSBs or refunded to the investors by the Registrar on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would have agreed to permit blocking of the application money for the Equity Shares applied for at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account provided in the CAF does not have sufficient funds equivalent to the Application Money for the Equity Shares applied for. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.

All non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

Options available to the Equity Shareholders applying under the ASBA Process

The summary of options available to the ASBA Investors is presented below. An ASBA Investor may exercise any of the following options with regard to the Equity Shares offered, using the respective CAFs received from Registrar:

Sl. No	Option Available	Action required
1.	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2.	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (<i>All joint holders must sign</i>).

An ASBA Investor will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs and Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Additional Rights Issue Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares (as the case may be) that you are entitled to, provided that you have applied for all the Equity offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered

and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Basis of Allotment” on page 202 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional rights issue equity shares in Part A of the CAF.

Renunciation under the ASBA Process

Renouncees cannot participate in the ASBA Process.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

The envelope should be superscribed “Arihant Superstructures Limited - Right Issue” and should be postmarked in India. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with our Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- a) Name of Issuer, being Arihant Superstructures Limited;
- b) Name and address of the Equity Shareholder including joint holders;
- c) Registered Folio Number/ DP and Client ID no.;
- d) Number of Equity Shares held as on Record Date;
- e) Number of Equity Shares entitled to;
- f) Number of Equity Shares applied for;
- g) Number of additional Equity Shares applied for, if any;
- h) Total number of Equity Shares applied for;
- i) Total amount to be blocked at the rate of ₹ 12/- per Equity Share;
- j) Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue.
- k) Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company; and
- l) Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. I/we understand that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States or other restricted jurisdiction. I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulations S.

I/We acknowledge that our Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Last date of Application

The last date for submission of the duly filled in CAF is Friday, May 25, 2012. The Issue will be kept open for a minimum 15 days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “Basis of Allotment”.

Option to receive Securities in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON THE RECORD DATE I.E. WEDNESDAY, MAY 02, 2012.

Issuance of Intimation Letters

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

Communication

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Investor, CAF number, details of Depository Participant, number of Equity Shares applied for, date of CAF, name and address of the designated branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its designated branches and the branches where the ASBA Accounts are held. ASBA Investors can contact the Compliance Officer, the designated branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc

Disposal Investor Grievance

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the designated branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

Depository account and bank details for ASBA Investors

IT IS MANDATORY FOR ALL THE ASBA INVESTOR TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL ASBA INVESTORS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. THE ASBA INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE

DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

The ASBA Investors should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, ASBA Investors should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the ASBA Investor as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID on being instructed/ directed by the Registrar to the Issue. ASBA Investors may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of bank account.

Note that any such delay shall be at the sole risk of the ASBA Investor and neither our Company nor any of the SCSBs nor the Lead Manager shall be liable to compensate the ASBA Investor for any losses caused to such ASBA Investor due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and the (c) beneficiary account number, then such applications are liable to be rejected.

General instructions for Equity Shareholders applying under the ASBA Process

- a) Please read the instructions printed on the respective CAF carefully.
- b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected. The CAF must be filled in English.
- c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended credit" and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**
- e) All payments will be made by blocking the Application Money for the Equity Shares applied for in the ASBA Account. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by

a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.

- g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company/Depositories. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- h) All communication in connection with application for the Securities, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.
- i) Only the Equity Shareholders as on the Record Date and not renouncee(s) shall be eligible to participate under the ASBA process.
- j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Issue Equity Shares under applicable securities laws are eligible to participate.
- k) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA Process.
- l) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- m) Only the Equity Shareholders, who comply with all the conditions for being as ASBA Investor holding shares in demat are eligible to participate through ASBA process.
- n) Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.
- o) Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection.
- p) All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Do's:

- 1. Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in. In case of non receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under "Application on Plain Paper" on page 197.
- 2. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.
- 3. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- 4. Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or; the depository participant, in case you hold Equity Shares in dematerialized form;
- 5. Ensure that the CAFs/ plain paper applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- 6. Ensure that there are sufficient funds (equal to {number of Equity Shares} X {Issue Price of Equity Shares}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- 7. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF/plain paper applications, in the bank account maintained with the respective SCSB, details of which are provided in the CAF and have signed the same.
- 8. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF /plain paper application in physical form.
- 9. Except for CAFs submitted on behalf of the Central or State Government and the officials appointed by the courts or residents of Sikkim, each applicant should mention their PAN allotted under the I. T. Act.
- 10. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- 11. Ensure that the Demographic Details are updated, true and correct, in all respects.
- 12. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

13. In the event you are a QIB or a Non-Institutional Investor, ensure that you have applied for EquityShares through the ASBA process only.
14. Apply under the ASBA process only if you comply with the definition of an ASBA Investor, namely such Investors who:
 - hold the Equity Shares in dematerialised form as on the Record Date and have applied towards his/her
 - Rights Entitlements or additional Rights Equity Shares in the Issue in dematerialised form;
 - have not renounced his/her Rights Entitlements in full or in part;
 - are not a Renouncee; and
 - apply through a bank account maintained with one of the SCSBs

Don'ts:

1. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
2. Do not pay the Application Money for the Equity Shares applied for in cash, by money order or by postal order.
3. Do not send CAF to the Lead Manager to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
5. Do not instruct your respective banks to release the funds blocked under the ASBA Process.
6. Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
7. Do not apply if the ASBA account has been used for five applicants.
8. Do not make payment through cheques/demand drafts in the event you are a QIB or a Non-Institutional Shareholder.

GROUNDINGS FOR TECHNICAL REJECTION UNDER THE ASBA PROCESS

In addition to the grounds listed under “Grounds for Technical Rejection for Non-ASBA Investors” on page 208 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- a) Application on a SAF.
- b) Application for rights entitlements or additional shares in physical form.
- c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- d) Sending CAF to a Lead Manager /Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- e) Renouncee applying under the ASBA Process.
- f) Insufficient funds are available with the SCSB for blocking the Application Money for the Equity Shares applied for.
- g) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- h) PAN not stated, GIR No. stated instead
- i) CAF not submitted within prescribed time
- j) Account holder not signing the CAF or declaration mentioned therein.
- k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- l) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction
- m) An Equity Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- n) QIBs and Non – Institutional Investors who complies with the conditions for being an ASBA Investor not applying through the ASBA process.
- o) The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than
- p) ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.

- q) QIBs and Non – Institutional Investors who holds Equity Shares in dematerialised form and is not a Renouncee not applying through the ASBA process. Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection.
- r) **Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.** Non Retail Investors having bank account with SCSBs that are providing ASBA in cities/ centers where Non Retail Investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such Non Retail Investors are liable for rejection. All Non Retail Investors are encouraged to make use of ASBA facility wherever such facility is available.

Issuance of Intimation Letters

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by the Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by the Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full allotment to those Rights Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has / have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Wherein fractional entitlement is ignored, preferential allotment of one additional Equity Share each to the shareholders whose fractional rights have been ignored and have applied for additional Equity Shares, within the overall size of Rights Issue, the allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue and have also applied for additional Rights Equity Shares. The allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such additional Rights Equity Shares will be at the sole discretion of the Board / committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full allotment under (a), (b) and (c) above. The allotment of such Rights Equity Shares will be on a proportionate basis at the sole discretion of the Board / committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment.
- (e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

After taking into account allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be ‘unsubscribed’ which would be available for allocation under (c), (d) and (e) above.

Our Promoters, Mr. Ashok Chhajaj and Ms. Sangeeta Chhajaj, *vide* their Letter dated December 05, 2011 confirmed that Promoters and Promoter Group intend to subscribe to the full extent of their Rights Entitlement in the Issue.

The Promoters also reserve their right to apply for additional Rights Equity Shares. In addition to the subscription to the Rights Equity Shares as stated above, in case the Issue is undersubscribed, our Promoters intends to subscribe, either directly or through any of the entities controlled by them, the unsubscribed portion at least upto the minimum subscription of 90% of the Issue size. As a result of such additional subscription, our Promoters may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoters & Promoter Group above the current shareholding. Our Company hereby confirms that, in case the Issue is completed with our Promoters subscribing to unsubscribed portion, the public shareholding in our Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement. Hence, the subscription to unsubscribed portion by the promoters/promoter group will be restricted to the maximum number of shares which can be allotted so that the minimum level of public shareholding will not breached as per Clause 40A of the Listing Agreement. Further, the subscription to additional Equity Shares to be made by the promoters/promoter group shall be in compliance with SEBI (SAST) Regulations 2011.

Our Promoter, Mr. Ashok Chhajaj, has from time to time brought in an amount ₹ 600 lacs as unsecured loan, for the purpose of construction and development of 675 EWS and LIG flats being the Objects of the Issue. As per the confirmation furnished by the promoter, the said unsecured loan of ₹ 600 lacs would be adjusted as subscription amount towards Promoters Rights Entitlement and also towards subscription of additional equity shares over and above their Rights Entitlement as stated above. In addition to adjustment of above unsecured loan, the promoters would also bring in an additional amount to subscribe (i) their rights entitlement and/or (ii) additional equity shares over and above their rights entitlement and/or (iii) undersubscribed portion, as stated above.

As per the deployment certificate issued by M/s. T.N. Gala & Associates, Chartered Accountants and Statutory Auditors, the above stated unsecured loan of ₹ 600 lacs has already been deployed for the Objects of the Issue by our Company. For further details on deployment of the fund, please refer to chapter titled “Objects of the Issue” under para “Funds Deployed” on page 25 of this LOF.

Unsubscribed Equity Shares

The Rights Issue will become undersubscribed after considering the number of Equity Shares applied as per entitlement, allotment to renounces for shares renounced in their favour, plus additional Equity Shares applied by either by them. The undersubscribed portion, if any, shall be applied for only after the close of the Issue.

Underwriting

The present Issue is not underwritten and the Company has not made any standby arrangements for the Issue. The Company has not entered into any underwriting arrangement with the Lead Manager in connection with the Issue.

Issue Schedule

Issue Opening Date	:	Friday, May 11, 2012
Last date for receiving requests for SAFs	:	Friday, May 18, 2012
Issue Closing Date	:	Friday, May 25, 2012

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Rights Issue Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from

the day our Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Issue Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by our Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investors registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked "Account Payee only" and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Rights Issue Equity Shares in Dematerialized Form

Investors shall be allotted the Rights Issue Equity Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on November 13, 2009 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on November 23, 2009 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Issue Equity Shares in dematerialized form will receive their Rights Issue Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Issue Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Issue Equity Shares in physical form. No separate CAFs for Rights Issue Equity Shares in physical and/or dematerialized form should be made.

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON THE RECORD DATE I.E. WEDNESDAY, MAY 02, 2012.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Issue Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.*

- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Rights Issue Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Rights Issue Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company. The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant. If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Issue Equity Shares in physical form.

The Rights Issue Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Rights Issue Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Issue Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

GENERAL INSTRUCTIONS FOR NON ASBA INVESTORS

- (a) Please read the instructions printed on the enclosed CAF carefully.
- (b) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "Application on Plain Paper" on page 192 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or at any of the branches as mentioned on the CAF or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

- (c) Payments should be made in cheque/demand draft drawn on any bank which is situated at and is a member or sub-member of the banker's clearing house located at the centre where application is accepted. Outstation cheques/ demand drafts will not be accepted and application(s) accompanied by such cheques/ demand drafts will be rejected. The Registrar will not accept cash along with CAF.

- (d) PAN Number: The Applicants or in the case of an application in joint names, each of the Applicants, should mention his/her PAN allotted under the I.T. Act. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground. In case the sole/First Applicant and joint Applicant(s) is/are not required to obtain PAN, each of the Applicants(s) shall mention "Not Applicable" and in the event that the sole Applicant and/or the joint Applicant(s) have applied for PAN which has not yet been allotted each of the Applicant(s) should mention "Applied for" in the Composite Application Form. Further, where the Applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/First Applicant and each of the joint Applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address and (g) any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be. **CAFs without PAN will be considered incomplete and are liable to be rejected.**
- (e) Investors, holding Equity Shares in physical format, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (f) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Bank Account Details: It is mandatory for applicants to provide information as to their savings/current account number and the name of the Company with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. Shareholders may please note that for shares held in DEMAT mode, the bank account details shall be obtained from the depositories. Shareholders may ensure that the bank account details are updated with the depositories.
- A separate cheque / draft must accompany each CAF. As per section 109A of the Act, the sole applicant / joint applicants may nominate, in the prescribed manner, a person to whom his Equity Shares in the Company shall vest in the event of his death. An applicant cannot make an application for that number of securities exceeding the number of securities being offered through this Rights Issue.
- (i) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or depositories.
- (j) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF not later than the Issue Closing Date. In case the above referred documents are already registered with our Company, the same need not

be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

- (k) The shareholders must sign the CAF as per the specimen signature recorded with the Company. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository /our Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (l) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- (m) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of our Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (n) SAFs cannot be re-split.
- (o) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- (p) Investors must write their CAF number at the back of the cheque /demand draft.
- (q) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (r) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (t) The distribution of this Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard this Letter of Offer and not to attempt to subscribe for Equity Shares.

DO'S FOR NON ASBA INVESTORS:

- a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in.
- c) In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.
- d) Ensure that your Indian address is available to our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialized form;
- e) Ensure that the CAFs are submitted at the collection centres of the Bankers to the Issue;

- f) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF.
- g) Ensure that you receive an acknowledgement from the collection centers of the Bankers to the Issue for your submission of the CAF.
- h) Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Application on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- j) Ensure that the demographic details are updated, true and correct, in all respects.

DON'TS FOR NON ASBA INVESTORS:

- a) Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the Banker to the Issue.
- c) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- d) Do not pay the amount payable on application in cash, by money order or by postal order;

II GROUNDS FOR TECHNICAL REJECTIONS.

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- a) Amount paid does not tally with the amount payable;
- b) Bank account details (for refund) are not given;
- c) Age of Investor(s) not given (in case of renounees);
- d) Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- e) In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- f) If the Investor desires to have shares in electronic form, but the CAF does not have the Investor's depository account details;
- g) If the signature of the Equity Shareholder given on the CAF does not match with the specimen signature available with the Registrar to the Issue and for renounce(s) if the signature does not match with the records available with their depositories;
- h) CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Draft Letter of Offer;
- i) CAFs not duly signed by the sole/joint Investors;
- j) CAFs by OCBs without specific RBI approval;
- k) CAFs accompanied by Stockinvest;
- l) In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- m) CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- n) CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- o) CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where a registered address in India has not been provided;
- p) CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- q) In case the GIR number is submitted instead of the PAN;
- r) Applications by renounees who are persons not competent to contract under the Indian Contract Act,

- s) 1872, including minors;
- t) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- u) Applications which are not made through the ASBA process by Non Retail Investors who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009);
- v) Applications by investors who are not eligible ASBA Investors made through the ASBA process;
- w) Duplicate Applications, including cases where an Applicant submits CAFs along with a plain paper application;
- x) Applications by renounces who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to our Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹2 lacs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be despatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

MODE OF PAYMENT

Mode of Payment for Resident Equity Shareholders/ Investors

- a) Only one mode of payment should be used. Payment must be made at the rate of ₹12 per Equity Share by Cheque/Demand Draft drawn on any Bank (including a Co-operative Bank) which is situated at and is a member or sub-member of the Bankers Clearing House in the city/town at which the CAF is submitted. A separate cheque/demand draft, must accompany each CAF. Outstation/ postdated cheques or demand drafts and postal/ money orders will not be accepted and CAFs accompanied by such cheques/ demand drafts/ order are liable to be rejected. Payments in cash to the Registrars will not be accepted. Returned cheques shall not be represented and the accompanying application will not be considered. All cheques / drafts accompanying the CAF should be drawn in favour of “**Arihant Superstructures Limited - Rights Issue -R**” and marked ‘A/c Payee only’. You are requested to mention the Folio number, Client ID / DP ID (as may be applicable) and the CAF number on the reverse of the Cheque /Demand Draft. If a Cheque or Demand Draft is drawn on a bank that is not participating in clearing, the CAF accompanying such Cheque/ Demand Draft shall, at the discretion of the Board, be liable to be rejected.;
- b) Applicants residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their applications together with Demand Draft of amount net of bank and postal charges, for the full application amount favouring “**Arihant Superstructures Limited - Rights Issue -R**” and marked ‘A/c Payee only’ payable at directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any. The date of mailing by the applicant and / or the date of Demand Draft / Banker’s Cheque will not be the criteria for acceptance.
- c) Applications will not be accepted by the Lead Manager or by the Company.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident equity shareholders, the following further conditions shall apply:

- a) Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

Adroit Corporate Services Pvt. Limited
19/20, Jaferbhoy Industrial Estate, 1st Floor
Makwana Road, Marol Naka,
Andheri (East) Mumbai 400 059
Tel: +91 22 4227 0400 / 2859 4060
Fax: +91 22 2850 3748
Email: arihant_ri@adroitcorporate.com
Website: www.adroitcorporate.com
Contact Person: Surendra V. Gawade

Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

Payment by NRIs/ FIIs/ foreign investors must be made by demand draft/cheque payable at Mumbai or funds remitted from abroad in any of the following ways:

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / draft on a Non-Resident External Account (NRE) or FCNR Account maintained in Mumbai; or
- By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai; or
- FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Payments through Non-Resident Ordinary Account (NR(O) a/c) will not be permitted

- All cheques/drafts submitted by non-residents applying on repatriable basis have to be made through external source only and should be drawn in favour of “**Arihant Superstructures Limited - Rights Issue -NR**” payable at Mumbai and crossed ‘A/c Payee only’ for the amount payable.
- In case of applications by overseas companies and other corporate bodies owned predominantly by Non-Resident Individuals of Indian nationality/origin, a certificate in the prescribed form OAC/OAC-1 from an overseas auditor/chartered accountant/certified public accountant should be submitted along with the application.

A separate cheque or bank draft must accompany each application form. Applicants may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected. In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in US Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into US Dollars or for collection charges charged by the applicant’s Bankers.

Application without repatriation benefits

As far as non-residents holding shares on non-repatriation basis is concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Equity Shares will be on non-repatriation basis. In such cases, refund, dividend, interest and other disbursement, if any, will be payable in Indian Rupees only.

All cheques/drafts submitted by non-residents applying on non-repatriation basis should be drawn in favour of “**Arihant Superstructures Limited - Rights Issue -R**” payable at Mumbai and must be crossed ‘A/c Payee only’ for the amount payable. The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF. You are requested to mention the folio number and the CAF number on the reverse of the cheque/demand draft. The application should be accompanied by a non repatriation undertaking as per the forms prescribed by RBI.

If the payment is made by a draft purchased from an FCNR/NRE/ NRO account, an Account Debit Certificate from the bank issuing the draft, confirming that the draft has been issued by debiting the FCNR/NRE / NRO account or foreign Inward Remittance Certificate (FIRC) from the authorized dealers, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected. Payment by way of cash shall not be accepted.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Note:

- a) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.
- b) In case Equity Shares are allotted on non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- c) The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAF before the close of banking hours on or before the Issue Closing Date.
- d) A separate cheque or bank draft must accompany each CAF.
- e) In case of an application received from non-residents, allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such allotment, remittance and subject to necessary approvals.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares under this Issue to a single FII should not exceed 10% of the post-issue paid up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts the investment on behalf of each sub-account shall not exceed 5% of the total paid up capital of the Company.

Applications will not be accepted from FIIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs or Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non Institutional Investors, who are eligible ASBA Investors (i.e. complying with the eligibility conditions of SEBI circular dated December 30, 2009), must mandatorily invest through the ASBA process.

IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

The Board reserves the right to reject applications in case the application concerned is not made in terms of the Letter of Offer. In case an application is rejected in full the whole of the application money received will be refunded to the first named applicant and where an application is rejected in part, the excess application money will be refunded to the first named applicant within 15 days from the date of closure of the subscription list in accordance with Section 73 of the Act. If there is delay of refund of application money by more than 8 days after the Company becomes liable to pay (i.e. fifteen days after the closure of Issue), the Company will pay interest for the delayed period at the rate prescribed under sub-Section (2) and (2A) of Section 73 of the Act.

The subscription monies received in respect of this Issue will be kept in a separate bank account and the Company will not have access to nor appropriate the funds until it has satisfied the Designated Stock Exchange with suitable documentary evidence that the money can be released in terms of SEBI ICDR Regulations. No acknowledgment will be issued for the application monies received by the Company. However, the Bankers to the Issue at its collection branches to the Issue receiving the CAF as applicable as per the terms of this Letter of Offer, will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Except for the reasons stated under “Grounds for Technical Rejections” on page 208 and 201 of this Letter of Offer and subject to valid application, acknowledgement of receipt of application money given by the collection agent shall be valid and binding on Issuer and other persons connected with the Issue.

For further instructions, please read the CAF carefully.

UTILIZATION OF ISSUE PROCEEDS

The Board declares that:

- (a) The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act.
- (b) Details of all money utilised out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such money has been utilized.
- (d) Details of all such unutilised money out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized money has been invested.
- (e) The funds received against this Issue will be kept in a separate bank account and our Company will not have any access to such funds until the finalization of basis of allotment.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- a) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
- c) The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by our Company.
- d) Our Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- e) Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.

- f) The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
- g) Except issue of Equity Shares arising on the exercise of options granted under our ESOP Scheme, no further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through this Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
- h) At any given time there shall be only one denomination of equity shares of our Company.
- i) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
- j) All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
- k) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Note:

The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

All information shall be made available by the Lead Manager and the Issuer to the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc. The Issuer and Lead Manager shall update this Letter of Offer and keep the investors informed of any material changes till the listing and trading commences of the securities offered through this Letter of Offer.

IMPORTANT

- a) Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- b) All enquiries in connection with the Letter of Offer or accompanying CAF and requests for Split Application Forms must be addressed (quoting the Registered Folio Number/DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed “Arihant Superstructures Limited – Rights Issue ” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Adroit Corporate Services Pvt. Limited
19/20, Jaferbhoy Industrial Estate, 1st Floor
Makwana Road, Marol Naka,
Andheri (East) Mumbai 400 059
Tel: +91 22 4227 0400 / 2859 4060
Fax: +91 22 2850 3748
Email: arihant_ri@adroitcorporate.com
Website: www.adroitcorporate.com
Contact Person: Surendra V. Gawade

- c) It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risks set out in the Section titled “Risk Factors” on page xi of this Letter of Offer.
- d) The Issue will remain open for at least 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Restrictions on Foreign Ownership Of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Foreign investment is allowed up to 100% under automatic route in the Company.

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), issued Circular 2 of 2011 ("Circular 2 of 2011"), which with effect from October 1, 2011, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on March 31, 2011.

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the Takeover Regulations (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

SECTION VIII

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have meaning that has been given to such terms in the articles of association. Pursuant to Schedule II of the Companies Act, 1956 and SEBI Regulations, the main provisions of the Articles of Association of the company are set forth below:

SHARE CAPITAL

"Share Capital"

#3(i) The Authorized Share Capital of the Company will be as determined in clause V(a) of the Memorandum of Association of the Company, at any point of time.

(ii) The minimum paid up Share Capital of the Company is ₹ 5,00,000/-

This clause has been Altered vide Special Resolution passed by members through postal ballot, of which result declared on 5th June, 2010)

"Increase of capital"

4.(a) The Company may in General Meeting from time to time by Special Resolution increase its capital by the creation of new shares of one or more class and of such amount or amounts as may be deemed expedient.

"Issue of shares without voting rights"

(b) The company may issue equity shares without voting rights attached to them with differential rights as to dividend, voting or otherwise upon such terms and conditions and with such rights and privileges annexed thereto as thought fit in accordance with such rules and subject to such conditions as may be prescribed and as may be permitted by law.

"Redeemable Preference Shares"

5. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares, which are at the option of the Company liable to be redeemed, and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

"Provision to apply on issue of Redeemable Preference Shares"

6. On the issue of Redeemable Preference Shares under the provisions of Articles 5 hereof the following provisions shall take effect:

(a) no such shares shall be redeemed except out of the profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;

(b) no such shares shall be redeemed unless they are fully paid;

(c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed;

(d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

"New capital same as existing capital"

7. Except so far as otherwise provided by the conditions of the issue or by these presents, any capital raised by the creation of new shares shall be considered as part of existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

"Reduction of Capital"

8. The company may (subject to the provisions of Section 78, 80, 100 to 105 (both inclusive) of the Act from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power; the Company would have if it were omitted.

Consolidation, division, sub-division, and cancellation of shares

9.(1) Subject to the provision of Section 94 of the Act, the Company in General Meeting may, from time to time, alter the conditions of its Memorandum as follows that is to say it may: and

- (a) increase its share capital by such amount as it thinks expedient, by issuing new shares;
- (b) consolidate and divide all or any of its capital, into shares of larger amount than its existing shares;
- (c) convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination;
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced shares is derived;
- (e) Cancel any shares, which, at the date of passing of the resolution, have not been taken or agreed to be taken by any persons and diminish the amount of its share capital by the amount of the Shares so cancelled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

9(2) Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clause (a) to (e), the Company shall, within thirty days thereafter, giving notice thereof to the registrar as required by Section 95 of the Act specifying, as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stock reconverted.

Modification of rights

10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act be modified, commuted, affected or abrogated or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class.

Board may accept surrender of shares

11. Subject to the provision of Section 100 to 105 (both inclusive) of the Act, the Board may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares.

SHARES AND CERTIFICATES

Register and Index of Members

12. The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or country outside India, a Register of Members for the residents in that State or Country.

Shares to be numbered progressively and no shares to be sub-divided

13. The shares in the capital shall be numbered progressively according to their progressively and herein before mentioned no share shall be subdivided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Share Certificates shall be issued in marketable lots. Where Share Certificates are for either more or less than market lots, sub-division/ consolidation into marketable lots shall be done free of charge.

Further issue of Capital

14. (1). where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
- b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
- c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him
- d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

(2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

- a) If a special resolution to that effect is passed by the company in General Meeting, or

b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

a) To extend the time within which the offer should be accepted; or

b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the company:

i) To convert such debentures or loans into shares in the company; or

ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

"Sweat Equity Shares"

14A. The Company shall have the power, subject to and in accordance with the provisions of Section 79 A of the Act and other relevant regulations including regulations laid down by SEBI in this regard from time to time, to issue ESOP'S, Sweat Equity Shares to employees and/or directors on such terms and conditions and in such manner as may be prescribed by law from time to time.

Shares under the control of the Directors

15. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

Power also to Company in General Meeting to issue shares

16. In addition to and without derogating from the powers for that purpose conferred on the Board under the Articles, the Company may, subject to the General provisions of Section 81 of the Act, by passing Special Resolution determine that any shares (whether forming part of the original capital or of any increased capital of the Company other than Bonus Share Issue) shall be offered to any person (whether a Member or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

Issues of shares for consideration other than cash

17. Subject to these Articles and the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services, rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid up or partly paid up shares.

Acceptance of shares

18. An application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any shares therein shall be acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members or who is entered as beneficial owner of the shares in the records of the depository shall for the purposes of these Articles be a Member.

Deposit and Call etc. to be debt payable immediately

19. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

20. Every Member, or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Share Certificates

Limitation Of Time For Issue Of Certificates

21 (i) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several

persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

(ii) A Director may sign a share certificate by affixing his signature thereon by means of any machine equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

"Dematerialisation of Securities"

21A. For the purposes of this Article, unless the context otherwise requires:

A. Definitions:

Beneficial Owner : 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

Bye-laws : 'Bye-laws' mean bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act : 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

Depository : 'Depository' means a Depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act 1996.

Record : 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations: 'Regulations' means the regulations made by SEBI.

SEBI : 'SEBI' means the Securities and Exchange Board of India;

Security : 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or Member : 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and /or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

8 "Dematerialisation of Securities"

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any;

C. Option for Investors :

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security;

D. Securities in Depositories to be in fungible form:

All securities held by Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners;

E. Rights of Depositories and Beneficial Owners :

i. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;

ii. Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;

iii. Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

F. Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Section 83 and 108 of the Act not to apply;

Notwithstanding anything to the contrary contained in the Articles -

i. Section 83 of the Act shall not apply to the shares with a Depository,

ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owner:

The Register and Index of Beneficial owners, maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purposes of these Articles.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

K. Distinctive numbers of Securities held in a Depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

L. Applicability of the Depositories Act:

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

M. Company to recognise the rights of Registered Holders as also the Beneficial Owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

N. Other Matters

Notwithstanding anything contained in these Articles, the provisions of Depositories Act, relating to dematerialisation of securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly.

Renewal of Shares Certificate

Issue Of New Certificate In Place Of One Defaced, Lost Or Destroyed

22 (i) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

(ii) When a new share certificate has been issued in pursuance of clause (1) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Duplicate issued in lieu of Share Certificate No.". The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(iii) Where a new share certificate has been issued in pursuance of clause (i) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.

(iv) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of

the Secretary or of such other person as the Board may appoint for the purpose, and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(v) The Managing Director of the Company for the time being or, if the Company has no Managing Director every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in sub-article (iv).

(vi) All books referred to in sub-article (v) shall be preserved in good order permanently.

The First named of joint - holders deemed sole holder

23. If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipts of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at Meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

Company not bound to recognise any interest in share other than that of registered holder

24. Except as ordered by a Court of competent jurisdiction or as by law required the Company shall not be bound to recognise any equitable contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Declaration by person not holding beneficial interest in any shares

25. (a) Notwithstanding anything herein contained person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such forms as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in the Act.

(b) A person who holds a beneficial interest in a share or a class of shares of the Company, shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in the Act.

(c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed, from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed in the Act.

(d) Notwithstanding anything contained in the Act and Article 24 hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

Funds of Company may not be applied in purchase of shares of the Company

26. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding company/subsidiary if any save as provided by Section 77 of the Act.

Buyback of shares

26A. The Company shall have power, subject to and in accordance with the provisions of Sections 77A, 77AA and 77B of the Act and other relevant regulations including regulations laid down by SEBI in this regard from time to time, to purchase any of its own shares, or such other specified securities as may be notified by the Central Government from time to time, on such terms and conditions and in such manner as may be prescribed by law from time to time.

UNDERWRITING AND BROKERAGE

Commission may be paid

27. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued and in the case of debentures two and a half percent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Brokerage

28. The Company may pay a reasonable sum for brokerage.

INTEREST OUT OF CAPITAL

Interest may be paid out of capital

29. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any building, or the provision of any plant, which cannot be made profitable for lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the works or building or the provision of plant

CALLS

Directors may make calls

30. The Board may, from time to time subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a Meeting of the Board (and not by circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the person or persons and at the time and places appointed by the Board. A call may be made payable by installments. Provided that an option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in the General Meeting.

Notice of Calls

31. Thirty days' notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid.

Calls to date from resolution.

32. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.

Calls maybe revoked or postponed

33. A call may be revoked or postponed at the discretion of the Board.

Liability of joint holders

34. The joint holders of any share shall be jointly and severally liable for in respect of all calls or installments and other payments, which ought to be made in respect of such shares.

Directors may extend time

35. The Board may from time to time at discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest

36. If any Members fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time, be fixed by the Board not exceeding 9 (nine) percent, or 6 (six) percent per annum over the lending rate of the Reserve Bank of India prevailing from time to time, whichever is higher, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

Sums deemed to be calls

37. Any sum which by the terms of issue of a share become payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium shall for the purpose of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of nonpayment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on shares

38. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of money claimed to be due to the company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the Minute Book and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles; and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present, at the Board Meeting at which any call was made nor that a Meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matter aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture

39. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the company of a portion of any money which shall from time to time be due from any members in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.

Payment in anticipation of

40. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held

by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

Company's Lien On Share/Debentures

41. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares/debentures shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends/interests and bonuses/premiums from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Provided that the provisions relating to the waiver of Company's lien, if any, on partly paid shares/debentures on registration for transfer of such shares/debentures shall also mutatis mutandis apply in respect of dematerialised shares, debenture and any other securities, the beneficial owner of which is registered with the Depository and where such beneficial owner shall have transferred his dematerialised shares, debentures and other securities.

As to enforcing lien by sale

42. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have expired, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for thirty days after such notice.

Application of proceeds of sale

43. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale.

If money payable on share not paid notice to be given to Member

44. If any member fails to pay the whole or any part of any call or installments or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment or any part thereof or the other monies remain unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the share by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of notice

45. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such calls or installments and such interest thereon at such rate not exceeding 9 (nine) percent or 6 (six) percent per annum over the lending rate of the Reserve Bank of India prevailing from time to time, whichever is higher, as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

In default of payment shares to be forfeited

46. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture.

Notice of forfeiture to Member

47. When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited shares to be property of the Company and may be sold etc.

48. Any share so forfeited shall be deemed to be the property of the Company, and may be sold, reallocated, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Member still liable to pay money owing at time of forfeiture and interest

49. Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the until payment, at such rate not exceeding 9 (nine) percent, or 6 (six) percent per annum over the lending rate of the Reserve Bank of India prevailing from time to time, whichever is higher, as the Board may determine and the Board may enforce the payment thereof if it thinks fit.

Effect of forfeiture

50. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

51. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Validity of Sale

52. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchasers

shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share certificates in respect of forfeited shares

53. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Director shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the persons entitled thereto.

Power to annul forfeiture

54. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfers

55. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Instrument of Transfer

56. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Transfer form to be completed and presented to the Company

57. The instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Transfer books and Register of Members when closed

58. The Board shall have power on giving not less than seven days previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year.

58A. Closing of the Register of Members/Debentureholders/Securityholders in the case of dematerialised shares/ debentures/other securities.

(a) The provisions of Articles 55 to 57 shall not apply in respect of any dematerialised share, debenture or other security, and the transfer of beneficial ownership of dematerialised shares, debentures and other securities shall be governed by the provisions of the Depositories Act.

(b) The provisions of Articles 58 regarding closure of Register of Members and Debentureholders for registration of transfer of shares and debentures shall mutatis mutandis apply with respect to

the registration of the beneficial ownership of the dematerialised shares, debentures and other securities of the Company maintained by the Depository.

Directors may refuse to register transfer

Transfer of Securities

59.(a) The provisions of Section 111 of the Companies Act, 1956, regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

(b) Nothing in Sections 108, 109, & 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the right to any shares or interest of a member in debentures of the Company.

(c) If the Company refuses, whether in pursuance of any power under these Articles or otherwise, to register any such transfer or transmission of right, it shall within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of refusal to the transferee and the transferor or to the persons giving intimation of such transmission as the case may be

Notice of Application when to be given

60. Where, in case of partly paid application for registration is made by the Transferor the Company shall give notice of shares, an the application to the Transferee in accordance with the provisions of Section 110 of the Act.

Death of one or more joint holders of shares

61. Subject to Article 59 hereof in the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

Title to shares of deceased Members

62. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one or two or more joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or Letters of Administration or Succession Certificate Upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 61 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.

No transfer to minor etc.

63. No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Registration of persons entitled to shares otherwise than by transfer

64. Subject to the provisions of the Act and these Articles, any person becoming entitled to shares in consequence of the death, lunacy, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

Persons entitled may receive dividend without being registered as member

65. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for any dividends or other moneys payable in respect of the shares.

No Fee On Transfer Or Transmission

66. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Company not liable for disregard of a notice, prohibiting registration of a transfer

67. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

Nomination

67A. 1. Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.

2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.

3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentureholder or, as the case may be on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

5. The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.

Transmission of Securities by nominee

67B. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-(i) to be registered himself as holder of the share or debenture, as the case may be; or

(ii) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debentureholder, could have made;

(iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;

(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

(v) provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

(vi) The provisions of this Article shall apply mutatis mutandis to a depositor of money with the Company as per the provisions of Section 58A of the Act.

Copies of Memorandum and Articles of Association to be sent by the Company

68. Copies of Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupee One for each copy.

Conversion of shares into stock and reconversion

69. The Company may, by ordinary resolution of the Company in General Meeting:

(a) convert any paid-up shares into stock; and

(b) reconvert any stock into paid-up shares of any denomination.

Transfer of stock.

70. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose before the conversion have been transferred or as near thereto as circumstances admit; provided that, the Board may, from time to time, fix the minimum amount of stock transferable, so that such minimum shall not exceed the normal amount of the shares from which the stock arose.

Rights of stock holders

71. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meeting of the Company and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except participation in the profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not be existing.

Rights of stock holders

72. Such of the regulations of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

MEETINGS OF MEMBERS

Annual General Meeting

73. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. All General Meeting other than Annual General Meeting shall be called Extraordinary General Meetings. A Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall laps between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors Report and Audited Statement of Account, the Proxy Register with proxies and the Register of Directors' share holding which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual list of Members, Summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.

Extraordinary General Meeting

74. The Board may, whenever it thinks fit, can call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or Members holding in the aggregate not less than one-tenths of such of the paid-up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made.the Registrar in accordance with Section 159, 161 and 220 of the Act.

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Requisition of Members to state object of Meeting

75. Any valid requisition so made by a Member must state the object or objects of the Meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in like from each, signed by one or more requisitionists.

On receipt of requisition, Directors to call Meeting and in default requisitionists may do so

76. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty one days from the date of the requisition being deposited at the office to cause a Meeting to be called on a day not later than forty five days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the Company as is referred to of so the Act, whichever is less, may themselves call the meeting but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

Meeting called Requisitionists

77. Any Meeting called under the foregoing by Articles by the requisitionists shall be called in the same manner as nearly as possible, as that in which Meetings are to be called by the Board.

Twenty one days notice of meeting to be given

78. Twenty one days notice at least of every General Meeting, Annual or Extraordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other Meeting, with the consent of Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by shorter notice. In the case of an Annual General Meeting if any business other than (1) the consideration of the Accounts, Balance-Sheets, Profit and Loss Account and Reports of the Board of Directors and Auditors, (2) the declaration of dividend, (3) the appointment of Directors in place of those retiring, (4) the appointment of and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director and the Manager (if any). When any such type of special business relates to or affects any other company the extent of share holding interest in that other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such share holding interest is not less than 20 percent of the paid-up capital of that other company, where any items of business consists of the according of approval to any document can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed.

79. The accidental omission to give any such notice as aforesaid to any of the Members or the non- receipt thereof shall not invalidate any resolution passed at any such Meeting.

Meeting not to transact business not mentioned in notice.

80. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in notice or the notice upon which it was convened.

Quorum of General Meeting

81. Five members personally presents shall be the quorum for a meeting of the Company. No business shall be transacted at any General Meeting unless the quorum requisite is present at the commencement of the meeting.

Body corporate deemed to be personally present

82. A body corporate being a member shall be deemed is personally present if it is represented in accordance with Section 187 of the Act.

If quorum not present meeting to be dissolved or adjourned

83. If at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved. In any other case the meeting shall stand adjourned in the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place or to such other day and at such other time and place in the city or town in which the office of the Company for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half hour from the time appointed for holding the Meeting, the Members present shall be a quorum a may transact the business for which the Meeting was called.

Chairman of General Meeting

84. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors, present may choose one of themselves to be Chairman and in default of their doing so the members present shall choose one of the Directors to be Chairman and if no Director present be willing to take the chair, the members present shall choose one of themselves to be the Chairman.

Business confined to election of Chairman whilst chair is vacant

85. No business shall be discussed at any General Meeting except the election of Chairman of the meeting whilst the chair is vacant.

Chairman with consent may adjourn meeting

86. The Chairman of the meeting with the consent of the Members may adjourn any Meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the Meeting from which adjournment took place. When a meeting is adjourned for 30 days or more notice of the adjourned meeting shall be given as in case of original meeting save and except that it shall not be necessary to specify the business to be transacted at the adjourned meeting.

Questions at General meeting how decided

87 (a) Subject to the provisions of sub-article (b) hereof at any General Meeting a resolution put to a vote of the Meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by at least five members having the right to vote on the resolution and present in person or by proxy, or by the Chairman of the meeting or by any Member or Members holding not less than one-tenth of the total voting power in respect of the resolution or by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being share on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, and unless a poll is demanded, a declaration by the Chairman of the Meeting that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority or less and an entry to that effect in the Minute of the Company shall be conclusive evidence of the fact, without proof of the number, or proportion of the votes recorded in favour of or against the resolution.

(b) No decision in respect of the following matter shall be valid and effectual so long as are members of the Company unless passed as Special Resolution of the Company in General Meeting:

- (i) Any changes in the Memorandum and Articles of Association of the Company;
- (ii) Any increase of capital or reduction in capital;
- (iii) Any issue of convertible debentures or bonds;
- (iv) Any change or modification in the rights of shareholders;
- (v) The placing of the Company in voluntary dissolution or winding up;
- (vi) Any amalgamation or merger of the Company with other business or company;
- (vii) Any sale or lease of the whole or substantial part of the undertaking of the Company.

Poll to be taken if demanded

88. If a poll is demanded as aforesaid the same shall subject to Article 90 be taken at such time (not later than forty eight hours from the time when the demand was made) and place in the city or town in which the office of the Company is for the being situate and either by ballot, as the Chairman of the meeting shall direct, and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to

be the resolution of the Meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons who made the demand.

Scrutinizers at poll

89. Where a poll is to be taken, the Chairman of the Meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Member (not being an Officer or employee of the Company) present at the Meeting, provided such a Member is available and willing to be appointed. The Chairman of the Meeting shall have power at any time before the result of the poll is declared to remove a scrutinizer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

In what case poll taken without adjournment

90. Any poll duly demanded on the election of a Chairman of a Meeting or on any question of adjournment shall be taken at the Meeting forthwith.

Demand for poll not to prevent transaction of other business

91. The demand for a poll except on the question of the election of the Chairman of the Meeting and of an adjournment shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Members in arrears not to vote.

92. No Members shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Numbers of votes to which member entitled.

93. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company every Member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such Meeting and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any Preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of section 87 of the Act, he shall have the right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his Preference Share.

Casting of votes by a Member entitled to more than one vote.

94. On a poll taken at a Meeting of the Company a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes use all his votes or cast in the same way all the votes he uses.

How members non-compose mantis may vote

95. A Member of unsound mind or in respect whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll by his committee or other legal guardian; and any such committee or guardian may, on poll vote by proxy. If any Member be a minor, the vote in respect of his share of shares shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the Meeting.

Votes of joint members

96. If there be joint registered holders of any shares any one of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting and, if more than one of such joint holders be present at any Meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the Meeting. Several executors or administrators of a deceased Member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Voting in person or by proxy

97. Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representatives shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if were an individual Member.

Votes in respect of shares of deceased and insolvent Member

98. Any person entitled under Article 65 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty eight hours at least before the time of holding the meeting or adjourned Meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such Meeting in respect thereof.

Appointment of proxy

99. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporate body under the Common Seal of such corporation or be signed by an officer or any attorney duly authorized by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have the right to speak at the meetings.

Proxy either for specified meeting or for a period

100. An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every Meeting of the Company, or of every Meeting to be held before a date specified in the instrument and every adjournment of any such Meeting.

Proxy to vote only on a poll

101. A Member present by proxy shall be entitled to vote only on a poll

Deposit of instrument of appointment.

102. The instrument appointing a proxy and Power of Attorney or other authority (if any), under which it is signed or a notary certified copy of that power or authority, shall be deposited at the Office not later than forty eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of proxy

103. Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly circumstances will admit, be in any of the form set out in Schedule IX of the Act.

Validity of votes given by proxy notwithstanding death of member.

104. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death or insanity revocation or transfer shall have been received at the office before the Meeting.

Time for objection of votes.

105. No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be so tendered, and every vote whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Chairman of the Meeting to be the sole judge of validity of any vote

106. The Chairman of any Meeting shall be sole judge of the validity of every vote tendered at such Meeting. The Chairman of the Meeting present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Postal Ballot

106A. The Company will comply with the provisions of Postal Ballot in pursuance of Section 192A of The Companies Act, 1956 and the rules made thereunder as may be prevalent from time to time.

MINUTES

Minutes of proceedings of General Meetings and of Board & other meetings

107. The Company shall cause minutes of proceedings of every General Meeting and of all proceedings of every Meeting of its Board of Directors or of every Committee of the Board to be entered in the books to be kept as may be required by Section 193 of the Act.

Presumptions to be drawn where minutes duly drawn signed

108. Where minutes of the proceedings of any General Meeting of the Company or any Meeting of its Board have been kept in accordance with the provisions of Section 193 of the Act, until the contrary is proved the Meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and in particular all appointments of Directors or liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein.

Inspection of minute book of General Meetings

109. The books containing the minutes of the proceedings of any General Meeting of the Company shall be kept at the registered office of the Company and be open during the business hours for the inspection by any member without charge subject to such reasonable restrictions as the Company may in General Meeting impose so however that not less than two hours in each day are allowed for inspection. Any member shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company, with a copy of any minutes referred to herein on a payment of thirty seven paise for every one hundred words or fractional part thereof required to be copied.

Publication of reports of proceedings of General Meeting

110. No documents purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 193 of the Act to be contained in the minutes of the proceedings of such meeting.

PROMOTERS OF THE COMPANY

111. Person fulfilling the criteria of definition of "Promoter" under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or any other statute, rules, regulations, guidelines or provisions of law (including any amendments, modifications or re-enactment thereof, for the time being in force) shall be Promoters of the Company and shall exercise control over the Company, as defined under any such law.

DIRECTORS

Number of Directors

112. Unless otherwise determined by the Company in the General Meeting, the number of Directors shall not be less than 3 (three) and not more than such number as may be stipulated by the Act for the time being in force

113. Any person whether a member of the Company or not may be appointed as Director and no qualifications

by way of holding shares shall be required of any Director.

114. Notwithstanding anything contained in any other clauses so long as Promoters hold or continue to hold not less than 26% (Twenty Six percent) of the paid up Equity Share Capital of the Company from time to time then, Promoters shall have the right to nominate up to 4 (Four) persons as Director or Directors on the Board and to remove such person or persons from the Board and to nominate other or others in their place and the Company and the Board shall be bound by such nominations. Such nominee Director or Directors shall not be liable to retire by rotation subject to the provisions of the Act and Article 112 and Article 153. The nomination of any member delivered to the Company by Promoters intimating that they are nominees of Promoters will be a sufficient proof for the purpose of this Article.

115. The Board of Directors shall have power at any time and from time to time to appoint one or more person as Additional Directors, provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. Any Additional Directors so appointed shall hold office upto the date of the next Annual General Meeting, but he shall be eligible for election by the Company at that meeting.

116. The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the Original Director for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held. If the term of office of the Original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the Original and not to the Alternate Director.

117. Every Director, (including the ex-Officio Director shall be paid a sitting fee not exceeding such sum as may be prescribed from time to time under Section 310 of Act and as decided by the Board for each meeting of the Board of Directors or of any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company.

118. If any Director being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which Registered Office of the Company may be situated for any purposes of the Company or in giving special attention to the business of the Company or as a member of the Committee of the Board, then subject to Section 198, 309, 310 and 314 the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

119. The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purposes of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

120. The office of a Director shall be vacated, if:

- (a) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (b) he applies to be adjudicated or is adjudged an insolvent; or
- (c) he fails to pay dues made on him in respect of shares held by him within 6 months from the last date fixed for the payment of the call unless the Central Government has by notification in the official gazette, removed the disqualification incurred by such failure; or
- (d) he is convicted by a Court for any offense involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (e) he absents himself from three consecutive meetings of the Board or from all meetings of the Board

for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or

(f) he (whether by himself or by any person for his benefit or on his account), or any firm in which he is a partner or any private company of which he is a Director accepts a loan, or any guarantee or security for a loan from the Company in contravention of Section 299, or

(g) he acts in contravention of Section 295; or

(h) he becomes disqualified by an order of Court under Section 203; of

(i) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.

Provided that notwithstanding anything in sub-clauses (d) and (h) above the disqualification referred to in those clauses shall not take effect :

(a) For 30 days from the date of adjudication sentence or order.

(b) Where any appeal or petition is preferred within 30 days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of 7 days from the date on which such appeal or petition is disposed of, or

(c) Where within 7 days aforesaid, any further appeal petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed would result in the removal of the disqualification, until such further appeal or petition is disposed of.

121 (1). Subject to the provisions of the Act, the Directors including the Managing Director, if any shall not be disqualified by reason of their office as such, from contracting with the Company either as vendor, purchaser, lender, agent, broker, or otherwise nor shall apply to any contract or arrangement entered into by or on behalf of the Company or partnership of or in which any Director or Managing Director, so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director or the Managing Director holding that office or of the fiduciary relation thereby established, but the nature of the interest must be disclosed by him or them at the meeting of the Board at which the contract or arrangement is determined, if the interest then exists or in any other case at the meeting of the Board after the acquisition of the interest.

Provided nevertheless that no Director in respect of any discussion of or vote, as a Director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is a quorum of Directors present. The provision shall not apply to any contract by or on behalf of the Company to give to the Directors or the Directors or the Managing Directors or any of them any security by way of indemnity against any loss which they or any of them suffer by becoming or being sureties for the Company or to any contract or arrangements entered into or to be entered into with a public company, or a private company which is a subsidiary of a public company, in which the interest of the Director aforesaid consists solely in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company or in his being a member holding not more than 2% of its paid-up share capital.

(2) A general notice that any Director is a Director or a member of any specified company or is a member of and specified firm and is to be regarded as interested in any subsequent transaction with such company or firm shall, as regards any such transaction, be sufficient disclosure under this Article and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such Company or firm.

(3) A Director may be or become a Director or member of any Company promoted by this Company or in which this Company may be interested as vendor; shareholder or otherwise and no such Director shall be accountable to the Company for any benefits received as a Director or member of such Company.

122. Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION OF DIRECTORS

123. The term ex-officio directors wherever occurring in these presents shall mean and include the Directors appointed under Articles 114 and 153.

124 (a) Not less than 1/3rds of the total number of the Directors of the Company for the time being holding office shall be Directors whose period of office is liable to be determined by retirement by rotation and who shall be appointed by the Company in General Meeting.

(b) At the first Annual General Meeting of the Company the whole of the Board of Directors except ex-officio Directors shall retire from office and at the Annual General Meeting in every subsequent year, 1/3rd of such of the Directors as are liable to retire by rotation for the time being or if their number is not three or multiple of three, then the number nearest to 1/3rd shall retire from office.

125. A retiring Director shall be eligible for re-election at the Annual General Meeting of the Company and if Director retires in the manner aforesaid the Company may fill up the vacated office by electing a person thereto.

126. The Directors to retire every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.

127. Subject to the provisions of Section 256 of the Act, if at any Meeting at which an election of Directors ought to take place, the place of the vacating Directors is not filled up and the Meeting has not expressly resolved not to fill up the vacancy, the Meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned Meeting the place of retiring Directors is not filled up and the Meeting has also not expressly resolved not to fill up the vacancy then the retiring Directors or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting.

128. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company in General Meeting may by ordinary resolution increase or reduce the number of its Directors within the limit fixed by Article 112.

129. Subject to the provisions of Section 284 of the Act and the Article 114 the Company may by an ordinary resolution in General Meeting remove any Directors before the expiration of his period of office, and may by, an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

130. A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company a notice in writing under his hand signifying his candidate for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be.

PROCEEDING OF THE DIRECTORS

131(1) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

(2) The Managing Director or the Chairman of Directors Committee may at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his address in India to every other Director.

132. The quorum for a meeting of the Board shall be $\frac{1}{3}^{\text{rd}}$ of the total strength (any fraction contained in that $\frac{1}{3}^{\text{rd}}$ being rounded off as one) or two Directors whichever is higher provided that where at any time the number of interested Directors is equal to or exceeds $\frac{2}{3}^{\text{rd}}$ of total strength the number of remaining Director, that is to say the number of Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time. The total strength of the Board shall mean number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of the Board after deducting there from the number of Directors, if any, whose places are vacant at the time. The quorum shall not be complete without the presence of one of the Nominee Directors.

133. Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

134. In case of an equality of votes, the Chairman shall have a second or casting vote in addition to his vote as a Director.

135. (1) Promoter shall have a right to nominate a Director who shall be and shall continue as the non-retiring Chairman of the Board so long as he is willing to be a Director and Chairman of the Company and shall not be liable to retire by rotation. The chairman shall preside at all meetings of the board and the General Meetings of the Company. The Chairman shall have a casting vote in the event of a tie.

(2) In the event of Article 135(1) becomes inoperative, the Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

(2) In absence of Chairman appointed under Article 135(1) or any appointed or nominated Chairman, or in the event of their being unwilling to act as the Chairman at any meeting of the Board, the Directors present may choose one of their number to be Chairman of the meeting.

136. The Board shall subject to the provisions of the Act, delegate its powers to the Committee of Director consisting of such directors who is appointed under Article 114 and such Committee of Directors shall have the general powers of management subject to overall supervision, control and direction of the Board, shall be the Chairman of the Committee of Directors.

137. (1) The Committee may meet and adjourn and conduct its business as it thinks proper.

(2) Questions arising at any meeting of the Committee shall be deemed by the sole member of the Committee or by a majority of votes of the members present as the case may be and in case of an equality of vote, the Chairman shall have a second or casting vote in addition to his vote as a member of the Committee.

138. All acts done by any meeting of the Board or of the committee thereof or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.

139. Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India, not being less in number than the quorum fixed for the meeting of the Board or the Committee, as the case may be, and to all other Directors or members at their usual addresses in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or Committee duly convened and held.

POWERS AND DUTIES OF DIRECTORS

140. The business of the Company shall be managed by the Board of Directors through the Committee of Director appointed under Article 136 who may exercise all such powers of the Company, as are authorised by the Act or any statutory modification thereof for the time being in force, except those by these presents, required to be exercised by the company in General Meeting or by the Board. Provided in exercising

any power or doing any such act or thing the Committee shall be subject to the provisions contained in that behalf in the Act or any other provision of law or the Memorandum of Association of the Company or these Articles or in any regulation not inconsistent therewith and duly made thereunder including regulation made in General Meeting, shall invalidate no regulation made by the company in General Meeting, any prior act of the Board or the Committee which would have been valid if that regulation had not been made.

141. Without prejudice to the generality of the foregoing it is hereby expressly declared that the Board and the Committee shall have the following powers, subject to the provisions of the Act.

(1) To carry on and transact the several kinds of business specified in Clause III of the Memorandum of Association of the Company.

(2) To draw, accept, endorse, discount, negotiate and discharge on behalf of the Company all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, dock warrants, delivery orders, Government promissory notes, other Government instruments, bonds, debentures or debenture stocks of Corporation, Local bodies, Port Trusts, Improvements Trusts or other Corporate Bodies and to execute, transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the Company.

(3) At their discretion, to pay for any property rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, or other securities may be either specifically charged upon all or any of the property of the Company or not so charged.

(4) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisers, accountants, cashiers, agents, dealers, brokers, foreman, servants, employees of every description and to employ such professional or technical or skilled assistants as from time to time may in their opinion be necessary or advisable in the interest of the Company and upon such terms as to duration of employment, remuneration or otherwise as may be required and security in such instances and to such amounts as the Directors think fit.

(5) To accept from any member, on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof.

(6) To secure the fulfillment of any contracts or agreements entered into by the Company, by mortgage or charge of all or any of the property of the Company or in such other manner as they think fit.

(7) To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound or compromise or submit to arbitration the same actions, suits and legal proceedings.

(8) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.

(9) To determine who shall be entitled to sign on the Company's behalf bills of exchange, pronotes, dividend warrants, cheques, and other negotiable instruments, receipts, acceptance, endorsements, releases. Contracts, deeds and document

(10) From time to time regulate the affairs of the Company in such manner as they think fit and in particular to appoint any person to be the attorneys or agents for the Company either abroad or in India with such powers including power to sub-delegate and upon such terms as may be thought fit.

(11) To invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such securities as they think fit.

(12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present or future) as they think fit and any such mortgage may contain a power of sale and such other powers covenants and provisions as shall be agreed upon.

(13) To give to any person employed by the Company a commission on the profits, or any particular business or transactions, or a share in the general profits of the Company, and such commission, or share of profits, shall be treated as part of the working expenses of the Company.

(14) From time to time to make, vary and repeal byelaws for the regulations of the business of the Company, its officers and servants.

(15) To enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

(16) To pay gratuities, bonus, rewards, present and gifts to employees or dependents of any deceased employees or to charitable institutions or purposes, to subscribe for provident funds and other associations for the benefit of the employees.

141. The Committee of Directors may appoint, at any time and from time to time by a power of attorney under the Company's seal any person to be the attorney of the Company for such purposes and with such powers, authorities and discretion not exceeding those vested in or exercisable by the Board under these Articles and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may, if the Board thinks fit, be made in favour of the members, or any of the members of any firm or Company, or the members, directors, nominees or managers of any firm or company, or otherwise in favour of any body or persons, whether nominated directly or indirectly by the Committee, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as they may think fit.

142. (1) The Board shall duly comply with the provisions of the Act and in particular with the provisions in regard to the registration of the particulars of the mortgages and charges affecting the properties of the Company or created by it and to keeping a Register of the Directors and to sending to the Registrar an annual list of members and a summary of particulars of shares and stock and copies of special resolutions and other resolutions of the Board as are required to be filed with the Registrar under Section 192 of the Act, and a copy of the Register of Directors and notification of any changes therein.

(2) The Company shall comply with the requirement of Section 193 of the Act, in respect of keeping of the minutes of all proceedings of every General Meeting and of every meeting of the Board or any Committee of the Board.

(3) The Chairman of the meeting may exclude at his absolute discretion such of the matters as are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company.

143. The Committee of Directors shall have the power to appoint as the Secretary a person possessing the prescribed qualifications, and fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as they may determine.

144. Any branch or kind of business which by the Memorandum of Association of the Company or these presents is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Board at such time or times as they shall think fit and further may be suffered by them to be in abeyance whether such branch or kind or business may have been actually commenced or not so long as the Board may deem it expedient not to commence or proceed with such branch or kind of business.

BORROWING

145. (1) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under Section 293 raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not without the sanction of the Company at a General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose and in particular, but subject to

the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debenture perpetual or otherwise including debentures convertible into shares of this or any other company or perpetual annuities and in security of any such money so borrowed, raised or received, mortgage, pledge or charge, the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely in trust and give the lenders powers of sale and other powers as may be expedient and to purchase redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors.

(2) The Directors may by a resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a Committee of Directors or the Managing Director, if any, within the limits prescribed.

(3). Subject to the provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purpose of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think fit, and in particular, by promissory notes or by opening current accounts or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debenture-stock of the Company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company or by such other means as to them seem expedient.

146. Such debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Term of issue of debenture

147. Any debentures, debenture-stock or other securities may be issued at a discount, premium otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a special Resolution.

INSTITUTIONAL DIRECTOR

148. Subject to the approval of the Government under the provisions of Section 268 of the Act.

(a) While any money remains due by the Company under or by virtue of any mortgage, Hypothecation, pledge or otherwise or Underwriting agreements executed by the Company in favour of the Government Central And/or State and or of the Industrial Finance Corporation of India, Industrial Development Bank of India, Industrial Credit Corporation, Life Insurance Corporation of India or any other Corporation sponsored by the Government, Central or State and so long as the loan or Guarantee given by the said Government/Corporation in respect of financial commitments of the Company remains outstanding the said corporations shall be entitled to appoint from time to time any person or persons to be their nominees as Directors of the Company. The Directors so appointed shall have the same powers and privileges as other Directors of the Company. Such Directors appointed by the said Government/Corporation shall not be required to possess any share qualification and the provisions of Articles of Association as to retirement of Directors shall not apply to them. The said Director shall hold office at the pleasure of the said corporation who shall have the full power to remove all or any of the Directors appointed by them under this Articles and to appoint any other or others in his or their places as and when they shall deem it necessary. Such appointment or removal shall be by notice in writing to the Company.

(b) Any trust deed for securing debentures or debenture-stock may if so arranged, provide for the appointment from time to time by the Trustees thereof or by the holders of the debentures or debenture-stocks of

some persons be the Directors of the Company and may empower such trustees or holder of debentures or debenture-stock from time to time to remove any Director so appointed. The Director appointed under this Article is herein referred to as "The Debenture Director" and the term "Debenture Director" means the Directors for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as and be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any other provisions herein contained.

149. The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically effecting the property of the Company and shall duly comply with the requirements of the Act, in regard to the registration of mortgage and charges therein specified.

150. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charge and shall make the same, subject to such prior charge and shall not be entitled, by notice to the shareholders or otherwise to obtain priority over such prior charge.

151. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

152 (1) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board.

(a) Power to make calls on shareholders in respect of moneys unpaid on their shares;

(b) Power to issue debentures;

(c) Power to borrow moneys otherwise than on debentures;

(d) Power to invest the funds of the Company;

(e) Power to make loans.

(2) The Board of Directors may by a meeting delegate to any Committee of the Directors or to the Managing Director the powers specified in sub-clauses (c), (d) and (e) above.

(3) Every resolution delegating the powers set out in sub-clause (c) above shall specify the total amount unto which money may be borrowed by the said delegate.

(4) Every resolution delegating the power referred to in sub-clause (d) above shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegate.

(5) Every resolution delegating the power referred to in sub-clause (e) above shall specify the total amount upto which the loans may be made by the delegate the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

MANAGING DIRECTORS/WHOLE TIME DIRECTOR

153. (a) The Board may from time to time with such sanction of the Central Government as may be required by law, appoint one or more of their body to the office of the Managing Director or Managing Directors or whole time Directors out of the Directors nominated under Articles 114.

(b) The Directors may from time to time resolve that there shall be either one or more Managing Director, whole time Director.

(c) In the event of any vacancy arising in the office of a Managing Director or Whole time Director if the

Directors resolve to increase the number of Managing Directors or whole time Directors, the vacancy shall be filled up by the Board of Directors and the Managing Director or whole time Director so appointed shall hold the office for such period as the Board of Directors may fix.

(d) If a Managing Director or Whole time Director ceases to hold office as Director, he shall if so facto and immediately cease to be a Managing Director or whole time Director.

(e) The Managing Director or Whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole time Director.

154. Managing Director or Whole time Director shall subject to supervision, control and direction of the Board through its Committee and Directors and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors as they may think fit and confer such powers for such time and to be exercised for such objects, purposes and upon such terms and conditions and with such restrictions as they may think expedient and they confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Managing Directors or Whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Boards' direction.

155. Subject to the provisions of the Act and subject to such sanction of the Central Government as may be required for the purpose, the Managing Directors or Whole time Directors shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

156. The Managing Director or Whole time Director shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

157(1) The Managing Director or Whole time Director shall have subject to the supervision, control and discretions of the Board, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the management of the affairs and transactions of the Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by the Board of Directors and also subject to such conditions or restrictions, imposed by the Companies Act or by these presents.

(2) Without prejudice to the generality of the foregoing and subject to supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director or Whole-time Director and he shall have and exercise all the powers set out in Article 152 above, are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

(3) The Board may, from time to time, delegate to the Managing Director, or Whole time Director such of their powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or whole time Director by the Board or by these presents.

COMMON SEAL

158. The Board shall provide a common seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the common seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

159. The seal shall not be affixed to any instrument except by authority of a resolution of the Board or of committee and unless the Board otherwise determines every deed or other instrument to which the seal required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company be signed by one Director at least in whose presence the seal shall have been affixed and counter-signed by the Managing Director, Secretary or such other person as may from time to time be authorised by the Managing Director or by the Board provided nevertheless that any instrument bearing the seal of the Company and

issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same.

DIVIDENDS

Divisions of Profits

160. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles subject to the provisions of these Articles shall be divisible among the members in the proportion to the amount of capital paid or credited as paid upon the shares held by them respectively.

161. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

162 No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions of and remaining undistributed or out of both, provided that:

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years.

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both dividend.

Interim Dividend

163. The Board may, from time to time, pay to the members such interim dividend as in their judgement the financial position of the Company justifies.

Capital paid up in advance at interest not to earn dividend

164. Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participation in profits.

Dividends in proportion to amount paid up

165. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of, which the dividend is paid, but if any share is issued on terms provided that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Retention of dividends until completion of transfer under Articles 64

166. Subject to the provisions of the Act, the Board may retain the dividends payable upon shares in respect of which any person is, under Article 64 entitled to become a member, or which any person under the Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

Dividends etc. to joint-holders

167. Any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends or bonuses or other moneys payable in respect of such shares.

No member to receive dividend whilst indebted to the Company And Company's right of reimbursement there-out

168. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such shares or shares or otherwise however, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the company.

Transfer of Shares must be registered

169. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends how remitted

170. Unless otherwise directed any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or persons entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding Every such cheque or warrant shall be made payable to the order of the person to whom, it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslip or receipt or the fraudulent recovery of the dividends by any other means.

Interest on unpaid dividend

171. Subject to the provisions of Section 205 to 208 of the Act, no unpaid dividend shall bear interest as against the Company.

Unpaid Or Unclaimed Dividend

172. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "**Unpaid Dividend Account of _____ Limited** " and transfer to the said account, the total amount of dividend which remains unpaid or unclaimed.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/ Committee appointed by the Central Government by the shareholders to whom the money is due subject to the provisions of Section 205B of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Unclaimed application money, deposits etc.

172A. The Company shall comply with the provisions of Section 205C of the Act in respect of any money remaining unpaid with the Company in the nature of (i) application moneys received by the Company for allotment of any securities and due for refund; (ii) deposits received by the Company and due for repayment; (iii) debentures issued by the Company and matured for redemption; and (iv) the interest, if any, accrued on the amounts referred at items (i), (ii) and (iii) respectively.

Dividend and call together

173. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time the dividend may, if so arranged between the Company and the Member, be set off against the calls.

Capitalisation

174. (a) The Company in General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve accounts, or in the hands of the Company and available for dividend for representing premium received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same is distributed by way of dividend and the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued share and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that a share premium account and a capital redemption reserve account may, for the purpose of this Article, only be applied in the paying of any unissued share to be issued to members of the company as fully paid bonus shares.

(b) A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charges for income tax be distributed among the members of the footing that they receive the same as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty, which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates.

ACCOUNTS

Accounts

175. The Company shall keep at the office or at such other place in India as the Board thinks fit proper books of account in accordance with Section 209 of the Act with respect to:

- (a) All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
- (b) All sales and purchases of goods by the Company and
- (c) The assets and liabilities of the Company.

Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of account.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper books of account relating to the transactions effected at the branch office and proper summarised returns, made up to date at intervals of not more than three months, are sent by the branch office to the Company at its office or other place in India, at which the Company's books of account are kept as aforesaid.

The books of account shall give a true and fair view of the state of affairs of the Company or branch office as the

case may be, and explain its transactions. The books of account and other books and papers shall be open to inspection by any Director during business hours.

As to inspection of accounts or books by Members

176. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.

Statement of accounts to be furnished to General Meeting

177. The Directors shall from time to time, in accordance with Section 210, 211, 212, 215, 216 and 217 of the Act cause to be prepared and to be laid before the Company in General Meeting such Balance Sheet, Profit and Loss Accounts and Reports as are required by these sections

Copies shall be sent to each Member

178. A copy of every such Profit and Loss Accounts and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty one days' before the meeting at which the same are to be laid before the members be sent to the members of the company, to holder of debentures issued by the Company (not being debentures which ex-facio are payable to the bearer thereof, to trustees for the holders of such debentures and to all persons entitled to receive notice of General Meetings of the Company.

Audited and approved Balance Sheet and Profit & Loss Account to be conclusive evidence.

179. Every Balance Sheet and Profit and Loss Account of the Company when audited and approved by the Company at the Annual General Meeting shall be conclusive except as regards any error discovered therein; whenever any such error is discovered the Balance Sheet and Profit and Loss Account shall forthwith be corrected by the Board and thenceforth shall be conclusive.

Amendment of Audited Accounts

180. The Board of Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the Audited Accounts of the company of any financial year which have been laid before the company in General Meeting. The amendments to the Accounts effected by the Board of Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval.

Accounts to be audited

181. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 231 of the Act.

First Auditor or Auditors

182. The first Auditor or Auditors of the Company shall be appointed by the Board within one month of the date of registration of the Company the Board will also fix their remuneration and the Auditor or Auditors so appointed shall hold office until the conclusion of the First Annual General Meeting, provided that Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the member of the Company not less than fourteen days before the date of the meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

DOCUMENTS AND NOTICES

Service of documents or notices on Members by Company.

183.(1) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notice on him.

(2) Where a document or notice is sent by post, service of the documents or notice shall be deemed to be affected by properly addressing prepaying and posting a letter containing the document or notice, provided that when a member has intimated to the Company in advance that documents or notices should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so; service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member, and such service shall be deemed to have been effected in the case of a notice of meeting, at the expiration of forty eight hours after the letter, containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

(3) By advertisement: A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

*(4) Where the Circulars, Notifications, Rules issued by the Ministry of Corporate Affairs and the provisions of the Companies Act, 1956 read with the Information Technology Act, 2000 provides the company to issue and serve notices, including copies of Balance Sheet, Auditors Report, notice and Directors Report under section 219 and any other document through the electronic mode, subject to terms and conditions as specified by the Ministry of Corporate Affairs or any Statutory Authority in this regard, the company shall the option of sending the documents/ notices by e-mail by giving the members the advanced opportunity to register their e-mail address and the changes therein with the company from time to time.

****Altered vide Special resolution passed in the AGM of the Company held on 3rd August 2011***

On joint holder

184. A document or notice may be served or given by the company on or to the joint holders of a share by serving or giving the document on or to the joint holder named first in the Register of Members in respect of the shares.

On personal representatives etc.

185. A document or notice may be served or given by the company on or to the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be entitled or until such an address has been so supplied by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

To whom documents or notices must be served or given

186. Documents or notices of every General Meeting shall be served or given in such manner herein before authorized on or (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.

Members bound by documents or notices served on or given to previous holders.

187. Every person who, by operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously stood to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

Documents or notices by Company and signature thereto

188. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorized by the Board of Directors for such purpose and the signature thereto may be written, printed, or lithographed.

Service of documents or notice by member

189. All documents or notice to be served or given by members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

WINDING UP

Liquidator may divide assets in specie

190. The Liquidators on any winding up (whether may divide may, with the sanction of Special Resolution, but subject to the right attached to any preference share capital, divide among the contributories in specie any parts of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

Directors' and others' right of indemnity

191. Subject to the provisions of section 201 of the Act, every officer or agent for the time being of the Company shall be indemnified out of the Assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under section 633 of the Act in which relief is granted to him by the Company or in connection with any guarantee or obligation or contract entered for the benefit of Director or Directors of the Company.

SECRECY CLAUSE

Secrecy

192 (a) Subject to the provision of these Articles and Act, no Member shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery or trade, or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate.

(b) Any confidential information disclosed to a member or Director shall not be used by it/him for any purpose other than for the exercise of rights or performance of obligation as a member or Director of the Company and shall not be disclosed by it/him to any person, firm or Company.

GENERAL AUTHORITY

193. Wherever in the Companies Act, 1956 it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its Articles, then and in that case, this regulation hereby authorizes and empowers the Company to have such right, privilege or authority and to carry such transaction as has been permitted by the Act without there being any specific regulation in that behalf therein provided e.g. provisions under Section 50, 76, 80, 92, 93, 94, 100, 106, 208, 313

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or are to be entered into by our Company. The contracts together with the documents referred to in para (B) below may be inspected at the registered office of our Company situated at 302, Persipolis, Plot No 74, sector 17, above Andhra Bank Vashi, Navi Mumbai 400 704 between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the Issue Closing Date.

(A) MATERIAL CONTRACTS

1. Memorandum of Understanding dated December 5, 2011 between our Company and Dalmia Securities Private Limited, Lead Managers to the Issue.
2. Agreement dated December 1, 2011 between our Company and Adroit Corporate Services Private Limited, Registrar to the Issue.
3. Tripartite Agreement dated November 13, 2009 between our Company, National Securities Depository Limited (NSDL) and Adroit Corporate Services Private Limited.
4. Tripartite Agreement dated November 23, 2009 between our Company, Central Depository Services (India) Limited (CDSL) and Adroit Corporate Services Private Limited.
5. Agreement entered with JDA for constructing 1350 flats for EWS and LIG section as per the Affordable Housing Policy, 2009 issued by Government of Rajasthan dated January 10, 2011.
6. Land agreement relating to our land reserves disclosed on page no 47 of the Letter of Offer.
7. Escrow Agreement entered between Our Company, the Lead Manager, the Registrar to the Issue and Bankers to the Issue.

(B) DOCUMENTS FOR INSPECTION

8. Certified Copy of Memorandum and Articles of Association of our Company;
9. Copy of Certificate of incorporation of our Company dated March 26, 1983; Copy of Certificate of incorporation pursuant to change in object and name dated August 21, 2007 and Copy of Certificate of Incorporation pursuant to further change in name as on August 26, 2009;
10. Copy of resolution of the Board of Directors under section 81(1) of Companies Act passed in its meeting dated August 11, 2011 authorising the Issue and related matters; Copy of resolution of the Shareholders Resolution under section 81(1) of Companies Act passed by Postal Ballot, result of which declared on September 26, 2011, authorising the Issue and related matters;
11. Copy of resolution of the Board of Directors for appointing Mr. Ashok Chhajer and Mr. Nimish S. Shah as Managing Director and Whole Time Director; Copy of resolution passed by the shareholders for appointing Mr. Ashok Chhajer and Mr. Nimish S. Shah as Managing Director and Whole Time Director respectively;
12. Copy of agreement dated July 1, 2010 entered with Mr. Ashok Chhajer and Mr. Nimish S. Shah, Managing Director and Whole Time Director, prescribing their terms of appointment.
13. Annual reports of our Company for the financial year ended March 31, 2007, 2008, 2009, 2010 and 2011;

14. Auditors' Report on the Restated Standalone Financial Statements dated March 27, 2012, by M/s. T.N. Gala & Associates, Chartered Accountants and Statutory Auditors of our Company for the financial year ended March 31, 2007, 2008, 2009, 2010, 2011 and nine months ended December 31, 2011;
15. Auditors' Report on the Restated Consolidated Financial Statements dated March 27, 2012 by M/s. T.N. Gala & Associates, Chartered Accountants and Statutory Auditors of our Company for the financial year ended March 31, 2010, 2011 and nine months ended December 31, 2011;
16. A statement of tax benefits dated March 27, 2012 received from M/s. T.N. Gala & Associate, Chartered Accountants and Statutory Auditors of our Company regarding tax benefits available to our Company and its shareholders;
17. Fund Deployment Certificate dated March 27, 2012, issued by M/s. T.N. Gala & Associate, Chartered Accountants and Statutory Auditors of our Company;
18. Letter of Offer dated February 23, 2010 in respect of immediately preceding Rights Issue made by our Company;
19. Consents from the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager to the Issue, Legal Advisor to the Issue, Bankers to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
20. Copy of Corporate Governance Report for the quarter ended December 31, 2011;
21. Due Diligence Certificate dated December 08, 2011 by Dalmia Securities Private Limited, Lead Manager to the Issue;
22. The valuation report no. AC/Val/Koprol/Raigad/2009/454 dated August 14, 2009 from M/s Ambike consultants Government Registered Valuer, in connection with lands purchased (located at Gat. No. 25/2 & Hissa no. 2 and Gat. No. 27 & hissa no. 2A/1, 2A/2 & 2A/3, Village Koprol, Tal-Panvel, Dis- Raigad) by our company from promoters group entities.
23. Copy of In-principle Approval received from BSE letter no. **DCS/PREF/NTP/IP-RT/832/2011-12** dated March 5, 2012;
24. SEBI Observation Letter No. **CFD/DIL2/SK/DM/RI/ASL/OW/6657/2012** dated March 20, 2012 received from Securities and Exchange Board of India.

DECLARATION

We hereby certify that no statement made in this Letter of Offer is in contravention of any of the provisions of the Companies Act, 1956 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue as also the regulations, instructions issued by the Securities and Exchange Board of India, Government and any other competent authority in this behalf have been duly complied with. We further certify that all the statements in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Ashok Chhajer, Chairman and Managing Director _____

Nimish S. Shah, Whole Time Director _____

Varaprasad Atluri, Non-Executive & Non Independent Director _____

Virendra Kumar Mital, Non-Executive & Independent Director _____

Dinesh Chandra Babel, Non-Executive & Independent Director _____

Vinayak V. Nalavde, Non-Executive & Independent Director _____

SIGNED BY THE PERSON HEADING THE FINANCE FUNCTION

Rajnish Danti, VP Finance _____

Ravindra Parakh, Manager Accounts _____

Place: Navi Mumbai

Date: April 19, 2012