

ARIHANT AVENUES AND CREDIT LIMITED

10th
Annual report
2004-2005

NOTICE

NOTICE is hereby given that Tenth (10th) Annual General Meeting of the members of the company will be held on 30th September, 2005 at 11.00 a.m. at the registered office of the company situated at 3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad - 380 014 to transact the following business : -

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as on 31st March, 2005 and Profit and Loss Account for the year ended on that date alongwith the Directors Report and Auditors Report thereon.
2. To appoint a Director in place of Shri Jayantilal N. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED THAT, pursuant to provisions of Section 198, 269, 309 & other applicable provisions, if any of the Companies act, 1956 and subject to the limit, specified in Schedule XIII of the act, subject to the approval of the shareholders in the general meeting, Shri Krishnaawtar J. Kabra, director of the company be and is hereby reappointed as a managing director of the company for a period of five years with effect from 13th August, 2005 on-the terms and conditions as mentioned under :

Salary : Rs. 90,000/-per annum.

Gratuity : 15 days salary of each year of service

Car : For use on Company's business with or without chauffeur.

Furniture & Fixture : At the residence for use on Company's business.

Telephone : Use of telephone at the residence and mobile phone for the Company's business and personal use (except long distance Calls).

Club Fees ; Fees of 2 Clubs. This wilTnot include admission and Life Membership fees.

Provident Fund : Contribution to the provident fund / superannuation fund to the

Extent it is not taxable under the provision of Income Tax Act.

"FURTHER RESOLVED THAT, where in any financial year the company has no profit or its profits are inadequate, the Company may pay to Shri Krishnaawtar J. Kabra, the remuneration by way of salary, perquisites and other allowances, as the minimum remuneration, the aggregate of which shall not exceed the limit specified under Section II (A) of Part II of the Schedule XIII of the Companies Act, 1956.

"FURTHER RESOLVED THAT, the board of directors of the company be and is hereby authorized to do all such acts, deeds and things as may be necessary or desirable to give effect to this resolution."

Date: 1/9/2005

Place : Ahmedabad

By Order of the Board of Directors

K.J. KABRA MANAGING DIRECTOR

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies and that a proxy need not be a member of the company. Proxies in order to be effective must be deposited not less than 48 hours before the commencement of the meeting.
2. The register of members and share transfer books will remain close from 16th September, 2005 to 30th September, 2005 (both days inclusive).
3. Members are requested to intimate about the change in address, if any.
4. Members are requested to bring the copies of the annual report as the same will not be distributed at the annual general meeting.
5. Explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 4 and 5 is also annexed.

EXPLANATORY STATEMENT :

Item No. 4 :

Shri Krishnaawtar Kabra will not be liable to retire by rotation as per the provision of the Companies Act, 1956.

The major terms and conditions of appointment are given below :

1. Shri Krishnaawtar Kabra be designated as the Managing Director of the Company.
2. The tenure of his appointment shall be from 16th August, 2005 to 13th August, 2009
3. The Managing Director shall carry out such functions, shall exercise such powers and shall perform such duties as have been or may from time to time be vested in or entrusted to him by the board of directors of the Company.
4. Subject to the superintendence, direction and control of the Board of Directors of the Company, the Managing Director shall be entrusted with the substantial powers of management of the affairs of the company and also such other duties and responsibilities as may be entrusted to him by the board of director from time to time.
5. The Managing Director shall exercise his best endeavour to promote the interest and welfare of the company.
6. Remuneration :

The Managing. Director shall be entitled to the following remuneration.

Salary : Rs. 90,000/-per annum.

Gratuity : 15 days salary of each year of service

Car : For use on Company's business with or without chauffeur.

Furniture & Fixture : At the residence for use on Company's business.

- Telephone : Use of telephone at the residence and mobile phone for the Company's business and personal use (except long distance Calls).
- Club Fees : Fees of 2 Clubs. This will not include admission and Life Membership fees.
- Provident Fund : Contribution to the provident fund / superannuation fund to the extent it is not taxable under the provision of Income Tax Act.

7. The terms and conditions of the said appointments and / or agreements may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to managing and whole time directors in accordance with Schedule XIII to the act, or any amendments made hereafter in this regard.
8. The agreement may be terminated by either party giving the other party six month's notice or the company paying six months remuneration in lieu thereof.
9. If at any time the managing director ceases to be a director of the company he shall cease to be a managing director of the company.
10. If at any time the managing director ceases to be a managing director of the company he shall cease to be director of the company.
11. In the event of termination of the office of the managing director takes place before the expiration of tenure thereof, managing director shall be entitled to compensation from the company to the subject to the extent and limitation laid down in provision of Section 318 of the Companies act. 1956.

Shri Satyanarayan Kabra and Shri Krishnaawtar Kabra, directors are deemed to be interested in the resolution.

The terms and conditions mentioned in the above explanatory statement may be treated as abstract of terms of proposed contract under section 302 of the Companies Act, 1956.

Date : 1/9/2005

Place : Ahmedabad

By Order of the Board of Directors

K.J. KABRA
MANAGING DIRECTOR

DIRECTORS REPORT

To,
The members,

Your Directors have the pleasure in presenting the Tenth Annual Report together with the Audited Statement of Account for the year ending on 31st March, 2005.

Financial Results :

Particulars	Current Year	Previous Year
Income from Operation	21334822	46308392
Depreciation	17169	17619
Profit / (Loss) for the year	865355	(116547)
Profit / (Loss) after provision for Tax	800355	(116547)
Balance Brought forward from previous year	(3726943)	(3610396)
Balance carried to Balance sheet	(2926588)	(3726943)

DIVIDEND :

Your directors do not recommend any dividend for the year.

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

The disclosures required to be made pursuant to the provisions of section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in respect of Report of Directors) Rules, 1988 are not applicable. There was no foreign exchange earnings and outgo during the year under the review.

PERSONNEL:

The information required to be given pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 do not apply.

AUDITORS :

The auditors M/s. V.K. Moondra & Co., Chartered Accountants offers themselves for reappointment at the ensuing annual general meeting. The company has received a letter from the auditors stating that their appointment if made will be within the limits of Section 224 (1) (B) of the Companies Act, 1956. The Directors recommend for their reappointment.

DEPOSITS :

Your Company has not contravened the provisions of Section 58 A of the Companies Act, 1956.

LISTING :

The shares of the company are listed at Ahmedabad Stock Exchange and Mumbai Stock Exchange. Listing fees of Bombay Stock Exchange is paid for the year 2005 -2006. while that of Ahmedabad Stock Exchange is unpaid.

DIRECTORS RESPONSIBITLY STATEMENT :

1. The annual accounts have been prepared by following the applicable accounting standards together with proper explanation relating to material departures.
2. 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 a 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 account for that period.

3. The directors took proper and sufficient care for the maintenance of proper and adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
4. The annual accounts are prepared on going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS :

During the year under the review the capital market was a period of profit booking. The company has liquidated its investment made in the shares. The operating income from the sale of share was Rs. 17870877/-. Since investment made in the equity shares are subject to greater risk and return, the company expects that with the improvement in the capital market the risk will decline and there will be more returns. Further capital market is subject to various internal and external factors such global economic scenario, political stability, economic policies of the government, tax factors affecting the capital market etc. Though the directors of the company have a wide experience in the field of capital market but the company have no control over the external factors while making investment. However due to their wide experience and critical analysis the company is taking steps to overcome the situation.

Statements made in the above para in regard to projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Many unforeseen factors may come into play and effect the actual results which could be different from what Directors envisage in terms of future performance and outlook.

APPRECIATION :

Your Directors wish to convey their thanks to all the bankers, suppliers, customers and other persons for their continued support to the company.

Date : 1/9/2005

Place : Ahmedabad

FOR ARIHANT AVENUES & CREDIT LTD.

CHAIRMAN

Sd/-

CORPORATE GOVERNANCE

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India [SEBI] furnishes its report as under :

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE :

The company philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facts of its operations, and in all its inceptions with its stakeholders, including shareholders, employees and the government. Arihant Avenues & Credit Limited believes in enhancing shareholders value, over a period of time.

The company firmly believes in and has consistently practiced good corporate governance for the efficient conduct of its business and for meeting its obligations towards all its shareholders.

The company has tuned up its corporate governance practice so as to bring them in conformity with requirements of clause 49 of the listing agreement.

2. COMPOSITION OF BOARD OF DIRECTORS :

Sr. No.	Name of the Director	Category of Director	No. of Board meetings attended	Attendance at the last AGM	No. of other directorship held	No. of committee/ membership* held in other company
1.	Krishnaavtar	Executive	7	Yes	1	Nil
2.	Satyanarayan	Executive	7	Yes	1	Nil
3.	Pawankumar	Non-Exec.Ind.	4	Yes	Nil	Nil
4.	Dinesh A. Turakia	Non-Exec.Ind.	4	No	Nil	Nil
5.	Jayantilal N. Shah	Non-Exec.Ind.	4	No	Nil	Nil

* Only Remuneration Committee, Shareholders / Investors Grievance Committee and Audit Committee are considered for the purpose.

7 (Seven) board meetings were held during the year on the following dates as under: 8/4/2004, 7/6/2004, 31/7/2004, 1/9/2004, 30/10/2004, 31/12/2004, 31/3/2005.

ARIHANT AVENUES AND CREDIT LIMITED

The information required to be given for the Directors seeking reappointment at the Annual General Meeting as per clause 49 (VI) is as under :

Name of the Director	Jyantibhai N. Shah
Father Name	Nanalal Shah
Date of Birth	7th April, 1964
Date of Appointment	5th October, 2003
Qualification	B. Com
Name of the Company(ies) in which he is a director other than Arihant Avenues & Credit Limited	Nil
Specific functional Areas	He has expert knowledge of accounting and investment matters.

Name of the Director	Krishnaawtar J. Kabra
Father Name	Jagannath Kabra
Date of Birth	22/11/1952
Date of Appointment in the Company	16th August, 2000
Qualification	B. Com
Name of the Company(ies) in which he is a director other than Arihant Avenues & Credit Limited	Maya Texturisers Private Limited
Specific functional Areas	He has rich experience in investments, finance and the field of industry matters

3. AUDIT COMMITTEE :

The company has constituted audit committee consisting of Shri Pawankumar Somani (Chairman), Shri Jyantibhai N. Shah and Shri Dinesh A. Turakia.

The terms of reference are as specified in Section 292A of the Companies Act, 1956 and clause 49 of the Listing agreement. During the year the committee met on 30/4/2004, 31/7/2004, 30/10/2004 and 31/1/2005.

The minutes of the Audit committee are circulated to the Board members.

4. REMUNERATION COMMITTEE :

The remuneration committee consists of Shri Pawankumar Somani [Chairman], Shri Jyantibhai N. Shah and Shri Dinesh A. Turakia.

Since there was no proposal for the enhancement of remuneration of Directors, the committee did not meet any time during the year.

The remuneration committee has been constituted to recommend / review the remuneration package of the Managing / Whole time Director based on the performance and defined criteria. The remuneration policy is directed towards rewarding performance,

based on review of achievements on a periodical basis. The remuneration policy is consistent with the industry practice.

During the year under the review the company has paid salary of Rs. 90,000 to Shri Krishnaavtar J. Kabra.

5. SHAREHOLDERS COMMITTEE :

The Shareholders committee consists of Shri Pawankumar Somani [Chairman]. Shri Dinesh A. Turakia and Shri Jyantilal N. Shah.

Name and Designation of the Compliance Officer : Shri Krishnaavtar J. Kabra, Managing Director.

During the year under the review no investors complaints was received.

6. GENERAL BODY MEETINGS :

The date, time and venue of last three annual general meetings are as follow :

YEAR	LOCATION	DAY & DATE	TIME
2003 - 2004	3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad -380014	Tuesday, 30th September, 2004.	11.00 A. M
2002 - 2003	3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad - 380014	Tuesday, 30th September. 2003.	11.00 A. M
2001 -2002	3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad -380014	Monday, 30th September, 2002	11.00 A. M

No special resolution was put at vote during the last three AGM.

No resolution was proposed to be passed through postal ballot. No resolution is propose to pass through postal ballot at this annual general meeting.

7. SHAREHOLDERS INFORMATION :

(i)	Annual General Meeting Date : 30th September. 2005	Date, Time and Venue Time : 11.00 A.M. Venue : Registered Office
(ii)	Financial Calendar Year	1 st April, 2004 to 31 st March, 2005
(iii)	Date of Book Closure	16th September, 2005 to 30th September, 2005 (both days inclusive)
(iv)	Dividend Payment Date	Not applicable
(v)	ISIN No. for ordinary shares of the company in Demat form	INE193D01019
(vi)	Registered Office	3, Rajesh Apartment, B/h. Navgujarat

ARIHANT AVENUES AND CREDIT LIMITED

		College, Ashram Road, Income Tax, Ahmedabad-380014
(vii)	Registrar and Transfer Agent	Sharepro Services, 3rd Floor, Satam Industrial Estate, Chakla, Andheri (East), Mumbai-400099
(viii)	Plant Locations	Not applicable
(ix)	Investor Correspondence	Arihant Avenues and Credit Limited 3. Rajesh Apartment. B/h. Navgujarat College. Ashram Road. Income Tax. Ahmedabad-380014.
(x)	Means of Communication	The company sends its quarterly results in Stock Exchanges.
(xi)	Any Website where it displays official releases	No
(xii)	Any presentation made to the institutional investor and analyst	No
(xiii)	Is half yearly report sent to the shareholders	No
(xiv)	Whether Management Discussion and Analysis is a part of this report	Yes
(XV)	Share Transfer System	The work of physical share transfer is handled by Registrar and Transfer Agent. Physical share transfer are normally processed within a period of 25 - 30 days.
(xvi)	Listing and Stock Code	Bombay Stock Exchange - 53 1 553 Ahmedabad Stock Exchange - 04898

xvii) Distribution of Shareholdings :

From	To	No. of Shareholders	No. of Shares held
0	5000	2504	562200
5001	10000	10	90800
10001	20000	8	112600
20001	30000	8	225600
30001	40000	1	32500
40001	50000	1	50000
50001	100000	10	907300
100000 & Above		19	5334500

8. DISCLOSURES :

- 1) Listing Fees :
- 2) Outstanding GDR/ADR/ Warrants or any Convertible instruments. Conversion date and likely impact on equity :

Your Company has not issued any outstanding GDR / ADR / Warrants or any other convertible instruments.

3) Disclosure on materially significant related party transactions :

There have been no materially related party transactions adversely affecting the interest of the company.

4) Details of Non - Compliance by Your Company, penalties imposed on your company by the Stock Exchanges, SEBI or any statutory authorities or any matter related to capital markets :

During the year under the review there was no penalty imposed on the company by SEBI or any Stock Exchange or any other authorities on any matter related to the capital markets.

5) Query on Annual Report :

3, Rajesh Apartment, B./h. Navgujarat College, Ashram Road, Income Tax. Ahmedabad -380014

Date : 1/9/2005 Place :

Ahmedabad

For, and On Behalf of Board of Directors of
ARIHANT AVENUE & CREDIT LTD.

CHAIRMAN
Sd/-

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Arihant Avenues and Credit Ltd.

We have examined the compliance of the conditions of corporate governance by Arihant Avenues and Credit Limited for the year ended on 31st March, 2005 as stipulated in clause 49 of the listing agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management we certify that the company has complied with the conditions of the listing agreement as stipulated by the above mentioned Listing agreement. ***But however the company does not have a company secretary and hence the valid constitution of the audit committee and Shareholder's / Investor Grievance Committee is subject to this fact.*** We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by Investors Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For, **V. K. MOONDRA & Co.**
Chartered Accountants

Sd/-

Place : Ahmedabad
Date : 1-9-2005

(V. K. MOONDRA)
Proprietor

AUDITORS REPORT

To,
The Members of Arihant Avenues & Credit Ltd.

We have audited the attached Balance Sheet of Arihant Avenues & Credit Ltd. as at 31st March, 2005 and also the Profit and Loss Account of the Company for the year ended on the date annexed hereto. These financial statements are the responsibility of the Company's managements. Our responsibility is express on opinion on these financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement are free of material asstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India, in terms of section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to in paragraph 1 above. We report that :

- a) 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.
- b) 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 such books.
- c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of the company.
- d) In our opinion the profit and loss account and the Balance Sheet, comply with the mandatory accounting standard referred to in section 211(3C) of the Companies Act, 1956 in the extent application.
- e) According to the information and explanations given to us, in relation to the affairs of the company, name of the directors are disqualified from being appointed as directors under section 274(1)(g) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the accounts, subject to notes and Schedules thereon give the information requires by Companies Act, 1956 in the manners so require and present a true and fair view.
 - i) In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2005 and
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For, **V. K. MOONDRA & Co.**
Chartered Accountants

Sd/-

Place : Ahmedabad
Date : 09-06-2005

(V. K. MOONDRA)
Proprietor

Annexure to the Auditor's Report

referred to in paragraph 1 of our Report of even date :

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The management has physically verified most of the fixed assets of the company. The discrepancies noticed on comparison between book records and physical inventory were not material and have been properly dealt with in the books of account.
- (c) As per information and explanation given by management during the year the company has not disposed major part of fixed assets having effect on going concern.
- ii. (a) The stock of property in which the company has traded have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable having regard to the nature of business and particular circumstance. The company has also treated in shares & securities and question of physical verification does not arise.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature to its business.
- (c) On the basis of our examination of the record of inventory we are of the opinion that the company is maintaining proper records of inventory. Discrepancies which were noticed on physical verification of inventory as compared to books records have been properly dealt with in the books of account.
- iii. (a) The company has granted loans to one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 60.72 lacs and at year end the balance was Rs. 60.42 lac.

An informed, the company has not taken any loans, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted by the company, are not prima facie prejudicial to the interest of the company.
- (c) According to the information and explanation given to us, the company to whom loan and advance in the nature of loan have been given, is repaying the principal amount as stipulated and is also regular in payment of interest.

As stated above, the company has not taken any loans.

- (d) There is no overdue amount of loan granted to the company listed in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and service. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding Rs. 5 Lakhs in respect of any party during the year have been made at price which are reasonable having regard to prevailing market price at the relevant time.

- vi. The Company has not accepted any deposit from the public within the meaning of section 58A and 58AA or any other relevant provisions of the Companies Act 1956, and the rules framed thereunder.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. To the best of our knowledge and belief, the maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of activities carried on by the company.
- ix. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise-Duty, Cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, there are no disputed amounts in respect of income tax, wealth tax, service tax, cess, and other statutory dues.
- x. The company has accumulated losses and the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. However accumulated losses are less than 50% of its net worth.
- xi. On the basis of the records examined by us and the information and explanations given to us the company has not defaulted in repayment of dues to Financial Institution, Banks and debenture holders.
- xii. The company has not granted loans and advance on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Clause of the order is not applicable to the company as the company is not a Chit Fund company or a Nidhi/Mutual Benefit Fund/Societies.
- xiv. The Clause of the order is not applicable to the company as the company does not have any investment.
- xv. According the information and explanation given to us, and the representation made by the management the company has not given any guarantee for loans taken by others from any bank or financial institution.
- xvi. This Clause of the order is not applicable to the company as the company has not taken any Term Loan.
- xvii. Based on our examination of the books of the accounts, company has not raised any short term and Long Term funds during the year.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the companies act, 1956.
- xix. No debentures has been issued by the company during the year.
- xx. The company has not raised money by public issue during the year.
- xxi. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For, **V. K. MOONDRA & Co.**
Chartered Accountants

Sd/-

(V. K. MOONDRA)
Proprietor

Place : Ahmedabad
Date : 09-06-2005

ARIHANT AVENUES AND CREDIT LTD.**BALANCE SHEET AS ON 31-3-2005**

(Amount in Rupees)

	Schedule	As at 31-03-2005	As at 31-03-2004
SOURCE OF FUNDS			
1. Share holders Funds :			
Share Capital	1	7,40,81,500	7,40,81,500
		<u>7,40,81,500</u>	<u>7,40,81,500</u>
2. Loan Funds		—	—
	TOTAL	<u>7,40,81,500</u>	<u>7,40,81,500</u>
Application of Funds			
1. Fixed Assets	2		
a) Gross Block		2,27,158	2,27,158
b) Less : Depreciation		<u>1,38,260</u>	<u>1,21,091</u>
c) Net Block		88,898	1,06,067
2. Capital Advance for Property		000	1,24,50,000
3. Investment		00	00
4. Current Assets, Loans & Advances			
(A) Current Assets :	3		
i) Inventories		1,02,59,112	43,55,373
ii) Debtors		000	40,49,357
iii) Cash & Bank Balance		8,44,724	2,18,791
(B) Loans & Advances	4	<u>6,00,98,428</u>	<u>4,89,88,036</u>
		7,12,02,264	5,76,11,557
Less : Current Liabilities & Provisions			
a) Current Liabilities & Provision	5	<u>1,36,250</u>	<u>51,680</u>
Net Current Assets		7,10,66,014	5,75,59,877
5. Miscellaneous Expenditure	6		
(to the extent not written-of or adjusted)		000	2,38,613
6. Profit & Loss Account		<u>29,26,588</u>	<u>37,26,943</u>
	Total	<u>7,40,81,500</u>	<u>7,40,81,500</u>
Notes forming Part of Accounts	9		

Referred to in our report of even date.

For, ARIHANT AVENUES AND CREDIT LTD.

For, V. K. MOONDRA & Co.

Sd/-

Sd/-

Sd/-

Director

Director

(V. K. MOONDRA)

PROPRIETOR

Place : Ahmedabad

Date : 09-06-2005

ARIHANT AVENUES AND CREDIT LIMITED

V. K. Moondra & Co.
Chartered Accountants

201, Sarap, Opp. Navjivan Press,
Ashram Road, Ahmedabad - 380 014.

ARIHANT AVENUES AND CREDIT LTD.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-3-2005**

(Amount in Rupees)

	Schedule	This Year	Previous Year
INCOME :			
1. Income From Operation	7	2,13,34,822	4,63,08,392
	TOTAL	2,13,34,822	4,63,08,392
EXPENDITURE :			
1. Operating & Other Expenses	8	20213685	46169160
2. Preliminary & Pub. Issue Exp.		238613	238610
3. Depreciation		17169	17169
		2,04,69,467	4,64,24,939
Profit (Loss) for the year		8,65,355	(1,16,547)
Before Income Tax			
Income Tax Provision		65,000	—
Profit / Loss After Tax		8,00,355	(1,16,547)
Balance Brought Forward from Previous Year		(3726943)	(3610396)
Balance Carried to Balance Sheet		(2926588)	(3726943)
EPS - Bank and Diluted		0.11	(0.02)

Referred to in our report of even date.

For, ARIHANT AVENUES AND CREDIT LTD.

For, V. K. MOONDRA & Co.

Sd/-

Sd/-

Sd/-

Director

Director

(V. K. MOONDRA)

PROPRIETOR

Place : Ahmedabad

Date : 09-06-2005

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

	31-03-2005 Rs.	31-03-2004 Rs.
Schedule - 1 : Share Capital		
Authorised Share Capital 80,00,000 Equity Share Each of Rs. 10/-	8,00,00,000	8,00,00,000
Issued Subscribed and Paid up Capital 75,00,800 Equity Shares of Rs. 10/- Each (1,85,300 Shares Forfeited Rs. 5/- Received per Shares Adjusted as Shares forfeited A/c)	7,40,81,500	7,40,81,500
	7,40,81,500	7,40,81,500

Schedule - 2 : Fixed Assets

	Gross Block				Depreciation			Net Block	
	As at 31-3-04	Add (ded)	Total	Op. Bal.	Add.	Adj.	Total	31-3-05	31-3-04
New-Comp.	36,691	-	36,691	23,857	5,948	000	29,805	6,886	12,834
Off. Equip.	43,590	-	43,590	18,256	2,071	000	20,327	23,263	25,334
Furniture	1,46,877	-	1,46,877	78,978	9,150	000	88,128	58,749	67,899
Total	2,27,158	-	2,27,158	1,21,091	17,169	000	1,38,260	88,898	1,06,067
Previous Year	2,27,158	-	2,27,158	1,03,922	17,169	000	1,21,091	1,06,067	1,23,236

Schedule - 3 : Current Assets

	31-3-2005	31-3-2004
i) Inventories :		
(a) Closing Stock of Shares	4,24,312	43,55,373
(b) Closing Stock of Property (As Valued And Certified By Management)	98,34,800	000
	1,02,59,112	43,55,373
ii) Debtors	000	40,49,357
	000	40,49,357
iii) Cash & Bank Balance		
a) Cash on Hand	30,782	30,242
b) Balance with Schedule Bank in C.A/c	12,662	15,592
c) Balance with Other Bank in C.A/c	8,01,280	1,72,957
	8,44,724	2,18,791

Schedule - 4: Loans & Advances :

(Unsecured Considered Goods)

a) Loans	5,94,92,787	4,88,87,986
b) Advances Recoverable in Cash or In Kind	6,05,641	1,00,050
	6,00,98,428	4,89,88,036

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

	31-03-2005 Rs.	31-03-2004 Rs.
Schedule - 5 : Current Liabilities & Provisions		
A. Current Liabilities		
i) Sundry Creditors	10,000	10,430
B. Provision	1,26,250	41,250
	<u>1,36,250</u>	<u>51,680</u>
Schedule - 6 : Miscellaneous Expenditure : [To the extent not written off or Adjusted]		
A. Preliminary Expenses	000	8,297
B. Public Issue Expenses	000	2,30,316
	<u>000</u>	<u>2,38,613</u>
Schedule - 7 : Operating Income :		
a) Sale of Share	1,78,70,877	4,62,25,108
b) Sale of Property	10,00,000	000
c) Interest Received	24,18,112	11,330
d) Dividend	98,541	67,543
e) Share Profit (Sq. Up)	(52,708)	4,411
	<u>2,13,34,822</u>	<u>4,63,08,392</u>
Schedule - 8 : Operating & Other Expenses		
	31-03-2005	31-03-2004
A) Opening Stock of Shares	43,55,373	71,12,221
B) Purchase of Share	1,33,88,859	4,31,28,593
C) Purchase of Property		
Transfer From Cap. Adv.	1,24,50,000	000
	<u>3,01,94,232</u>	<u>5,02,40,814</u>
D) Less : Closing Stock		
of Share	4,24,313	43,55,373
of Property	98,34,800	000
	1,99,35,119	4,58,85,441
E) Other Expenses :		
Salary & Benefits	48,000	48,000
General Exp. (Office Exp.)	16,410	15,695
Auditor's Remuneration	10,000	10,000
Legal & Roc Fees Exp.	23,123	5,000
Director's Remuneration	90,000	90,000
Listing Fees	35,000	35,000
Stationery & Printing	000	400
Conveyance Allowance Exp.	12,000	12,000
Advertisement Exp.	00	7,650
Bank Charges & Bank Interest	710	1,060
Demate Charges	8,292	8,376

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

	31-03-2005 Rs.	31-03-2004 Rs.
Professional Fees	2,000	40,400
Professional Tax	1,000	1,000
Kasar Exp. & Misc. Exps.	1,938	1,303
Electricity Exp.	5,353	7,535
Tender Fees	000	300
Misc. Share Exp.	21,695	000
Security Tran. Charges	3,045	000
Total	<u>2,02,13,685</u>	<u>4,61,69,160</u>

Schedule - 9 :

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS ACCOUNT.

1. Significant Account Policies :

A. Method of Accounting

The Financial Statement have been prepared under the historical cost convention in accordance with the generally accepted accounting principles. The Company follows the accrual system of accounting except interest (cr.) which is not provided on irregular advance accounts where management is not certain of recovery, the same will be accounted in the year in which it is received.

The number of such advance accounts is 5 and the approximate amount of interest not provided is Rs. 39.85 lacs on total approx. advances of Rs. 329.64 Lacs, thus leading to understatement of profits.

B. Fixed Assets :

Fixed Assets are stated at acquisition cost less accumulated depreciation.

C. Method of Depreciation :

Depreciation in fixed assets has been provided on straight line method at the rate specified in schedule xiv to the Companies Act, 1956.

D. Amortisation :

Preliminary Expenses, Public Issue Expenses have been amortised over period of 10 years.

E. Inventories :

Closing stock of quoted shares are valued at madicep price and other shares at cost price. Closing stock of property stock has been valued at cost.

- Balance of the unsecured Loans, Loans and Advances are subject to confirmation. Balance of Bank at Mumbai are subject to reconciliation.
- In the opinion of the board, current Assets and Loans & Advances are approximately of the value stated, if realised, in the ordinary course of business and all known liabilities have been provided for.
- According to the management explanation there are no contingent liabilities/losses as on the Balance-Sheet date which shall affect further business of the enterprise hence not provided for.

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

To the best of our knowledge & according to the management representation given to us, no event has occurred during the period from the balance sheet data to the data of our report which shall materially affect the financial position of the enterprise.

5. Revenue is recognised only when all significant risk & rewards of ownership have been transferred to the buyer & the enterprise has retained effective control of goods & shares sold.

6. Auditor's Remineration	2004-05	2003-04
Rs.	Rs.	
a. Audit Fees/Tax Audit Fees	10,000-00	10,000-00
	<u>10,000-00</u>	<u>10,000-00</u>

7. Director's Remineration

a) Salary	90,000-00	90,000-00
b) Perquisites	-	-
	<u>90,000-00</u>	<u>90,000-00</u>

8. No Provision has been made for gratuity as there is no liability at present.

9. Additional information pursuant to part IV of Schedule of the companies Act, 1956 in respect of Company's Business profit are given as per Annexure Attached.

10. Additional information required under schedule VI of part II of the Companies Act, 1956 to the extent not applicable is not given.

11. Figures of the previous year have been regrouped / rearranged wherever necessary. Figures have been rounded off to rupees.

12. Net Profit/Loss for the period, prior period items, and changes in Accounting Policies :

All the extraordinary and prior period items of incomes and expenses are separately disclosed in the statement of Profit and Loss in a manner such that its impact of the current profit or loss can be perceived. Further there has not been any change in the company's Accounting policies or Accounting Estimates so as to have a material impact on the current years profit/loss or that of later periods. All the items of income and expense from ordinary activities with such size & nature such that they become relevant to explain the performance of the company have been disclosed separately.

13. Segment Reporting :

The Primary Business Segment of the Company is Trading in Shares, Trading in property also qualifies to be reported as per AS 17.

(Rs. in Lacs)

Sr. No.	Particulars	2004-05			2003-04		
		Shares	Property	Total	Shares	Property	Total
1.	Segment Revenue (100% external Sales)	178.70	10.00	188.70	462.25	0.00	462.25
	Total Revenue	178.70	10.00	188.70	462.25	0.00	462.25

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

2. Segment results before interest & taxation	5.51	(16.15)	(10.64)	(1.83)	0.00	(1.83)
Add : Unallocable Income			24.64			0.83
			0.17			0.17
Less : Depreciation			0.00			0.00
Interest Other Unallocable Expenses			5.82			0.00
Net Profit / (Loss)			8.01			(1.17)
3. Segment Assets			712.91			704.07
4. Segment Liabilities			0.71			0.52
5. Depreciation			0.17			0.17
6. Other Non Cash Expenses			2.39			2.39

Notes :

- a) The company has identified business segments as primary segments.
- b) Secondary Segment Information - Geographical Segments

The sales of company are mainly in India, Therefore there are no reportable Geographical Segments.

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

1. Discolosure in respect of Related Parties Pursuant to AS 18 :

List of Key Management Personnels :

1. Shri Krishnaawtar Kabra - Director
2. Shri Satyanarayan Kabra - Director

List of Other Concerns in which Key Management Personnel are interested but no transaction have taken place :

1. M/s. Kailash Associates - A Prop. firm of Maya Texturisers Pvt. Ltd. in which Shri Krishnaawtar Kabra is Director.
2. Kabra Finstock & Properties Pvt. Ltd. - Shri S. N. Kabra (Director)
3. M/s. Poonam Corporation - A Prop. firm of Shri S. N. Kabra
4. M/s. S. S. Enterprise - A Prop. firm of S. N. Kabra HUF

List of Transactions with Related Parties :

Name of Party	Nature of relationship	Nature of Transaction	Rs.
K. S. Associates	Kailash Kabra, son of director Shri S. N. Kabra is proprietor	Shares Purchased	375530
- do -	- do -	Interest received	166867
M/s. Omprakash & Co.	Jagnnth Kabra father of director Shri K. A. Kabra is Proprietor	Shares Purchased	16900
Shri Satyanarayan Kabra	Director	Shares Purchased	8580
Shri Krishnaawtar Kabra	- do -	Remuneration	90000
Sarojdevi Kabra	Spouse of director Shri S. N. Kabra	Shares Purchased	286670

No amount has been provided as doubtful debts or advances / written off or written back in the year in respect of debts due from or to above related parties.

15. Earning Per Share :

Particulars	31/03/2005	31/03/2004
Profit After Tax (Earning Available to Equity Shareholders)	800355	(116547)
Weighted Avg. No. of Equity Shares outstanding	7500800	7500800
Earning Per Share	0.11	-0.22

ARIHANT AVENUES AND CREDIT LTD.

SCHEDULE TO BALANCE SHEET AS AT 31-3-2005

16. Deferred Tax Accounting :

Timing differences between accounting income & taxable income leading to deferred tax asset have been identified as per the requirements of As 22, but at the same time the company has huge brought forward losses under the income tax act for which virtual certainty that company will be able to generate future taxable income doesnot exist & hence the provision for deferred tax asset has not been made.

17. Intangible Assets :

The Company has properly recognized the expenditure incurred on intangible assets as per the requirements of AS-26 issued by the ICAI, according to which an intangible asset is recognized only if it is identifiable, controllable by enterprise, where future benefit is expected, and cost of acquisition can be measured reliably.

For and on behalf of Board

For, ARIHANT AVENUES AND CREDIT LTD.

Sd/-

Director

Place : Ahmedabad

Date : 09-06-2005

Sd/-

Director

As per our report even date

For, **V. K. MOONDRA & Co.**

Sd/-

(V. K. MOONDRA)

PROPRIETOR

ARIHANT AVENUES AND CREDIT LTD.

CASH FLOW FROM STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

(Pursuant to the Listing Agreement with Stock Exchange)

	2004-2005	2003-2004
A. Cash Flow From Operating Activities		
Net Profit (Loss) before tax	865355	(116547)
Adjustment for Loss on sale of Assets	—	—
Depreciation	17169	17169
P. F. Exp. Written off	238613	238610
Add : Income Tax	(65000)	—
Operating Profit (loss) before Working Capital Change	1056137	139232
Adjustment for :		
Increase/Decrease in current Assets, Loans & Advances	(12964774)	(12171897)
Increase/Decrease In Current Liab.	84570	(12245067)
	<u>(11824067)</u>	<u>66062</u>
B. Cash Flow From Investing Activities :		
Purchase / Sale of Fixed Assets	—	—
Increase / Decrease in Capital Advance	12450000	—
Investment In Shares	—	—
Net Cash Use/Surplus in investing Activities	—	—
C. Cash Flow From Financial Activities :		
Proceeds from Issue of Share Capital	—	—
Unsecured Loans	—	—
P. P. Expenditure	—	—
Net Increase in cash and Cash Equivalents	625933	66062
Cash & Cash Equivalents as at 31/3/04	218791	152729
Cash & Cash Equivalents as at 31/3/05	844724	218791

Place : Ahmedabad
Date : 09-06-2005

For and on Behalf of Board

Krishnaavtar J. Kabra
Satyanarayan J. Kabra

AUDITOR'S CERTIFICATE

We have verified the above Cash Flow Statement with the books and records maintained by Arihant Avenues and Credit Ltd. and found the same in agreement therewith.

For, **V. K. MOONDRA & Co.**
Chartered Accountants
Sd/-

Place : Ahmedabad
Date : 09-06-2005

(V. K. MOONDRA)
M. Ship No. : 400/70431

ARIHANT AVENUES AND CREDIT LTD.

2004-2005

Part-IV Balance Sheet Abstract and Company's General Business Profile

I. Registratin Details :

Registration No.	: 04-24869	State Code	: 04
Balance Sheet Date	: 31/03/2005		

II. Capital raised during the year

(Amount in Rs. Thousands)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	Total Assets
74082	74082

SCHEDULE VI - BALANCE SHEET / PROFIT AND LOSS ACCOUNT ITEM V

Sources of Funds

Paid up Capital	Reserves & Surplus
74082	Nil
Secured Loans	Unsecured Loans
Nil	Nil

Application of Funds

Net fixed Assets	Investments
89	Nil
Net Current Assets	Capital Advance
71066	Nil
Accumulated Losses	Misc. Expenditure
2927	Nil.

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
21335	20469
Profit/Loss Before Tax	Profit/Loss after Tax
(+) 865	(+) 801
Earning per Share in Rs.	Dividend rate %
0.11	Nil.

V. Generic Names of Three Principal Products/Service of Company (As per monetary terms)

Item Code	N/A
Product description	(a) Finance (b) Developers
ABS	

For, **ARIHANT AVENUES & CREDIT LTD.**

Director

ARIHANT AVENUES AND CREDIT LIMITED

Registered Office

3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad - 380 014

PROXY FORM

Reg. Folio No / Client I.D. _____

I/We _____ of _____ in the
district of _____ being a member / members of the

ARIHANT AVENUES AND CREDIT LIMITED hereby appoint _____

of _____ in the district of _____ or failing him

_____ of _____ in the district of

_____ as my/our proxy to vote for me/us on my/our behalf at the

TENTH ANNUAL GENERAL MEETING of the Company to be held on **30th September, 2005, at 11.00 a.m.** At the Registered Office of the Company. and at any adjournment thereof.

Signed this _____ day of _____ 2005.

Signature : _____



Note : This form in order to be effective should be duly stamped completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

ARIHANT AVENUES AND CREDIT LIMITED

Registered Office

3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad - 380 014

ATTENDANCE SLIP

Reg. Folio No. / Client I.D. _____

I hereby record my presence at the **TENTH ANNUAL GENERAL MEETING** of the Company at 3, Rajesh Apartment, B/h. Navgujarat College, Ashram Road, Income Tax, Ahmedabad - 380 014 on **30th September, 2005, at 11.00 a.m.**

Member's/Proxy's name in Block Letters _____

Members's/Proxy's Signature _____

Note : Please fill in this attendance slip and hand it over at the ENETRANCE OF THE MEETING HALL.

BOOK-POST

To,

If undelivered Please return to :

ARIHANT AVENUES AND CREDIT LIMITED

3, Rajesh Apartment, B/h. Navgujarat College,
Ashram Road, Ahmedabad - 380 014