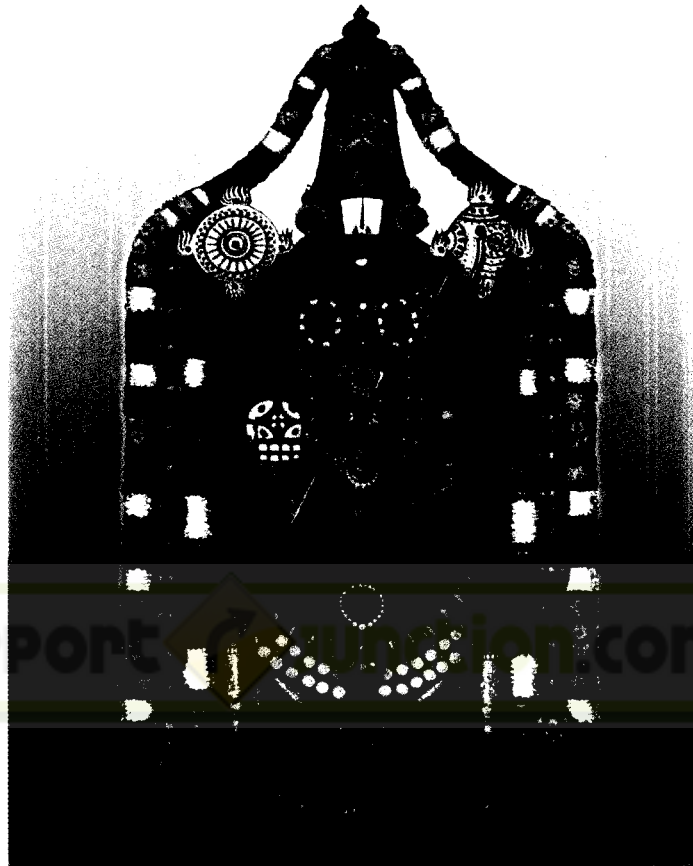


Arihant

Foundations & Housing Ltd.

BUILDING ON INTEGRITY

12th ANNUAL REPORT & ACCOUNTS 2003 - 2004



ॐ तत् सत्

"All pervasive omnipotent"

*Lord Venkateswara - 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 & things that we
Arihant Foundations & Housing etc
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
Alex Jacob	Director
Damodaran A	Director
Meghraj Lunawath	Director
Mahaveer Lunawath	Director

SENIOR EXECUTIVES

Priti Venkatesan	Company Secretary
Kamal Lunawath	Executive Director
Vimal Lunawath	Executive Director
Piyush Bhatt	Project Manager

BANKERS

Indian Overseas Bank
Bank of Baroda
Corporation 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.

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CHAIRMAN'S SPEECH

Good morning, Ladies & Gentlemen,

On behalf of Board of Directors of Arihant Foundations & Housing Limited and myself, I welcome you all to the 12th Annual General Meeting of your 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. The brand image created by Arihant over the years has today given us a definite cutting edge advantage over others in our marketing efforts.

International out sourcing phenomenon has given a boost to the real estate in India and especially in Chennai due to the elaborate infrastructure support made available by the Government and also the broad band connectivity facility by the telecom companies. This sudden explosion in the real estate demand has thrown up many opportunities to promoters like us and we are trying to encash the same. The land cost which constitutes integral part of our business activity has increased and this has affected land availability at affordable prices. With our brand name we are able to obtain a number of projects on joint ventures mainly on the good will created by us in the past.

In this accounting year we have completed "Arihant Raja Bhavan" at Royapettah High Road, "Arihant Sivasakthi" at Sydenhams Road and is getting fully occupied. "Arihant E Park" at L.B. Road, "Arihant Vedant" at Malony Road, "Arihant Vaikunt" at Purasawalkkam, "Arihant Harmony" at Spurtank Road and "Arihant Technopolis" at Perungudi are getting completion as per schedule.

COMPANY'S PERFORMANCE FOR THE YEAR

Despite, difficult business conditions, your company achieved a good performance during the financial year. The sales of the company was Rs.28.60 Crores. The company succeeded in posting a net profit of Rs.88.27 lacs and Earnings per share of Rs.1.17. Arihant has gathered enormous goodwill in the real estate business and one brand, which will fetch value additions in the years to come.

CONCLUSION

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

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

Thank you



Mr. NAVRATAN LUNAWATH
Chairman
31.03.2005

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Shareholders of Arihant Foundations and Housing Limited will be held at 10.30 A.M. on Thursday, the 31st March 2005 at Door No. 36, Royapettah High Road, Royapettah, Chennai - 600 014 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 2004 and Audited profit and loss account for the period from 01.10.2003 to 30.09.2004, together with the Director's Report and the Auditor's Report.
2. To appoint a Director in the place of Mr. Meghraj Lunawath, who retires by rotation and is eligible for re-appointment.
The Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Harisharanlal Trivedi to act as a Director (who has given his consent to act as a Director, if appointed at this AGM) to hold the office as a Director in the place of Mr. Meghraj Lunawath and for that purpose to move the following resolution as an ordinary resolution.
"RESOLVED that Mr. Harisharanlal Trivedi, be and is hereby appointed as a Director, liable to retire by rotation."
3. To appoint a Director in place of Mr. Alex Jacob, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. A. Damodaran, who retires by rotation and being eligible, offer himself for re-appointment.
5. 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 re-appointment.

SPECIAL BUSINESSES:

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.
"RESOLVED that pursuant to the provision of Section 293(1)(d) of the Companies Act, 1956, Article no.130 of the Articles of Association of Company and other applicable provisions if any of the Companies Act 1956, Consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum or Sum(s) of money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall exceed the aggregate of paid up capital and free reserves, that is to say reserve not set apart for any specific purpose provided that the total amount together with the money(s) already borrowed by the Board of Directors shall not exceed the sum of Rs.100 Crores at any one 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. Members are requested to notify immediately the changes in their address, if any.
3. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members desiring any information as regards the accounts are requested to write to the Company at least 10 days before the date of meeting.
5. 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.
6. Members, who hold shares in the dematerialized form, are requested to bring their depository account number for identification.
7. Members are requested to obtain their Unique Identification Number (UIN) as per the SEBI (Central Database of Market Participants) Regulations, 2003 before 31.12.2005 by requesting their Brokers or Financial Service Centers. This is a mandatory requirement, without the UIN, members cannot trade their shares after 31.12.2005.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956.

Item 6.

The Borrowings (except temporary loan from the Bankers in the ordinary course of Business) by the Directors of the Company should be within the limit of aggregate of paid up capital and free reserves. In case the money to be borrowed together with the money already borrowed exceeds the limit as specified above, Consent of the Shareholders by means of an ordinary resolution has to be obtained for such borrowings. The Company has obtained the approval of shareholders at the Annual general meeting held on 25.08.1995 specifying the total amount of borrowing shall not exceed Rs.50 crores over and above the aggregate of paid up capital and free reserves. During the year under review the Company has the propoasal to borrow loan which would exceed the limit of Rs.50 crores over and above the aggregate of paid up capital and free reserves and specified the total amount together with the money(s) already borrowed by the board of directors shall not exceed the sum of Rs.100 crores at any one time.

Hence the above resolution is proposed for Shareholder's approval.

Memorandum of Interest :

None of the Directors is interested in the resolution.

By Order of the Board
For Arihant Foundations & Housing Limited

Place: Chennai
Date: 18.02.2005

sd/-
(Priti Venkatesan)
Company Secretary

DIRECTORS' REPORT

Your Directors take pleasure in presenting the 12th Annual Report to the Shareholders together with the Audited Accounts for the year ended 30th September 2004.

FINANCIAL RESULTS

The year ended September 30, 2004 resulted in profit of Rs.88.27 Lacs during the period.

2003-2004
(Rs in Lacs)

Income	7908.64
Total expenditure	7648.93
Profit Before Interest and Depreciation	259.71
Interest	139.40
Depreciation	28.28
Pre- operative exp. written off	3.76
Profit Before Tax	88.27
Provision for Tax	30.00
Profit after Tax	58.27

APPROPRIATIONS

Transfer to General Reserve	2.91
Balance profit carried forward	55.36

PERFORMANCE

It has been one more good year for the Company in achieving excellent results with 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 achieved a turn over of Rs.28.60 Crores during the year as against Rs.20.09 Crores in the previous year, recording an increase of 42%.

The Company was able to achieve reasonably good result during the year. The profit for the year was Rs.88.27 Lacs and expecting improved results during the coming financial year 2004-2005.

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.

DEPOSITS

The Company has accepted fixed deposits, from Share holders.

PROJECTS

The Company recognizes that conceiving, developing and implementing projects aimed at growth and meeting market requirements, in a cost effective and time bound manner, will always remain a key business policy of the

Company. The Company's Project managers are guided by this policy and principle in the successful implementation and completion of various small and large projects.

COMPLETED PROJECTS

Your Company has completed the following Projects during the year.

Arihant Sivasakthi : A twelve storied residential complex at Periamet, Chennai-3.

Arihant Raja Bhavan : A residential Complex at No.40-42, Royapettah High Road, Royapettah, Chennai-14.

ONGOING PROJECTS

The Company has the following ongoing projects:

Arihant Vaikunt : A residential complex at Pursawalkam, Chennai-7.

Arihant Vedant : A residential complex at Malony Road, Chennai-17.

Arihant Technopolis : A commercial complex at Perungudi.

Arihant E Park : A Commercial Complex at L.B. Road, Adayar, Chennai-20.

All the Projects will be completed within the stipulated time.

NEW PROJECT INITIATIVES

Your Company plans to promote two new residential and Commercial Projects at two different places in the city.

JOINT VENTURE

Your Company has entered in to a joint venture agreement during May 2004 with M/s.Pelican Estate Developers, a Partnership Firm having office at B-2, Shoba Building, No.26, 10th Avenue, Ashok Nagar, Chennai-83 for the project Arihant Technopolis an "IT Park" at 4/293, Old Mahabalipuram Road, Perungudi, Chennai-96. The Project has commenced and expected to be completed within the stipulated time of 18 months. This project will earn your Company substantial profit in the future years.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

The provisions of Section 217(1) (e) of the Companies Act, 1956 are not applicable to the Company.

Conservation of Energy : Not applicable

Technology Absorption : Not applicable

Foreign Exchange Earnings : Rs.49932/-

Outgo : 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.

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. In the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to the material departures;
- 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.

DIRECTORS

Mr. Meghraj Lunawath, Mr. Alex Jacob and Mr. Damodaran. A, the Directors retiring by rotation and being eligible, offer themselves for re-appointment, except Mr. Meghraj Lunawath.

Mr. Harisharanlal Trivedi has been proposed to be appointed as a Director in pursuance of a notice received under section 257 of the Companies Act, 1956.

Mr. Ashok Khubchandani, Director of the Company resigned from the Board of Directors with effect from 30.03.2004.

Mr. Mahaveer Lunawath, Director of the Company resigned from the Board of Directors with effect from 11.02.2005.

The Directors wish to place its acknowledgement for the valuable services rendered by Mr. Ashok Khubchandani, Mr. Meghraj Lunawath and Mr. Mahaveer Lunawath during their tenure as Directors of the Company.

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 achieve the high level of performance and growth for the Company during the Year.

INVESTOR RELATIONS

Your Company always endeavors to keep the time of response to shareholders' requests/grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders' and provide them a suitable reply at the earliest possible time. The Shareholders' and Investors' Grievance Committee of the Board met periodically and reviewed the status of redressal of investors grievances. The shares of your Company are continued to be traded in Electronic Form and the dematting arrangement exists with both the depositories, viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on date, 8,10,075 shares have been dematerialized, representing 16.20% of the subscribed capital.

LISTING

The shares of your Company are listed at The Madras Stock Exchange Limited and The Stock Exchange, Mumbai. The Company has paid the listing fees to both the Stock Exchanges for the Financial Year 2003-2004. The Company has also complied with the amendments in listing agreement from time to time.

TRANSFER OF UNPAID DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provision of section 205A of the Companies Act, 1956, any amount in the unpaid dividend account not claimed for seven years from the date of transfer of unclaimed amount to the aforesaid account shall be transferred to the Investor Education Protection Fund constituted under Section 205C of the Companies Act 1956. Since the period of seven years over, the Company in conformity with the aforesaid provision has transferred an unclaimed amount of Rs.3426/- related to Dividend for the period 1995-96, which was declared by the Company at the Annual General Meeting of the Company held on 27.12.96.

Further the Company hereby informing all those shareholders to claim their dividends who have not yet claimed their dividends for the subsequent years.

ACKNOWLEDGEMENTS

Your Directors acknowledge with appreciation the support and co operation extended to the Company by ELCOT, CMDA, Corporation of Chennai. The Company is also thankful to Bank of Baroda, Indian Overseas Bank, Corporation Bank 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 : 18.02.2005

ANNEXURE TO THE DIRECTORS' REPORT

Explanation for the observations made in Auditor's Report :

1. To point no.4 (iv) The Company has not made provision in accordance to AS-15, as it is being disallowed as per Income Tax Act. The Company has not provided for deferred taxation on assets and liabilities due to shortage of trained manpower.
2. To point no. (10) 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. To point no. (11) The Company could not file fixed deposit returns due to shortage of trained manpower.

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 consist of Eight Directors as on 30.09.2004.

2.2 The break up of the total composition of the Board as on 30.09.2004 is as follows.

2.2.1 There are four Whole time functional Directors, viz., Chairman & Managing Director and three Whole time Directors who are the executive Directors of the Company, they are:

- | | |
|------------------------------|--------------------------------|
| i. Mr. Navratan Lunawath | Chairman and Managing Director |
| ii. Mr. Rasiklal M Jhaveri | Whole time Director |
| iii. Mr. Jagdish Bhatt | Whole time Director |
| iv. Mr. Col. A. L. Jayabhanu | Whole time Director |

2.2.2 Out of the total number of Eight Directors, Four Directors are Non-executive and three of them are Non-executive Independent Directors.

Non Executive Independent Directors are :

- Mr. A. Damodaran
- Mr. Meghraj Lunawath
- Mr. Mahaveer Lunawath

Mr. Alex Jacob is a Non-executive Director but not an Independent Director

Details relating to :

(a) Attendance of Directors at the Board meetings held during the financial year October 2003 to September 2004 and at the last Annual General Meeting held on 31.03.2004.

(b) Number of other directorships, and

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

	Name of the Directors	No. of Board Meetings Attended	whether attended. last A.G.M	Other Director- ships	Committee member- ships	Committee Chairman- ships
1.	Navratan Lunawath	19	Yes	-	1	-
2.	Rasiklal. M. Jhaveri	19	Yes	-	1	-
3.	Jagdish R. Bhatt	19	Yes	-	1	-
4.	Col. A.L. Jayabhanu	19	Yes	-	-	-
5.	Ashok Khubchandani -(Resigned)	7	No	-	-	-
6.	Alex Jacob	13	No	-	1	-
7.	Damodaran A	11	Yes	1	1	-
8.	Meghraj Lunawath	14	Yes	1	1	1
9.	Mahaveer Lunawath	11	No	2	-	-