

11th ANNUAL REPORT



PRIBITOVAN HOUSING LIMITED

2004-2005

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****ELEVENTH ANNUAL REPORT****BOARD OF DIRECTORS**

SHRI SHRIRAM GOYAL
SHRI ASHOK AGARWAL
SHRI NARENDRA SHAH
SHRI ANAND AGRAWAL

CHAIRMAN
MANAGING DIRECTOR
DIRECTOR
DIRECTOR

REGISTERED OFFICE

20-B DENU MARKET,
MEERA PATH,
INDORE(M.P.)-452001
trihou@vsnl.net

AUDITORS

SATYANARAYAN GOYAL & CO
CHARTERED ACCOUNTANTS
VAIBHAV CHAMBERS
7/1 USHAGUNJ
CHHAWANI
INDORE(M.P.)- 452001

CORPORATE OFFICE

23/24 JALARAM NAGAR, 2ND FLOOR,
CHAMUNDA CIRCLE, BORIWALI (W),
MUMBAI- 400 092

BANKERS


ORIENTAL BANK OF COMMERCE
CENTURION BANK
STATE BANK OF INDIA
KOTAK MAHENDRA BANK

CORPORATE ADVISOR

RAMESH CHANDRA BAGDI & ASSOCIATES
COMPANY SECRETARIES
31, SHRADDHANAND MARG
CHHAWANI, INDORE (M.P.) 452 001

REGISTRARS & TRANSFER AGENTS

M/S. MCS LIMITED
NEELAM APPARTMENT, 88, SAMPATRAO COLONY
B/H. STANDARD CHARTERED BANL,
ABOVE 56 BHOG, ALKAPURI,
BARODA (GUJ) – 390 007
PHONE – 0265 2339397

For TRIBHUVAN HOUSING LTD.

Director/Authorised Signatory

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NOTE : Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Tribhuvan Housing Limited will be held on Thursday, the 4th August - 2005, at 11.00 a.m. at its Registered Office at 20-B, DHENU MARKET, MEERA PATH, INDORE (MP) 452001, to transact the following business : -

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date together with the Auditors and Directors Report thereon.
2. To appoint a Director in place of Shri Narendra Shah, Director of the Company who retires by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Shriram Goyal, Director of the Company who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and to fix their remuneration.
5. To consider declaration of dividend to the Share Holders

By Order of the Board

sd/-

Place: INDORE

Date : 21/06/2005

ASHOK AGRAWAL
MANAGING DIRECTOR

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. The proxy form should be deposited at the Regd. Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer book of the company will remain closed from Monday, 1st August, 2005 to Thursday, the 4th August, 2005 (both days inclusive).
4. Share holders are requested to go for DEMAT of their shares immediately as the Company has appointed M/S. MCS LIMITED, BARODA (SEBI APPROVED R & T AGENT) for handling share transfer job and also for maintaining electronic connectivity with NSDL AND CDSL who have allotted ISIN ACTIVATION NUMBER AS – ISIN 0 INE8840D01013 w.e.f. 27/7/04. Members are also required to intimate change in their addresses, if any, immediately to M/S. MCS LTD., BARODA.
5. Members desirous of making nomination in terms of Section 109A of the Act, 1956 in respect of their shareholding may approach the Registrar for assistance, Shareholders holding shares in electronic form may approach their DP with whom they maintain their account for nomination.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking re-appointment at this AGM, is separately annexed hereto for item no.2 & 3 of the ordinary Business.

**By order of the Board
For TRIBHUVAN HOUSING LIMITED**

sd/-

Place : Indore
Date : 21.06.2005

**ASHOK AGRAWAL
MANAGING DIRECTOR**

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****DIRECTORS' REPORT TO THE MEMBERS**

To,
The Members of the Company,

Your Directors have pleasure in presenting before you the Eleventh Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS**(Amt. Rs. in lakhs)**

	2004-2005	2003-2004
Turnover/Receipts	515.16	55.15
Construction Expenses	481.54	52.31
Profits	33.62	2.84
Depreciation	8.65	1.30
Preliminary Expenses W/O	1.11	1.11
Profit before tax	23.86	0.43
Taxation	4.25	0.34
Deffered taxation	1.75	0.14
Proposed Dividend	14.76	—
Profit after Tax	3.10	0.24

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The Company which had gone to the steep rise last year has come out to a state of extremely good health and spread its wings to the new developments and wider contracts. The turnover of the company has gone up by more than twelve times. During the year there was rise in the steel prices. The company managed to overcome the situation.

DIVIDEND

The Company has come to a position of declaration of dividend. Your director recommend for your approval dividend for the financial year 2004-2005 at the rate of 3% on paid-up value of shares. The Company will pay Income tax on dividend as per the provisions of Income-Tax act.

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****MANAGEMENT DISCUSSION AND ANALYSIS**

The Company is in the business of Construction of houses and marketing housing. The key issues of the Management Discussion and Analysis are given below.

(a) Industry structure and developments

Indian Housing market size is estimated at Rs. 24 billion. Approximately one third of this demand is met through self-constructions and the balance is met through Contractors. Sales of the organised Housing industry are estimated at Rs. 15.5 billion. The industry experienced a significant growth of 9% during the year 2005. THL has continued its growth along the lines of the industry and has maintained its market position.

The fortunes of the Housing industry are, to a large extent, linked to the growth of the Population. The Industry is facing intense price competition and continue to exert price pressure on the local Housing contractor. When it comes to the quality housing only the big player survive.

(b) Strength:- The strength of a company is known from the land it owns and construction equipment it has.

The Company has a policy of acquiring Agricultural land as per the town planning of the municipality of Indore. The strategic land is Immediately acquired at a throw away price. The company then applies for the conversion of same in to the non-agricultural land. The land is then filled up to the parallel to the road and finally dressed up for sanitary, water and cables.

Qualitative Factors:

1. The company has earned goodwill for timely completion of Housing Construction. The clients for whom the company had carried out construction work had never filed any case for non completion of work in time.
2. The company has a management team comprising of Civil Engineers headed by its Managing Director, Shri Ashok Agarwal, who has over three decades experience in the Industry.
3. The company is planning to diversify in to Infrastructure projects particularly road sector in which the income generation is tax free.

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The Company has most modern construction equipments for digging, preparation of concrete mixture and compressors required for fixing of roofs. The Company has also purchased motorized equipment to lift the material, Land leveling rollers and cranes.

(c) Comment on Current year's performance

- Receipts : The Receipt has increased around 15 folds.
- Operating Expenses : The operating Expenses are minimized by owning transport vehicles.
- Operating Profits : The Operating Profit has shown a significant improvement over the previous year.
- Indirect Expenses : The Indirect Expenses are under control.
- Depreciation : There is an increase in the Depreciation due to addition of new assets.
- Profit before tax : Profit before tax is also showing an improving trend.
- Taxation : Taxation is Provided as per Income Tax Act, 1961.
- Debtor/Sales : Realisation period has decreased.
- Creditors/Purchase : The Company has an established credit and stock is paid.

(d) Opportunities and threats

The impact of good monsoon rains has provided a boost to the economy and it is set to grow at 7% to 8% supported by a smart growth in manufacturing and services sectors. This brings prosperity to a country and the 1st thing people go for is housing. Outlook for the year 2006 is positive. While the overall demand outlook for the year 2006 remains good, the Company expects the pressure on quality housing to continue due to competition. The Government has recently announced tax benefit for housing above one acre and this will intensify competition from self constructions.

(e) Segmentwise performance

The business of the Company falls under a single segment i.e. "Housings and related Infrastructure" for the purpose of Accounting Standard AS-17.

11th ANNUAL REPORT**TRIBHUVAN HOUSING LIMITED****(f) Outlook**

The continual growth in the Housing sector is expected to give the necessary support to the Housing industry. The Company is making all efforts to accelerate growth of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions.

(g) Risk and concerns

The menace of local Housings contractor has further compounded the problems of the organised Housing industry as they use inferior quality of material to reduce the cost.

There is a sharp increase in the price of steel that forms the basic material for Housings. It may not be possible for the Company to recover the increase in material cost from customers entirely.

(h) Internal control system

Internal audit and other controls have been found to be adequate. These are reviewed periodically by the Audit Committee. Financial Internal Audit team from Internal Auditors. Statutory Auditors audited the Company during the year and found the performance satisfactory.

(i) Developments in human resources and industrial relations

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 is not required to be given as no employee falls under it. The Company continued to have cordial relations with all the employees.

RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF**Internal to TRIBHUVAN HOUSING LTD.**

1. The Company is promoted by first generation entrepreneurs.

Management perception:

The Company has been promoted by Mr. Ashok Agarwal who is having 15 years of experience in the field of constructions and are supported by a team of Qualified Engineers. The promoters have executed similar project in Indore and continuing in the same field.

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2. The cost of the project for which funds are being raised has not been appraised by any bank or financial institution.

Management Perception:

Profitability of the total project has not been appraised by any bank or financial institutions.

With a view to approaching Financial Institutions for availing the Term Loan the picture will be clear. Further the profitability is worked by a Chartered Accountant and he shall liaison Banks and Financial Institution for the loan.

3. The penalty clause in a work order may affect the Company's profitability in case of delay in execution of contract.

Management Perception:

The Company has a track record of completing projects as per schedule and no penalty has been levied up till now.

4. The Company is required to do part of its business of infrastructure Road projects through a special purpose vehicle.

Management Perception:

No separate SPV is required for this purpose. The company is getting the right to recover the dues as land revenue so there is no chance of loss.

5. There is a factor of contingent liability of Rs. 1600 lacs in the new Project.

Management Perception:

Nature of the contingent liabilities:

Bank Guarantee of Rs. 1600 lacs to be issued by the Company's bankers for various contracts awarded to the company. Such contingent liabilities are normal to such kind of business.

6. Profitability of the company depends upon the Toll collection income which depends on Water flow and any adverse effect on Water flow will also effect the toll collection income and profitability of the company, but the chances of such event is very low as the feasibility has already been taken by State Government.

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Prior to submitting the tender documents for BOT projects, the actual survey of water flow is conducted by company by itself apart from data submitted by the authority. Hence the toll collection income and profitability of the company shall not be adversely affected barring abnormal circumstances.

The Company will receive toll collection till concession period (Toll collection period) and then Joint Venture Company will be wound up. The company in no way can hedge the risk on the project as it is a normal business risk for the said nature of the project.

7. The Service Tax on construction activity excluding on Road construction is imposed in the Union Budget announced on 08/07/2004.

Management Perception:

As service tax will be collected from the clients of the company, there will not be any change in the profitability of the company.

External to TRIBHUVAN HOUSING LIMITED

8. The Company will face competition in bidding for contracts through tender from other existing companies.

Management perception:

The past performances of the company testify its ability to successfully bid for contracts.

9. The liberalization policy of the Government and incentives offered by it has spurred the growth of opportunities in the field of Infrastructure and particularly road sector. Adverse changes if any, in the Government policy could thus affect business prospects.

Management Perception:

The Company is engaged in Infrastructure development which is in priority list of Government of India for development of Housing Infrastructure.

10. Competition from existing and new players could have an impact on the business prospects of the company.

Management Perception:

The Company has over a period of time built up specialist skills, rich experience and reputation for timely work.