



18th

ANNUAL REPORT

2008-2009

PUROHIT CONSTRUCTION LIMITED

PUROHIT CONSTRUCTION LIMITED

BOARD OF DIRECTORS
MR. NARENDRA M. PUROHIT : CHAIRMAN & MANAGING DIRECTOR
MR. NISHIT B. GOHIL : DIRECTOR
MR. MAHENDRA H. SANGHANI : DIRECTOR
MR. KUMUDCHADNRA I. SHERAVIA : DIRECTOR
MR. BIPINCHANDRA M. SOLANKI : ADDITIONAL DIRECTOR

AUDITORS : M/S. GATTANI & ASSOCIATES
CHARTERED ACCOUNTANTS,
AHMEDABAD

BANKERS : TAMILNAD MERCANTILE BANK LIMITED,
AHMEDABAD

STATE BANK OF INDIA
C. G. ROAD BRANCH, AHMEDABAD

REGISTERED OFFICE : 401, PUROHIT HOUSE,
OPP. SARDAR PATEL STADIUM,
NAVRANGPURA,
AHMEDABAD-380 009.

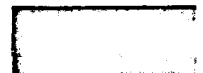
18TH ANNUAL GENERAL MEETING

Date : 30th July, 2009
Day : Thursday
Time : 11:30 a.m.
Place : Fun Point Club, Sarkhej-Gandhinagar,
Highway, Ahmedabad-382 481.

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PUROHIT CONSTRUCTION LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of M/s. Purohit Construction Limited will be held Thursday, the 30th day of July, 2009 at 11.30 a.m. at Fun Point Club, Sarkhej-Gandhinagar Highway, Ahmedabad - 382 481 to transact the following business:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the period ended on that date, together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Mahendra H. Sanghani, who retires by rotation and being eligible, offers himself for re appointment
3. To re appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:-

4. To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution :

"RESOLVED THAT Mr. Bipinchandra M. Solanki, who was appointed as an Additional Director of the Company on 20th November, 2008 and holds office up to the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of who the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

5. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution :

"RESOLVED THAT the approval of the members of the company be and is hereby given to the Board of Directors of the Company, pursuant to Section 149(2A) of the Companies Act, 1956 to the commencement by the Company of the new business provided in Clause 16 of the Clause III (C) of the Memorandum of Association of the Company relating to dealing and/or to make ready any/or forward contracts in shares, securities, grain, cotton, oil, oil seeds, gold, silver, metals, linseed, cotton seed, jute, Hessian, gunnies."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, things and matters as may be required to give effect to this resolution."

By order of the Board of Directors
Narendra M. Purohit
Chairman & Managing Director

Place : Ahmedabad
Date : 11th June, 2009

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A proxy, in order to be effective, should be lodged at the Registered Office of the Company not later than 48 hours of the time of the Annual General Meeting.

2. The Register of Members and Share transfer books shall remain closed from Thursday, the 23rd July, 2009 to Thursday, the 30th July, 2009 (both days inclusive).
3. Members are requested to intimate the change in their addresses, if any, immediately to the Company.
4. Members are requested to bring their copy of the Annual Report at the meeting.
5. The Shares of the Company are listed at Ahmedabad and Pune Stock Exchanges.
6. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in relation to items No. 4 and 5 of the accompanying notice is annexed hereto.

By order of the Board of Directors
Narendra M. Purohit
Chairman & Managing Director

Place : Ahmedabad
Date : 11th June, 2009

PUROHIT CONSTRUCTION LIMITED

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956

ITEM NO. 4

Mr. Bipinchandra Motilal Solanki was appointed as Additional Director of the Company at the meeting of the Board of directors of the Company held on 20th November, 2008. Pursuant to Section 260 of the Companies Act, 1956, he holds office up to the ensuing Annual general Meeting of the Company. The Company is in receipt of a Notice from a member of the Company under Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, liable to retire by rotation along with a deposit of Rs. 500/-. Mr. Solanki, aged 64 years and is having long business experience. His experience would help the company to expand business activities.

Your directors commend passing of the resolution set out at item No. 4 of the accompanying notice for your approval. None of the directors of the Company, except Mr. Solanki may be deemed to be concerned or interested in the resolution.

ITEM NO. 5

The Company is primarily engaged into the business activity relating to construction. The company many a times is having surplus funds which could be safely invested in the market related securities. The existing Main Object of the company does not permit doing this activity. However, Clause 16 of the Other Object clause of the Memorandum of Association permits the commencement of these activities. Section 149(2A) of the Companies Act, 1956 provides that a public company shall not at any time commence any business, unless the company has approved of the commencement of any such business by a special resolution passed in that behalf by it in general meeting.

A copy of the Memorandum and Articles of Association of the Company is available for inspection by any member of the company between 3:00 p.m. and 5:00 p.m. on any working day at the registered office of the Company up to the date of the Annual general Meeting.

Your directors commend passing of the resolution set out at item No. 5 of the accompanying notice for your approval.

None of the directors of the Company, except Mr. Solanki, may be deemed to be concerned or interested in, the resolution.

By order of the Board of Directors
Narendra M. Purohit
Chairman & Managing Director

Place : Ahmedabad
Date : 11th June, 2009

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report for the year ended 31st March, 2009.

FINANCIAL PERFORMANCE

	(Rs. In Lacs)	(Rs. In Lacs)
	Current Year	Previous Year
	2008-2009	2007-2008
Total Income	712.10	592.26
Financial Expenses	5.22	1.90
Depreciation	3.08	2.58
Profit / (Loss) Before Taxation	34.91	29.69
Less : Provision for Income Tax	3.55	3.10
Less: Provision for Deferred Tax	0.38	0.75
Less : Fringe Benefit Tax	0.74	0.33
Profit After Taxation	30.24	25.51
Less; Prior Period adjustment	NIL	NIL
Transfer to General Reserve	NIL	NIL
Surplus Brought Forward	(169.60)	(195.11)
Balance carried to balance Sheet	(139.36)	(169.60)

During the year under review, Your Company has made a meager profit and the accumulated losses have been reduced. Your directors express their inability to recommend dividend on Equity Shares for the year under review on account of huge accumulated losses.

OPERATIONS OF THE COMPANY

The Company has not commenced any new projects during the year under review. The Company is concentrating on job work through tenders. During the year under review, your company has earned an income of Rs. 712.10 Lacs as against Rs 592.26 Lacs in the previous year registering a growth of approx. 20%. The Company has earned a Net Profit of Rs. 30.24 Lacs against Rs. 25.51 Lacs, in the previous year. A debit balance of Rs. 139.36 Lacs has been carried forward to the Balance Sheet.

The construction industry is optimistic but on account of higher cost and higher sale prices, real user customers are shy and preferred to be out of the segment. The overall economic slow down across the world has also affected the industry in India. The stringent regulations implemented by the Local Authorities have also pushed the cost up in the industry. The increased prices of

Cement and Steel have increased the cost of construction but at higher cost, the customers are not willing to invest.

DEPOSITS

The Company has not accepted any Deposits to which the provisions of Section 58 A of the Companies Act, 1956 and the relevant rules made there under are applicable.

RESPONSIBILITY STATEMENT

The Directors confirm :

- a) that in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;
- b) that they have selected such Accounting Policies and applied them consistently and made judgments 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 or Loss of the Company for that period;
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the Annual Accounts on a Going concern basis.

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

The particulars regarding Conservation of Energy and Technology Absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 are Nil. The Company has not earned foreign exchange.

PARTICULARS OF EMPLOYEES

There is no employee who is in receipt of remuneration exceeding the limits specified under Section 217(2A) of the Companies Act, 1956 and hence the information required thereunder is not given.

DIRECTORS

Mr. Bipinchandra M Solanki was appointed as an Additional Director of the Company with effect from 20th November, 2008 and holds office up to the ensuing Annual General Meeting of the Company. Mr. Mahendra H. Sanghani, a director retires by rotation at this Annual General Meeting and being eligible, offers himself for reappointment. You are requested to accord your approval for his appointment as a regular director of the company.

Mr. Indravadan L. Pantya, Executive Director of the Company has resigned with effect from 31st October, 2008. The Board places on record its appreciation for the services rendered by him as a director of the company.

AUDITORS

M/s. Gattani & Associates, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and is eligible for re appointment. You are requested to re appoint the said Auditors and fix their remuneration.

The observations made by the Statutory Auditors of the Company in their report are dealt with in the notes of accounts of the company, which are self explanatory. The company has decided to discontinue the key man insurance policy and hence no provision is made for the premium payable.

CORPORATE GOVERNANCE REPORT

A separate report on Corporate Governance is enclosed as part of this Annual Report and marked as Annexure 'A' Requisite Certificate from the Statutory Auditors of the Company regarding Compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the report of Corporate Governance.

ACKNOWLEDGEMENT

The Board of Directors wishes to express its appreciation for the co operation received from the Bankers, customers and the employees of the Company and look forward to their continued support in the years to come.

For and on behalf of the Board of Directors
Narendra M. Purohit
Chairman & Managing Director

Place : Ahmedabad
Date : 11th June, 2009

ANNEXURE 'A'

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE

Your company has always believed in the concept of good Corporate Governance involving a high level of transparency, accountability and responsibility in all areas of its operations to ensure investors protection. Your company has made necessary changes in the systems and procedures required for effective control, for the steady growth of the company and to increase the value for all stakeholders. Mandatory provisions of corporate Governance as stipulated under listing agreements of Stock Exchanges are being complied with.

2. BOARD OF DIRECTORS

The Board of Directors has 1 Executive Promoter Director and 4 Non-Executive Independent Directors. The composition of Board is in compliance with the requirements of Clause 49(1) (A). The detailed composition of the Board and other related information is given in the table below :

Name of the Director	Designation	Category	No. of other Directorships held	No. of Board Committee Memberships held	No. of Board meetings attended	Attendance at the last Annual General Meeting
Shri Narendra M. Purohit	Chairman and Managing Director	Promoter Executive	2	-	8	Yes
Shri Indravadan L. Pandya*	Executive Director	Executive	-	-	4	Yes
Shri Nishit B. Gohil	Director	Independent Non-Executive	-	3	8	Yes
Shri Mahendra H. Sanghani	Director	Independent Non-Executive	-	3	8	Yes
Shri Kumudchandra I. Sheravia	Director	Independent Non-Executive	-	3	8	Yes
Shri Bipinchandra M. Solanki**	Director	Independent Non-Executive	-	-	4	Yes

Shri I. L. Pandya had resigned with effect from 31st October, 2008 and there were 4 meetings of the Board of directors by then.

Shri Bipinchandra M. Solanki was appointed as a director of the company with effect from 20th November, 2008 and there were 4 meetings of the Board of directors after his appointment.

The time gap between any two meetings was less than 4 months.

During the year 8 Board meetings were held on the following dates which were attended by all the directors:

16-04-2008	30-06-2008	31-07-2008	25-10-2008
20-11-2008	15-01-2009	31-01-2009	25-03-2009

3. AUDIT COMMITTEE

The Board of Directors of the Company has re-constituted the Audit Committee in its meeting held on 30th June, 2007, comprising three independent non-executive directors.

The composition of the Audit Committee is as under:

Name of the Director	Category	Remarks
Shri Mahendra H. Sanghani	Independent Non-Executive	Chairman
Shri Nishit B. Gohil	Independent Non-Executive	Member
Shri Kumudchandra I. Sheravia	Independent Non-Executive	Member

The terms of reference are as under :

- To investigate into any matter in relation to the items specified in Section 292(A) of the Companies Act 1956, and also as contained under Clause 49 of the Listing Agreement.
- Reviewing of the Company's financial reporting process and the disclosure of its financial information to ensure that its financial statement is correct, sufficient and credible.
- Recommending the appointment of external Auditor and fixation of their Audit fee.
- Reviewing with management the Annual financial statements and half yearly and quarterly financial results before submission to the Board.
- Reviewing periodically the adequacy of the internal control system.
- Discussions with Internal Auditor on any significant findings and follow up there on.

During the year, four meeting of the committee was held on 30th June, 2008, 31st July, 2008, 25th October, 2008 and 31st January, 2009 which were attended by all the members of the committee

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee was formed by the Board of Directors on 01.03.2003 to ensure the effective Redressal of the complaints of the investors. The Committee also recommends steps to be taken for further implementation in the quality and services to the investors.

Composition of the Investors' Grievance Committee :

Name of the Director	Category	Remarks
Shri Mahendra H. Sanghani	Independent Non-Executive	Chairman
Shri Nishit B. Gohil	Independent Non-Executive	Member
Shri Kumudchandra I. Sheravia	Independent Non-Executive	Member

During the year, three meeting of the committee were held on 30th June, 2008, 25th October, 2008 and 31st January, 2009 which were attended by all members of the committee.

The Minutes of Shareholders Grievance Committee are discussed and taken note of by the Board of Directors. Shri Narendra M. Purohit, Managing Director of the Company has been designated as Compliance Officer.

The particulars of Investors Grievance received and redressed during the financial year are furnished below :

Sr. No.	Particulars	Received	Redressed
1.	Non-receipt of Share Certificates	NIL	NIL
2.	Non-receipt of Dividend Warrants	NIL	NIL
3.	Non-receipt of Balance Sheet	NIL	NIL
4.	For Demat	NIL	NIL
5.	Others	NIL	NIL

5. REMUNERATION COMMITTEE

The Remuneration Committee was re-constituted by the Board of Directors at its meeting held on 30th June, 2007, comprising of the following members:

Name of the Director	Category	Remarks
Shri Mahendra H. Sanghani	Independent Non-Executive	Chairman
Shri Nishit B. Gohil	Independent Non-Executive	Member
Shri Kumudchandra I. Sheravia	Independent Non-Executive	Member

PUROHIT CONSTRUCTION LIMITED

The terms of reference are as under :

To determine the company's policy on specific remuneration packages for Executive Directors including their pension rights after taking into consideration, the financial position of the company, experience and past performance and the interest of the company and its shareholders.

Details of Remuneration paid:

a. Executive Directors

Name of the Director	Salary (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Retirement Benefits (Rs.)	Total (Rs.)
Shri Narendra M. Purohit	7,20,000	--	--	--	7,20,000
Shri Indravadan L. Pandya	40,600	--	--	--	40,600

b. Non-Executive Directors

Name of the Director	Sitting Fees (Rs.)
Shri Nishit B. Gohil	NIL
Shri Mahendra H. Sanghani	NIL
Shri Kumudchandra I. Sheravia	NIL

Service Contract :

- Shri Narendra M. Purohit, Chairman and Managing Director, is appointed for a term of five years w.e.f 1st April, 2007 and his re-appointment was approved by the members at the 16th Annual General Meeting of the Company.

6. GENERAL BODY MEETING

The location and time of the last three Annual General Meetings are as under:

AGM	Date	Time	Venue	No. of special resolutions approved
15th	07-09-2006	11.30 a.m.	Fun- Point Club, Sarkhej-Gandhinagar Highway, Ahmedabad.	-
16th	06-09-2007	11.30 a.m.	Fun- Point Club, Sarkhej-Gandhinagar Highway, Ahmedabad.	-
17th	21-08-2008	11:30 a.m.	Fun- Point Club, Sarkhej-Gandhinagar Highway, Ahmedabad.	-

No Extraordinary General Meeting was held during last year. No special resolution was to be carried out through postal ballot last year. No resolution is proposed by postal ballot at the ensuing Annual General Meeting.

7. DISCLOSURES

- a. There was no transaction of material nature with the Management or with the Directors of the Company during the year
- b. There was no instance of Non-compliance of any matter related to the capital markets during the last three years
- c. The Company ensures compliance of various statutory requirements by all its divisions and obtains quarterly reports in the form of certificate from the head of the divisions. These certificates are placed before the Board on quarterly basis
- d. All the statutory registers that are required to be maintained, particularly Register of Contracts in which Directors have interests, Register of Director's Shareholdings, Register of Investments etc. are maintained and continuously updated

8. MEANS OF COMMUNICATION

- 1. During the year, quarterly and half yearly (Unaudited) and Annual financial results (Audited) of the company were submitted to the Stock Exchanges immediately after the Board meeting approved the same and were published in the Western Times in English and Gujarati.

9. FINANCIAL CALENDER FOR THE FINANCIAL YEAR 2009-10.

Financial Year	: 1st April, 2009 to 31st March, 2010
Results for the first quarter ending 30th June, 2009	: Last week of July, 2009
Results for the second quarter ending 30th September, 2009	: Last week of October, 2009
Results for the third quarter ending 31st December, 2009	: Last week of January, 2010
Results for the year ending 31st March, 2010	: June 2010
Annual General Meeting for the year 2008-09	: 30th July, 2009
Date of Book -Closure	: Thursday, the 23rd day of July, 2009 to Thursday, the 30th day of July, 2009 (both days inclusive)
Dividend Payment date	: Not Applicable

Listing on Stock Exchange : Ahmedabad Stock Exchange & Pune Stock Exchange
 Stock Code : 46854/PUROHITCON (ASE)

10. MARKET PRICE DATA

No transaction is reported at Ahmedabad and Pune Stock Exchanges during the financial year 2008-09.

11. DISTRIBUTION OF SHAREHOLDINGS AS ON 31.03.2009

No. of Equity Shares Held	No. of Shareholders	% of Shareholders	No. of Share held	% of Shareholding
Up to 500	5,385	88.75	7,81,600	19.51
501 to 1,000	351	5.78	3,17,700	7.93
1,001 to 2,000	167	2.75	2,54,900	6.37
2,001 to 3,000	68	1.12	1,70,400	4.25
3,001 to 4,000	26	0.43	89,600	2.24
4,001 to 5,000	20	0.33	98,100	2.45
5,001 to 10,000	24	0.40	1,97,100	4.92
10,001 & Above	27	0.44	20,96,200	52.33
TOTAL	6,068	100.00	40,05,600	100.00

12. CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2009

Category	Number of Shares held	% of Shareholding
A. Promoter's Holding		
1 Promoters		
Indian Promoters	7,81,400	19.51
Foreign Promoters	NIL	NIL
2 Persons acting in concert	3,31,900	8.28
SUB TOTAL	11,13,300	27.79
B. Non-Promoter's Holding		
3 Institutional Investors		
a Mutual Fund & UTI	NIL	NIL
b Banks, Financial Inst (Cent./State Govt. Inst./ Non-Govt. Inst.)	NIL	NIL
c FIIS	NIL	NIL
SUB TOTAL	NIL	NIL
4 Others		
a. Corporate Bodies	5,63,200	14.06
b. Indian Public	23,29,100	58.15
c. NRI	NIL	NIL
d. Any Other	NIL	NIL
SUB TOTAL	28,92,300	72.21
GRAND TOTAL	40,05,600	100.00

13. SHARE TRANSFER SYSTEM

The Company has appointed Pinnacle Shares Registry Private Limited as the Registrars and Share Transfer Agent for physically and electronically registering, transferring, transmission; of the Company's securities and performing various other duties as agreed by both the parties vide the Memorandum of Understanding between them dated 11th December, 2007.

14. DEMATERIALIZATION OF SHARES

The Company has established connectivity with both the Depositories viz. NSDL and CDSL having ISIN INE147J01012.

15. ADDRESS FOR CORRESPONDENCE

Registered Office : 401, Purohit House, Opposite Sardar Patel Stadium, Navrangpura, Ahmedabad-380 009.

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the board members and senior management personnel of the company have affirmed compliance with the Code of Conduct for the year ended 31st March, 2009.

PLACE : AHMEDABAD
DATE : 11th JUNE, 2009

Narendra M. Purohit
Chairman & Managing Director

CEO CERTIFICATE

The Managing Director has certified to the Board that :

- (a) They have reviewed financial statements and the cash flow statements for the year and that to the best of their knowledge and belief:
 - (i) These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in the internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and;
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

PLACE : AHMEDABAD
DATE : 11th JUNE, 2009

Narendra M. Purohit
Chairman & Managing Director

CERTIFICATE

To the members of
Purohit Constructions Limited

We have examined the Compliance of conditions of Corporate Governance by Purohit Constructions Limited for the year ended on 31st March, 2009, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance.- It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us the representations made by the Directors and the management, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Company has maintained records to show Investors' grievance against the company and have certified that as on 31st March, 2009, there were no investor grievance remaining unattended/ pending for a period exceeding one month.

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

For GATTANI & ASSOCIATES
Chartered Accountants

PLACE : AHMEDABAD
DATE : 11th JUNE, 2009

SHARAD GATTANI
Partner

AUDITOR'S REPORT

**TO
THE MEMBERS OF
PURUHIT CONSTRUCTION LTD.**

We have audited the attached Balance Sheet of **PURUHIT CONSTRUCTION LTD.** Ahmedabad as at 31st March, 2009 and the Profit and Loss Account attached thereto 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 our opinion on these financial statements based on our audit.

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 amount and disclosure in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India, in terms of Sub-section (4-A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and information and explanations given to us during the course of our audit, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.

Further to our comments in the Annexure referred to the 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 it appears from our examinations of those books;
- c. The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of Account;
- d. In our opinion the Profit & Loss and Balance Sheet comply with Accounting Standard as referred to in Sub-Section 3(c) of section-211 of the Companies Act, 1956;
- e. Based on representations made by the Directors of the Company and information and explanations as made available, Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of Sub-section(1) of section 274 of the Act
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes attached to and forming part thereof, more specifically

1. Note no 2 of Part II of Schedule 16 forming part of

accounts, regarding non provision for premium of Rs.9,74,928/- payable towards the Key Man Insurance Policy. As a result thereof the brought forward loss and the Current Liabilities are understated by the amount.

2. Note No 3 of Part-II of Schedule-16 forming part of accounts regarding non- provision of loss out of receivables of Rs.16.44 Lacs from / on behalf of Western Railway. However the matter being sub-judice, loss on that account has not been quantified. As a result of which the brought forward loss is understated and the debtors are overstated to the extent of shortfall in recovery thereof.
3. Note No 4 of Part II of Schedule-16 forming part of accounts regarding disputed liability of Rs.14.58 Lacs received as booking advance from a member. As a result of which Current Liabilities and Debtors both are overstated by that amount.
4. Note No 6 of Part II of Schedule-16 forming part of accounts, regarding shortfall of Rs 18,615 in balance maintained in separate Bank account for payment of dividend.
5. No provision for diminution in the value of investment has been made and the impact thereof has not been quantified. As a result which the brought forward loss is understated and the investments are overstated to the extent of such diminution in value of investments.
6. Non-provision in respect of Gratuity, Leave Encashment and Retirement Benefits Payable to Employees, the impact of which has not been qualified. As a result of which the profit for the year is overstated by that amount and Current Liabilities are understated.
7. Note No 2.b of Part I of Schedule-16 forming part of accounts, regarding valuation of inventory comprised in Work in Progress in respect of the Construction Division not being valued 'at cost', the impact of which has not been quantified. As a result of which the Profit for the year and Current Assets both are overstated.

Subject to above, give the information required by the Companies Act, 1956, in the manner so required and materially 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 31st March, 2009;
- b. in the case of Profit & Loss Account, the Profit for the year ended on that date and
- c. In the case of cash flow statement, of the cash flows of the company for the year ended on that date

For **GATTANI & ASSOCIATES**
Chartered Accountants

PLACE : AHMEDABAD
DATE : 11th JUNE, 2009

SHARAD GATTANI
Partner

ANNEXURE TO THE AUDITORS REPORT

The Annexure referred to in the Auditors' Report to the members of Purohit Construction Ltd for the year ended 31st March 2009

We report as hereunder .

1 In respect of its Fixed Assets:

- a. The company is in the process of updating its record showing full particulars including quantitative details and situation of fixed assets on the basis of available information
- b. As explained to us, the company has a regular programme of physical verification of fixed assets by which fixed assets are verified in phased manner over a period three years. In our opinion this periodicity of physical verification is reasonable having regard to the size of the company and nature of its assets. We are informed that no material discrepancies were noticed on such verification
- c. The company has not disposed off any of its fixed assets during the year.

2. In respect of its inventories:

- a. As explained to us, inventory has been physically verified by the management at regular intervals during the year. In our opinion, the frequency of such verification is reasonable
- b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of Inventories followed by the management is reasonable and adequate having regard to size of the Company and the nature of its business
- c. The company is maintaining proper records of inventory. As informed to us, no significant discrepancies have been noticed on physical verification of above stocks as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the company to / from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act 1956

- a. The company has taken loan from 6 parties being person covered in the register maintained under section 301 of the Companies Act. 1956. The

maximum amount involved during the year was Rs.29.52 Lacs and the year-end balance of such loans was Rs. 7.69 Lacs. While it has granted loan to 2 such parties. The maximum amount involved during the year was Rs. 1.62 Lacs and the year-end balance of such loans was Rs. Nil

- b. In our opinion, and according to the information and explanation given to us, these loans are interest free, which along with other terms and conditions is prima facie not prejudicial to the interest of the company.

We are informed that these loans are repayable on demand; therefore the question of the same being overdue does not arise.

- 4. 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 regards to purchase of Goods and Assets.

5 In respect of transactions covered under section 301 of the Companies Act.1956;

- a. As per the information and explanation given to us the company is in the process of updating its records to enter the transactions those are required to be entered in the register maintain under section 301 of the Companies Act 1956
- b. In our opinion and according to the information and explanation given to us, the rate at which the company has entered into transactions exceeding value of Rupees five lacs in respect of any such party during the year made in pursuance of the contracts or arrangement to be entered in the register maintain under section 301 of the Companies Act 1956, can be said to be reasonable based on the nature of work and alternate arrangements available with the company at the relevant time

- 6. The company has not accepted any deposits from the public hence provisions of section 58A and 58AA of the Companies Act. 1956 and the Companies (Acceptance of Deposit) Rules 1975 with regard to the deposits accepted from the public are not applicable to it.

- 7. The company does not have an internal audit system.

- 8. According to the information and explanation given to us the Central Government has not prescribed maintenance of cost record u/s 209 (1)(d) of the Companies Act 1956.
- 9. In respect of statutory dues:
 - a. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income tax, VAT, Service Tax, cess and other material statutory dues applicable to it.
 - b. According to the information and explanation given to us no undisputed amounts payable in respect of provident fund, income tax, VAT, Service Tax and cess were in arrears, as at 31/03/2009 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us there are no dues of provident fund, income tax, VAT, Service Tax and cess which have not been deposited on account of any disputes
- 10. The accumulated losses as at the end of the year being Rs.139.06 lacs are less than fifty percent of its net worth, further it has made Profit Rs.30.24 lacs and cash Profit of Rs. 33.70 lacs during the financial year covered by our audit while those for the immediately preceding financial year are Rs.25.51 lacs and Rs. 28.84 lacs respectively.
- 11. According to the information and explanations given to us and on the basis of our examination of the records, it appears that the company has not defaulted in repayment of dues to financial institution and bank. The company does not have any outstanding towards the debenture holders.
- 12. According to the information and explanation given to us and on the basis of our examination of the records, the company has not granted any loans and advances on the basis of security by way of pledge of shares debentures and other securities.
- 13. In our opinion, the company is not chit fund or a Nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- 14. According to the information and explanation given to us, the company is not dealing in or trading in shares securities debentures and other investments except those held as long term investments. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company
- 15. As informed to us the company has not given any guarantee for loans taken by others from banks or financial institutions
- 16. As per the information and explanation given to us no fresh term loan has been raised by the company during the year
- 17. According to the information and explanation given to us and based on an overall examination of the balance sheet of the company, we report that the no funds raised on short terms basis have been used for long term investments. No long term funds have been used to finance short term assets except that for working capital or to finance the loss.
- 18. During the year the company has not made any preferential allotment of shares to any company, firm or other person, covered in the register maintained under section 301 of the Companies Act, 1956
- 19. The company has not issued any debentures during the period covered by our audit.
- 20. The company has not raised any funds by way of public issues during the period covered by our audit report.
- 21. According to the information and explanation given to us no fraud on or by the company has been reported during the year that causes the financial status to be materially misstated.

For GATTANI & ASSOCIATES
Chartered Accountants

PLACE AHMEDABAD
DATE 11th JUNE 2009

SHARAD GATTANI
Partner

PUROHIT CONSTRUCTION LIMITED

BALANCE-SHEET AS AT 31ST MARCH-2009

	SCHEDULE	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2009 (Rs.)	AS AT 31-03-2008 (Rs.)
I. SOURCES OF FUNDS				
1. SHAREHOLDER'S FUNDS				
a) Share Capital	1	40,056,000		40,056,000
			40,056,000	40,056,000
2. DEFERRED TAX LIABILITY	2		405,091	367,065
3. LOAN FUNDS				
a) Secured Loans	3	2,189,503		1,832,431
b) Unsecured Loans	4	769,000		177,000
			2,958,503	2,009,431
Total Funds Employed			<u>43,419,594</u>	<u>42,432,496</u>
II. APPLICATION OF FUNDS				
1. FIXED ASSETS				
a) Gross Block		5,530,997		4,073,967
b) Less : Depreciation		<u>1,305,596</u>		<u>997,544</u>
c) Net Block			4,225,401	3,076,423
2. INVESTMENTS	6		303,505	1,303,505
3. CURRENT ASSETS & ADVANCES				
a) Inventories		10,303,541		1,873,770
b) Sundry Debtors		2,464,125		5,618,199
c) Cash & Bank Balances		9,800,572		5,777,064
d) Loans & Advances, Deposits and other current assets		52,884,749		15,265,940
		<u>75,452,987</u>		<u>28,534,973</u>
LESS : CURRENT LIABILITIES & PROVISIONS				
a) Current Liabilities	8	48,898,284		6,281,149
b) Provisions	9	1,600,354		1,161,150
		<u>50,498,638</u>		<u>7,442,299</u>
NET CURRENT ASSETS			24,954,349	21,092,674
4. Balance of Profit & Loss A/c.			13,936,339	16,959,894
Total Fund Utilised			<u>43,419,594</u>	<u>42,432,496</u>
Accounting Policies & Notes on Account	16			

As per our Report of even date

For GATTANI & ASSOCIATES
Chartered Accountants

SHARAD GATTANI
Partner

Place : Ahmedabad
Date : 11-06-2009

For and on behalf of the Board of Directors

Narendra M. Purohit (Chairman & M.D.)
Mahendra H. Sanghani (Director)
Bipinbhai M. Solanki (Director)

Place : Ahmedabad
Date : 11-06-2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	SCH.	2008-2009 RUPEES	2007-2008 RUPEES
<u>INCOME :</u>			
Income from operation	10	67,554,182	58,411,771
Other Income	11	2,456,384	814,450
Profit on Sale of Investments		1,200,000	0
		<u>71,210,566</u>	<u>59,226,221</u>
<u>EXPENDITURE :</u>			
Cost of Materials Consumed/Sold	12	61,138,699	49,406,577
Direct Overhead	13	1,912,793	2,809,089
Administrative & Other Expenses	14	3,838,266	2,818,208
Financial Expenses	15	521,675	190,253
Loss on sales of Assets		0	25,354
Depreciation		308,052	257,998
Loss of Irrecoverable Advances		0	750,000
		<u>67,719,485</u>	<u>56,257,479</u>
<u>PROFIT BEFORE TAXATION</u>		3,491,081	2,968,742
Less : Provision for Current Taxation		-355,000	-310,000
Less : Provision for Deferred Tax		-38,026	-75,462
Less : Provision for Fringe Benefit Tax		-74,500	-32,500
<u>PROFIT FOR THE YEAR</u>		3,023,555	2,550,780
Add : Surplus brought forward from earlier year		-16,959,894	-19,510,674
<u>PROFIT AVAILABLE FOR APPROPRIATIONS</u>		-13,936,339	-16,959,894
Surplus/Deficit carried to Balance-Sheet		<u>-13,936,339</u>	<u>-16,959,894</u>
ACCOUNTING POLICIES & NOTES ON ACCOUNTS	16		

As per our Report of even date

For **GATTANI & ASSOCIATES**
Chartered Accountants

SHARAD GATTANI
Partner

Place : Ahmedabad
Date : 11-06-2009

For and on behalf of the Board of Directors .

Narendra M. Purohit (Chairman & M.D.)

Mahendra H. Sanghani (Director)

Bipinbhai M. Solanki (Director)

Place : Ahmedabad
Date : 11-06-2009

PUROHIT CONSTRUCTION LIMITED**SCHEDULES FORMING PART OF ACCOUNTS**

PARTICULARS	31-03-2009	31-03-2008
	Rupees	Rupees
SCHEDULE : 1 "SHARE CAPITAL"		
AUTHORISED CAPITAL :		
10,000,000 (P.Y.10,000,000) Equity Shares of Rs.10/- Each	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED,SUBSCRIBED & PAID UP :		
4,005,600 (P.Y.4,005,600) Equity Shares of Rs. 10/- Each fully paid up	<u>40,056,000</u>	<u>40,056,000</u>
	<u>40,056,000</u>	<u>40,056,000</u>
SCHEDULE:2 "DEFERRED TAX LIABILITY"		
Opening Balance :	367,065	291,603
Add/Less : Provision During the Year	38,026	75,462
Closing Balance Carried To Balance-Sheet	<u>405,091</u>	<u>367,065</u>
SCHEDULE:3 "SECURED LOANS"		
H.D.F.C. Bank-Car Loan A/c.	1,187,608	1,832,431
(Secured by way of hypothecation of Vehicle & Personal guarantee of one of the Director)		
AXIS Bank-Overdraft A/c.	1,001,895	0
(Secured by way of pledge over Fixed Deposits)		
	<u>2,189,503</u>	<u>1,832,431</u>
SCHEDULE:4 "UNSECURED LOANS"		
(i) Loans from Directors	769,000	0
(Maximum Balance Rs.7.69,000/-) (P.Y.Rs.20,21,911/-)		
(ii) Loans from Others	0	177,000
	<u>769,000</u>	<u>177,000</u>

PURHIT CONSTRUCTION LIMITED

SCHEDULE 5 "FIXED ASSETS" (F.Y.2008-2009)

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	AS AT 01-04-2008	ADD.	DED.	AS AT 31-3-2009	UP TO 31-3-2008	ADD.	DED.	UP TO 31-3-2009	AS AT 31-3-2009	AS AT 31-3-2008
Office Building	809599	308023	0	1117622	165404	14008	0	179412	938210	644195
Plant & Machinery	86193	0	0	86193	70381	4096	0	74477	11716	15812
Furniture & Fixture	288667	893214	0	1181881	77695	33398	0	111093	1070788	210972
Vehicles	2264763	0	0	2264763	282842	214923	0	497765	1766998	1981921
Office Equipment	624745	255793	0	880538	401222	41627	0	442849	437689	223523
Total :	4073967	1457030	0	5530997	997544	308052	0	1305596	4225401	3076423
Previous Year :	4139819	2216880	2282732	4073967	1925323	257998	1185777	997544	3076423	

SCHEDULE : 6 "INVESTMENTS (AT COST)"

PARTICULARS	31-03-2009 Rupees	31-03-2008 Rupees
QUOTED - NON TRADE:		
12,100 Equity Shares of Sterling Guaranty & Finance Ltd. of Rs:10/- Each fully paid	181,500	181,500
100,000 Equity Shares of Simandhar Finance Ltd. of Rs 10/- Each fully paid		1,000,000
UNQUOTED - TRADE:		
100 Shares of Shree Bhagyoday Co.Op.Bank Ltd. of Rs 10/- Each fully paid	1,005	1,005
20 Shares of Shiv Sankalp Owner's Association of Rs.50/- Each fully paid	1,000	1,000
Bond of Sardar Sarover Narmada Nigam Ltd.	120,000	120,000
	<u>303,505</u>	<u>1,303,505</u>

Market Value of Quoted Investments as on 31st March, 2009 is not available as no transactions are reported at Ahmedabad Stock Exchange in these Scrips.
(P.Yr. Not Reported)

PURHIT CONSTRUCTION LIMITED

SCHEDULE: 7 "CURRENT ASSETS, LOANS & ADVANCES"

PARTICULARS	31-03-2009 (Rupees)	31-03-2008 (Rupees)
(A) CURRENT ASSETS :		
(a) (i) Inventories of Building Materials (At cost & as verified, valued & certified by the directors)	214,889	37,568
(ii) Work in Progress (As verified, valued & certified by the directors)	10,088,652	1,836,202
	<u>10,303,541</u>	<u>1,873,770</u>
(b) Sundry Debtors (unsecured, considered goods)		
Outstanding for a period exceeding six months	2,399,659	
Others	64,466	
(Including following Dues from Firms & Companies in which Directors are interested)	<u>2,464,125</u>	5,618,199
<u>Name of Entity</u>	<u>Balance (31-03-2009)</u>	<u>Maximum Balance</u>
Sopan Infrastructure	Nil (P.Yr. 20,10,822/-)	20,10,822/- (P.Yr. 41,62,937/-)
(c) Cash & Bank Balances		
(i) Cash on Hand	13,032	189,257
(ii) Bank Balances With Scheduled Banks		
- In Current Accounts	1,787,540	5,587,807
- In Fixed Deposits	8,000,000	0
	<u>9,800,572</u>	<u>5,777,064</u>
(B) LOANS, ADVANCES & DEPOSITS :		
Loans, Advances, Deposits and other Current Assets		
(a) Unsecured & Considered Good		
(i) Advances receivable in cash or kind or in value to be receivable:	262,857	377,392
(ii) Advances Against Development Rights	38,248,866	2,115,000
(iii) Advance Taxes	2,315,746	2,163,622
(iv) Advances to Staff	89,800	73,600
(v) Others	9,190,349	8,924,098
(b) Deposits :	2,361,897	1,538,100
(c) Other Current Assets :	415,234	74,128
	<u>52,884,749</u>	<u>15,265,940</u>
	<u>75,452,987</u>	<u>28,534,973</u>

PARTICULARS	31-03-2009 (Rupees)	31-03-2008 (Rupees)
SCHEDULE: 8 "CURRENT LIABILITIES"		
(A) Sundry Creditors:		
(i) Creditors for Goods	1,081,597	376,407
(ii) Creditors for Expense	236,195	335,365
(B) Advances from Members		
(i) Booking Advances from Members	42,865,000	3,000,000
(C) Other Current Liabilities		
(i) Member Booking Cancellations	1,458,000	1,458,000
(ii) Others	3,055,000	55,000
(D) Statutory Liabilities	202,492	1,056,377
	<u>48,898,284</u>	<u>6,281,149</u>
SCHEDULE: 9 "PROVISIONS"		
Provision for Expenses	153,354	143,650
Provision for Taxation	1,447,000	1,017,500
	<u>1,600,354</u>	<u>1,161,150</u>
SCHEDULE: 10 "INCOME FROM OPERATION"		
Work Completion / Certified	8,252,450	9,394,301
Sales	59,301,732	43,658,745
Consulting Charges	0	5,358,725
	<u>67,554,182</u>	<u>58,411,771</u>
SCHEDULE: 11 "OTHER INCOME"		
Cartage Income	0	50,716
Sale of scraps	19,425	19,200
Interest Received (TDS Rs.5,18,452/-) (P.Y.Rs.45,169/-)	2,340,929	229,851
Excess Recovery against Debts	0	505,000
Excess Provision of earlier years written back	70,871	0
Misc. Income	25,159	9,683
	<u>2,456,384</u>	<u>814,450</u>
SCHEDULE: 12 "COST OF MATERIAL CONSUMED/SOLD"		
Opening Stock (Material)	37,568	0
Add: Purchase During the Year	61,244,831	49,064,066
Add: Cartage During the Year	71,189	380,079
Less: Closing Stock(Material)	214,889	37,568
	<u>61,138,699</u>	<u>49,406,577</u>
SCHEDULE: 13 "DIRECT OVERHEAD"		
Project Expenses	1,519,667	2,465,242
Repairs & Maintenance-Plant & Machinery	15,830	0
Technical -Professional Fees	225,769	328,437
Site Expenses	151,527	15,410
	<u>1,912,793</u>	<u>2,809,089</u>

PURHIT CONSTRUCTION LIMITED

PARTICULARS	31-03-2009 (Rupees)	31-03-2008 (Rupees)
SCHEDULE: 14 "ADMINISTRATIVE & OTHER EXPENSES"		
Payments to Employees	355,421	209,233
Directors' Remuneration & Perquisites	760,600	729,226
Conveyance Expenses	23,847	6,442
Postage, Telegram & Telephone Expenses	153,617	86,424
Rent, Rates & Taxes	330,456	507,489
Stationery & Printing Expenses	58,868	60,390
Travelling Expenses	18,360	15,292
Advertisement & Sales Promotion	461,495	289,774
Repairs & Maintenance- others	63,629	53,739
Electricity Expenses	147,719	39,711
Insurance	54,231	36,082
Legal & Professional Charges	1,198,425	775,257
Tender Fees	8,400	0
Misc. Expenses	21,521	9,149
Sundry Balance w/off	183,677	0
	<u>3,838,266</u>	<u>2,818,208</u>

SCHEDULE: 15 "FINANCIAL EXPENSES"

Bank Interest & Charges	511,900	85,793
Other Interest	9,775	104,460
	<u>521,675</u>	<u>190,253</u>

SCHEDULE - 16

[PART-I]

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS :

- a. The financial statements have been prepared and presented under the historical cost convention and materially comply with the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, unless stated otherwise.
- b. Company generally follows mercantile system of accounting, recognizing significant items of income and expenditure on accrual basis except in the case of income from investments, income by way of extra work receipts, and income by way of sales of scrap, expenses by way of retirement benefits to employees, and those in the nature of interest or penalty on delayed Statutory dues which are recognized on cash basis.

2. VALUATION OF INVENTORIES :

- a. Inventory of buying materials is valued at cost.
- b. Work in progress at the year-end has been verified, valued and certified by the management based on the terms of agreement with the respective principals.

3. CASH FLOW STATEMENTS :

In terms of Accounting Standard 3 issued by The Institute of Chartered Accountants of India, the cash flow statement is prepared showing differently, the cash flow from Operating Activities, Investing Activities and Financing Activities during the year.

4. PRIOR PERIOD ITEMS :

Material items related to earlier period, to the extent distinctly identifiable, are accordingly accounted.

5. DEPRECIATION ACCOUNTING :

Depreciation on Fixed Assets has been provided on "STRAIGHT LINE METHOD" at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956. Depreciation in the case of any additions/deletions has been provided on pro-rata basis.

6. REVENUE RECOGNITION / ACCOUNTING FOR CONSTRUCTION CONTRACTS :

- a. The company recognizes revenue at the year end on the basis of "PERCENTAGE OF WORK COMPLETION" method based on the amounts admitted by principals till the year end in accordance with the agreements entered into with them.
- b. In case of sale of goods the revenue is recognized upon dispatch of goods.

7. ACCOUNTING FOR FIXED ASSETS :

Fixed assets are stated at "HISTORICAL COST" inclusive of cost of acquisition and directly attributable costs such as freight, installation, etc. incurred for bringing the assets to their working conditions.

8. ACCOUNTING FOR INVESTMENTS :

Investments being long term in nature are stated at "COST" No provision is made for any diminution in the value of the same.

9. EMPLOYEE BENEFITS :

- a. Company's contribution to Provident Fund Account in accordance with the provisions of the said Act is charged to Profit & Loss account.
- b. Gratuity, Leave Encashment and other retirement benefits payable to employees are accounted for on cash basis and hence no provision for the same has been made.

10. RELATED PARTY DISCLOSURES :

In terms of Accounting Standard 18 issued by The Institute of Chartered Accountants of India, the disclosure in respect of related parties is made in the accounts. The disclosure has been made by the management which has been relied upon by the auditors.

11. EARNINGS PER SHARE :

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

12. ACCOUNTING FOR TAXES ON INCOME :

Tax expense for a year comprises of current tax, deferred tax and fringe benefit tax. Current tax and Fringe Benefit tax is measured after taking into consideration, the deductions and exemptions admissible under relevant provisions of the Income Tax Act, 1961.

Deferred Tax, which is computed on the basis of enacted/ substantially enacted rates, is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are recognized only to the extent there is reasonable certainty of realization thereof in future.

13. USE OF ESTIMATES :

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. Actual results could differ from those estimated. Any revision to accounting estimates is recognized prospectively in future periods.

14. IMPAIRMENT OF ASSETS :

As per an assessment carried out by the management as on the balance sheet date there is no indication of any substantial loss on account of overall impairment in the value of the assets. In the opinion of the management the assets are likely to recover the value at which these are stated in the accounts, on an overall basis.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities if material are disclosed by way of Notes.

16. SALES TURNOVER :

Sales Turnover for the year is exclusive of sales tax to the extent applicable and is net of sales return.

17. EXPENSES :

Material known liabilities are provided for on the basis of available information/estimates at the year end.

18. BORROWING COSTS :

Borrowing Costs specifically identified to the acquisition or construction of qualifying assets is capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

19. SEGMENT REPORTING :

The management has identified two business segments it is operating in, viz. Construction and Trading. Details of turnover, carrying cost of assets, capital employed, & expenses and profit/loss in respect of each of the above segments are being reported.

[PART-II]

NOTES ON ACCOUNTS

(Forming part of Balance Sheet and Profit & Loss Account)

1. **CONTINGENT LIABILITIES:** Estimated amount of contract as per the Management, remaining to be executed on Capital Account and not provided for Rs.NIL (P.Y. NIL).
2. Outstanding premium of KEY MAN INSURANCE POLICY not provided for in the accounts Rs.9,74,928/- (P.Y. Rs.8,53,062/-).
3. a. The contracts earlier awarded to the company by Western Railway in respect of its Veraval, Junagadh and Rajkot Division had been terminated in earlier years. The contracts had subsequently been awarded to other contractors at the risk and cost of the company. The cost or loss to be incurred on this account is not quantifiable during the year. In view of the same, the principal has so far not admitted the bill raised by the company for work carried out by it prior to its termination. However, the company had quantified & valued such uncertified works at Rs.9,48,077/-, which had already been admitted in the accounts during earlier years.
b. The Company further has receivable of Rs.6,95,686/- from the same projects admitted by it in earlier years which has not been received by the Company owing to this dispute.
c. The matter of recovery of above Rs.16,43,763/- comprising of receivables and uncertified works has been referred to Arbitration and the proceedings are pending. The matter being subjudice the impact of the same, if any on the accounts shall be accounted upon receipt of the final award in that regard.
4. During the earlier year, the Company has filed suit for recovery of Rs.2,56,195/- in respect of extra work being carried out by it in two units of its project. In view of the matter being subjudice, the company had not recognized the revenue in that respect. The party has also filed suit against the company to claim possession of the premises, which is yet to be decided. Further, in view thereof, the company has cancelled booking of the premises and amount of Rs.14.58 lacs received in respect thereof has been carried as current liabilities.
5. The company has a balance of unclaimed dividend of earlier years amounting to Rs.1,38,325/- against which the company has balance of Rs.1,19,710/- in separate bank accounts as at the year end. The company has initiated steps to replenish the shortfall.
6. Addition in Deferred Tax Liability of Rs.38,026/- (P.Yr: Rs. 75,462/-) arising during the Current Financial Year has been recognized in the accounts.
7. The balances of Debtors, Creditors, Booking advances, Deposits and advances are subject to confirmation and reconciliation.
8. Investments at the year end have been physically verified and certified by the directors.

9. Auditor's Remuneration:	<u>2008-09</u>	<u>2007-08</u>
Audit Fees	50,000	30,000
Income Tax Matters	20,000	Nil
10. Payment to Directors:	<u>2008-09</u>	<u>2007-08</u>
Salaries	7,60,600	7,29,226
Perquisites	—	—
Interest paid	—	—
Total :	<u>7,60,600</u>	<u>7,29,226</u>

PUROHIT CONSTRUCTION LIMITED

11. EARNING PER SHARE(EPS) :	2008-09	2007-08
a) Net Profit/Loss available to Equity shareholders (Numerator use for calculation)	30,23,555	25,50,780
b) Weighted Average number of Equity shares	40,05,600	40,05,600
c) Basic & Diluted EPS (Before & After Extraordinary items)	0.75	0.64

12. a) Sundry Creditors includes dues to small scale Industrial undertaking - Rs. NIL (P.Y.NIL)
 b) The small scale Industrial undertakings to whom amount outstanding for more than 30 days, where such dues exceeds Rs.1 lac are NONE.

13. a) As per Accounting Standard 18, issued by Institute of Chartered Accountants of India, the transactions with the related parties as defined in the accounting standard are given below :

SR. NO.	NAME OF RELATED	RELATIONSHIP
1.	B.N. Associates	Associates
2.	Status Finstocks Pvt. Ltd.	Associates
3.	P.B. Infonet Pvt. Ltd.	Associates
4.	Sopan Infrastructure	Associates
5.	Go Mangoes	Associates
6.	Smt. Hemlata N. Purohit	Relatives of Key Management Personnel
7.	Ani N. Purohit	Relatives of Key Management Personnel
8.	Urvi N. Purohit	Relatives of Key Management Personnel
9.	Saumil N. Purohit	Relatives of Key Management Personnel
10.	Forum N. Purohit	Relatives of Key Management Personnel
11.	N.M. Purohit HUF	Relatives of Key Management Personnel
12.	Deepkiran S. Purohit	Relatives of Key Management Personnel
13.	N.M. Purohit	Key Management Personnel
14.	Indravadan L. Pandya	Management Personnel
15.	Mahendra Sanghani	Management Personnel
16.	Bipin Solanki	Management Personnel
17.	Nishit Gohel	Management Personnel
18.	Kumudchandra Sheravia	Management Personnel

- b) Transactions during the year :

Sr. No.	Nature Of Transaction	Associates	Key management personnel	Relatives of Key Management Personnel
1	Loans Taken :			
	Opening Balance	1,77,000	Nil	Nil
	(+) Additions	13,000	59,51,000	3,11,000
	TOTAL	1,90,000	59,51,000	3,11,000
	(-) Repaid	1,90,000	51,82,000	3,11,000
	Closing Balance	Nil	7,69,000	Nil
2	Loans Given :			
	Opening Balance	Nil	-	Nil
	(+) Additions	12,247	-	1,50,000
	TOTAL	12,247	-	1,50,000
	(-) Repaid	12,247	-	1,50,000
	Closing Balance	Nil	-	Nil

3	Value of Work Certified :			
	Opening Balance	20,10,822	--	--
	(+) Additions	0	--	--
	TOTAL	20,10,822	--	--
	(-) Received	20,10,822	--	--
	Closing Balance	Nil	--	--
4	Other Expenditure :			
	(a) Lease Rent & Maintenance	--	--	2,84,880
	(b) Director's Remuneration	--	--	--
	(c) Salary	--	7,60,600	--
	(d) Interest Paid	--	--	--
5	Advance for Development Rights :			
	Opening Balance	--	--	--
	(+) Additions	--	--	2,92,20,000
	TOTAL	--	--	2,92,20,000
	(-) Received	--	--	--
	Closing Balance	--	--	2,92,20,000

14.- Details of turnover, carrying cost of assets, capital employed, & expenses and profit/loss in respect of Construction and Trading segments is reported as under.

Particulars	Construction	Trading	Total
Revenue			
External Revenue	8252450	59301732	67554182
Inter-segment Revenue	0	0	0
Total Revenue	8252450	59301732	67554182
Cost of material consumed/sold	2068339	59070360	61138699
Other Direct expenses	1912793	0	1912793
Contribution	4271318	231372	4502690
Unallocable income	0	0	3656384
Unallocable expenses	0	0	4667993
Income Taxes	0	0	467526
	4271318	231372	3023555
Profit after tax & depreciation			
Other Information			
Segment Assets	69813350	64466	69877816
Unallocated Assets	0	0	10104077
Total Assets	69813350	64466	79981893
Segment Liabilities	48898284	0	48898284
Unallocated Liabilities	0	0	4558857
Total Liabilities	48898284	0	53457141

15. Quantitative information (As Certified by Management) :

- i) Licensed capacity : Not applicable
- ii) Installed capacity : Not applicable
- iii) Actual Production : Not applicable
- iv) Opening Stock, Production and Closing Stock :

a) Raw-Materials (Principle building material)

CLASS OF GOODS	UNIT	OPENING STOCK				CLOSING STOCK			
		CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
		QTY.	RS.(LAC)	QTY.	RS.(LAC)	QTY.	RS.(LAC)	QTY.	RS.(LAC)
CEMENT BAGS	BAGS	120	0.26	0	0.00	10	0.22	120	0.26
STEEL	M.T.	0.10	0.05	0	0.00	0	0.00	0.10	0.05
TOTAL :			0.31		0.00		0.22		0.31

b) Consumption of Raw Materials (Principle Building Material) :

CLASS OF GOODS	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		QTY.	Rs. (In Lacs)	QTY.	Rs. (In Lacs)
CEMENT BAGS	Nos.	742	1.63	5509	10.62
STEEL	M.T.	2.843	1.23	131.12	38.58
TOTAL			2.86		49.20

c) -Turnover of Traded Goods :

CLASS OF GOODS	UNIT	PURCHASE		SALE	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
CEMENT BAGS	Nos.	0	1335	0	1335
STEEL / STEEL ITEMS	M.T.	0.00	456.735	0.00	456.735
ALLUMINIUM INGOTS/DROSS	M.T.	772.685	0.00	772.685	0.00

16. Figures are rounded off to the nearest Rupees.

17. The Previous Year figures have been reworked, regrouped, rearranged and reclassified wherever necessary.

18. Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

As per our Report of even date

For GATTANI & ASSOCIATES
Chartered Accountants

SHARAD GATTANI
Partner

Place : Ahmedabad
Date : 11-06-2009

For and on behalf of the Board of Directors

Narendra M. Purohit (Chairman & M.D.)
Bipinchandra M. Solanki (Director)
Mahendra H. Sanghani (Director)

Place : Ahmedabad
Date : 11-06-2009

PUROHIT CONSTRUCTION LIMITED

Information referred to in Note 18 in schedule 16 to the Accounts for the year ended 31st March, 2009.

Part IV of Schedule VI of Companies Act, 1956(As amended) Balance-Sheet Abstract and Company's General Business Profile

1. Registration Details

Registration No.	15878	State Code	04
Balance Sheet Date	31-03-2009		

2. Capital Raised During the Year

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

3. Position of Mobilization & Deployment of Fund

Total Liabilities	4,34,19,594/-	Total Assets	4,34,19,594/-
Sources of Funds		Application of Funds	
Paid up Capital	40056000	Net Fixed Assets	4225401
Reserves and Surplus	13936339	Investment	303505
Secured Loans	2189503	Net Current Assets	24954349
Unsecured Loans	769000	Misc. Expenditure	0

4. Performance of Company

Turnover (Inclusive Other Income)	71210566	Total Expenditure	67719485
Profit Before Tax	3491081	Profit After Tax	3023555
Earning Per Share (Annualized)	0.75	Dividend (%)	NIL

5. Generic Names of Principal Products of the Company

Item Code No. (ITC Code)	N.A.
Product Discription	Civil Contractor

As per our Report of even date

For **GATTANI & ASSOCIATES**
Chartered Accountants

SHARAD GATTANI
Partner

Place : Ahmedabad
Date : 11-06-2009

For and on behalf of the Board of Directors

Narendra M. Purohit (Chairman & M.D.)

Bipinchandra M. Solanki (Director)

Mahendra H. Sanghani (Director)

Place : Ahmedabad
Date : 11-06-2009

PUROHIT CONSTRUCTION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	31/03/09 Rupees	31/03/08 Rupees
A. CASH FROM OPERATING ACTIVITY :		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS :	3491081	2968742
Adjustment For :		
1 Profit on sale of Investments	-1200000	0
2 Depreciation	308052	257998
3 Deferred Tax	-38026	-75462
4 Loss on sale of Assets	0	25354
5 Interest Expenses	521675	190253
6 Misc. Expenses written off	0	0
7 Interest Income	-2340929	-229851
8 Dividend Income	0	0
9 Taxes	-429500	-342500
Operating Activity Before Working Capital Change : (a)	<u>312353</u>	<u>2794534</u>
Adjustment For :		
1 (Increase) / Decrease in Trade & Other Receivables	3154074	11547657
2 (Increase) / Decrease in Loans & Advances	-37618809	-4503917
3 (Increase) / Decrease in Inventories	-8429771	-735743
4 (Increase) / Decrease in Current Liabilities	43094365	-3380739
5 Interest Paid	-521675	-190253
Net Working Capital Changes : (b)	<u>-321816</u>	<u>2737005</u>
Cash Flow before Extraordinary Items : (a-b)	<u>-9463</u>	<u>5531539</u>
Prior Period Item	0	0
Net Cash Flow from Operating Activities : (A)	<u>-9463</u>	<u>5531539</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
1 Purchase of Fixed Assets	-1457030	-2216880
2 Purchase of Investments	0	0
3 Sale of Fixed Assets	0	1071601
4 Sale of Investments	2200000	0
5 Interest Received	2340929	229851
6 Dividend Received	0	0
Net Cash Flow from Investing Activities : (B)	<u>3083899</u>	<u>-915428</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
1 Proceeds from Issue of Share Capital	0	0
2 Proceeds from / (Repayment of) Long-Term Borrowings	357072	1832431
3 (Payments of) / Receipts from Borrowings (Short Term)	992000	-1353577
Net Cash Flow from Financing Activities : (C)	<u>949072</u>	<u>478854</u>
Net Increase/(Decrease) in Cash & Cash Equivalent : (A + B + C) = (D)	<u>4023508</u>	<u>5094965</u>
Cash & Cash Equivalents (Opening):		
Cash on Hand	189257	383243
Balance with Banks	5587807	298856
Total : (E)	<u>5777064</u>	<u>682099</u>
Cash & Cash Equivalents (Closing):		
Cash on Hand	13032	189257
Balance with Banks	9787540	5587807
Total : (D+E)	<u>9800572</u>	<u>5777064</u>

For and on behalf of the Board of Directors,
Narendra M. Purohit Chairman & M.D.
Mahendra H. Snaghani Director
Bipinbhai M. Solanki Director

AUDITOR'S CERTIFICATE

We have verified the above cash flow statement with the books and records maintained by "PUROHIT CONSTRUCTION LIMITED" and certify that in our opinion and according to the information and explanations given to us, the above statement is in accordance there with.

For and on behalf of
GATTANI & ASSOCIATES
 Chartered Accountants
SHARAD GATTANI
 Partner

Place : Ahmedabad
 Date : 11-06-2009

PUROHIT CONSTRUCTION LIMITED

PUROHIT CONSTRUCTION LIMITED

Regd. Office : 401, Purohit House, Opp. Stadium,
Navrangpura, Ahmedabad - 380 009.

ATTENDANCE SLIP

Eighteenth Annual General Meeting, 30th July, 2009

Folio No.

No. of Shares held :

I certify that I am registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company at Fun Point, Club, Sarkhej-Gandhinagar Highway, Ahmedabad-382 481 at 11.30 a.m. on Thursday, the 30th July, 2009.

Member's / Proxy's Name
(in block letters)

Member's / Proxy's Signature

NOTE : Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.

PUROHIT CONSTRUCTION LIMITED

Regd. Office : 401, Purohit House, Opp. Stadium,
Navrangpura, Ahmedabad - 380 009.

PROXY FORM

Eighteenth Annual General Meeting, 30th July, 2009

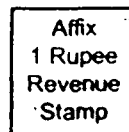
Folio No.

No. of Shares held :

I/We _____ of _____
being a member / members of PUROHIT CONSTRUCTION LIMITED hereby appoint
_____ of _____
or failing him / her _____ of _____
as my / our proxy to attend and vote at the EIGHTEENTH ANNUAL GENERAL MEETING to be held on Thursday,
the 30th July, 2009 and at any adjournment thereof.

Signed this _____ day of _____ 2009.

[Signature of the Member(s)]



NOTE : This instrument of Proxy should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the ANNUAL GENERAL MEETING.

PUROHIT CONSTRUCTION LIMITED

**BOOK-POST
PRINTED MATTER**

To,



PUROHIT CONSTRUCTION LIMITED

Regd. Office : 401, "Purohit House", Opp. Sardar Patel Stadium,
Navrangpura, Ahmedabad-380 009.

Phone : 66620104, 65214001

