



ASHIANA HOUSING & FINANCE (INDIA) LIMITED

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the members of M/s. **ASHIANA HOUSING & FINANCE (INDIA) LIMITED** will be held on Tuesday, the 19th day of September, 2006 at 'Kalakunj' (Basement - Kalamandir), 48, Shakespeare Sarani, Kolkata - 700 017 at 10.30 A.M. to consider and transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006, the Profit & Loss Account for the year ended on that date and the Report of the Board of Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Ashok Kumar Mattoo, who retires by rotation and being eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. APPOINTMENT OF SHRI ABHISHEK DALMIA AS DIRECTOR

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

"RESOLVED THAT Shri Abhishek Dalmia, who was appointed as an Additional Director under section 260 of the Companies Act, 1956 by the Board of Directors of the company and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing the candidature of Shri Abhishek Dalmia for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

6. ALTERATION IN THE ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and if thought fit, to pass with or without

modification(s), the following resolution as Special Resolution :

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act 1956 the Articles of the Company be and is hereby amended and altered by substitution of the clause No. 3 of the Articles of Association by the following new clause :

3. "Notwithstanding anything contained in these Articles, but subject to the provisions of sections 77A and 77B of the Act, the Company may purchase its own shares or other specified securities (hereinafter referred to "Buy-Back") out of –

- (a) its free reserves ; or
- (b) the securities premium account ; or
- (c) the proceeds of any shares or other specified securities, in accordance with the provisions of sections 77A and 77B and rules prescribed by the Central Government and/or by the Securities and Exchange Board of India in this behalf."

7. APPOINTMENT OF SHRI ANKUR GUPTA AS WHOLE TIME DIRECTOR

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 314 & 316(2) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Ankur Gupta as Whole Time Director of the Company for a period of five years with effect from 1st April, 2006, on the following terms and conditions :



ASHIANA HOUSING & FINANCE (INDIA) LIMITED

BASIC SALARY : Rs. 50,000/- per month.

HOUSING :

- a) The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60 percent of the basic salary.
- b) Free furnished accommodation in case the accommodation is owned by the Company.
- c) In case no accommodation is provided by the Company, entitlement to house rent allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water & furnishings will be valued as per the Income Tax Rules, 1962.

PROVIDENT FUND : Contribution to the Provident Fund as per rules of the Company, subject to a ceiling of 12% of Basic Salary.

SUPERANNUATION FUND : Contribution to superannuation fund as per rules of the Company subject to the condition that such contribution together with Provident Fund shall not exceed 25% of basic salary as laid down under the Income Tax Rules, 1962.

GRATUITY : Payable as per rules of the Company but not exceeding half month's salary for each completed year of service.

MEDICAL REIMBURSEMENT : Expenses actually incurred for self and family.

LEAVE TRAVEL CONCESSION : For self and family once in a year for any destination in India.

CLUB FEES : Fees of Club subject to a maximum of two clubs may be allowed. Admission and Life membership fees are not permissible.

PERSONAL ACCIDENT INSURANCE : Premium not to exceed Rs.1,000/- per annum.

CAR : Facility of car with driver.

TELEPHONE: Telephone at residence.
(Personal long distance calls on telephone shall

be billed by the Company to the Whole-time Director.)

LEAVE : One month leave for Eleven Months of service. Leave accumulated but not availed will be allowed to be encashed at the end of tenure.

TERMINATION OF CONTRACT : The Company and Shri Ankur Gupta are entitled to terminate the contract by giving not less than Ninety days' notice to either party.

RESOLVED FURTHER THAT Shri Ankur Gupta, shall not be entitled to any sitting fees for attending the meeting of the Board of Directors and/ or committee of Directors.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate during the term of office of Shri Ankur Gupta, the remuneration aforesaid, shall be paid as minimum remuneration.

RESOLVED FURTHER THAT Shri Ashok Kumar Mattoo, Director and Shri Bhagwan Kumar, Company Secretary of the Company, be and are hereby severally authorized to sign & file all forms, documents, papers etc. with the Registrar of Companies, West Bengal and to do all such acts, deeds and things which may be necessary in this behalf."

8. APPOINTMENT OF SHRI VISHAL GUPTA AS JT. MANAGING DIRECTOR

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

"RESOLVED THAT pursuant to Sections 198, 269, 309, 310 & 316(2) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, consent of the company be and is hereby accorded to the appointment of Shri Vishal Gupta as Jt. Managing Director of the Company for a period of five years with effect from 1st September, 2006, on the following term & conditions :



ASHIANA HOUSING & FINANCE (INDIA) LIMITED

BASIC SALARY : Rs. 75,000/- per month.

HOUSING :

- a) The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60 percent of the basic salary; or
- b) Free furnished accommodation in case the accommodation is owned by the Company; or
- c) In case no accommodation is provided by the Company, entitlement to house rent allowance subject to the ceiling laid down in (a) above.

The expenditure incurred by the Company on gas, electricity, water & furnishings will be valued as per the Income Tax Rules, 1962.

PROVIDENT FUND : Contribution to the Provident Fund as per rules of the Company, subject to a ceiling of 12% of Basic Salary.

SUPERANNUATION FUND : Contribution to superannuation fund as per rules of the Company subject to the condition that such contribution together with Provident Fund shall not exceed 25% of basic salary as laid down under the Income Tax Rules, 1962.

GRATUITY : Payable as per rules of the Company but not exceeding half month's salary for each completed year of service.

MEDICAL REIMBURSEMENT : Expenses actually incurred for self and family.

LEAVE TRAVEL CONCESSION : For self and family once in a year for any destination in India.

CLUB FEES : Fees of Club subject to a maximum of two clubs may be allowed. Admission and Life membership fees are not permissible.

PERSONAL ACCIDENT INSURANCE : Premium not to exceed Rs.1,000/- per annum.

CAR : Facility of car with driver.

TELEPHONE: Telephone at residence.

(Personal long distance calls on telephone shall be billed by the Company to the Joint Managing Director.)

LEAVE : One month leave for Eleven Months of service. Leave accumulated but not availed will be allowed to be encashed at the end of tenure.

TERMINATION OF CONTRACT : The Company and Shri Vishal Gupta are entitled to terminate the contract by giving not less than Ninety days' notice to either party.

RESOLVED FURTHER THAT Shri Vishal Gupta, shall not be entitled to any sitting fees for attending the meeting of the Board of Directors and/ or committee of Directors.

RESOLVED FURTHER THAT where in any financial year, the company has no profits or its profits are inadequate during the term of office of Shri Vishal Gupta, the remuneration aforesaid shall be paid as minimum remuneration.

RESOLVED FURTHER THAT Shri Ashok Kumar Mattoo, Director and Shri Bhagwan Kumar, Company Secretary of the Company be and are hereby severally authorized to sign & file all forms, documents, papers etc. with the Registrar of Companies, West Bengal and to do all such acts deeds and things which may be necessary in this behalf."

By order of the Board

Place : New Delhi

Date : 31st July, 2006

(Bhagwan Kumar)

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxy form duly filled up and executed must be received at the Registered Office of the Company



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- not less than 48 hours before the time fixed for the meeting.
3. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 with respect to business No. 5,6,7 and 8 is forming part of the Notice and annexed hereto. The relevant details of directors seeking appointment / re-appointment, as required by clause 49 of the Listing Agreement entered into with the Stock Exchanges are annexed.
 4. The Register of Members and Share Transfer Books shall remain closed from **15th September, 2006 to 19th September, 2006** (both days inclusive).
 5. If the dividend on equity shares as recommended by the Board of Directors is passed at the ensuing meeting, payment of such dividend will be made on or after 19th Sep. 2006 to those members whose names are on the Company's Register of Members on 19th Sep. 2006. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of shares as at the end of business hours on 14th Sep. 2006 as per details furnished by the Depositories for this purpose.
 6. Members desiring any further information on the business to be transacted at the Meeting should write to the Company at least 15 days before the date of the meeting so as to enable the management to keep the information, as far as possible, ready at the meeting.
 7. Members are requested to notify the Company their change of address, if any, to its Head Office at E-125, Greater Kailash, Part III, New Delhi-110 048 or **to the Registrar & Share Transfer Agent of the Company, M/s. Beetal Financial & Computer Services (Pvt.) Ltd., 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi - 110 062.**
 8. Members are requested to bring their copy of the Annual Report with them at the Annual General Meeting.
 9. All correspondence relating to shares may be addressed to the Head office of the Company or to the Registrar & Share Transfer Agent of the Company.
 10. Members holding shares in more than one folio in identical order of names are requested to write to Registrar & Share Transfer Agent enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
 11. Members desiring any information/clarification on the Accounts are requested to write to the Company at least seven (7) days before the meeting so as to keep the information ready at the time of Annual General Meeting.
 12. As per the provisions of the Companies Act, 1956 facility for making nominations is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agent of the Company.
 13. Members who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2004 and 31.03.2005 are requested to make their claims to the Company, without any delay.
- ### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956
- #### ITEM NO. 5.
- The Board of Directors of the Company had appointed Shri Abhishek Dalmia as an Additional Director of the company with effect from 30th January 2006, and as such he holds office upto the date of this Annual General Meeting. A notice under section 257 of the Companies Act, 1956 has been received by the Company from a member signifying his intention to propose the candidature of Shri Abhishek Dalmia as a director of the company. The resolution at item no.5 is therefore recommended for approval of the members by means of Ordinary Resolution as required under the Companies Act, 1956.
- None of the directors are concerned or interested in this item except Shri Abhishek Dalmia himself.



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ITEM NO. 6.

The Companies (Amendment) Act, 1999 has introduced provisions through sections 77A and 77B thereby enabling the company to buy back its own shares/securities after complying with the provisions of the section. The Board of Directors of the Company, therefore, find it suitable to amend/substitute the existing clause no. 3 of the Articles of Association of the Company by one as proposed in the Resolution set out under item no. 6, so that the company's Articles are in consonance with the amendments in law.

Alteration in Articles of Association of the company can be done only by passing a special resolution in the general meeting. The resolution set out in Item No. 6 as a special resolution for approval by the members in terms of section 31 of the Companies Act, 1956 and the Board thus recommends resolution at Item No. 6 for members' approval. Draft amended copy of the Articles of Association of the company is available for inspection to the members till the date of the meeting.

None of the directors are concerned or interested in this item, except as member of the company.

ITEM NO. 7.

Board of Directors of the company has appointed Shri Ankur Gupta as Whole Time Director of the company subject to the approval of shareholders for a period of five years with effect from 1st April, 2006. Shri Ankur Gupta has been looking after entire marketing segment and administrative affairs of the Company. He has been instrumental for present growth of the company. Under his dynamic leadership company's sales has touched a new height.

Keeping in view his qualification, knowledge, experience and contribution to the company, the Board of Directors of the Company recommends his appointment as Whole Time Director of the Company.

The notice together with the explanatory statement may be taken as the abstract of the terms of contract with the Whole Time Director of the Company together with the memorandum of concern or interest of the Director under section 302 of the Companies Act, 1956.

The resolution at Item No.7 is therefore recommended for approval of the members by means of Special Resolution as required under the Companies Act, 1956.

Except Shri Om Prakash Gupta, Shri Vishal Gupta & Shri Ankur Gupta himself no other director of the company is concerned or interested in the said resolution.

ITEM NO. 8.

Shri Vishal Gupta was appointed as Whole Time Director of the company with effect from 01/09/2001 for a period of 5 years i.e. up to 31/08/2006 with the approval of shareholders of the Company on 22nd September, 2001. Now the term of his appointment is going to expire on 31-08-2006. Mr. Vishal Gupta has been actively associated with the company and looking after whole of the affairs of the company under the guidance of the Board of Directors of the Company.

Keeping in view his qualification, knowledge, experience & expertise in real estate business and contribution to the company, the Board of Directors of the Company recommends his appointment as Jt. Managing Director of the Company for a period of five years.

The notice together with the explanatory statement may be taken as the abstract of the terms of contract with the Joint Managing Director of the Company together with the memorandum of concern or interest of the Director under section 302 of the Companies Act, 1956.

The resolution at Item No.8 is therefore recommended for approval of the members by means of Special Resolution as required under the Companies Act, 1956.

Except Shri Om Prakash Gupta, Shri Ankur Gupta & Shri Vishal Gupta himself no other director of the Company is concerned or interested in the said resolution.

By order of the Board

Place: New Delhi

Date : 31st July, 2006

**(Bhagwan Kumar)
Company Secretary**



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BRIEF PROFILE OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE 20TH ANNUAL GENERAL MEETING AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

At the ensuing Annual General Meeting Shri Ashok Kumar Mattoo shall retire by rotation and being eligible offers himself for re-appointment. Shri Abhishek Dalmia was appointed as an Additional Director by the Board of Directors of the company. In terms of section 260 of the Companies Act, 1956, Shri Abhishek Dalmia shall hold office upto the date of Annual General Meeting of the Company. The Company received a valid notice under section 257 of the Companies Act, 1956 proposing the candidature of Shri Abhishek Dalmia for the office of Director. Shri Ankur Gupta, who has been appointed as Whole Time Director of the company by the Board of Directors, seeks approval of shareholders. Shri Vishal Gupta, who has been appointed as Jt. Managing Director by the Board of Directors of the Company also seeks approval of shareholders. A brief profile of above directors under Corporate Governance Code are as under:

1. Shri Ashok Kumar Mattoo

Shri Ashok Kumar Mattoo is a Non Executive & Independent Director. He is 62 years old. He is a mechanical engineer having more than 40 years of vast experience in administration, project planning, project execution, maintenance and operations. He has served in major organisations like Border Roads, Bharat Heavy Electricals (BHEL) and Tata Steel. As Deputy Director and Director Town Services he maintained the municipal services for Jamshedpur. Shri Mattoo also served as the Chairman of Jamshedpur Notified Area Committee. He is also director on the Boards of Vatika Marketing Ltd., Asian Gateway Ltd., Lakeland Villages (P) Ltd., Security and Intelligence Services (I) Ltd. and Ashiana Retirement Villages Ltd. He is also a member of Audit Committee and Chairman of Remuneration Committee of the Company.

2. Shri Abhishek Dalmia

Shri Abhishek Dalmia is a Chartered Accountant. He is 37 years of age. He belongs to well known Industrial House. He has a brilliant educational as well as professional track record. He is having more than 15 years of rich experience of different organisation at different position. He worked for Capital Ideas India Ltd., OCL India Ltd., Khammam Granite Ltd., Orissa Cement Ltd. at a very senior position and presently heading as CEO of Renaissance Group. He is also director on the Boards of Revathi Equipment Ltd., Lanco Industries Ltd., Rajratan Global Wire Ltd., Saffron Agencies Ltd., Net Carrots.com (P) Ltd., Asra Plantations (P) Ltd., Sohna Agrifarms (P) Ltd., Priyadarshini Agrifarms (P) Ltd. and Sunglow Agriculture Farms (P) Ltd.

3. Shri Ankur Gupta

Shri Ankur Gupta has done Bachelor in Business Administration from Fairleigh Dickinson University (USA) and M S in Real Estate from New York University. He has done research for many residential projects specifically for senior's housing. He is 28 years of age. He has around five years experience. He is also a director on the Board of Vatika Marketing Ltd. and Ashiana Retirement Villages Ltd. He is holding 1102321(20.59%) shares in Ashiana Housing and Finance (India) Ltd.

4. Shri Vishal Gupta

Shri Vishal Gupta has done his Master degree in Business Administration. He is associated with Ashiana since more than eleven years. He has vast experience and expertise of real estate industry. He is also on the Board of Vatika Marketing Ltd. and Ashiana Retirement Villages Ltd. He is also member of Investor's Grievance Committee. He is holding 745630 (13.93%) shares in Ashiana Housing and Finance (India) Ltd.



ASHIANA HOUSING & FINANCE (INDIA) LIMITED

DIRECTORS' REPORT

To the Member(s),

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2006.

1. FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2006 are as follows:-

(Rs. in Lacs)

Sl. No.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
01.	Sales and other Income	3615.97	1287.80
02.	Profit before Depreciation	532.63	15.94
03.	Depreciation	27.54	19.06
04.	Profit/(Loss) after Depreciation but before Taxation	505.09	(3.12)
05.	Provision for Taxation		
	- Current	40.00	--
	- Deferred	0.10	10.50
	- Friege Benefit	5.10	--
	- Wealth Tax	0.05	--
	- Income Tax Adjustments	--	0.86
06.	Profit/(Loss) after Depreciation and Taxation	459.85	(12.76)
07.	Surplus brought forward from previous year	5.47	79.41
08.	Profit available for Appropriation	465.31	66.65
09.	Proposed Dividend	107.06	53.53
10.	Tax on Proposed Dividend	15.01	7.51
11.	Transfer to General Reserve	300.00	--
12.	Balance Surplus carried to Balance Sheet	43.24	5.47

2. PERFORMANCE OF THE COMPANY

A. Financial :

Financial Year 2005-06 has again witnessed a revolutionary development in the Real Estate Industry in the country. The momentum of growth picked by the Real Estate Industry particularly housing sector in 2004-05 has further accelerated due to rise in demand. Liberalized govt. policies and overall development in the economy has also given boost to the industry. Performance of your Company during the Financial Year 2005-06 was very well. The Sales & Other Incomes of the Company for the financial year 2005-06 was recorded at Rs. 3615.97 Lacs as compared to Rs. 1287.80 Lacs in the previous year. The Company has earned a profit of Rs. 459.85 Lacs after providing depreciation and tax during the financial year 2005-06 as against the loss of Rs.12.76 Lacs in the previous financial year. Your Directors expect better results in

the coming years keeping in view the various upcoming projects of the Company.

B. Operational :

Bhiwadi (Rajasthan)

As reported in the last Annual Report, entire 240 units of Ashiana Rangoli was sold out. Construction of the Project Ashiana Rangoli Phase I has been completed and handed over. Further, construction of Ashiana Rangoli Phase II is running as per schedule. Construction of the company's dream project 'Ashiana Utsav' comprising of 640 units is in full swing and expected to complete the construction as per schedule. This project has been planned to cater the needs of senior persons of the society. At Ashiana Utsav, these persons will find the opportunity, the facilities and the scope to indulge in innumerable activities, hobbies, sports etc. to ensure 'an enviable lifestyle'.

Your Company had acquired 23 acres (approx.) land for a new residential project 'Ashiana Angan' for which approval for conversion of land use has reached a significant stage.

Due to less favourable market conditions, proposed flatted factory complex "Ashiana's Industrial Park" at plot no. SP-54, RIICO Industrial Area, Bhiwadi, Rajasthan has been dropped.

Neemrana (Rajasthan)

During the year under review, your company has launched and sold entire 280 residential units of its flagship project Ashiana Greenhill. Construction work has also been started simultaneously and running as per schedule.

Jaipur

Your company has entered into partnership with a Jaipur based real estate company and acquired 5 acres (approx) land at Jaipur for its project Ashiana Greenwood. Necessary steps are being taken to launch the project. Further, Ashiana Retirement Villages Ltd. a subsidiary company of Ashiana Housing & Finance (India) Ltd. has also formed a partnership with Jaipur based Manglam Group for development and sale of residential units on 18 acres (approx) land at Kalwar Road, Jaipur.

Jamshedpur (Jharkhand)

At Jamshedpur, construction of Ashiana Residency Greens comprising of 149 residential units has been completed and handing over of possession of the units has been started simultaneously. During the year your company has launched a new project Ashiana Woodland on 9 acres land (approx) comprising 244 units which is attracting very good response from the market.



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Pune

Your Company has entered into Memorandum of Understanding with Lavasa Corporation Ltd., Pune for acquiring 30.987 acres (approx.) of land in Pune for development of retiral homes.

3. Section 80(IB) Projects

Your Directors have pleasure in reporting that following projects are eligible projects for claiming deduction under Section 80 (IB) of the Income Tax Act, 1961 :

Sl. Project Name

1. Ashiana Rangoli, Bhiwadi, Rajasthan
2. Ashiana Residency Greens, Jamshedpur, Jharkhand
3. Ashiana Utsav, Bhiwadi, Dist. Alwar, Rajasthan
4. Ashiana Greenhill (Phase III & IV), Neemrana
5. Ashiana Woodland, Jamshedpur

4. DIVIDEND

The Board of Directors of the Company has recommended a dividend of Re. 2/- (Rupee Two) per equity share of the Company for the Financial Year 2005-2006.

5. DIRECTORS

Shri Abhishek Dalmia was appointed as an Additional Director of the Company on 30th January, 2006. An application under section 257 of the Companies Act, 1956 has been received by the company from a member proposing candidature of Shri Abhishek Dalmia for directorship of the company. Shri Ashok Kumar Mattoo Director is retiring by rotation at the ensuing Annual General Meeting of the Company and is eligible for re-appointment.

6. AUDITORS

M/s. B. Chhawchharia & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a Certificate to the effect that their re-appointment if made, will be within the prescribed limit under Section 224 (1B) of the Companies Act, 1956. The Directors and the Audit Committee recommends their re-appointment. Auditor's Report is self-explanatory and requires no comments by the Directors

7. FIXED DEPOSITS

The Company had neither invited nor accepted any deposits from the public within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

8. SUBSIDIARY COMPANIES

The Audited Statement of Accounts alongwith Directors' Report & Auditors' Report for the year ended 31st March, 2006 of M/s. Vatika Marketing Ltd. and

M/s. Ashiana Retirement Villages Ltd. are annexed to this Account pursuant to Section 212 of the Companies Act, 1956.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Annual Report also contains a separate section on the 'Management Discussion and Analysis' which is a part of the Directors' Report.

10. CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with Auditors Certificate regarding Compliance of the SEBI Code of Corporate Governance is annexed herewith.

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

Your Directors are of the opinion that particulars with respect to Conservation of Energy and Technology Absorption as per Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not relevant in view of the nature of business activities of the company and hence, are not required to be given. There has been no foreign exchange earnings whereas expenditure of Rs. 9,73,555/- has been incurred in foreign currency during the year under review.

12. PARTICULARS OF EMPLOYEES

None of the employees of your Company is drawing remuneration exceeding limits laid down under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :

- (I) in the preparation of the annual accounts, applicable accounting standards have been followed by the Company;
- (II) such accounting policies have been selected and consistently applied and judgements & estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the profit of the Company for the year ended on that date;
- (III) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



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(iv) annual accounts have been prepared on a going concern basis.

14. ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to express its grateful thanks and wish to place on record its appreciation to the Government of India, the Govt. of Rajasthan and the Govt. of Jharkhand and their agencies for providing excellent business opportunities, to our bankers for their continued support and guidance from time to time and to the employees of the Company at all levels for the continued co-operation and unstinted support extended to the Company.

The Directors also express their sincere thanks to all the shareholders for the continued support and trust they have reposed in the Management.

On behalf of the Board of Directors

(Om Prakash Gupta)
Chairman and
Managing Director

Place : New Delhi
Dated : 26th June, 2006

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure and Developments.

The Construction sector in India is on a roll. It is growing at 7-8 percent annually and is all set to become a \$ 180 billion activity by 2020 from its present size of \$50 billion. Construction industry constitutes around 7 percent of GDP growth and in the next five years, it is expected to constitute around 9 percent of GDP. Demand for real estate is on an upward swing and this is reflected in the higher prices despite increase in supply. The real estate boom has gradually percolated from the big metros to tier II cities. The growth trajectory for the real estate sector could move up sharply in the coming years. Economic growth, infrastructure development and enabling policies would help trigger growth.

During the period under review the construction sector flourished, showing a healthy growth and was a major contributor to the growth of the national economy.

B. Opportunities and threats.

The advent of theme-based residential projects and concept selling in the housing sector has opened up a new vista for the companies engaged in the Housing Industries. High economic growth has fuelled the demand for real estate. Changing demographics, low interest rate regime, rising disposable incomes and

fiscal incentives have provided huge demand for housing. Further nuclearisation of Indian families has accelerated the demand for fresh housing. The government had played a pivotal role in the development of this sector. It had added the sector by giving income tax benefits to the consumer and the benefits to the developers. It initiated the rationalization of stamp duty. A number of state governments are moving towards computerization of land records. The Central Government has also initiated the National Urban Renewal Mission, which involves the renewal of urban facilities to satisfactory standards. Further, the gradual opening up of the sector for FDI would also help its growth. Increase in the number of builders/middleman who do not adhere to the quality, time and cost would dismantle the investor's confidence which is a biggest threat to the industry. Your directors, who strictly adhere to the quality, time and cost factors do not foresee any threat to the company.

C. Segment wise or product wise performance

Presently the company primarily deals only in one segment i.e. Real Estate. The Company's all projects are running as per schedule. The performance of the Company is satisfactory and it stands committed to its philosophy.

D. Out look

The future of the real estate industry as well as Company is bright. The Central Govt. has opened up a new vista by allowing FDI in the real estate industry. Your Company has necessary infrastructure and experience to develop residential, commercial and industrial project and is looking for various opportunities in consonance with Government efforts to provide housing in various cities of Rajasthan, Jharkhand and other parts of the country.

E. Risks & Concern

Risk is inherent in all business activities, particularly in the real estate industry. In the present scenario your Company does not foresee any risk. The stable position that your company occupies enables it to cater to the need of housing accommodation of its consumers comfortably.

F. Internal Control System and their adequacy

The Company has proper and adequate system of Internal Controls commensurate with its size and nature of the Company's business to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly. Systems are regularly reviewed to ensure effectiveness.



ASHIANA HOUSING & FINANCE (INDIA) LIMITED

The Company has qualified and experienced professionals who are instrumental in maintaining the growth and success at all levels and are responsible for policies.

G. Discussion on financial performance with respect to operational performance.

The Sales & Other Incomes of the Company for the Financial year 2005-06 was recorded at Rs. 3615.97 Lacs as compared to Rs. 1287.80 Lacs in the previous year. The Company has incurred a profit of Rs.459.85 Lacs after providing depreciation and tax during the financial year 2005-2006 as against the loss of Rs.12.76 Lacs in the previous financial year. Further, operational performance has been well discussed in the Directors' Report.

H. Material Development in Human Resources/ Industrial Relations front, including number of people employed.

Developing human resource has always been a focus area over the years for the Company. During the year training programs were ranging from organizational thrust areas and skill development to behavioural programs. These programs are built around the themes for enhancing managerial effectiveness, employee motivation, quality culture and building functional expertise. During the year, the Company maintained harmonious and cordial industrial relations. The number of persons employed permanently in the Company as on 31st March, 2006 were 150 (Approx.).

REPORT ON CORPORATE GOVERNANCE FORMING PART OF THE DIRECTORS' REPORT

1. Company's Philosophy on Code of Governance

The Company firmly believes in good Corporate Governance and has made Corporate Governance a practice and continuous process of development right across the company. The Company's Philosophy on corporate governance envisages the attainment of the highest levels of transparency and accountability in the functioning of the company and conduct of business.

The Company's corporate philosophy is focused on its people who are the most important assets. The company values its employees integrity, creativity and ability who in turn demonstrate the highest ethical standard and responsibility towards the shareholders. The Company believes that over a period of time all its operations and actions must serve the underlying goal of enhancing overall shareholder value.

2. Board of Directors

The Company has optimum combination of executive and non-executive directors. The Board consists of seven directors out of which three are Executive Directors, four are Non-Executive & Independent Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in the Clause 49 of the Listing Agreement), across all the companies in which he is a director. The necessary disclosures regarding Committee positions have been made by the Directors.

(a) The present composition of the Board of Directors is as under :-

Sr. No.	Name of Directors	Executive / Non-Executive	No. of other	
			Directorship	Committee Membership
1.	Shri Om Prakash Gupta	Executive	1	--
2.	Shri Vishal Gupta	Executive	2	--
3.	Shri Ashok Kumar Mattoo	Non-Executive & Independent	5	--
4.	Shri Abhishek Dalmia	Non-Executive & Independent	9	--
5.	Shri Lalit Kumar Chhawchharia	Non-Executive & Independent	75	--
6.	Smt. Sonal Marwah	Non-Executive & Independent	1	--
7.	Shri. Ankur Gupta	Executive	2	--

Note :- As per clause 49 of the Listing Agreement membership of following three committees are required to be disclosed :

1. Audit Committee
2. Shareholders'/Investors' Grievance Committee
3. Remuneration Committee

(b) Board Meeting held in Financial Year 2005 - 2006 and attendance of Directors:

The meeting of the Board and its Committee/s are generally held in New Delhi and scheduled well in advance. Normally the Board meets at least once in a quarter to consider amongst other businesses, the quarterly performance of the Company and financial results. Detailed agenda notes with MIS reports, charts etc. are circulated well in advance. The Directors actively participate in the deliberation at these meetings.

During the year, five Board Meetings were held on 15th April, 2005, 30th June, 2005, 30th July, 2005, 31st Oct., 2005 and 30th Jan, 2006. The attendance