

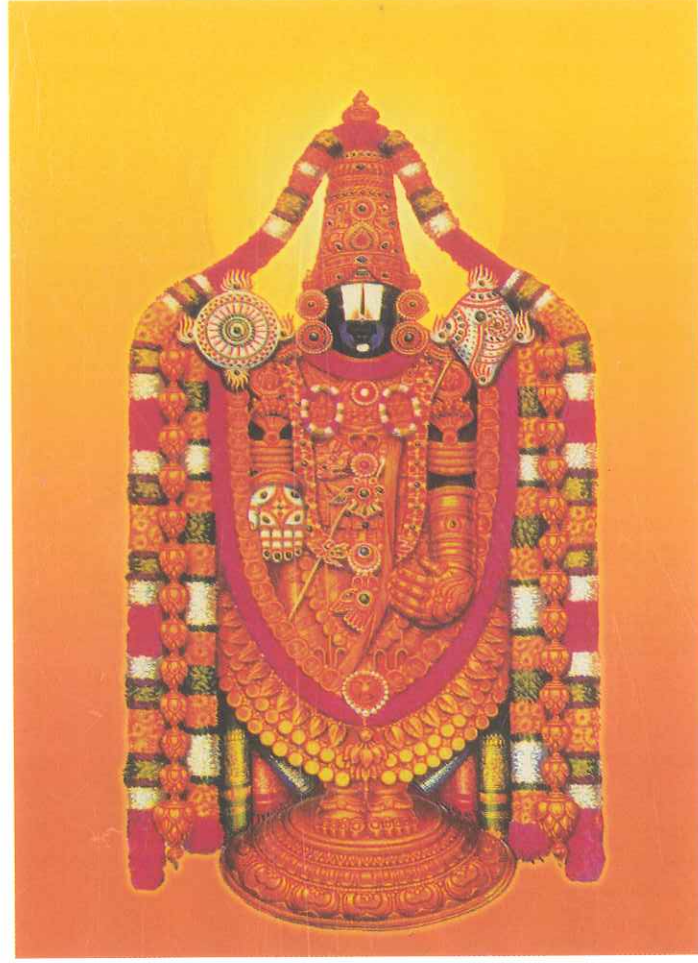


Arihant

Foundations & Housing Ltd.

BUILDING ON INTEGRITY

12th ANNUAL REPORT & ACCOUNTS 2003 - 2004



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"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	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. Harisharanal 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. Harisharanal 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

sd/-
(Priti Venkatesan)
Company Secretary

Place: Chennai
Date: 18.02.2005

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 :

- i. Mr. A. Damodaran
- ii. Mr. Meghraj Lunawath
- iii. 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 Directorships	Committee memberships	Committee Chairmanships
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	-	-

2.3 Nineteen Board meetings were held during the financial year 01.10.2003 to 30.09.2004 and the dates on which the Board meetings were held are given below :

No. of Board Meetings	Date of Board Meetings
01	04.10.2003
02	06.10.2003
03	01.12.2003
04	31.12.2003
05	31.01.2004
06	25.02.2004
07	01.03.2004
08	02.03.2004
09	15.03.2004
10	30.03.2004
11	02.04.2004
12	14.04.2004
13	28.04.2004
14	30.04.2004
15	15.05.2004
16	31.07.2004
17	02.09.2004
18	10.09.2004
19	20.09.2004

2.4 Brief resume of the Directors seeking appointment / re-appointment at the 12th Annual General Meeting to be held on 31.03.2005:

2.4.1 Mr. Alex Jacob was appointed on the Board with effect from 12.06.1995. He is B.E., M.Tech., Dip Bdg. Sc. M.L.E.(Aust). He is a Consulting Engineer and has worked as Design Engineer with Government of Australia for four years. He is having 38 years of rich experience in Structural Engineering and executing projects in India and Abroad. He is currently the Director of the Company.

2.4.2. Mr. Harisharanlal Trivedi has been proposed by a member to be appointed on the Board as a Director with effect from this Annual General Meeting. He is 56 years of age and is a Law Graduate, B.A., L.L.B. He is currently a Businessman involved in financial activities and not in practice. He is having 25 years of rich experience in liasoning work.

2.4.3 Mr. A. Damodaran was appointed on the Board with effect from 12.06.1995. He is B.E(Civil), M.Sc. (Eng.). He is a retired chief planner of CMDA and having 40 years of experience in Town and country planning. He is currently a Director of the Company.

3.0 AUDIT COMMITTEE:

3.1 The Board of Directors of Arihant Foundations and Housing Limited, in terms of section 292A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 and also in terms of Listing Agreement has constituted an Audit Committee. However during the Financial Year there is a* change in the composition of Audit Committee as under:

3.2 Composition, Names of Members and Chairperson. (as on 30.09.2004):

- | | |
|-------------------------|---------------------------------|
| 1. Mr. Meghraj Lunawath | Chairman of the Audit Committee |
| 2. Mr. Alex Jacob | Member of the Audit Committee |
| 3. Mr. Damodaran A | Member of the Audit Committee |
- Except Mr. Alex Jacob all other members mentioned above are Independent Directors of the Company.

* Due to resignation of Mr. Ashok Khubchandani from the membership of Audit Committee, Mr. Damodaran A has been inducted in his place with effect from 02.04.2004.

3.3. Terms and reference of Audit Committee :
The Audit Committee has been vested with the following powers and functions :

3.3.1 Powers

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice;
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. To have full access to information contained in the records of the Company and professional advice, if necessary.

3.3.2 Functions

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct.
2. Recommending the fixation of audit fee and for payment of any other services.

3. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on :

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgement by management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transactions, i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of company at large.

4. Discussion with the external auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.

5. Reviewing the company's financial and risk management policies.

6. To look into reasons for substantial default in the payment of depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

7. Any other functions that may be assigned by the Board from time to time.

3.4 Audit Committee Meeting : Four Audit Committee Meetings were held during the Financial year 01.10.2003 to 30.09.2004

No. of Audit Committee Meetings	Date of Meetings
01	31.12.2003
02	31.01.2004
03	30.04.2004
04	31.07.2004

Mr. Meghraj Lunawath (Chairman) and all other members were present, at all the above meetings.

4.0 Remuneration :

4.1 The details of remuneration paid to all the whole time directors are given below:

4.1.1. The remuneration of the whole time Directors include basic salary, allowance and perquisites as determined by the Board.

4.1.2. The gross value of the fixed components of the remuneration, as explained above, paid to the whole time functional Directors, during the financial year 2003-2004 is given below

Name of the Director	Salaries & Allowances.	Other benefits
Mr. Navratan Lunawath Chairman and Managing Director	Rs.40,000 p.m. + 1% commission on net profit	Company Car
Mr. Rasiklal M. Jhaveri Whole Time Director	Rs.12,000 p.m.	
Mr. Jagdish R Bhatt Whole Time Director	Rs.12,000 p.m.	
Col. A.L. Jayabhanu Whole Time Director	Rs.12,000 p.m.	

5.0 Shareholder's / Investor's Grievance Committee

5.1 The Company's Shareholder's / Investor's Grievance Committee comprising of the following members:

1. Mr Navratan Lunawath
2. Mr Rasiklal M Jhaveri
3. Mr Jagadish R Bhatt.

Nine Committee meetings for shareholders / Investors grievance, approval of share transfers, transmission were held during the financial year 01.10.2003 to 30.09.2004 and the dates on which the meetings were held are given below:

No. of Shareholders / Investors Greivance Committee Meetings	Date of Meetings
01	31.10.2003
02	31.12.2003
03	31.01.2004
04	13.03.2004
05	31.05.2004
06	09.06.2004
07	16.07.2004
08	13.08.2004
09	30.09.2004

5.1.1. Name and designation of Compliance Officer.

Mrs. Priti Venkatesan, Company Secretary.

5.1.2 Number of Shareholder's complaints received so far, number not solved to the satisfaction of shareholders and number of pending share transfers for the period from 01.10.2003 to 30.09.2004 :

S No.	Nature of complaints	Opening balance as on 1.10.03	Received during the financial year 03-04	Total	Solved during the financial year 03-04	pending as on 30.9.04
1.	Non-receipt of Dividend Warrant	Nil	1	1	1	Nil
2.	Misplacement of Share Certificate	Nil	1	1	1	Nil

6.0 General Body Meeting

6.1 The Particulars of the last three General Body Meetings of members were held as under :

Sl. No.	Nature of Meeting	Date, Day and Time of Meeting	Venue
1.	9th A.G.M.	30.03.2002 Saturday 9.00 A.M.	Narayana-Arihant Ocean Tower, No.77 (Old No.38), Wallajah Road, Triplicane, Chennai - 5.
2.	10th A.G.M.	31.03.2003 Monday 11.00 A.M.	Narayana-Arihant Ocean Tower, No.77 (Old No.38), Wallajah Road, Triplicane, Chennai - 5.
3.	11th A.G.M.	31.03.2004 Wednesday 10.00 A.M.	Arihant-Sivasakthi, 93(Old No.77) Sydenhams Road, Periamet, Chennai - 3.

6.2 Special Resolution / Postal Ballot details:

No special resolutions were passed and no resolutions, ordinary / special were passed through the postal ballot during the year.

7.0 Disclosures

7.1 Disclosures on materially significant related party transactions. i.e., Mr. Kamal Lunawath and Mr. Vimal Lunawath who are the Executive Directors of the Company are not part of the Board.

Directors/ Executive Directors	Salary	Interest Payment	Loan Received	Loan Repaid
Kamal Lunawath	2,34,000	12,97,243	23,75,000	-
Vimal Lunawath	2,34,000	6,63,773	10,00,000	-
Navratan Lunawath	4,80,000	4,89,880		45,61,263
A.L.Jayabanu	1,44,000	-	-	-
Jagdish R. Bhat	1,44,000	-	-	-
Rashiklal Jhaveri	1,44,000	-	-	-
Alex Jacob	(Rs.3,79,000/- paid towards structural engineering services)			

An office space worth Rs.4.56 crores has been sold to Mr.Mangilal Lunawath, a relative of Managing Director.

7.2 By and large the Company has complied with all the regulations of SEBI and Stock Exchange.

7.3 Details of non compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: NIL.

8.0 Means of Communication

8.1 The Board of Directors of the Company takes on record the un-audited Financial Results in the prescribed form within one month of the close of every quarter and announces the results to all the Stock Exchanges where the shares of the company are listed in conformity with SEBI guidelines. The quarterly financial results are also published in the news papers.

Details and date of publications are as under :

Quarter Ended	Name of English Daily	Name of Regional Daily	Date of Publication
31.12.2003	News Today	Maalai Sudar (Tamil)	01.02.2004
31.03.2004	News Today	Maalai Sudar (Tamil)	02.05.2004
30.06.2004	News Today	Maalai Sudar (Tamil)	02.08.2004

8.2 The Quarterly Results, Half yearly results and the Annual results are not hosted on the Company's web site at www.arihantfoundations.com.

Reason : This was not possible due to lack of storage space on the Company's website and steps are being taken to host the same.

8.3 **Management Discussion and Analysis Report** forms part of the Annual report for year 2003-2004, and given as an Annexure to the Director's Report 2003-2004.

9.0 General Shareholder Information

1. Number of Annual General Meeting (AGM) :- 12th Annual General Meeting.
Date & Time :- 31.3.2005 at 10.30 A.M
Venue :- Door No.36,
Royapettah High Road,
Royapettah, Chennai - 600 014.
2. Financial Calendar :- October - to - September.
3. Book closure Date :- Not Applicable
4. Dividend despatch date :- Not Applicable
5. Listing on Stock Exchanges :-
The Madras Stock Exchange Ltd
"Exchange Building"
11, Second Line Beach, Chennai-1
Mail to :mseed.@ md3.vsnl.net.in.
The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001
Website:- www.bscindia.com
6. Stock Code :- The Stock Exchange, Mumbai - 531 381.
Madras Stock Exchange Limited- AFD
Trading symbol in Madras Stock Exchange :- Arihant Foun
ISIN No. for dematerialised shares :- INE 413D01011
7. Market Price Data – High, Low, Open and Close during each month in the last financial year.

(in Rupees)

MUMBAI STOCK EXCHANGE

Month	High	Low	Opening	Closing
October 2003	----	----	----	----
November 2003	----	----	----	----
December 2003	----	----	----	----
January 2004	----	----	----	----
February 2004	----	----	----	----
March 2004	09.00	09.00	09.00	09.00
April 2004	12.84	12.84	12.84	12.84
May 2004	10.00	10.00	10.00	10.00
June 2004	----	----	----	----
July 2004	09.90	07.10	07.10	09.90
August 2004	10.00	10.00	10.00	10.00
September 2004	15.25	13.60	14.80	14.57

No tradings in the period as mentioned : ----

8. Registrars and Share transfer Agents :-

Cameo Corporate Services Limited.
Subramanian Building, No. 1 Club House Road,
Anna Salai, Chennai - 600 002.
Ph : 28460390

10 Share Transfer system

- For dematerialization of shares, electronic connectivity exists with Cameo Corporate Services Limited (Company's STA).
- The number of meetings held for approving the transfers, transmission, transposition and the demat requests from 01.10.2003 to 30.09.2004 is 9.

11. Distribution of Shareholding as on 30.9.2004

Slab	Number of Share Holders		Number of Shares	
	Rs.	No.	No.	% of Total
UPTO 5000		1048	1,66,633	3.33
5001 TO 10000		93	83,350	1.67
10001 TO 20000		57	88,798	1.77
20001 TO 30000		67	1,65,846	3.32
30001 TO 40000		16	57,354	1.15
40001 TO 50000		32	1,55,000	3.10
50001 TO 100000		52	4,25,300	8.51
100001 and Above		82	38,57,719	77.15
		1447	50,00,000	100.00

12. Shareholding pattern as on 30.9.2004.

Sl No.	Categories	Number of Shares	% of Shareholding
1.	Promoters's holding	11,10,300	22.21
2.	Person acting in concert	12,60,600	25.21
3.	Private Corporate bodies	2,81,215	5.62
4.	Indian Public	23,47,885	46.96
	Total	50,00,000	100.00

13. Dematerialisation of Shares and liquidity.

The dematting facility exists with both the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the convenience of shareholders. As on 30.09.2004 , 810075 shares have been dematerialized, representing 16.20 % of the Subscribed capital.

14. Outstanding GDR s / ADR s/ warrants or any convertible instruments, conversion date and likely impact on equity.

The Company has not issued GDR / ADR/ Convertible instruments.

15. Plant Locations.

Since the nature of business of the Company is construction. The Company has project site at various places in urban and sub-urban areas.

16. Address for correspondence

271 (Old 182), Poonamallee High Road, " Ankur Manor " 1st Floor, off. McNichols Road, Kilpauk, Chennai-10. Website:- www.arihantfoundations.com

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure and Developments

With the increasing demand for large residential and commercial complexes in and around the City, the future market growth of the construction industry is promising. One can expect the customers to be discerning as well as demanding quality, comfort-ability, suitable to their choice. Thus all of this will have a large bearing on the way business is conducted presently. Also the Company would have to take steps for developments on those areas.

In this ongoing race of competition where the competition intensifies with price playing a major role, only cost management can contribute to profitability. The ultimate challenge will be to manage intense competition and optimize the benefits of productivity and profitability improvement measures.

The new era of competition is expected to be more intense during the coming years.

2. Opportunities and Threats

The City has been facing a high growth in demand for construction in the past few years. It is expected that the demand for the same would grow in the future years. It is also projected that opportunities do exist for the increased demand for commercial as well as residential property in Chennai. As the City is expanding outward, there is good opportunity for township development.

(i) In addition thrust will be in the nature of customer satisfaction, competition in Market, risk management to achieve the desired goal of the Company.

(ii) The sale of flat of the Company for the Project Arihant Majestic Towers has been stopped during the year under progress. The Company had filed a suit against 'HUDCO' on the ground that at the time of sanction of initial loan by 'HUDCO' there was no condition with regard to No Objection Certificate. Latter HUDCO has imposed such condition. Subsequently the Company has approached the Honorable High Court, Madras which has sanctioned the grant of NOC against payment of agreed sum at rate of Rs.660/- per Sqft. vide Court order Q.A. No.78 of 2004. In C.S. No.78 of 2004. However HUDCO did not obey the order of the Honorable High Court of Madras. Aggrieved by this the Company has filed contempt petition vide Petition no.348/2004. The Company is awaiting the result since the matter is subjudice.

(iii) As per the Income Tax assessment, a tax liability of Rs.1,37,40,500/- has been levied for the assessment year 2001-02. The Company has already filed an appeal before the Commissioner of Income Tax, Appeals and which the Company is confident of getting it waived. The Company has also filed a stay petition for the same.

3. Outlook

Indian Economy is expected to post a growth rate of around 7 to 8% in 2004-05, sustaining the momentum of 2003-04. Industry sector is likely to grow about 7%, therefore keeping in view of this future prospects for the Company are fairly good. With the increasing need of business as well as residential houses, the Company sees a good growth potential. The Company is also consistently endeavoring to meet

AUDITOR'S REPORT

TO THE MEMBERS OF M/S ARIHANT FOUNDATIONS & HOUSING LTD, CHENNAI.

the high expectation and aspiration by nurturing high performance culture. The Company has started building the project on Old Mahabalipuram Road which will earn Company substantial profits in the future years.

4. Risks and Concerns

With the increased awareness on quality and comfort ability criteria, the Company is positioning itself well to counter this by focusing on quality, service levels and customer care with an improved range.

5. Discussion on Financial and Operational performance

During the year under review, the company has ventured into capital intensive projects. Hence the interest is higher and the company is in the process of restructuring.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Share Holders

We have reviewed the implementation of Corporate Governance conditions by Arihant Foundations & Housing Limited for the year ended 30.09.2004, as stipulated under clause - 49 of the Company's Listing Agreement with Madras Stock Exchange Limited and The Stock Exchange, Mumbai.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement for the year ended 30th September 2004.

For **B.P. Jain & Co**
Chartered Accountants

Place : Chennai
Date : 30.12.2004

sd/-
Devendra Kumar Bhandari
Partner

1. We have audited the attached Balance Sheet of M/s. Arihant Foundations & Housing Limited, Chennai as at 30th September 2004, the Profit & Loss Account for the year ended on that date and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, (hereinafter referred to as the "Act"), we Annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books. The Company does not have any branches. Hence branch audit and branch audit report is not applicable.
 - iii. The Balance Sheet and Profit & Loss Account and cash flow statement dealt with by this report are in agreement

with the Books of Account and the Company has no branches.

- iv. In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable except AS-15 and AS-22.
- v. The cess payable under section 441A has not been paid / provided as per the Companies Act.
- vi. On the basis of written representations received from the directors as on 30th September 2004 and taken on record by the Board of Directors wherever applicable, we report that none of the directors is disqualified as on 30th September 2004 from being appointed as a director of the company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- vii. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the note thereon and the Schedules attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of Balance Sheet of the state of affairs of the Company as at 30th September, 2004, and
 - b) in the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

for **B.P. JAIN & CO.,**
CHARTERED ACCOUNTANTS.

sd/ -

Place : Chennai Devendra Kumar Bhandari
Date : 30.12.2004 Partner

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2004 OF M/S. ARIHANT FOUNDATIONS & HOUSING LTD.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All assets have been periodically verified by the management during the year and there is a program of verification which in our opinion is reasonable having regard to the size of the company and the nature of its Business. No material discrepancies were noticed on such verification.
2. (a) None of the fixed assets have been revalued during the year.
(b) The stock of construction materials have been physically verified at periodic intervals and no significant discrepancies have been noticed on such verification during the year.
(c) The procedure of physical verification of stocks of building material, followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(d) The Company does not maintain stock records of raw materials. We are of the opinion that the valuation of the stock of building is as per normally accepted accounting principles. The company has not identified slow moving building stock separately.
3. The Company has granted during the year loans, secured or unsecured to companies, firms or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956, however the Company has borrowed loans from directors for which the rate of interest and other terms and conditions are prima facie non prejudicial to the interest of the company.
 - a) No. of parties : Sixteen
 - b) Amount involved in the transaction : Rs.2.34 crores.
4. The Company has taken loans, secured or unsecured from the companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However the rate of interest and other terms and conditions of loans are not prima facie prejudicial to the interest of the company.
 - a) No. of parties: Eighteen
 - b) Amount involved in the transaction : Rs.2.14 crores.
5. The loans and advances exceeding Rs.1 Lac has been taken / granted.
6. The payment of interest and principal are regular for parties. In some cases no schedule has been specified.

7. Where the over due amount is more than Rs.1 lac, reasonable steps have been taken by the company for recovery / payment of principal and interest.
8. The Company has an adequate internal control procedure commensurate with the size and the nature of the business for the purchase of stores and raw-materials, plant and machinery equipment and other assets and for the sale of goods.
9. In our opinion, and according to the information and explanation given to us, during the current year to which this report relates, the company has an adequate internal audit system commensurate with the size and the nature of the business.
10. In our opinion and according to the information and explanation given to us, there have been transaction of purchase of goods and materials and sales of goods, material and service, made in pursuance of contracts and/ or arrangements entered in registers maintained u/s 301 of the Companies Act, 1956, in case of transactions exceeding the value of Rs.5 Lacs in respect of one party and in any one financial year. The above transaction seems at market value considering the market situation.
11. The Company has accepted deposits from share holders and the directives issued by the RBI and the provisions of Section 58A of the Companies Act, 1956 and the rules framed there under have not been duly complied with. The Company has not filed annual return of deposits as prescribed under the rules.
12. The Company does not fall under the provision of PF and ESI Act. Hence the company has no policy for the payment of Provident Fund and ESI.
13. In the case of listed companies and/or other companies having a paid up capital and reserves exceeding Rs.50 lakhs as at the commencement of the Financial year concerned, or having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned, the company has an internal audit system comensurate with its size and nature of its business.
14. According to the information and explanation given to us. There is no undisputed amount payable in respect of Income Tax, Sales Tax, Wealth Tax, etc., were outstanding as on 30th September 2004, for a period of more than 6 months from the date they became payable.
15. Maintenance of cost records has not been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956 (1 of 1956).
16. The Company has not defaulted in repayment of dues to any financial Institution or Bank. (Except in case of HUDCO, where in the Company is disputing the amount of interest payment / principal payment and rate of interest due to non release of NOC in favour of the prospective buyers vide court case no.Q.A. No.78 of 2004 and also filed contempt petition vide petition no.348/2004).
17. Being a Company registered for a period not less than five years, there are no accumulated losses at the end of the financial year & there are no cash losses in the financial year & in the financial years preceeding such financial year also.
18. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
19. The Company is not dealing or trading in shares, securites, debentures and other investments.
20. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
21. The term loans were applied for the purpose for which the loans were obtained.
22. The funds raised on short-term basis have not been used for long-term investments and Vice Versa.
23. The Company has not made any preferential allotment of shares to parties & companies covered in the register maintained u/s 301 of the Companies Act. This is not applicable.
24. The Company has not issued any debentures to create the securities.
25. There is no public issue during the year.
26. No fraud on or by the Company has been noticed or reported during the year.

B.P. JAIN & CO.,
CHARTERED ACCOUNTANTS.

sd/ -

Place : Chennai
Date : 30.12.2004

Devendra Kumar Bhandari
Partner

ARIHANT FOUNDATIONS & HOUSING LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER 2004

	SCHEDULE NO	AMOUNT AS ON 30.09.2004 (12 MONTHS)	AMOUNT AS ON 30.09.2003 (12 MONTHS)
I SOURCES OF FUNDS			
(1) SHARE HOLDER'S FUNDS			
(A) SHARE CAPITAL	I	50000000.00	50000000.00
(B) RESERVES & SURPLUS	II	111652556.19	105825659.09
		161652556.19	155825659.09
(2) LOAN FUNDS			
(A) SECURED LOANS	III	445641021.78	410660196.00
(B) UNSECURED LOANS	IV	184627841.00	152365838.98
		630268862.78	563026034.98
	TOTAL	791921418.97	718851694.07
II APPLICATION OF FUNDS			
(1) FIXED ASSETS			
a) GROSS BLOCK	V	129360928.22	97196685.77
Less: DEPRECIATION		5467958.70	2933242.16
Net Block		123892969.52	94263443.61
(2) INVESTMENTS	VI	1129352.00	373000.00
(3) CURRENT ASSETS, LOANS & ADVANCES			
(i) CURRENT ASSETS			
a) INVENTORIES	VII	485217542.36	390114696.34
b) SUNDRY DEBTORS	VIII	318563460.71	275677337.71
c) CASH & BANK BALANCE	IX	12386106.06	20415030.44
(ii) LOANS & ADVANCES			
	X	161785420.47	151920300.01
		977952529.60	838127364.50
LESS: CURRENT LIABILITIES AND PROVISIONS			
a) CURRENT LIABILITIES	XI	305354107.56	206590968.56
b) PROVISIONS	XII	6109536.73	7908187.73
		311463644.29	214499156.29
(4) MISCELLANEOUS EXPENSES TO THE EXTENT NOT WRITTEN OFF	XIII	410212.14	587042.25
	TOTAL	791921418.97	718851694.07

Significant accounting policies and notes

forming part of accounts

XVIII

As per our attached report of even date for B.P. Jain & Co.

Chartered Accountants

sd/-

Devendra Kumar Bhandari

Partner

CHENNAI

30.12.2004

for and on behalf of board

for Arihant Foundations & Housing Limited

sd/-

Navratan Lunawath

Chairman & Managing Director

sd/-

Jagdish Bhatt

Wholetime Director

sd/-

Rasiklal M Jhaveri

Wholetime Director

sd/-

Priti Venkatesan

Company Secretary

ARIHANT FOUNDATIONS & HOUSING LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30.9.2004

	SCHEDULE NO	AMOUNT AS ON 30.09.2004 (12 MONTHS)	AMOUNT AS ON 30.09.2003 (12 MONTHS)
I. INCOME			
(A) INCOME FROM OPERATIONS	XIV	784497114.36	631813195.72
(B) OTHER INCOME		6366883.33	151477.00
TOTAL		790863997.69	631964672.72
II. EXPENDITURE			
(A) CONSTRUCTION EXPENSES	XV	733932502.76	598731221.02
(B) ADMINISTRATION AND ESTABLISHMENT EXPENSES	XVI	31336935.06	14694483.43
(C) INTEREST AND FINANCE CHARGES	XVII	13939718.86	5462461.98
(D) DEPRECIATION		2827943.91	955470.62
		782037100.59	619843637.05
PROFIT AFTER DEPRECIATION		8826897.10	12121035.67
PROVISION FOR TAXATION		3000000.00	1700000.00
PROFIT AFTER TAX		5826897.10	10421035.67
PROPOSED DIVIDEND		Nil	5000000.00
TRANSFERRED TO GENERAL RESERVE		291344.85	521051.78
BALANCE CARRIED FORWARD TO BALANCE SHEET		5535552.25	4899983.89
Significant accounting policies and notes forming part of accounts	XVIII		

<p>As per our attached report of even date for B.P. Jain & Co. Chartered Accountants sd/- Devendra Kumar Bhandari Partner</p>	<p>for and on behalf of board for Arihant Foundations & Housing Limited sd/- Navratan Lunawath Chairman & Managing Director sd/- Jagdish Bhatt Wholtime Director</p>	<p>sd/- Rasiklal M Jhaveri Wholtime Director sd/- Priti Venkatesan Company Secretary</p>
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CHENNAI
30.12.2004

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2004 (12 MONTHS)	AMOUNT AS ON 30.09.2003 (12 MONTHS)
SCHEDULE - I		
SHARE CAPITAL		
AUTHORISED	60000000.00	60000000.00
60,00,000 EQUITY SHARES OF RS.10/- EACH		
ISSUED, SUBSCRIBED & PAID UP	50000000.00	50000000.00
50,00,000 EQUITY SHARES OF RS.10/- EACH FULLY PAID UP		
SCHEDULE - II		
RESERVES & SURPLUS		
BALANCE AS PER LAST BALANCE SHEET		
GENERAL RESERVE	8858677.91	8337626.13
ADD : ADDITIONS DURING THE YEAR	291344.85	521051.78
	9150022.76	8858677.91
PROFIT & LOSS ACCOUNT BALANCE	96966981.18	92066997.29
ADD : ADDITIONS DURING THE YEAR	5535552.25	4899983.89
	102502533.43	96966981.18
	111652556.19	105825659.09

SCHEDULE - III		
SECURED LOAN		
FINANCIAL INSTITUTIONS	99199507.00	99220872.00
BANKS	314963753.78	277102961.00
INTEREST ACCRUED & DUE (Secured against Mortgage of Property in relevant projects and Directors Personal guarantee)	31477761.00	34336363.00
	445641021.78	410660196.00

SCHEDULE - IV		
UNSECURED LOANS		
(A) FIXED DEPOSITS	32046835.00	32469644.50
(B) DIRECTORS	28742512.00	33045729.00
(C) INTERCORPORATE DEPOSITS	92331227.00	35479401.48
(D) UNSECURED LOANS : OTHERS	31507267.00	51371064.00
	184627841.00	152365838.98

SCHEDULE - V
FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01-10-2003	ADDITIONS DURING 01-10-03 TO 30-09-2004	DELETIONS DURING 01-10-03 TO 30-09-2004	BALANCE AS AT 30-09-2004	AS ON 01.10.2003	FOR THE PERIOD 01-10-03 TO 30-09-2004	DELETIONS DURING 01-10-03 TO 30-09-2004	TOTAL AS ON 30-09-2004	AS ON 30-09-2003	AS ON 30-09-2004
Land	17931721.00	Nil	Nil	17931721.00	Nil	Nil	Nil	0.00	17931721.00	17931721.00
Buildings	66575383.17	2179118.45	Nil	68754501.62	609758.48	1098045.91	Nil	1707804.39	65965624.69	67046697.23
Vehicles	2039216.00	3125739.00	860665.00	4304290.00	362685.81	161688.82	293227.37	231147.26	1676530.19	4073142.74
Plant & Machinery	8393079.32	3192163.00	Nil	11585242.32	883340.25	747017.71	Nil	1630357.96	7509739.07	9954884.36
Furniture & Fixtures	2257286.28	24527887.00	Nil	26785173.28	1077457.62	821191.47	Nil	1898649.09	1179828.66	24886524.19
TOTAL	97196685.77	33024907.45	860665.00	129360928.22	2933242.16	2827943.91	293227.37	5467958.70	94263443.61	123892969.52

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2004 (12 MONTHS)	AMOUNT AS ON 30.09.2003 (12 MONTHS)
SCHEDULE VIII		
SUNDRY DEBTORS		
(UNSECURED & CONSIDERED GOOD)		
DEBTS OUTSTANDING FOR A PERIOD		
MORE THAN SIX MONTHS	182991938.02	126842834.77
LESS THAN SIX MONTHS	135571522.69	148834502.94
	318563460.71	275677337.71
SCHEDULE IX		
CASH & BANK BALANCE		
(A) CASH BALANCE ON HAND	1995458.36	839125.47
(B) BALANCE WITH SCHEDULED BANKS		
ABN AMRO BANK	5058.00	0.00
BANK OF BARODA	209329.25	315824.45
CORPORATION BANK	1747361.40	16537.50
CENTRAL BANK OF INDIA	19850.00	19850.00
PUNJAB & SINDH BANK	15862.49	18676.49
VIJAYA BANK	3320646.37	300568.70
ICICI BANK	795129.19	101250.75
INDIAN BANK	24436.00	26936.00
INDIAN OVERSEAS BANK	0.00	12427023.08
	6137672.70	13226666.97
(C) FIXED DEPOSITS WITH SCHEDULED BANK	4252975.00	6349238.00
	12386106.06	20415030.44
SCHEDULE X		
LOANS & ADVANCES		
UNSECURED CONSIDERED GOOD TO BE RECEIVED IN CASH OR KIND		
(A) SECURITY DEPOSITS	19120988.00	32325419.00
(B) ADVANCE FOR EXP./CONTRACTORS	78429617.55	82265225.97
(C) OTHER DEPOSITS	63600339.92	36632880.04
(D) PREPAID EXPENSES	634475.00	696775.00
	161785420.47	151920300.01
SCHEDULE XI		
CURRENT LIABILITIES		
(A) ADVANCE FROM CUSTOMERS & PROJECTS	121458770.67	89631336.50
(B) BANK OVERDRAFT C.C. A/C	16536640.50	182923.12
(C) OUTSTANDING LIABILITIES	122278298.01	84705003.56
(D) RENTAL DEPOSITS	31144290.00	17815595.00
(E) SUNDRY CREDITORS FOR SUPPLIERS	13932682.38	14256110.38
(F) INVESTOR EDUCATION AND PROTECTION FUND	3426.00	0.00
	305354107.56	206590968.56

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

	AMOUNT AS ON 30.09.2004 (12 MONTHS)	AMOUNT AS ON 30.09.2003 (12 MONTHS)
SCHEDULE - XII		
PROVISIONS		
(A) PROVISION FOR TAXATION	6033187.73	2908187.73
(B) PROVISION FOR DIVIDEND	76349.00	5000000.00
	6109536.73	7908187.73
SCHEDULE - XIII		
MISCELLANEOUS EXPENDITURE		
(A) PRELIMINARY EXPENSES	44650.40	66975.60
(B) ADMINISTRATIVE EXPENSES	115226.71	172840.07
(C) DEFERRED REVENUE EXP	627165.14	724056.69
	787042.25	963872.36
LESS: WRITTEN OFF	376830.11	376830.11
	410212.14	587042.25
SCHEDULE - XIV		
INCOME FROM OPERATION		
(A) SALES	286007639.00	200914367.40
(B) RENTAL RECEIPTS	13271933.00	2249440.00
(C) CLOSING STOCK	723377.05	1087958.00
(D) FINISHED GOODS	194765763.27	186839627.12
(E) FINISHED GOODS TRNSF. TO F.A.	0.00	38534691.98
(F) WORK IN PROGRESS	289728402.04	202187111.22
	784497114.36	631813195.72
SCHEDULE - XV		
(A) CONSTRUCTION EXPENSES		
(a) MATERIAL	154542880.84	143583739.84
(b) LABOUR & SUB CONTRACT EXP.	266340116.58	164984825.25
(c) OTHER EXPENSES	283110939.78	183321458.31
	703993937.20	491890023.40
(d) LAND	29938565.56	106841197.62
	733932502.76	598731221.02

ARIHANT FOUNDATIONS & HOUSING LIMITED
SCHEDULES TO THE BALANCE SHEET

SCHEDULE - XVI	AMOUNT AS ON		AMOUNT AS ON	
ADMINISTRATIVE AND ESTABLISHMENT EXPENSES	30.09.2004 (12 MONTHS)		30.09.2003 (12 MONTHS)	
A. ADMINISTRATIVE EXPENSES				
AUDIT FEES	316320.00		319500.00	
ADVANCES UNRECOVERABLE WRITTEN OFF	5332562.20		1185063.43	
BANK CHARGES	141291.00		182219.50	
DIRECTORS REMUNERATION	1435000.00		1280000.00	
DONATION	223364.00		132250.00	
DEPLETION IN VALUE OF INVESTMENTS	0.00		224000.00	
ELECTRICITY CHARGES	165152.00		349309.00	
ESTABLISHMENT EXPENSES	228150.00		166880.00	
FILING, LEGAL & OTHER FEES	2401544.00		1385174.91	
MISCELLANEOUS EXPENSES	156488.30		562766.15	
INSURANCE	153631.00		137250.00	
LOSS ON SALE OF ASSETS	228437.63		0.00	
OFFICE MAINTENANCE	125235.75		87051.75	
PRINTING & STATIONERY	409074.75		696610.75	
PROVISION-PROJECTS EXCESS/SHORT RENT	1187263.00		0.00	
REGISTRATION CHARGES	1445825.00		0.00	
REPAIRS & MAINTENANCE OF BUILDING	13139993.01		3162221.83	
SHARE REGISTRAR EXPENSES	11325.00		0.00	
STAFF SALARY	1564225.00		1549281.00	
STAFF WELFARE	199945.11		68269.55	
SUBSCRIPTION & PERIODICALS	21611.00		23046.50	
TELEPHONE & POSTAGE	371807.00		427043.00	
TRAVELLING, CONVEYANCE & FUEL	839941.20		1092891.86	
	<u>30356185.95</u>		<u>13288829.23</u>	
B. SALES PROMOTION				
ADVERTISEMENT EXPENSES	183326.00		196011.00	
BUSINESS PROMOTION	298913.00		832813.09	
	<u>482239.00</u>		<u>1028824.09</u>	
C. DEFERED REVENUE EXPENDITURE	133294.40		133294.40	
D. PRE-OPERATIVE EXPENSES	243535.71		243535.71	
E. PRIOR PERIOD EXPENSES	121680.00		—	
	<u>31336935.06</u>		<u>14694483.43</u>	
SCHEDULE XVII				
INTEREST & FINANCIAL CHARGES				
INTEREST	13939718.86	13939718.86	5462461.98	5462461.98

SCHEDULE XVIII**BASIS OF PREPARATION OF FINANCIAL STATEMENT****A. SIGNIFICANT ACCOUNTING POLICIES**

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and provisions except AS-15 and AS-22.
- b) Accounting policies not specifically referred to otherwise are consistent throughout the period under audit and in consonance with the generally accepted accounting principles followed by the Companies.
- c) The Fixed Assets are stated at cost of acquisition less Depreciation, cost includes all the related expenses incurred. During the year company has added self constructed asset at "Arihant Vice-roy" Building at cost.
- d) Depreciation on Fixed Assets is provided on Straight Line Method as per rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. The depreciation has been provided @ 100% on the assets purchased during the year the cost of which is less than Rs. 5,000/-.
- e) Fixed Assets acquired under Hire Purchase agreement are recorded at their Cash Values and finance charges thereon related to period are charged to revenue account. The Vendors have lien over these Assets.

REVENUE

The revenue is recognised on percentage completion method of project and subject to percentage of confirmation of sales relating to each project.

INVESTMENTS

The long term investments are carried at cost. The decline other than temporary, will be reduced from carrying amount to recognise decline.

CURRENT ASSETS**SUNDRY DEBTORS**

Represents value of sales less amount received

WORK IN PROGRESS

Represents Direct Cost of project and valued at cost less cost of sales.

FINISHED STOCK

Represents unsold stock- in-trade at the end of the year.

B. NOTES ON ACCOUNTS

1. The provision is made for taxation on proportionate period basis for year ended 31.03.2004.
2. Previous years figures have been regrouped wherever necessary in Balance Sheet.
3. No provision has been made for gratuity liability for the year as per provision of Gratuity Act as it is applicable for this year.
4. The provisions for Provident Fund are not applicable to the Company for this year.
5. Contingent Liabilities: Sales tax Liability, if any, on works contract carried out by the Company is considered by management as not material but if any liability arises it will be recovered from Contractors.
6.

	30.09.04	30.09.03
a. Number of employees of the company throughout the financial year who are in receipt of remuneration for the year, which in aggregate, was not less than Rs. 24,00,000/- per annum.	NIL	NIL
b. Number of employees of the Company for a part of financial year who were in receipt of remuneration which in aggregate was not less than Rs.2,00,000/- per month.	NIL	NIL
7. Sundry Debtors, Sundry Creditors and Loans and Advances are subject to confirmation.
8. As the Company has borrowed funds for the projects, interest has been accordingly charged to respective projects for which borrowing was made/utilised.
9. Considering the nature of the business in respect of Property Development Activity carried on by the Company the furnishing of Quantitative details relating to consumption / Stock of Building Materials is not feasible.
10. The investments are long term. The directors feel that fall in values is Permanent therefore decline in value has been recognised in the Financial Accounts.

11. REMUNERATION TO AUDITORS

	2003-2004
Statutory Auditors	1,10,200
i) As Auditors	1,10,200
ii) In other capacity	66,120
a) For Tax Audit	66,120
b) Income-tax representation	1,40,000
	3,16,320

12. DIRECTORS' REMUNERATION

	(12 months) (Rs.in lacs)
MANAGING DIRECTOR'S REMUNERATION (including Dearness and all other allowances)	4.80
COMMISSION TO MANAGING DIRECTOR (1% of the Net Profit)	1.03
OTHER DIRECTOR'S REMUNERATION	9.00
TOTAL	14.83

CALCULATION OF NET PROFIT FOR THE PURPOSE OF COMMISSION TO MANAGING DIRECTOR

	(12 months) (Rs.in lacs)
GROSS INCOME	7908.64
Less: Direct Cost	7339.32
ADMINISTRATIVE OVERHEADS (Excluding Director's Remuneration)	466.69
NET PROFIT FOR CALCULATION OF COMMISSION	102.63
COMMISSION @ 1% ROUNDED TO	1.03

13. During the period under Audit there was a search by Central Bureau of Investigations. During the Investigations the Bureau of Investigation has seized all records relating Arihant Majestic Tower Project.
14. The Company had also during the year received notice from the Central Bureau of Investigation for its sale of Arihant Trade Center for evasion of stamp duty. It is to be stated that the payment of stamp duty is the responsibility of the purchaser and not of the Company.
15. The sale of flat of the Company for the Project Arihant Majestic Towers has been stopped during the year under progress. The Company had filed a suit against 'HUDCO' on the ground that at the time of sanction of initial loan by 'HUDCO' there was no condition with regard to No Objection Certificate. Latter HUDCO has imposed such condition. Subsequently the Company has approached the Honorable High Court, Madras which has sanctioned the grant of NOC against payment at agreed rate of Rs.660/- per Sq.ft. vide Court order Q.A. No.78 of 2004. In C.S. No.78 of 2004. However HUDCO did not obey the order of the Honorable High Court of Madras. Aggrieved by this the Company has filed contempt petition vide Petition No.348/2004. The Company is awaiting the result since the matter is subjudice.

16. Joint Venture Project :

	Ownership Proportion	
	%	Sq.ft.
Arihant Foundations and Housing Limited	77.5	1,55,000
M/s. Pelican Estate Developers	22.5	45,000
Capital Commitment towards Land		Amount
Arihant Foundations and Housing Limited		2,00,00,000
M/s. Pelican Estate Developers		3,00,00,000
Total Expenditure		3,44,00,000
Advance from Customers		4,70,00,000
Income Recognized		----
Duration of Project		18 months

CASH FLOW STATEMENT FOR THE YEAR ENDED 30.09.2004

A. CASHFLOW FROM OPERATING ACTIVITIES

Net Profit Before Tax and Extraordinary Items	8826897.10	
Add: Adjustments for :		
Depreciation	2534716.54	
Miscellaneous Expenditure Writtenoff	376830.10	
Profit on Sale of investments	(613639.90)	
Interest and Finance Charges	13939718.86	
	<hr/>	
Operating Profit Before Working Capital Changes	25064522.71	
Add: Adjustments for:		
Decrease In Trade and Other Receivables	(52751243.46)	
Increase in Inventories	(95102846.02)	
Expenditure on Corporate Film	(200000.00)	
Increase in Trade Payables	93964488.00	
	<hr/>	
	(54089601.48)	
Net Cash from Operations		(29025078.77)

B. CASHFLOW FROM INVESTMENT ACTIVITIES

Purchase of Fixed Assets	(32164242.45)	
Sale of Investments	903639.90	
Purchase of investments	(1046352.00)	
	<hr/>	
Net Cash used in Investing Activities		(32306954.55)

C. CASHFLOW FROM FINANCING ACTIVITIES

Proceeds from Borrowings	67242827.80	
Payable Proposed Dividend	0.00	
Interest Paid	(13939718.86)	
	<hr/>	
Net Cash From Financing Activities		53303108.94

NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENT(A+B+C)	(8028924.38)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	20415030.44
CASH AND CASH EQUIVALENTS AT THE CLOSE OF THE YEAR	12386106.06

for and on behalf of board
for **Arihant Foundations & Housing Limited**

sd/-
Navratan Lunawath
Chairman & Managing Director

sd/-
Jagdish Bhatt
Wholetime Director

sd/-
Rasiklal M Jhaveri
Wholetime Director

sd/-
Priti Venkatesan
Company Secretary

CHENNAI
30.12.2004

AUDITORS' CERTIFICATE

We have examined the above cash flow statement of Arihant Foundations & Housing Limited for the year ended 30th September, 2004. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing agreement with Chennai and Bombay stock exchanges and is based on and in agreement with corresponding profit & Loss Account and Balance Sheet of the Company covered by our report of December 30,2004 to the members of the Company.

Place : Chennai
Date : 30.12.2004

for **B.P. Jain & Co.**
Chartered Accountants
sd/
Devendra Kumar Bhandari
Partner

Folio No.....
(to be filled by shareholder)

ARIHANT FOUNDATIONS & HOUSING LIMITED

Chennai

PROXY

I/We

c/o.....

Being a member (s) of ARIHANT FOUNDATION & HOUSING LTD. hereby
appoint Mr./Mrs.....

c/o.....

failing him / her / Mr. / Mrs.

c/o.....

as my/our proxy to attend and vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company
to be held on Thursday, 31st March 2005 and any adjournment thereof. As witness my/our hands (s) this 31st day
of March 2005.

Signed by the said Mr/Mrs/Ms.....

Signature

Note : The proxy must be deposited at the Registered Office of the Company at Ankur Manor, 1st Floor,
271, Poonamallee High Road, Kilpauk, Chennai - 600 010, not less than 48 hours before the time of holding the meeting.

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ARIHANT FOUNDATIONS & HOUSING LIMITED

Chennai

ATTENDANCE SLIP

Time & Date : 10.30 a.m. Thursday, 31st March 2005

Place : Door No.36, Royapettah High Road,
Royapettah, Chennai - 600 014.

Full name of the shareholder.....

Full name of the person attending the meeting as Shareholder's
Proxy

Folio No.....

Date.....

Signature



Secretariat Colony, Kilpauk, Chennai - 600 010.



Kodambakam Road, Saidapet, Chennai - 600 015.



T.H. Road, Tondiarpet, Chennai - 600 081.



Arihant Insight

Plot No.24 (S.P) Industrial Estate, Ambattur, Chennai - 600 058.



Arihant
Foundations & Housing Ltd.

BUILDING ON INTEGRITY

271 (Old 182), Poonamallee High Road, "Ankur Manor", 1st Floor,
Off McNichols Road, Kilpauk, Chennai - 600 010.

Tel : 2842 1407 • 2823 1155 / 1166 • Fax : 044-2827 9977

E-mail : arihant@md3.vsnl.net.in • Website : www.arihantfoundations.com