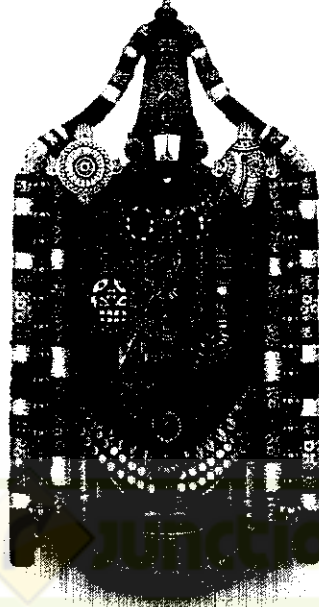




8th ANNUAL REPORT 1999 - 2000



ॐ तत् सत्

“ All pervasive, omnipotent...
Lord Venkateshwara - the primal cause of the world,
is our guiding force.
O' Lord we come from you and we belong to you.
We act through you and all that we have belongs to you.
Arihant Foundations & Housing Ltd.
treads on to the path shown by you. “

CORPORATE STRUCTURE

BOARD OF DIRECTORS

Navratan Lunawath	Chairman & Managing Director
Rasiklal M.Jhaveri	Wholetime Director
Jagdish R.Bhatt	Wholetime Director
Col.A.L.Jayabhanu	Wholetime Director
Anraj Gadia	Director
Ashok Khubchandani	Director
Alex Jacob	Director
Damodaran A	Director
Meghraj Lunawath	Director
Gautamchand Lunawath	Director
Mahaveer Lunawath	Director
Shivkumar Reddy	Director

SENIOR EXECUTIVES

Rashmi R.Parekh	Manager Accounts
Priti Venkatesan	Company Secretary
Narender Lunawath	Executive Director
Kamal Lunawath	Executive Director
Vimal Lunawath	Executive Director
Piyush Bhatt	Project Manager

BANKERS

Bank of Baroda
Vijaya Bank
Punjab & Sind Bank
Indian Overseas Bank

AUDITORS

M/S B.P.Jain & Co.,
Chartered Accountants,
No.2, Gee Gee Minar, 23 College Road,
Chennai-600 006.

LEGAL ADVISOR

K.Venkatasubramanian
25, Singarachariar Street,
Triplicane, Chennai-600 005.

REGISTERED OFFICE

271 (Old 182), "Ankur Manor", Off McNicholes Road,
1st Floor, Poonamallee High Road,
Kilpauk, Chennai-600 010.

/ Certified True Copy /
FOR ARIHANT FOUNDATIONS & HOUSING LTD
R Venkatesan
Company Secretary

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CHAIRMAN'S SPEECH

"Goodmorning Ladies and Gentlemen,

I on behalf of the Board of Directors of Arihant Foundations & Housing Limited welcome you all to the Eighth Annual General Meeting of the Company. As you all know, Arihant which builds on integrity has been existing and flourishing on trust flowing from the sea of satisfied customers. Right from the stage of inception it has been important for Arihant as an organisation to be genuine in its purpose and straightforward in execution of all its assignments. The trust and the faith reposed in us by our customers, financial institutions, banks, employees, Government and Semi-Government Organisations and the general public at large has built enduring bonds which are of a quality that develops and augments brand loyalty in an otherwise capricious and highly competitive Construction Industry. This faith and trust has enabled Arihant to flourish and scale new heights inspite of recession in the Industry.

The present day expansion of the Indian Economy has given birth to a latent demand for better quality, economical or less expensive housing for residential structures. Arihant has already initiated steps in the direction of utilising these opportunities by launching Residential projects like "Devi Arihant" a classic 4-storeyed landmark taking shape on Dr.Nair Road, T.Nagar where each living space is an extension of the royal splendour. "Narayana Arihant Ocean Tower" taking shape upon the famous Wallajah Road, will stand out in its full magnificence as the tallest tower in Chennai. This residential complex is yet another example of detailed planning and tasteful sophistication that marks every Arihant Project. Some other residential projects at prime locations in the city are "Arihant Orchid" (at Flowers Road, Kilpauk), "Arihant Chataeu" (at Kilpauk) and "Arihant Raja Bhawan" (at Royapettah High Road). "Arihant Majestic Towers" the mega residential complex with 310 designer apartments spread over 65 grounds on Inner Ring Road at Koyambedu.

At Arihant we measure our achievements against our own performance with added emphasis on impartial and untainted introspection. Public recognition of our success has over the time served as a motivating factor, inspiring us to aim higher and adhere to the high standards of integrity we have set for ourselves.

In order to keep up with the growing demand for high quality structures matching international standards, required by fast mushrooming Software Industry and other business empires Arihant has launched the most prestigious business landmark of the millennium "Arihant NITCO Park" at Dr.R.K.Salai a prime location in Mylapore. This impressive structure would stand out as a chiselled work of monumental sculpture, an awe-inspiring designer ambience coupled with an air, spelling out international class. Arihant has also launched one more new commercial project named "Arihant Viceroy by Sanghvi & Arihant" at Sardar Patel Road- the hub of IT Industry.

The latest union budget has identified "Housing For All" as a priority area in the agenda of governance. This has led to the recognition of Housing Sector as a potent engine for Economic Growth. With the launch of five Mega Residential Projects at prime locations in the city Arihant has once again proved that it will never fail in making best possible utilisation of every single business opportunity that comes up in the Construction Industry.

Appreciation of Shareholders net worth has been one of the goal of Arihant. The dividend paying record of the Company right from its inception i.e., 18% in 1995-96, 18% in 1996-97, 15% in 1997-98 and 15% in 1998-99 bears testimony to this fact. Even the recessionary trend in the Economy during 1997-98 by which most of the construction companies in the country were badly effected could not deter Arihant from paying Dividend to its Shareholders. Keeping up with its track record this year also the Company has decided to propose a dividend of 15% for 1999-2000. Thus, within 5 years of its existence the Company has been able to repay its shareholders almost 81% of the amount invested by them in the Company. This may be one of the various reasons

which has prevented the Share-prices of the Company from taking a nose-dive like most other Construction Companies, during the worst possible recessionary conditions, faced by the Economy in general and Construction Business in particular.

Arihant is thankful to the Government of India which has provided for two consecutive years in its union budgets various incentives for the housing sector through tax breaks and higher exemption limits on interest and repayment of principle amount of housing loans. These incentives have helped the public, by making purchase of residential flats more affordable over the past two years. Moreover there has been a well pronounced shift in the Government's role from provider of services to a facilitator thereof. This paradigm change has great inherent potential for achieving more for the Construction Industry, in the direction of its rapid growth. We also thank the Government for allowing mutual funds to invest in mortgage-backed securities which will pave the way for greater flow of funds into the housing and real estate sectors thereby augmenting its growth and prosperity further.

ARIHANT'S PERFORMANCE FOR THE YEAR

The significant areas of performance during the accounting year 1999-2000 were increase in sales turnover from Rs.6381.76 lacs in 1998-1999 to Rs.8135.78 lacs in 1999-2000 thereby registering an increase of 27.48 %. The Company has posted a profit of Rs.175.33 lacs and earnings per share of Rs.3.51. The Company has once again maintained its reputation of being a forever Dividend paying Company, by once again declaring a dividend of 15% for its shareholders.

CORPORATE GOVERNANCE

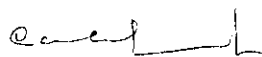
Securities and Exchange Board of India accepted the recommendations of Committee on Corporate Governance in January, 2000 consequent upon which Listing Agreement applicable to Companies listed on various Stock Exchanges in India was amended, making it mandatory for Companies to adhere to certain practices of disclosure and transparency in conduct of their day to day business.

Though the said norms become applicable to your Company only for the Financial Year 2001-2002 (before March 31, 2002) steps have been initiated in this regard and a Corporate Governance disclosure forms part of this report.

CONCLUSION

Ladies and Gentlemen, before I conclude, I would like to place on record my heart felt gratitude, sincere appreciation and thanks on behalf of the Board of Directors to HUDCO, LIC Housing Finance Limited, Bank of Baroda, Indian Overseas Bank, Punjab & Sind Bank, Vijaya Bank and all other Financial Institutions for the trust they have reposed in us, by sanctioning loans, whenever we required the same, for starting new projects or for completion of the existing ones. We are also obliged to Chennai Metropolitan Development Authority and Government of Tamil Nadu for having extended full support to us in our endeavour. The Company also acknowledges and appreciates the hard work put in by the employees of Arihant without whose co-operation the Company would never have scaled such heights within such a short time.

Thank you !



MR. NAVRATAN LUNAWATH
Chairman



NOTICE

Notice is hereby given that the 8th Annual General Meeting of the Members of Arihant Foundations and Housing Limited will be held at **ARIHANT MAJESTIC TOWERS, 10/11, JAWAHARLAL NEHRU SALAI, KOYAMBEDU, Chennai-600104** on Saturday, 30th December, 2000 at 11.00 A.M. to transact, with or without modifications, as may be permissible, the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2000 and Profit and Loss Account for the period ended on that date, together with Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. Alex Jacob, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in the place of Mr. Meghraj Lunawath, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Mr. A. Damodaran who retires by rotation and being eligible, offers himself for reappointment.
6. To Appoint and fix remuneration of Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting. The retiring Auditors M/S B.P. Jain & Co., being eligible offer themselves for reappointment.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED that the Articles of Association of the Company be altered as follows so as to enable the shareholders of the Company to trade in the shares of the Company in dematerialised form in future in due compliance with the provisions of Companies Act, 1956 :

- A. Article 2 of the Articles of Association of the Company shall include the following definitions:
 - (t) "Beneficial Owner" means a person whose name is recorded as such with the Depository.
 - (u) "Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act, 1992.
 - (v) "Depositories Act" means the Depositories Act, 1996 or any statutory modification or re-enactment thereof.
 - (w) "Registered Owner" means a Depository whose name is entered as such in the records of the Company.
 - (x) "Securities" means such security as may be specified by the Securities and Exchange Board of India from time to time.
- B. Following Article shall be inserted as Article 201 in the Articles of Association of the Company:

"201. DEMATERIALISATION/REMATRIALISATION OF SECURITIES

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise/rematerialise its securities and to offer securities in the dematerialised form pursuant to the Depositories Act.

201A. OPTIONS FOR INVESTORS

Every person subscribing to securities offered by the Company

shall have the option to receive security certificates in physical form or to hold the same with a Depository in dematerialised form. Such a person who is the beneficial owner of the securities can, at any time opt out of the 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 in physical form.

If 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 the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the securities.

201B. SECURITIES IN DEPOSITORIES TO BE IN FUNGIBLE FORM:

All securities held by a Depository shall be dematerialised and in fungible form. No certificate shall be issued for the securities held by the Depository.

201C. TRANSFER OF SECURITIES

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of the Depository.

201D. ALLOTMENT OF SECURITIES

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details of allotment of such securities to the Depository on allotment.

201E. SERVICE OF DOCUMENTS

Notwithstanding anything contained in the Act or these Articles, where 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 or discs.

201F. DISTINCTIVE NUMBERS OF SECURITIES

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.

201G. REGISTER AND INDEX OF BENEFICIAL OWNERS

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act shall be deemed to be the Register and Index of Members and Security Holders for the purpose of these Articles.

201H. RIGHTS OF DEPOSITORY AND BENEFICIAL OWNERS

- a) 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.
- b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the Company, whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company.

The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Provided further that notwithstanding anything to the contrary contained in these Articles, the securities issued and/or held in electronic mode in fungible form, shall be governed by the provisions of the Depositories Act and the rules and regulations as issued by Securities and Exchange Board of India (SEBI), from time to time.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member of the Company. The instrument appointing a Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 16/12/2000 to 30/12/2000 (Both days inclusive)
3. Members are requested to notify immediately the changes in their addresses, if any.
4. The Dividend declared will be payable to those shareholders whose names appear in the Register of Members of the Company at the close of business hours on 16th December, 2000.
5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
6. Members desiring any information as regards the Accounts are requested to write to the Company atleast 10 days before the date of the meeting.
7. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their Share Certificates, to enable the Company to consolidate their holdings in one folio.
8. Consequent upon the amendment of Section 205A of Companies Act, 1956 and insertion of Section 205C by the Companies (Amendment) Act, 1999 the amount of dividend remaining unpaid or unclaimed for a period of seven years shall henceforth be transferred to the Investor Education and Protection Fund. Accordingly, the unclaimed dividend for the financial year from 1995-96 to 1998-99 will be deposited by the Company into the Investor Education and Protection Fund upon expiry of the prescribed period of seven years, after which the shareholders will not have any claim over the dividend amount. Hence shareholders who have not yet claimed their dividend are requested to claim the same before the above mentioned statutory period of seven years is over.

By Order of the Board
for **ARIHANT FOUNDATIONS AND HOUSING LIMITED**

(PRITI VENKATESAN)
Company Secretary

Place : Chennai
Date : 31.10.2000

Annexure to the Notice**EXPLANATORY STATEMENT**

[Pursuant to Section 173(2) of the Companies Act, 1956]

The following Explanatory Statement sets out all material facts relating to the special business under Item No.7 of the Notice dated 31st October, 2000.

In respect of Item No.7

The Securities and Exchange Board of India has been continuously declaring the list of Companies which shall have to statutorily adhere to the depository mode of share trading. As a result the Company has initiated steps in the said direction by making necessary alterations in its Articles of Association to enable it to shift to depository mode of share trading as and when it becomes necessary. Alterations are proposed to be made in the Articles of Association of the Company :

- a) to provide for dematerialisation of Securities,
- b) to spell out the rights of the beneficial owners of the Securities and,
- c) to incorporate the important provisions of the Depositories Act, 1996.

A copy of the Articles of Association of the Company is available for inspection by the members during business hours on any working day, at the registered office of the Company upto the date of the meeting.

The Board of Directors recommends passing of the resolution at item no.7 of the Notice.

None of the Directors of the Company, is in any way, concerned or interested in the said resolution.

By Order of the Board of Directors
for **ARIHANT FOUNDATIONS AND HOUSING LIMITED**

(PRITI VENKATESAN)
Company Secretary

Place : Chennai
Date : 31.10.2000