



**P U R O H I T  
C O N S T R U C T I O N  
L I M I T E D**

**8<sup>th</sup>  
ANNUAL  
REPORT**

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**1998-99**

**BOARD OF DIRECTORS**

**SHRI NARENDRA M. PUROHIT** : CHAIRMAN & MANAGING DIRECTOR  
**SHRI SHARAD R. AMIN** : EXECUTIVE DIRECTOR  
**HAMLATA N. PUROHIT** : DIRECTOR  
**DEVENDRA M. VAKHARIYA** : DIRECTOR  
**PARESH R. JANI** : DIRECTOR  
**ARVIND P. PATEL** : DIRECTOR  
**SURENDRA B. SHAH** : DIRECTOR  
**AMI N. PUROHIT** : ADDITIONAL DIRECTOR

**AUDITORS**

**M/S. GATTANI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**AHMEDABAD**

**BANKERS**

**THE AHMEDABAD MERCANTILE CO-PO BANK LIMITED**  
**AHMEDABAD**

**TAMILNAD MERCANTILE BANK LIMITED**  
**AHMEDABAD**

**REGISTERED OFFICE**

401, PUROHIT HOUSE  
 OPP. SARDAR PATEL STADIUM  
 NAVRANGPURA  
 AHMEDBAD - 380 009.

**8TH ANNUAL GENERAL MEETING**

Date : 22nd September, 1999  
 Day : Wednesday  
 Time : 11:30 a.m.  
 Place : Fun Point Club, Sarthaj-Gandhinagar  
 Highway, Ahmedabad - 382 401

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**NOTICE**

NOTICE is hereby given that the 8th Annual General Meeting of M/s. Purohit Construction Limited will be held on Wednesday, the 22nd day of September, 1999 at 11.30 a.m. at Fun Point Club, Sarkhej-Gandhinagar Highway, Ahmedabad-382 481 to transact the following business :

**ORDINARY BUSINESS :**

- (1) To receive, consider and adopt the Balance-Sheet as at 31st March, 1999 and the Profit & Loss Account for the period ended on that date together with Directors' and Auditors' reports thereon.
- (2) To appoint a Director in place of Mr. Devendra M. Vakhariya, who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To appoint a Director in place of Mr. Paresh R. Jani, who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To re-appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS :**

- (5) To consider and if thought fit, to pass with or without modification the following resolution as a ordinary resolution :

"RESOLVED THAT Ms. Ami N. Purohit, who was appointed as an additional director of the company on 4th November, 1998 and holds office upto the ensuing Annual General Meeting of the company under section 260 of the Companies Act. 1956 and in respect of whom 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."

- (6) To consider and if thought fit, to pass with or without modification the following resolution as a ordinary resolution :

"RESOLVED THAT pursuant to Section 269 read with schedule XIII, 309, 310 and all other applicable provisions, if any of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Ms. Ami N. Purohit as

Executive Director of the Company with effect from 1st July, 1999 on the following terms and conditions

- (1) The appointment shall be for a period of 5 years with effect from 1st July, 1999.
- (2) She shall be entitled to a monthly salary of Rs. 6000/- (Rupees Six Thousand Only)
- (3) The Company will reimburse to the Executive Director such expenses as she may incur on behalf of the Company.
- (4) The Executive Director will be entitled to the earned privilege leave on full pay and allowance as per the rules of the Company not exceeding one month leave for every eleven months of service.
- (5) The Executive Director shall not be entitled to receive any sitting fee for attending the meetings of the Board of Directors or Committee thereof from the date of her appointment.

"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 necessary to give effect to the foregoing."

By order of the Board of Directors

**NARENDRA M. PUROHIT**  
Chairman & Managing Director

PLACE : AHMEDABAD

DATE : 30TH, JULY 1999

**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 valid 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 14th September, 1999 to 22nd September, 1999 (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 explanatory statement as required under section 173(2) of the Companies Act. 1956 is annexed.
- (6) The shares of the company are listed at Ahmedabad and Pune Stock Exchanges

**EXPLANATORY STATEMENT  
EXPLANATORY STATEMENT PURSUANT TO  
SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 5**

Ms. Ami N. Purohit was appointed as an additional director of the company on 4th November, 1998 and pursuant to section 260 of the companies act, 1956 holds the office upto the date of the ensuing Annual General Meeting of the company. The company has received a notice under section 257 of the Companies Act, 1956 from a member of the company proposing the appointment of Ms. Ami N. Purohit for the directorship of the company. The Board commends passing of the resolution.

None of the directors of the company except Ms. Ami N. Purohit herself and Mr. Narendra M. Purohit and Mrs. Hemlata N. Purohit being related to her, may be deemed to be concerned or interested in the resolution.

**Item No. 6**

Ms. Ami N. Purohit was appointed as an Executive Director of the Company pursuant to section 269 read with Schedule XIII and sections 309 and 310 of the Companies Act, 1956 w.e.f. 1st July, 1999, for a period of 5 years on a monthly salary of Rs. 6000/-. Ms. Ami Purohit is qualified Diplomaholder in Architectural Engineering and the Company may be tremendously benefited from her qualifications. The draft agreement to be entered into between the Company and Ms. Ami N. Purohit is available for inspection of members on any working day between 3 p.m. and 5 p.m. up to the date of ensuing Annual General Meeting of the Company. The Board commends the passing of the resolution.

None of the directors of the company except Ms. Ami N. Purohit herself and Mr. Narendra M. Purohit and Mrs. Hemlata N. Purohit being related to her, 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 : 30TH, JULY 1999

**DIRECTOR S' REPORT**

Dear Members

Your Directors have pleasure in presenting the 8th Annual Report for the year ended 31st March, 1999

FINANCIAL PERFORMANCE :	(Rs. in Lacs)	
	1998-99	1997-98
Total Income	268.05	374.92
Financial Expenses	38.87	22.09
Depreciation	4.13	4.07
Profit Before Taxation	21.27	22.35
Provision for Income-Tax	6.00	8.75
Profit after Taxation	15.27	13.60
Transfer to General Reserve.	NIL	NIL
Proposed Dividend	NIL	NIL
Dividend Tax	NIL	NIL
Balance Carried to Balance-Sheet	37.19	21.92

Your directors regret their inability to recommend dividend on equity shares of the company for the year under review, on account of meagre profits. The projects "STATUS I" and "STATUS II" are under progress and possessions are being given in completed units in "STATUS I". The Construction industry is facing a nation-wide sluggish trend which has not only affected the operations of the company but also the overall level of operations in the entire country. The prices of real estate in all the metropolitans including Ahmedabad continue to be lower by 30 to 40 percent compared to 1995. The demand for the residential as well as commercial segment is not encouraging. The prices of the land haven't come down correspondingly which has adversely affected the profitability of the industry in general. Looking at the lukewarm demand, the company has not taken-up new projects which it had earlier proposed. However, your directors are hopeful that in near future, the scenario would change and the demand would start picking-up

**DEPOSIT :**

The Company has not accepted any deposit to which the provisions of section 58(A) of the Companies Act, 1956, and the relevant rules made thereunder are applicable.

**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. Devendra M. Vakhariya and Mr. Paresh R. Jani, directors retire by rotation and being eligible offer themselves for reappointment. You are requested to reappoint the said directors.

Ms. Ami. N. Purohit was appointed as an additional director of the company w.e.f. 4th November, 1998 and pursuant to section 260 of the Companies Act, 1956 holds office upto the ensuing Annual General Meeting of the company. The company has received a notice alongwith a deposit of Rs. 500/- from a member of the company under section 257 of the Companies Act, 1956 proposing the candidature of Ms. Ami N. Purohit for the directorship of the company.

Ms. Ami N. Purohit was also appointed as Executive Director of the Company w.e.f. 1st July, 1999 for a period of 5 years on the terms and conditions mentioned in Item No. 6 of the accompanying Notice.

The Board of directors of the company commends passing of the said resolutions.

**AUDITORS :**

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

**ACKNOWLEDGMENT**

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 : 30TH, JULY 1999

**AUDITOR'S REPORT**

TO  
THE SHARE HOLDERS OF  
PUROHIT CONSTRUCTION LIMITED

We have audited the attached Balance Sheet of PUROHIT CONSTRUCTION LIMITED, Ahmedabad as at 31st March, 1999 and the Profit & Loss Account attached thereto for the year ended on that date. In our opinion and as per the books and record examined by us in the normal courses of audit. We report that :-

A As required by the manufacturing and other companies ( Auditors Report) order. 1988 issued by the company law board Government of India. In term of section 227 (4-A) of the Companies Act. 1956. We enclosed 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 in paragraph A above. We state that:-

B We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

C In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books.

D The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.

E In our opinion the Profit & Loss and Balance Sheet comply with accounting standard as referred to in sub section 3(i) of section 211 of the Companies Act. 1956

F In our opinion and to the best of our informations and according to the explanations given to us the said accounts read in connection with schedule 1 to 14 forming part of the accounts. give the information required by the Companies Act. 1956 in the manner so required and give a true and fair view :

i) In so far as it relates to the Balance Sheet of the state of affairs of the company as at 31st March, 1999 and

ii) In so far as it relates to the Profit & Loss Account of the profit for the period ended on that date.

FOR, **GATTANI & ASSOCIATES**  
Chartered Accountants

PLACE : AHMEDABAD      **SHARAD GATTANI**  
DATE : 30th July, 1999      Partner

**ANNEXURE TO THE AUDITOR'S REPORT ( REFER TO IN PARAGRAPH (1) OF OUR REPORT OF EVEN DATE)**

1. As per information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals. We are informed that no material discrepancies have been noticed on physical verification of assets.
2. As per information and explanations given to us, none of the fixed assets have been revalued during the year.
3. As per information and explanations given to us stock of materials, stores and spares have been physically verified during the year by the management at the reasonable intervals.
4. As per information and explanations given to us and in our opinion the procedure of physical verification of stock followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
5. As per information and explanations given to us what ever discrepancies noticed on verification between the physical stocks and books records were not material and the same have been properly dealt with in the books of accounts.
6. As per information and explanations given to us and in our opinion ( on the basis of our examination of stocks) the valuation of the stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the proceeding year.
7. As per information and explanations given to us, loans and advances in the name of loans have been granted by the company to various parties and to employees who have generally repaid the principal amount as stipulated or as rescheduled from time to time and have also been generally regular in the payment of interest, If any except in the case of Nishant Paper Mills Ltd. amounting Rs. 750000/- as detailed in para 4 of Schedule 14 of Notes forming parts of accounts.
8. As per information and explanations given to us the company has taken Loans, Secured or Un-secured from Companies, Firms or other parties listed in the register maintained under section 301 and 370 (i) (C) of the Companies Act, 1956 and or from companies under the same management as defined under section 370 I (B) of the Companies Act, 1956, the terms of which are not prejudicial to the interest of the Company.
9. As per information and explanations given to us, we are unable to compare the prices of transactions of purchase of goods and materials and sale of goods materials and services made in pursuance of contracts and arrangements entered in register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000 or more with those of supplied by / to other parties.
10. In our opinion and as per information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regards to purchase of materials, Plants and machinery equipments and other assets.
11. As per the information and explanations given to us the company has granted Loans, Secured or Un-secured, to Companies Firms or other parties listed in register maintained Under Section 301 and/ or to the companies under the same management as defined Under Section 370 I (B) in the Companies Act, 1956, the terms of which are not prejudicial to the interest of the Company.
12. The company has not accepted any deposits within the meaning of section 58A of the Companies Act, 1956 and the companies ( Acceptance of Deposits) Rules 1975.
13. As per information and explanations given to us and in our opinion, the Company has maintained reasonable records for the sale and disposal of by products and scraps as far as possible.
14. As per information and explanations given to us the Company doesn't have formal internal audit system commensurate with the size of the Company and nature of it's business.
15. As per information and explanations given to us the Central Government has not prescribed maintenance of cost records Under Section 209 (1) (d) of the Companies Act, 1956
16. As per information and explanations given to us the Company has neither deducted nor paid any contribution towards Provident Fund & E.S.I. during the year under audit
17. As per information and explanations given to us the Company doesn't have any undisputed amount in respect of Income Tax, Custom Duty, Wealth Tax, Excise Duty and Sales Tax outstanding as at 31st March, 1999 for a period of more than 6 months from the date they become payable.
18. As per information and explanations given to us no personal expenses of employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. As per the information and explanations given to us company is not a sick industrial company with in the meaning of Clause (0) of Sub-Section (1) of Section 3 of Sick Industrial Companies ( Special Provision) Act, 1985
20. As per the information and explanations given to us the company has a regular procedure for the determination of the unserviceable or damaged stores and raw materials and adequate provision has been made in the accounts for the loss arising on such items.
21. Company has reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the company and the nature of its business on issue of stores and allocation of stores and labour to jobs.

FOR, **GATTANI & ASSOCIATES**  
Chartered Accountants

PLACE : AHMEDABAD      **SHARAD GATTANI**  
DATE : 30th July, 1999      Partner

## BALANCE SHEET AS AT 31st MARCH, 1999.

	SCHEDULE	AS AT 31-03-1999 (Rs.)	AS AT 31-03-1998 (Rs.)
<b>(I) SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	40056000	40056000
(b) Reserves & Surplus	2	4030272	2503290
		<u>44086272</u>	<u>42559290</u>
<b>(2) LOAN FUNDS</b>			
(a) Secured Loans	3	13731509	17053162
(b) Unsecured Loans	4	7642881	1474923
		<u>21374390</u>	<u>18528085</u>
Total Funds Employed		<u>65460662</u>	<u>61087375</u>
<b>(II) APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
(a) Gross Block	5	8248923	8216409
(b) Less : Depreciation		1528726	1115269
(c) Net Block		<u>6720197</u>	<u>7101140</u>
<b>(2) INVESTMENTS</b>			
	6	4893510	4893615
<b>(3) CURRENT ASSETS &amp; ADVANCES</b>			
(a) Inventories	7	26467249	20899691
(b) Sundry Debtors		104120562	100273353
(c) Cash & Bank Balances		39288	224805
(d) Loans & Advances		9093554	18673429
		<u>139720653</u>	<u>140071278</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
(a) Current Liabilities	8	85794944	89001239
(b) Provisions	9	1510667	3703431
		<u>87305611</u>	<u>92704670</u>
NET CURRENT ASSETS		<u>52415042</u>	<u>47366608</u>
<b>(4) Miscellaneous Expenditure</b>			
(To the extent not written off)		1431913	1726012
Total Funds Utilised		<u>65460662</u>	<u>61087375</u>
Accounting Policies & Notes on Accounts	14		

As per our Report of even date.

**FOR GATTANI & ASSOCIATES**  
Chartered Accountants**SHARAD GATTANI**  
PartnerPLACE : AHMEDABAD  
DATE : 30th July, 1999

For and on behalf of the Board of Directors

**Narendra M. Purohit** Chairman & Managing Director**Devendra Vakhariya** Director**Hemlata N. Purohit** Director**Ami N. Purohit** DirectorPLACE : AHMEDABAD  
DATE : 30th July, 1999

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1999.**

	SCHEDULE	Year ended 31-03-1999 (Rs.)	Year ended 31-03-1998 (Rs.)
<b>INCOME</b>			
Work Certified		25791834	36711952
Other Income	10	766120	780413
		<u>26557954</u>	<u>37492365</u>
<b>EXPENDITURE</b>			
Building Materials Consumed		11637871	18145751
Project Expenses	11	5594665	9740755
Administrative and other Expenses	12	3145195	3591551
Financial Expenses	13	3886810	2209022
Loss on Sale of Investment			1162500
Depreciation		413457	407520
		<u>24677998</u>	<u>35257099</u>
<b>PROFIT BEFORE TAXATION</b>		1879956	2235266
Less : Provision for Taxation		600000	875000
<b>PROFIT AFTER TAXATION</b>		1279956	1360266
Add : Prior Period Adjustment		247026	-
<b>PROFIT FOR THE YEAR</b>		1526982	1360266
Add : Surplus brought forward from p.y.		2192290	832024
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		3719272	2192290
Surplus Carried to Balance Sheet		3719272	2192290
		<u>3719272</u>	<u>2192290</u>

Accounting Policies & Notes on Accounts.

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As per our Report of even date.

**FOR GATTANI & ASSOCIATES**  
Chartered Accountants

**SHARAD GATTANI**  
Partner

PLACE : AHMEDABAD  
DATE : 30th July, 1999

For and on behalf of the Board of Directors

**Narendra M. Purohit** Chairman & Managing Director  
**Devendra Vakhariya** Director  
**Hemlata N. Purohit** Director  
**Ami N. Purohit** Director

PLACE : AHMEDABAD  
DATE : 30th July, 1999



## SCHEDULES FORMING PART OF ACCOUNTS

	31-03-1999 (Rs.)	31-03-1998 (Rs.)
<b>SCHEDULE - 1 : SHARE CAPITAL</b>		
AUTHORISED SHARE CAPITAL		
10000000 (P.Y. 10000000) Equity Shares of Rs. 10/- each	100000000	100000000
ISSUED SUBSCRIBED AND PAID UP		
4005600 (P.Y. 4005600) Equity Shares of Rs. 10/- each fully paid up.	40056000	40056000
	<u>40056000</u>	<u>40056000</u>
<b>SCHEDULE - 2 : RESERVES AND SURPLUS</b>		
GENERAL RESERVE		
Balance as per last Balance - Sheet	311000	311000
Transferred from Profit & Loss A/c.	<u>311000</u>	<u>311000</u>
Profit & Loss A/c as per last balance sheet : 2192290		
Add : Profit for the year : 1526982	3719272	2192290
	<u>4030272</u>	<u>2503290</u>
<b>SCHEDULE - 3 : SECURED LOANS</b>		
Tamilnad Mercantile Bank Ltd. Cash Credit Facility (Secured against hypothecation of goods & Personal Guarantee of Directors)	2837028	2604630
K.Z. Leasing & Finance (Secured against hypothecation of goods & Personal Guarantee of Managing Director)	-	833310
Gujarat Lease Financing Ltd. ( Secured Against goods)	-	460400
Ahmedabad Mercantile Co-op Bank Ltd. Term Loan A/c. ( Secured against mortgage of land belonging to principals of status-I project together with superstructure standing thereon belonging to the company bungalow of the Managing Director and hypothecation of goods lying at that site)	10325980	13154822
Ashutosh Lease Financing Ltd. (Secured against hypothecation of movable equipment/machinery)	568501	-
	<u>13731509</u>	<u>17053162</u>
<b>SCHEDULE : 4 UNSECURED LOANS</b>		
Inter Corporate Deposit	1688277	1149757
Other ( Includes due to directors Rs. 2374827/-p.y. Rs. nil ) (maximum balance outstanding during the year Rs. 2406171/-p.y. Rs. 745000/-)	5954604	325166
	<u>7642881</u>	<u>1474923</u>

**SCHEDULE - 5 : FIXED ASSETS**

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRICIATION (S.L.M.)				NET BLOCK	
	AS AT 1-1-98	ADD.	DED	AS AT 31-3-99	UP TO 31-3-98	ADD.	DED	UP TO 31-3-99	AS AT 31-3-99	AS AT 31-3-98
Office Building	674712	0	0	674712	46580	10998	0	57578	617134	628132
Plant & Machinery	3019688	24324	0	6044012	714551	286641	0	1001192	5042820	5305137
Furniture & Fixture	731102	0	0	731102	159447	45548	0	204995	526107	571655
Vehicles	336754	1500	0	338254	72039	31945	0	103984	234270	264715
Office Equipment	454153	6690	0	460843	122652	38325	0	160977	299866	331501
<b>Total</b>	<b>8216409</b>	<b>32514</b>	<b>0</b>	<b>8248923</b>	<b>1115269</b>	<b>413457</b>	<b>0</b>	<b>1528726</b>	<b>6720197</b>	<b>7101140</b>
PREVIOUS YEAR	7979235	264732	27558	8216409	710703	407520	2954	1115269	7101140	-

**SCHEDULE - 6 : INVESTMENTS (AT COST)**

	31/03/99 Rupees	31/03/98 Rupees
<b>QUOTED - NON TREDE</b>		
12100 Equity Shares of Sterling Guarantee and Finance Ltd. Rs. 10/- each fully paid	181500	181500
100000 Equity Shares of Simandher Finance Ltd. of Rs. 10/- each fully paid	1000000	1000000
150000 Equity Shares of Arihant Classic Finance Ltd. Rs. 10/- each fully paid	1500000	1500000
<b>UNQUOTED - TRADE</b>		
100 Shares of Shree Bhagyoday Co-op Bank Ltd. of Rs. 10/- each fully paid	1005	1005
1000 Shares of AMCO Bank Ltd. of Rs. 10/- each fully paid	10005	10005
Application money for 10 shares of Co-op Bank of Ahmedabad Ltd.	-	105
<b>UNQUOTED - NON TRADE</b>		
50000 Equity Shares of Shiromani Securities Ltd. of Rs. 10/- each fully paid	500000	500000
50000 Equity Shares of Avone Securities ( Gujarat ) Ltd. of Rs. 10/- each fully paid	500000	500000
120000 Equity Shares of Citizen Amusement & Organisers Ltd. of Rs. 10/- each fully paid	1200000	1200000
20 Shares of Shiv Sankalp Owner's Association. of Rs. 50/- each fully paid	1000	1000
Market Value of Quoted investments as on 31st March 99 is not available as no transactions are reported on Ahmedabad Stock Exchange in these scripts. ( P.Y. Not Reported)	<u>4893510</u>	<u>4893615</u>

	31-03-1999 (Rs.)	31-03-1998 (Rs.)
<b>SCHEDULE - 7 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>(A) CURRENT ASSETS :</b>		
(a) (1) Inventories ( At cost & as verified, valued & certified by the directors)	926162	1429604
(2) Work in progress ( See Note : 5 (iii) )	25541087	19470087
<b>(b) Sundry Debtors ( Unsecured, Considered goods)</b>		
Outstanding for a period exceeding six months	84606495	100059000
Others	19514067	214353
	<u>104120562</u>	
<b>(c) Cash &amp; Bank Balances ;</b>		
(1) Cash on hand	28577	215793
(2) Bank Balances with Scheduled Banks		
- In Current Accounts	10711	
- In Fixed Deposit Accounts	-	9012
	<u>10711</u>	<u>9012</u>
	<u>130627099</u>	<u>121397849</u>
<b>(B) LOANS &amp; ADVANCES</b>		
(1) Unsecured & considered good		
Advances receivable in cash or kind:	3797956	10565914
(2) Unsecured & Considered doubtful:	765000	15000
(3) Deposits	1115413	1356474
(4) Advances for Land	1880000	2380000
(5) Advance Income Tax & TDS:	1535185	4356041
	<u>9093554</u>	<u>18673429</u>
	<u>139720653</u>	<u>140071278</u>

**SCHEDULE - 8 : CURRENT LIABILITIES**

* Sundry Creditors		
Sundry Creditors for goods	4025101	4741964
Sundry Creditors for expenses	1761031	1896494
Sundry Creditors for others	6060554	3457533
* Booking Advances from Members	73813939	78824997
* Statutory Liabilities	134319	80251
	<u>85794944</u>	<u>89001239</u>

	31-03-1999 (Rs.)	31-03-1998 (Rs.)
<b>SCHEDULE - 9 PROVISIONS</b>		
* Provision for Taxation	1475000	3667400
* Unpaid Expenses	35667	36031
	<u>1510667</u>	<u>3703431</u>

**SCHEDULE - 10 OTHER INCOME**

Service Charge	-	18000
Sale of empty bags & scraps	29379	11748
Salvage Income	-	4162
Interest Received ( TDS Rs. 100748 - P.Y. Rs. 124831)	534170	637260
Sundry Balance Written off	4767	10272
Misc. Income	-	98800
Profit on Sales of Machinery	-	171
Dividend Income	750	-
Interest on Income Tax. Refund	197054	-
	<u>766120</u>	<u>780413</u>

**SCHEDULE - 11 PROJECT EXPENSES**

Labour Charges	4275190	7641308
Carting Expenses	687550	1120131
Power & Fuel Expenses	442794	472966
Repairs & Maintainance - Plant & Machinery	119757	402870
Site Expenses	16874	52205
Octroi Charges	-	51275
Architect & Structural - Engg. Fees	52500	-
	<u>5594665</u>	<u>9740755</u>

**SCHEDULE - 14 : SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF BALANCE SHEET AND PROFIT & LOSS A/C.****(I) SIGNIFICANT ACCOUNTING POLICIES**

- (1) The financial statements have been prepared under the historical cost convention. In accordance with the generally accepted accounting principles and provisions of the Companies Act, 1956 as adopted consistently by the company.
- (2) The Company generally follows Mercantile system of accounting and recognises significant items of income and expenditure on accrual basis except income on investments & retirement benefits to employees & export incentives.
- (3) **FIXED ASSETS :**  
All Fixed Assets are stated at historical cost.
- (4) **INVESTMENTS :**  
Investment are shown at cost. No provision is made for diminution in the value of the same.
- (5) **INVENTORIES :**
  - (i) Inventories at the year have been physically verified valued and certified by the management.
  - (ii) Inventories of materials are valued at cost in FIFO basis and this method is consistently followed.
  - (iii) Inventory of W.I.P. at the year end has been valued on the basis of amount certified and accepted by Government approved Valuer, Principal or relevant authority wherever applicable.
- (6) **DEPRECIATION**
  - (i) Depreciation has been charged on Straight Line Method basis at the rates specified under Schedule XIV of the Company's act 1956.
  - (ii) Depreciation has been claimed on the pro-rata basis in respect of additions / deductions in the fixed assets during the year
- (7) **RETIREMENT BENEFITS**  
Gratuity and Leave Encashment are accounted for on cash basis
- (8) **REVENUE RECOGNITION**  
The Company recognises revenue at the year end on work completed method based on the amounts admitted by the principals till the year end in accordance with the agreements entered into with them.
- (9) **INCOME / EXPENDITURE**  
Material known incomes and liabilities are provided for on the basis of available information / estimates with the management.

**(II) NOTES ON ACCOUNT**

Schedule of notes forming part of Balance - sheet as at 31st March, 1999 and Profit & Loss Account for the period ended on that date.

- (1) Contingent Liabilities not provided for Rs. Nil ( Previous Year Rs. Nil)
- (2) Estimated amount of contract as per the management remaining to be executed on Capital Account and provided for Rs. Nil ( Previous Year Rs. Nil. )
- (3) During the year 1996-97 the company had exported Pens to Dubai, Since the Overseas buyer was new and in order to safeguard it's interest the company had obtained guarantee from one mediator Mr. Harshad Parikh for realisation of it's dues from the Overseas buyer. The arrangement was formalised by way of MOU between the company and Mr. Harshad Parikh. Wherein he had offered Pledge to the Company over his booking rights, in two residential flats of which one he has booked in his name and other in the name of his wife Mrs. Pragna H. Parikh with the company for two of its real estate development project. The realisation of export proceeds was delayed beyond the agreed realisation period. Fearing loss on this account, the Company exercising it's right of pledge and forfeited the booking rights of Mr. Parikh and the money was held by the company as a security to cover any loss out of the export transaction.

	31-03-1999 (Rs.)	31-03-1998 (Rs.)
<b>SCHEDULE - 12: ADMINISTRATIVE AND OTHER EXPENSES</b>		
Payment to Employees	781929	884679
Director's Remuneration & Perquisites	552000	552000
Repairs & Maintenance - Others	478464	424106
Rent, Rates & Taxes	186595	160677
Travelling Expenses	-	242687
Stationery & Printing	71953	83689
Postage, Telegram & Telephone	90432	148807
Legal & Professional Fees	259546	264774
Advertisement & Sales Promotion	36287	223945
Bank Charges	23720	47201
Insurance	64439	98568
Membership Fees	4500	-
Brokerage Charges	185000	60800
Donation	10000	2500
Misc. Expenses	106231	133039
Misc. Expenditure Written off	234059	234059
Def. Rev. Exp. W/off.	60040	30020
	<u>3145195</u>	<u>3591551</u>

<b>SCHEDULE - 13: FINANCIAL EXPENSES</b>		
Bank Interest	2501153	1038887
Interest others (Includes payments to Directors Rs. 206443 P.Y. Rs. 11184)	614631	247869
Finance / Hire & Service Charges	580334	508657
Vehicle lease Rent	190692	413609
	<u>3886810</u>	<u>2209022</u>

In this background Mr. Parikh has filed Civil suit No. 2070/97 & 2071/97 in Hon'ble City Civil, A'bad Court and Criminal complain No. 340/97 in Hon'ble Metropolitan Court Megistrate, A'bad. against the company for recovery of the booking money. forfeited by the Company. The company has already taken appropriate actions as per law to safeguard it's interest under this suits. Further the company is also in the process of initiating appropriate legal proceedings to recover the damages caused to it in the said transaction. Hence the credit balance of Rs. 667000/- in the name of Mr. Harshad Parikh and that of Rs. 774000/- in the name of Mrs. Pragna H. Parikh ( Subject matter of the suits) being subjudice are carried over in the Balance Sheet. The appropriate accounting treatment of the same Shall be given on receipt of the final order of the Hon'ble Court in these impending suits.

- (4) In the year 1996-97 the company had placed an Inter Corporate Deposit of Rs. 10 Lacs with Nishant Paper Mills Ltd. for a period of 90-days bearing interest rate of 29% p.a. The Company continued to charge interest on the same till 30-9-96 Out of the same the party has repaid only Rs. 2.5 Lacs and the party is not forthcoming to pay anything out of the same despite best of the efforts on the part of the Management. The Company has recently learnt that even the assets of the company have now been taken over by Financial Institution towards their dues. The Management on it's part is still pursuing to the best of their efforts and through all the resources to recover the money. Fearing any loss on this account the entire amount of deposit of Rs. 750000/- has been placed as doubtful advance in the balance sheet, and further no interest on the same is being charged since 1/10/96. The Interest on the same shall be accounted for on cash basis
- (5) Investments at the year end have been physically verified, valued and certified by the management.
- (6) In the opinion of the Board of Directors and Management, the Current Liabilities, Unsecured Loans, Current Assets, Loans and Advances have the Values at which they are stated in the accounts. If realised in the ordinary course of business.

(7) AUDITORS' REMUNERATION

	Current Year	Previous Year
Audit Fees	30000	40000
Fees for other service	-	10000
	<b>30000</b>	<b>50000</b>

(8) PAYMENT TO DIRECTORS :

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Salaries	5.52	5.52
Perquisites	-	-
Sitting Fees	-	-
Interest paid to Directors	2.06	0.11
Total	<b>7.58</b>	<b>5.63</b>

(9) EXPENDITURE IN FOREIGN CURRENCY

Foreign Travelling Expenses	-	1.13
Business Promotion Expenses	-	1.73

**(10) MISCELLANEOUS EXPENDITURE**

Miscellaneous expenditure includes Preliminary Expenses Rs. 151620/-, Public Issue Expenses Rs. 1622935/- and Deferred Revenue Expenses Rs. 566028/- which are being amortised over a period of 10 years. & Deferred Revenue Expenses (AMCO-loan) Rs. 120080/- which are being amortised over the tenure of loan.

- (11) (a) Sundry Creditors includes dues to Small Scale Industrial undertakings Rs. NIL (1997-98 amount not ascertained, as the disclosure requirement came into force with effect from 22nd February, 1999)  
 (b) The Small Scale Industrial undertakings to whom amount outstanding for more than 30 days, where such dues exceed Rs. 1 Lakh, are : NIL

**(12) YEAR 2000**

As informed by the Management, the Hardwares and Softwares and other related peripherals of the Company are Y2K compliant.

**(13) QUANTITATIVE INFORMATION ( CERTIFIED BY MANAGEMENT)**

- (i) Licensed capacity : Not applicable  
 (ii) Installed capacity : Not applicable  
 (iii) Opening Stock, Production and Closing Stock  
 (a) Raw Materials ( Principal Building Material )

CLASS OF GOODS	UNIT	OPENING STOCK				CLOSING STOCK			
		CURRENT YEAR		PREVIOUS YEAR		CURRENT YEAR		PREVIOUS YEAR	
		QTY.	RS. LACS	QTY.	RS. LACS	QTY.	RS. LACS	QTY.	RS. LACS
Cement	Bags	1130	1.36	2970	3.45	580	0.67	1130	1.36
Steel	M.T.	18.78	2.70	8.02	1.18	-	-	18.78	2.70
Total			4.06		4.63		0.67		4.06

**(b) Consumption of Raw Material ( Principal Building Material)**

CLASS OF GOODS	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		QTY.	VALUE RS. IN LACS	QTY.	VALUE RS. IN LACS
Cement	Bags	12132	13.31	31750	38.75
Steel	M.T.	125.06	4.80	242.08	36.44

- (14) The balances of Debtors and Creditors are subject to confirmation.  
 (15) Previous year figures have been regrouped and rearranged wherever necessary to compare with current year figures.  
 (16) Figures are rounded off to nearest rupees.  
 (17) 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 : 30th July, 1999

For and on behalf of the Board of Directors

**Narendra M. Purohit** Chairman & Managing Director  
**Devendra Vakhariya** Director  
**Hemlata N. Purohit** Director  
**Ami N. Purohit** Director

PLACE : AHMEDABAD  
 DATE : 30th July, 1999



Information referred to in Note 17 in Schedule 14 to the Accounts for the year ended 31st march, 1999.

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

<b>(a) Registration Details</b>			
Registration No.	15878	State Code	04
Balance-Sheet Date	31-3-99		
<b>(b) Capital raised during the year</b>			
Public issue	Nil	Right Issue	Nil
Bonus issue	Nil	Private Placement	Nil
<b>(c) Position of Mobilisation &amp; Deployment of Fund</b>			
Total Liabilities	65460662	Total Assets	65460662
Sources of Funds		Applications of Funds	
Paid-up Capital	40056000	Net fixed Assets	6720197
Reserves and Surplus	4030272	Investments	4893510
Secured Loans	13731509	Net Current Assets	52415042
Unsecured Loans	7642881	Misc. Expenditure	1431913
<b>(d) Performance of Company</b>			
Turnover (Incl. other Income)	26804980	Total Expenditure	24677998
Profit before Tax	2126982	Profit after tax	1526982
Earning per Share (Annualised)	0.38	Dividend @%	-
<b>(e) Generic Names of Principal Products of the Company</b>			
Item Code No. (ITC Code)	N.A.		
Product Description	Developers		

As per our Report of even date.

**FOR GATTANI & ASSOCIATES**  
*Chartered Accountants*

**SHARAD GATTANI**  
*Partner*

PLACE : AHMEDABAD  
DATE : 30th July, 1999

For and on behalf of the Board of Directors

<b>Narendra M. Purohit</b>	<i>Chairman &amp; Managing Director</i>
<b>Devendra Vakhariya</b>	<i>Director</i>
<b>Hemlata N. Purohit</b>	<i>Director</i>
<b>Ami N. Purohit</b>	<i>Director</i>

PLACE : AHMEDABAD  
DATE : 30th July, 1999

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1999

	31-3-99 Rupees	31-3-98 Rupees
<b>(A) NET PROFIT TAX AND EXTRA ORDINARY ITEMS</b>	<b>2126982</b>	<b>2235266</b>
Adjustment for :		
Depreciation and write offs	413457	671599
Investment income	(-) 534920	(-) 637260
Loss on sale of assets	Nil	1162329
Interest expenses	3115784	1286756
<b>Operating profit before working capital</b>	<b>5121303</b>	<b>4718690</b>
Changes adjustments for :		
Increase in trade and other receivables	5732666	(-) 5142804
Increase in inventories	(-) 5567558	(-) 8155077
Increase in trade payables	(-) 5399059	(-) 2631987
<b>Cash generated from operations :</b>	<b>(-) 112648</b>	<b>(-) 1121178</b>
Interest paid	(-) 3115784	(-) 1286756
Taxes Paid	(-) 600000	(-) 875000
<b>Cash flow before extra ordinary items</b>	<b>(-) 3828432</b>	<b>(-) 13372934</b>
Extra ordinary items	Nil	Nil
<b>Net cash flow from operating activities</b>	<b>(-) 3828432</b>	<b>(-) 13372934</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	32514	264732
Purchase of investment	Nil	Nil
Sale of investment	105	338900
Sale of fixed assets	Nil	24775
Interest received	534170	637260
Dividend received	750	Nil
<b>Net cash used in investing activities</b>	<b>502511</b>	<b>736203</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	Nil	Nil
Proceeds from long term borrowings	2846305	12912172
Payment of borrowings	Nil	Nil
Capital issue / deffered revenue expenses	294099	120080
<b>Net cash used in financing activities</b>	<b>3140404</b>	<b>12792092</b>
<b>Net increase in cash and cash equivalent</b>	<b>185517</b>	<b>155361</b>
Cash and cash equivalents (Opening)	224805	69444
Cash and cash equivalents (Closing)	39288	224805

For and on behalf of the Board of Directors

**Narendra M. Purohit** *Chairman & Managing Director***Devendra Vakhariya** *Director***Hemlata N. Purohit** *Director***Ami N. Purohit** *Director***AUDITORS' 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 : 30th July, 1999