



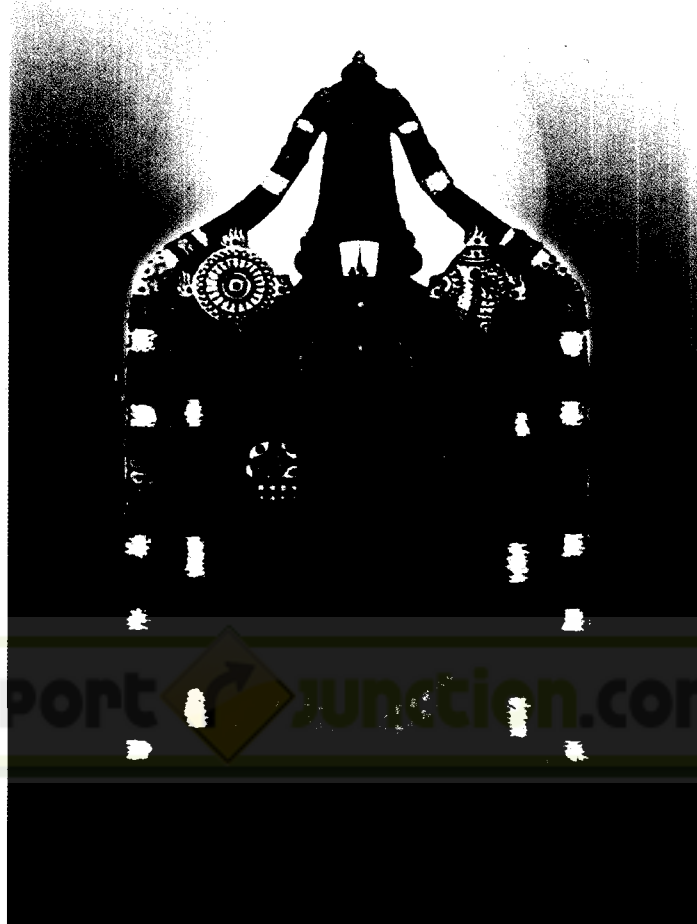
Arihant

Foundations & Housing Ltd.

BUILDING ON INTEGRITY



11th ANNUAL REPORT & ACCOUNTS 2002-2003



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	Wholtime Director
Jagdish R. Bhatt	Wholtime Director
Col. A.L. Jayabhanu	Wholtime Director
Ashok Khubchandani	Director
Alex Jacob	Director
Damodaran A	Director
Meghraj Lunawath	Director
Mahaveer Lunawath	Director

SENIOR EXECUTIVES

B. Kesava Rao	Company Secretary
Kamal Lunawath	Executive Director
Vimal Lunawath	Executive Director
Piyush Bhatt	Project Manager

BANKERS

Bank of Baroda
Corporation Bank
ICICI Bank
Indian Overseas Bank
Punjab & Sind Bank
Vijaya 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", Mc Nichols Road,
1st Floor, Off. Poonamallee High Road,
Kilpauk, Chennai - 600 010.

REGISTRARS AND SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Ltd.,
Unit : Arihant Foundations & Housing Ltd.
No.1, Club House Road, Anna Salai,
Chennai - 600 002.

"Certified copy"
For ARIHANT FOUNDATIONS & HOUSING LTD.,

Managing Director.

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CHAIRMAN'S SPEECH

Good morning, Ladies & Gentlemen,

On behalf of Board of Directors of Arihant Foundations & Housing Limited, I welcome you all to the 11th Annual General Meeting of our company.

I take immense pleasure in stating that Arihant Foundations & Housing Limited have a prominent place among the real estate promoters in India especially in Chennai due to our consistent performance in the field of construction activities. The brand image created by Arihant over the years has today given us a definite cutting edge over others in our marketing efforts.

The economic recession due to industrial stagnation which we had experienced all these while, appears to be receding and presently as per the predictions of various international real estate analysts the demand for prime commercial and residential properties are on the up swing. We expect that this positive sign will have a holistic effect on our business. The continued tax holiday offered by the Government will also bring in a major boost to our industry.

In this financial year we have completed "Arihant Viceroy" a unique and eye catching 10 storied commercial complex on Sardar Patel Road and it is being occupied by a fortune 500 company M/s. Verizon Data Services. The tallest residential complex of Tamilnadu in Chennai "Narayana's Arihant Ocean Towers" is ready and is getting occupied. Two residential projects "Arihant Raja Bhavan" at Royapettah High Road and "Arihant Sivasakthi" at Sydenhams Road are also progressing well as per schedule. Arihant e-park on L.B. Road is progressing as per schedule. We have also launched a mega residential project "Arihant Vaikunt" at Purasawalkkam which got booked, on the launching day itself – a rare phenomena in real estate business. We also have a number of projects at other prime locations of Chennai like T.Nagar, Spur Tank Road, Kilpauk and Boat Club Road.

COMPANY'S PERFORMANCE FOR THE YEAR

Despite, all round business difficult conditions, your company achieved a good performance during the financial year. The sales of the company was Rs.20.09 Crores. This was also due to the fact that our major project Arihant Viceroy was completed during this period. The company succeeded in posting a net profit of Rs.121.21 lacs and Earnings per share of Rs.2.42. Arihant has gathered enormous goodwill in the real estate business and brand building is in further progress, which will fetch value additions in the future.

CONCLUSION

I take this opportunity to convey our gratefulness to M/s. ELCOT, Punjab & Sind Bank, Bank of Baroda, Indian Overseas Bank, Vijaya Bank, Corporation Bank and ICICI Bank for the trust they have bestowed on us by sanctioning financial assistance whenever we have requested for either starting the new projects or completion of on going projects. We are also grateful to The Chennai Metropolitan Development Authority and The Government of Tamilnadu for having extended full support in all our endeavours.

I also take this opportunity to thank and appreciate the hard work put in by all the employees of our company, and the confidence reposed by you, shareholders.

Thank you



Mr. NAVRATAN LUNAWATH

Chairman

31.03.2004

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held at 10.00 A.M. on Wednesday, the 31st March 2004 at Arihant Sivasakthi, 93 (Old No. 77), Sydenhams Road, Periamet, Chennai - 600 003, to transact with or without modifications, as may be permissible the following businesses:

ORDINARY BUSINESSES:

1. To receive, consider and adopt the Audited balance sheet as at 30th September 2003 and Audited profit and loss account for the period from 01.10.2002 to 30.09.2003, together with the Directors' Report and the Auditors' Report.
2. To declare dividend.
3. To appoint a Director in place of Mr. Ashok Khubchandani, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. Mahaveer Lunawath, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint a Director in place of Mr. Col. A.L. Jayabhanu, who retires by rotation and being eligible, offer himself for re-appointment.
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.
2. The Register of members and the Share Transfer Books of the Company will remain closed from 15.3.2004 to 31.3.2004 (both days inclusive).
3. Members are requested to notify immediately the changes in their address, if any.
4. The Dividend declared will be payable to those shareholders whose name appear in the Register of members of the Company at the close of the business hours on 15th March 2004.
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 at least 10 days before the date of meeting.
7. Members holding shares in identical order of names in more than one folio are requested to write to the Company's share registrar enclosing their share certificates, to enable the Company to consolidate their holdings in one folio.
8. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.

By Order of the Board
For Arihant Foundations & Housing Limited

sd/-

Place: Chennai
Date: 02.03.2004

B. Kesava Rao
Company Secretary

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.

DIRECTORS' REPORT

Your Directors take great pleasure in presenting their 11th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September 2003.

FINANCIAL RESULTS

The year ended September 30, 2003 resulted in profit of Rs.121.21 lacs during the period.

	2002-2003 (Rs in Lacs)
Income	6319.64
Total expenditure	6131.83
Profit Before Interest and Depreciation	187.81
Interest	54.62
Depreciation	9.55
Pre- operative exp. written off	2.43
Profit Before Tax	121.21
Provision for Tax	17.00
Profit after Tax	104.21

APPROPRIATIONS

Transfer to General Reserve	5.21
Proposed Dividend	50.00
Balance profit carried forward	49.00

DIVIDEND

Your Directors recommended a dividend of Re. 1/- per equity share of Rs.10/- each for the financial year ended 30th September 2003, subject to the approval of the shareholders.

PERFORMANCE

It has been one of the good year for the Company in achieving excellent results inspite of severe competition in the market and increase in the cost of raw materials. Efforts made to reduce all costs including interest helped to reduce the adverse impact.

The Company has also declared an attractive dividend for the year and hoping to pay good dividend in the future years. A more detailed discussion and analysis on the performance of the Company in retrospect as well as the outlook is detailed in the Management Discussion and Analysis Report.

DIRECTORS

Mr. Ashok Khubchandani, Mr. Mahaveer Lunawath and Mr. Col. A L Jayabhanu the Directors retiring by rotation and being eligible, offer themselves for re-appointment.

Mr. Shivkumar Reddy and Mr. Anraj Gadia, Directors' of the Company have resigned from the Board of Directors on 30.05.2003.

The Directors wish to place on record the valuable services rendered by Mr. Shivkumar Reddy and Mr. Anraj Gadia, during their tenure as Directors' of the Company.

DEPOSITS

The Company has accepted fixed deposits.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act , 1956, the Board of Directors of the Company hereby state and confirm that:

- i (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to the material departures;
- (b) The company has control in joint venture operations. The Accounting standard 27 requires the preparation of separate Balance Sheet of the project. To ensure the commercial aspect, the same has not been duly reflected. However the company has stated only its share of the joint venture assets, expenses, liabilities and income in the financial statements.
- c) The company has not made provision for deferred tax asset and liability due to seizure of records by the statutory authorities.
- ii. the Directors selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
- iii. the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the



provisions of this Act to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

- iv. the directors prepared the annual accounts on a going concern basis.

AUDITORS

M/s B.P Jain & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from them to the effect that they offer themselves for reappointment and if appointed, it would be within the prescribed limits under Section 224(1B) of the Companies Act 1956.

PERSONNEL

The Board wishes to place on record its appreciation to all employees of the Company, for their wholehearted efforts and contribution to the highest level of performance and growth of the Company during the Year.

INFORMATION AS REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

(i) Conservation of Energy	- NA
(ii) Technology Absorption	- NA
(iii) Foreign Outgo	- Rs. 306817
(iv) Foreign Earnings	- Nil

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

During the period under review, no employee was in receipt of remuneration in excess of the limits laid down in sub-section (2A) of Section 217 of the Companies Act 1956.

LISTING

The shares of your Company are listed at The Madras Stock Exchange Limited and The Bombay Stock Exchange, Mumbai. The Company has paid the listing fees to both the Stock Exchanges for the Financial Year 2002-2003. The Company has also complied with the amendments in listing agreement from time to time.

ACKNOWLEDGEMENTS

Your Directors acknowledge with appreciation the support and cooperation extended to the Company by ELCOT, LIC Housing Finance Ltd., CMDA, Corporation of Chennai and also thankful to Bank of Baroda, Indian Overseas Bank,

Punjab and Sind Bank, Corporation Bank, ICICI and Vijaya Bank for their support and co operation.

For and on behalf of the Board of Directors
Arihant Foundation & Housing Limited

sd/-

Place : Chennai

Chairman and Managing Director

Date : 02.03.2004

ANNEXURE TO THE DIRECTORS' REPORT

Explanation for the observations made in Auditor's Report :

- (3) (b) The company has self constructed an office space for leasing out. The Company has during the period transferred the self constructed stock in trade to fixed assets amounting to Rs. 3,85,34,691.98/- (Rs. 3,20,98,691.98/- towards Building , Rs. 64,36,000/- towards Plant and Machinery) and shown in the income from operations. Since it was stock in trade it was transferred to fixed assets. It has to be reduced from stock in trade as per AS 2 & AS 10. Since it becomes a material item, hence it has been reflected in the P & L Account for the better presentability as per schedule VI requirement. It has no impact on the profit of the company.
- (3) (l) The transaction of purchase of goods and material and sale of goods, material and services, made in pursuance of contracts and/or arrangements entered in the registers maintained under section 301 of the Companies Act, 1956 has entered at market prices and they are in regular business of these goods and services.
- (3) (p) The company does not have any policy for payment of provident fund & ESI as most of the employee are on retainer basis.

CORPORATE GOVERNANCE

1.0 Company's philosophy on code of Governance :

Corporate Governance is concerned with good practice by the Board and Management of the Company taking into consideration the ethics and values of management to carry out its objectives in a smooth and healthy way and to sustain esteemed growth of business that are in the best interest of the Company and the Shareholders, who are the real owners of the company.

2.0 Board Of Directors

2.1 The Board of Directors of Arihant Foundations & Housing Limited consisted of Nine directors as on 30.09.2003.

2.2 The break up of the total composition of the Board as on 30.09.2003 is as follows.

2.2.1 There are four Whole time functional Directors, viz., Chairman and Managing Director and three Whole time Directors.

2.2.2 Out of the total number of Nine Directors, of whom five are Non-executive, independent Directors. The Company meets the requirement of minimum number of independent Directors as stipulated in the Listing Agreement. i.e., 50% of the total number of Directors.

2.3 Details relating to :

(a) Attendance of Directors at the Board meetings held during the financial year October 2002 to September 2003 and at the last Annual General Meeting held on 31.03.2003.

(b) Number of other directorships, and

(c) Number of memberships / chairmanships held by the Directors in the committees of various companies are given below :

	Name of the Directors	No. of Board Meetings Attended	whether attended last A.G.M	Other Directorships	Committee memberships	Committee Chairmanships
1.	Navratan Lunawath	17	Yes	-	-	-
2.	Rasiklal M. Jhaveri	17	No	-	1	-
3.	Jagdish R. Bhatt	17	Yes	-	1	-
4.	Col. A.L. Jayabhanu	17	Yes	-	-	-
5.	Anraj Gadia - Retired	6	No	3	-	-
6.	Ashok Khubchandani	9	No	-	-	-
7.	Alex Jacob	10	No	-	1	-
8.	Damodaran A	10	Yes	-	1	-
9.	Meghraj Lunawath	7	No	1	-	1
10.	Mahaveer Lunawath	11	No	2	-	-
11.	Shivkumar Reddy - Retired	7	No	7	-	-