

Asiatic Properties Limited

Twenty-Fourth Annual Report

2004-2005

Report  Junction.com

ASIATIC PROPERTIES LIMITED

REGD. OFFICE: CONSTRUCTION HOUSE 'A', 24TH ROAD, KHAR, MUMBAI-400 052.
TELEPHONE NO. 6002177

DIRECTORS' REPORT

To
The Members,

We have pleasure in submitting the Twenty-Fourth Annual Report of your Company along with the audited statements of account for the year ended 31st March 2005.

1. FINANCIAL RESULTS:

The financial results of your Company as compared to those of the previous year are given below:-

	For Y.E. 31 st March, 2005		For Y.E. 31 st March, 2004	
	Rs.	-Ps.	Rs.	-Ps.
Loss for the Year	(78786937.58)		(88811867.88)	
Add: Provision for Wealth Tax		(163.00)		(4513.00)
	(78787100.58)		(88816380.88)	
<u>Less:</u> Previous Year Adjustments (Net)	(2848018.00)		61523.00	
	(81635118.58)		(88754857.88)	
<u>Add:</u> Deferred Tax	208917050.00			0.00
<u>Add :</u> Balance brought forward	(454104475.39)		(365349617.51)	
	(326822543.97)		(454104475.39)	

The Directors do not recommend any dividend.

2. DEPOSITS:

Your Company has not accepted any deposits from the public.

3. PARTICULARS OF EMPLOYEES:

During the period under review, the Company had no employee in receipt of remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

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4. **PARTICULARS REQUIRED TO BE FURNISHED BY THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988:**

- i) Parts A & B pertaining to conservation of energy and technology absorption are not applicable to the company.
- ii) Foreign Exchange earnings and outgoing – Please refer to Schedule Q, Note 11 to the Balance Sheet, for details of Expenditure and Earnings in foreign currency respectively.

5. **DIRECTORATE:**

Mr. Gopal L. Raheja Mr. Chandru L. Raheja and Mr. Sandeep G. Raheja, Directors of your Company retire by rotation u/s. 256 of the Companies Act, 1956 at the ensuing Annual General Meeting and have offered themselves for reappointment.

6. **DIRECTOR'S RESPONSIBILITY STATEMENT (PURSUANT TO THE REQUIREMENT U/S 217(2AA) OF CO'S ACT, 1956):**

- i. Your Directors confirm that to the best of their knowledge and ability in the preparation of the annual accounts, the applicable accounting standards have been followed:
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii. the Directors have taken proper and sufficient care 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; and
- iv. the Directors have prepared the annual accounts on a going concern basis.

7. **AUDITORS REPORT:**

- a) With regard to the Cash on hand at the Southern offices of the Company, Mr. Arjun M. Menda, a Director of the Company has represented to the Auditors that the same has been spent on the projects and is yet to be accounted, although it was certified by Mr. Arjun M. Menda to the Auditors, in the earlier years.
- b) Bombay Stock Exchange vide its letter dated 10th July 2004 has delisted the company w.e.f. 2nd July 2004.

8. **AUDITORS:**

M/s. M/s K. N. Gandhi & Co, the present Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for appointment.

FOR AND ON BEHALF OF BOARD OF DIRECTORS,

**MUMBAI
DATED :**

18 SEP 2005



Director

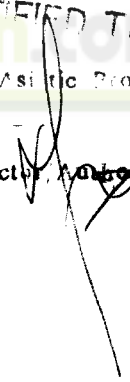


Director



CERTIFIED TRUE COPY
Asiatic Properties Limited,

Director, Authorised Signatory.



11-A, GULMOHAR, 1ST FLOOR, S.V. ROAD, KHAR (WEST), MUMBAI - 400 052
K.N. GANDHI, B. Com. (Hons) F.C.A

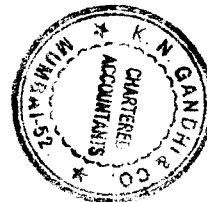
K N GANDHI & Co.,
CHARTERED ACCOUNTANTS

11-A, GULMOHAR, 1ST FLOOR, S.V. ROAD, KHAR (WEST), MUMBAI - 400 052
K.N. GANDHI, B. Com. (Hons) F.C.A

AUDITOR'S REPORT TO THE MEMBERS OF ASIATIC PROPERTIES LIMITED

1. I have audited the attached Balance Sheet of Asiatic Properties Limited, as at 31st March, 2005 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall the financial statement presentation. I believe my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to above, I report that:
 - i) I have obtained, **subject to point no. (iii)** given below, all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account as required by law have been kept by the company so far as appears from my examination of those books, **subject to point no. (iii)** given below;
 - iii) ***The Company has shown cash on hand of Rs. 72,78,995.01 as on 31st March 2005 as per books of accounts maintained by the company. During the course of the Audit, the company did not produce cash of Rs. 72,77,564.90 maintained at various branches in south for verification. On making enquiry regarding the large amount of cash on hand kept by the company, one of the directors Mr. Arjun M. Menda has clarified in the Representation Letter dated 2nd September 2005 received by me as under.***

"The Company had aggregate cash balances of Rs. 72,78,995.01 at its various locations as at March 31, 2005. Certain amounts have been expended on the various projects of the Company which have not been accounted in the books of the Company as at the end of the Financial Year as the management is yet to determine the exact nature and extent of expenses relatable to each project. On ascertaining the same and providing adequate supporting and evidences, all consequential and necessary financial entries will be passed crediting the cash on hand and debiting the relevant project account for which such expenses were incurred. Till such time the cash balance of the Company should be taken at the figure mentioned in the books of accounts"



K N GANDHI & Co.,
CHARTERED ACCOUNTANTS

11-A, GULMOHAR, 1ST FLOOR, S.V. ROAD, KHAR (WEST), MUMBAI - 400 052
K.N. GANDHI, B. Com. (Hons) F.C.A

The representation made by the director did not disclose the details & quantum of the amount spent out of the above cash on hand on construction projects sold/unsold under taken by the company as well as club cabana division which is sold in previous year. With a result, the financial statements to that extent of the above cash on hand does not give true & fair view in conformity with the accounting principles generally accepted in India.

- iv) The Balance Sheet and Profit and Loss Account and cash flow dealt with by this report are in agreement with the books of account;
- v) In my opinion, subject to note No. 6 & 13 of Schedule 'Q' notes to accounts annexed herewith, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- vi) On the basis of written representations received from the directors, as on 31st March, 2005, and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vii) In my opinion and to the best of my information and according to the explanations given to me, the said accounts subject to note No. 13 of schedule 'Q' notes to accounts annexed herewith regarding non disclosure of amount due for more than one month to Small Scale Industrial Undertaking give the information required by the Companies Act, 1956, in the manner so required and subject to *Note No. (iii) given above and point Nos. 4 and 14 of Schedule 'Q' notes to account, financial statements annexed herewith give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - a) *in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and*
 - b) *in the case of the Profit and Loss Account, of the loss for the year ended on that date.*
 - c) *in case of the cash flow statement, of the cash flows for the year ended on that date.*

For And On Behalf of:
K N GANDHI & Co.,
CHARTERED ACCOUNTANTS,


 (K.N. GANDHI)

Proprietor
 Membership No.: F-8261

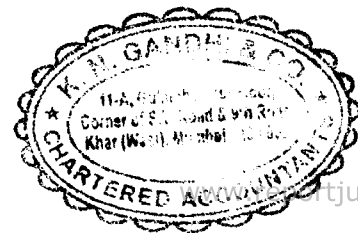
MUMBAI:

DATED :

18 SEP 2005

CERTIFIED TRUE COPY
For Asiatic Properties Limited.

Director/Authorized Signatory.



K N GANDHI & Co.,
CHARTERED ACCOUNTANTS

11-A, GULMOHAR, 1ST FLOOR, S.V. ROAD, KHAR (WEST), MUMBAI - 400 052
K.N. GANDHI, B. Com. (Hons) F.C.A

ANNEXURE TO THE AUDITOR'S REPORT

Re: Asiatic Properties Limited

(Referred to in paragraph 3 of my report of even date)

- (i) (a) The Company is yet to update records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to me, the fixed assets are physically verified by the management as per the program of verification which, in my opinion, is reasonable having regard to the size of the Company. No material discrepancies were noticed on such verification.
- (c) During the year, Company has not disposed off any substantial/major part of fixed assets.
- (ii) (a) The physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- (b) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loans secured or unsecured to the
- (b) Companies, firms or other parties covered in the register maintained under
- (c) section 301 of the Companies Act, 1956.
- (d)
- (e) The Company has taken unsecured interest free loan from K. Raheja Hotels & Estates Pvt. Ltd. And Raj Trust and interest bearing loan from K. Raheja Corp Pvt. Ltd., the Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum balance during the year was Rs. 31,53,30,416 and the balance at the end of the year Rs. 31,53,30,416. On the said interest bearing loan the Company has paid interest @ 18% p.a. which is above the prevailing rate of interest charged by Banks & Financial Institutions.
- (f) Save and except said above in para (iii) (e) the rate of interest and other terms and conditions of interest free and interest bearing loans taken from the parties covered under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
- (g) According to the information and explanations given to me, no repayment schedules have been specified and accordingly the question of regularity in repayment of principal amount and interest thereon, wherever applicable does not arise.

- (iv) In my opinion and according to the information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchases of the fixed assets and for sale of flats. During the course of my audit, I have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) According to the information and explanations given to me, I am of the opinion particulars of contract and arrangement referred to in section 301 of the Companies Act, 1956 have been so entered in the register required to be maintained under that section.
- (b) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakh in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In my opinion and according to the information and explanation given to me, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and Rules there made under are not applicable to the Company.
- (vii) The Company does not have internal audit system.
- (viii) I am informed that the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as Investor Education and Protection Fund, Sales tax, Income Tax, Wealth Tax, Service Tax, Excise Duty, Custom Duty, Cess and other material statutory dues whichever applicable and there are no amounts in arrears as at March 31, 2005 for a period of more than six months from the date they became payable. As there are no employees statutory dues relating to Provident Fund, ESIC do not arise.
- (b) According to the information and explanations given to me, there are no undisputed dues of sales tax, income tax, customs duty, wealth tax, service Tax & excise duty
- (x) The Company has accumulated losses exceeding its net worth. The Company has incurred cash losses during the year as well as in the immediately preceding financial year.
- (xi) In my opinion and according to the information and explanation given to me, the Company has not defaulted in the payment of dues to banks and financial institutions.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.

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