

॥ सहवीर्य करवा वहे ॥

23rd Annual Report 2008-2009



SINCE 1967
घरजुं घर

PARSHWANATH

ESTD : 1985

PARSHWANATH HOUSING FINANCE CORPORATION LTD.

Regd. Office : 50, Harsiddha Chambers, 3rd Floor, Ashram Road, Ahmedabad 380 014.

Tel. No.: 079-2754 0647, 2754 0848 Fax: 079-2754 0144

BOARD OF DIRECTORS

Shri Navnitbhai C. Patel *Chairman and Managing Director*
Shri Rushabh N. Patel *Managing Director*
Smt. Riddhiben R. Patel *Joint Managing Director*
Shri Navinbhai S. Patel
Shri H. K. Yadav
Shri Arvindbhai B. Patel
Shri Ramanbhai H. Patel

AUDITORS

MANUBHAI & COMPANY
Chartered Accountants,
2nd Floor, "B" Wing, Premium House,
Near Gandhigram Railway Station,
Navrangpura,
Ahmedabad - 380 009.

BANKERS

Punjab National Bank.
The Kalupur Commercial Co-op. Bank Ltd.
Central Bank of India

Registrar and Share Transfer Agent

Link Intime (India) Pvt. Ltd.
9, Sudarshan Complex,
Nr. Mithakhali Under Bridge,
Navrangpura, Ahmedabad-380 009.

REGISTERED OFFICE

50, 3rd Floor, Harsiddha Chambers,
Nr. Income Tax Circle,
Ashram Road,
Ahmedabad-380014. Gujarat

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NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of Parshwanath Housing Finance Corporation Limited will be held on Saturday 26th September, 2009 at 10.00 A.M. at 50, Harsiddha Chambers, Ashram Road, Ahmedabad - 380 014 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Navinbhai S. Patel who retires by rotation but being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Arvindbhai B. Patel, who retires by rotation but being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following resolution as a special resolution with or without modification.

RESOLVED THAT pursuant to Sections 198, 269, 309, 314 Schedules XIII and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Articles of Association of the Company, and subject to the approval of the Central Government, if necessary, Shri Rushabh N. Patel, Managing Director, be and is hereby reappointed for the further period of five years with effect from 1st November, 2008 to 31st October, 2013 on the following terms and conditions :

- | | | |
|--|---|---|
| (1) Salary | : | Rs. 25,000/- per month |
| (2) Conveyance | : | Free use of Company's Car with driver etc. |
| (3) Travelling, Boarding and lodging | : | Actual expenditure to be reimbursed by the Company for Outstation journey for Official work, in India or abroad. |
| (4) Leave Travel Concession | : | Entitled to travel with family, by any mode, i.e. Air, Train, Road, for visiting any place in India. |
| (5) Medical benefits | : | Reimbursement of actual expenses incurred for him and his family. |
| (6) Persona; Accident Insurance | : | Premium for accident insurance shall not exceed the limit of Rs. 5,000/- or such higher limit as may be permitted under income-tax Rules. |
| (7) Company's Contribution to | : | |
| (a) Provident Fund | : | Nil |
| (b) Superannuation Fund / Annuity Fund | : | Nil |
| (8) Gratuity | : | Gratuity at the rate of one month's Salary per year of his tenure of service. |

- (9) Leave and Leave-Salary : Entitled to privilege leave on full salary and perquisites of one month for every year of service. Also allowed to encash unavailed total leave to his credit at the end of his tenure.
- (10) Telephone : The Company shall bear all telephone expenses at his residence except long distance personal calls.
- (11) Club Fees : Fees of two Clubs for the membership, excluding admission or life membership fees.

FURTHER RESOLVED THAT Shri Rushabh N. Patel, Managing Director of the Company be and is hereby authorized, empowered, vested with and continue to have, with retrospective effect, substantial powers of management which the Board of Director possess as enumerated in the Articles of Association of the Company for carrying out the affairs and activities of the Company and such power which Board gave him from time to time such powers will always be subject to the control, superintendence and directions of the Board of Directors of the Company

FURTHER RESOLVED THAT the company hereby approves the payment of the said remuneration as minimum remuneration to him in accordance with Schedule XIII of the Act, in case the Company has no profits or its profits are inadequate in any financial year.

Registered Office :
50, Harsiddha Chambers,
3rd Floor, Ashram Road,
Ahmedabad-380014.

Date : 31st July, 2009

For, Parshwanath Housing Finance Corp. Ltd.

By order of the Board of Directors

NAVNITBHAI C. PATEL

Chairman

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.
2. Explanatory statement as required under Section 173 of The Companies Act, 1956, which forms part of this notice is annexed herewith.
3. The proxy form, duly stamped and executed, should reach the registered office of the Company atleast 48 hours before the time fixed for the commencement of the meeting.
4. The Registers of Members and the Share Transfer Books of the Company will remain closed from 24/09/2009 to 26/09/2009 (both days inclusive) and 26/09/2009 will be the Record Date for the purpose of updating the records and other information of Members of the Company.
5. Members are requested to bring their copy of Annual Report to the meeting as the same will not be distributed thereat.
6. Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.
7. Members are requested to inform the change of the address immediately.
8. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat security (ISIN) code for the equity shares is INE635I01018. Members are requested to convert their shares held in physical form into demat form.

ANNEXTURE TO NOTICE

Explanatory statement as required Under Section 173 of the Companies Act, 1956.

(A) ITEM NO.5 – SPECIAL RESOLUTION

This special resolution is for the reappointment of Shri Rushabh N. Patel, the existing Managing Director. He was reappointed by the Board at its meeting held on 25th October, 2008 for the further period of five years from 1st November, 2008.

Members are aware that Shri Rushabh N. Patel is B.E. (Civil) and M.B.A. and possesses more than ten years' experience as Managing Director of this company. He is young and energetic Executive. His able guidance, dynamic approach and untiring efforts resulted in good financial position. Under his leadership, the company has also undertaken construction projects. He possesses special knowledge in Real Estate Business and activities. Thus his reappointment is very much in the interest of the company.

In view of the knowledge and experience which Shri Rushabh Patel is having, the remuneration payable to him is fair and reasonable.

The proposed resolution is recommended for favourable consideration of members.

Shri Navnitbhai C. Patel and Smt. Riddhiben R. Patel are concerned and/or interested in the above resolution as a relative of Shri Rushabh Patel. He is also considered to be interested to the extent of remuneration paid/payable to him.

None of the other directors is concerned or interested in the said Special Resolution.

This may also be treated as an intimation to members under Section 302 of The Companies Act, 1956.

(B) Details of Directors seeking appointment and reappointment are as under:

Particulars	Shri N. S. Patel	Shri A. B. Patel	Shri R. N. Patel
Date of Birth :	19-1-1936	5-11-1936	17-6-1973
Date of appointment :	31-12-1985	18-2-1995	22-3-1996
Qualifications :	B.Sc.	B.Com., F.C.A.	B.E. (Civil) M.B.A.
Experience in specific areas :	Business	Chartered Accountant	Business
Directorship in other public companies :	Nil	Nil	Nil
Membership or Chairmanship in other public companies :	Nil	Nil	Nil
Shareholding in the company :	625	625	712593

Registered Office :
50, Harsiddha Chambers,
3rd Floor, Ashram Road,
Ahmedabad-380014.
Date : 31st July, 2009

For, **Parshwanath Housing Finance Corp. Ltd.**
By order of the Board of Directors

NAVINITBHAI C. PATEL
Chairman

DIRECTORS' REPORT

To,
The Members of
Parshwanath Housing Finance Corporation Limited,
Ahmedabad.

Your Directors present herewith the 23rd Annual Report together with the Audited Statements of Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

The financial highlights of the year are as under which reflects that the Company has earned gross profit of Rs. 69.51 Lakhs during the year under report.

	2008-2009	<i>2007-2008</i>
	Rs. in Lacs	<i>Rs. in Lacs</i>
Gross Profit :	(23.09)	69.51
Less : Depreciation	(1.81)	2.01
Profit Before Tax	(24.09)	67.50
<i>Add/(Less) : Deferred Tax adjustments</i>	-	0.38
Current Tax	(54.61)	<i>(3.65)</i>
Profit after Tax	(79.51)	64.23
Balance of (Loss) brought forward from previous year	(26.19)	<i>(90.09)</i>
	(105.70)	26.52
Less : adjustment of transitional gratuity liability due to Adoption of AJ-15 (revised)	-	0.33
Balance of (Loss) carried forward to Balance Sheet	(105.70)	<i>(26.19)</i>

DIVIDEND :

In view of accumulated loss of the Company your Directors do not recommend any Dividend for the year under Report.

OPERATIONS :

Members are aware that the company entered into constructions activities and joined as partner with M/s. Vaibhavlaxmi Corporation, M/s. Chinmay Corporation & Shri Parshwanath Corporation, the partnership firms, engaged in construction activities. This is going to be beneficial in coming years.

The company continued to face serious problems in recovering the housing loan installments. The hearing of Civil and Criminal Suits filed by the Company, has come up and orders have been passed

in favour of the Company. All steps are being taken to see that the judgment is properly implemented so that maximum amount can be recovered from the defaulting members.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Board of Directors of the Company confirms :

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii that the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2009 and of the profit of the Company for the year ended on that date;
- iii that proper and sufficient care has been taken 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;
- iv that the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

Your Directors affirm their commitment to the Corporate Governance Standards prescribed by the Securities and Exchange Board of India (SEBI). This annual report carries a separate section on Corporate Governance and forms part of this report. The Company has complied with all the requirements of Corporate Governance.

DIRECTORS :

Your Directors Shri Navinbhai S. Patel & Shri Arvindbhai B. Patel retire by rotation at the ensuing Annual General Meeting. They being eligible, offer themselves for reappointment.

Particulars of Directors seeking reappointment are mentioned in the Corporate Governance Report.

The members are requested to consider to reappoint the Directors.

DEMATERIALISATION OF EQUITY SHARES :

Your directors are pleased to inform you that now the Equity shares of the company are dematerialized and can be traded in dematerialized form also by all investors.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION ETC. :

As required under section 217 (1) (e) of the Companies Act, 1956 no information is to be given as the Company is not carrying on any such activities.

There were no earnings or outgoings of Foreign Exchange during the year.

PARTICULARS OF EMPLOYEES :

Information as required to be given under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is NIL.

FIXED DEPOSIT :

The Company did not accept any deposit from the Public during the year under report and as such there were no depositors whose deposit remained unpaid/unclaimed.

AUDITORS :

The existing Auditors of the Company M/s. Manubhai & Company, Chartered Accountants, Ahmedabad, are due to retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. You are requested to appoint the Auditors and fix their remuneration.

ACKNOWLEDGMENT :

Your Directors are thankful to Punjab National Bank, Central Bank of India, The Kalapur Commercial Co-op. Bank Limited as well as Officers of Central and State Governments for their assistance and Co-operation. Your Directors also place on record their appreciation of devoted services rendered by the staff of the Company. They also appreciate the continued support and confidence reposed by the Shareholders in the management.

Registered Office :
50, Harsiddha Chambers,
3rd Floor, Ashram Road,
Ahmedabad-380014.
Date : 31st July, 2009

For, **Parshwanath Housing Finance Corp. Ltd.**
For and on behalf of the Board of Directors

NAVNITBHAI C. PATEL
Chairman

CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance practised in Company is given below :

MANDATORY REQUIREMENTS

1. Company's philosophy on code of Governance

The Company believes in adopting the best Corporate Governance practices and protecting the rights and interest of the shareholders. They have the right to have complete information about the Directors and Management and their interests in the company as well as governance practices followed by them. Towards this end, the company is making extensive disclosures from time to time. Your Company is fully compliant with all its provisions.

2. Board of Directors

Composition :

The Board composition is in conformity with the provisions of the Companies Act, 1956 and the Listing Agreement. The present strength of the Board is 7 Directors with considerable experience. Of these, three are Executive Directors and four are Non-Executive Independent Directors.

The current composition of the Board [as on 31st July, 2009] is as follows :

Sr No	Name of Director	Category of Director	No. of Directorship in other Public Ltd. Co.	Chairman / Director in other Public Ltd. Co.
1	Shri N. C. Patel	Executive	-	-
2	Shri R. N. Patel	Executive	-	-
3	Smt. R. R. Patel	Executive	-	-
4	Shri H. K. Yadav	Non- Executive - independent	-	-
5	Shri N. S. Patel	Non- Executive - independent	-	-
6	Shri A. B. Patel	Non- Executive - independent	-	-
7	Shri R. H. Patel	Non - Executive - independent	-	-

Number and dates of Board Meeting held

The Board met four times during the year on 28-04-2008, 30-07-2008, 25-10-2008 and 30-01-2009. Notices of the meetings with agenda and necessary details were sent to the Directors in time. The decisions are taken after detailed discussion. The Board play an important role in ensuring good governance.

Attendance details of Directors at the Board Meetings and the last AGM

Sr. No.	Name of Director	No. of Board Meetings attended	Attendance at the last AGM
1	Shri N. C. Patel	4	Yes
2	Shri R.N. Patel	4	Yes
3	Smt.R. R. Patel	4	Yes
4	Shri H. K. Yadav	2	No
5	Shri N. S. Patel	1	No
6	Shri A. B.Patel	—	No
7	Shri R. H. Patel	4	No

Directors to be appointed /reappointed :

Shri Navinbhai S. Patel and Shri Arvinbhai B. Patel retire by rotation at the ensuing Annual General Meeting. They being eligible, offer themselves for reappointment.

The detailed particulars of all the above Directors are as under :

Name of Director	Shri Navinbhai S. Patel	Shri Arvindbhai B. Patel
Date of Birth	19-01-1936	05-11-1936
Date of Appointment	31-12-1985	18-02-1995
Expertise in specific functional areas	Business	Chartered Accountant
Qualifications	B.Sc.	B.Com., F.C.A.
List of Companies in which directorship is held as on 31-03-2009	NIL	NIL
Chairman / Member of the Committee of other Companies as on 31-03-2009	NIL	NIL

3. Audit Committee :

The company has constituted the AUDIT COMMITTEE consisting of the following three Non-Executive Directors :

1. Shri Ramanbhai H. Patel
2. Shri Navinbhai S. Patel
3. Shri Arvindbhai B. Patel

Shri Ramanbhai H. Patel, is the Chairman of the COMMITTEE. The committee met on 26-05-2008, 28-07-08, 23-10-08 and 27-01-09 for perusing financial position and other transactions of the Company. Necessary information was supplied to the AUDIT COMMITTEE from time to time. The details of the attendance by members of the Audit Committee are as follows :

Name of the Directors	No. of Meetings Held	Meeting Attended
Shri Ramanbhai H. Patel	4	4
Shri Navinbhai S. Patel	4	4
Shri Arvindbhai B. Patel	4	—

4. Remuneration Committee :

The Remuneration Committee consists of the following Directors

1. Shri Ramanbhai H. Patel
2. Shri Navinbhai S. Patel
3. Shri Arvindbhai B. Patel

The Committee determines the remuneration of the Executive Directors subject to the approval of the members.

The details of payment of remuneration to the Directors are given below :

Name of the Directors	Sitting Fee during the year	Total Remuneration paid during the year	No. of Board meetings held and attended (Including Circular)	
Shri Navnitbhai C. Patel	—	Rs. 4,80,000/-	4	4
Shri Rushabh N. Patel	—	Rs. 3,00,000/-	4	4
Smt. Riddhiben R. Patel	—	Rs. 1,80,000/-	4	4
Shri H. K. Yadav	2000	—	4	2
Shri Navinbhai S. Patel	1000	—	4	1
Shri Arvindbhai B. Patel	—	—	4	—
Shri Ramanbhai H. Patel	4000	—	4	4

Note : Shri Navnitbhai C. Patel, Shri Rushabh N. Patel & Smt. Riddhiben R. Patel are related to each other.

The company has not granted any loan nor paid any commission to its Directors during the year.

The Directors, other than Executive Directors are paid sitting fees of Rs. 1000/- and out of Pocket expenses for attending each Board Meeting.

5. CEO/CFO CERTIFICATION:

The Managing Director has certified to the Board that he has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief :

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

(ii) these statements together present a true & fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of his knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

6. Disclosures :

There are, to the best of his knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

Your Company has followed all relevant Accounting Standards while preparing the financial statements.

7. Details of Non-compliances, Penalties, etc. :

There were no such instances of non-compliance nor any penalties or strictures were imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8. Share Transfer Committee / Investors Grievance Committee :

The company has a SHARE TRANSFER COMMITTEE for quick and timely transfer of shares, issue of duplicate share certificates, etc. Transfer of shares approved by the committee are placed before the Board. The committee also looks into the issues relating to investor grievances including non-receipt of dividend, annual report etc.

The shares of the company have been dematerialized.

9. Registrar and Share Transfer Agent :

M/s. Link Intime (India) Pvt. Ltd. are the Registrar & Share Transfer Agent of the Company.

10. Means of Communications :

The quarterly / half - yearly / annual financial results are published in English and Gujarati languages in leading newspapers. The Company also submitted necessary quarterly / reports and Certificates and also half yearly certificates to the Bombay Stock Exchange Ltd. as required under the Listing Agreement.

11. Record Date :

For updating the records and shareholding information of the members of the company, the Share Transfer Books and the Registers of Members shall remain closed from 24-09-2009 to 26-09-2009 and 26-9-2009 will be considered as the Record Date.

12. General Meeting :

The ensuing Annual General Meeting of the Company will be held on 26/09/2009 at 10.00 A.M. At the Registered Office of the Company at Ahmedabad.

Particulars of last three Annual General Meeting :

Date of Meeting	Place	Time	Particulars of Special Business
25-09-2006	50, Harsiddha Chambers, 3rd Floor, Ashram Road, Ahmedabad-380 014	9.00 a.m.	Reappointment of Managing Directors & Joint Managing Director
01-09-2007	50, Harsiddha Chambers, 3rd Floor, Ashram Road, Ahmedabad-380 014	9.30 a.m.	NIL
29-09-2008	50, Harsiddha Chambers, 3rd Floor, Ashram Road, Ahmedabad-380 014	10.00 a.m.	NIL

13. Name and designation of the Compliance Officer is as under :

Shri Chandrakant A.Shah - SENIOR EXECUTIVE

14. Shareholding Pattern :

(A) Category wise distribution of equity shareholding as on 31st March, 2009 is as under :

Category	No. of Shares	% age
Promoters' group	24,71,680	82.39
Other Body Corporate	6,600	0.22
FIIS	-	-
Banks	-	-
Mutual Funds	-	-
NRI	-	-
General Public	5,21,720	17.39
Total	30,00,000	100.00

(B) Shares held by Directors :

No.	Shares held by Directors	No. of Shares
1.	Shri Navnitbhai C. Patel	12,03,431
2.	Shri Rushabh N. Patel	7,12,593
3.	Smt. Riddhiben R. Patel	3,22,900
5.	Shri H. K. Yadav	—
6.	Shri Navinbhai S. Patel	625
7.	Shri Arvindbhai B. Patel	625
8.	Shri Ramanbhai H. Patel	625

(C) Distribution Schedule :

Shareholding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of Total Nos	in Rs.	% of Total Amount
	(1)	(2)	(3)	(4)	(5)
Upto	500	2360	94.627	371845	12.395
501 to	1,000	86	3.448	57450	1.915
1,001 to	2,000	33	1.323	43969	1.466
2,001 to	3,000	1	0.04	2500	0.083
3,001 to	4,000	0	0.00	0.00	0.00
4,001 to	5,000	0	0.00	0.00	0.00
5,001 to	10,000	3	0.121	15875	0.529
10,001 and above		11	0.441	2508361	83.612
Total		2494	100.00	3,00,00,000	100.00

15. Dividend payment date :

The Board has not recommended any payment of Dividend.

16. Market Price Data :

There were some transactions for transfer of shares carried out between the Shareholders inter se. The lowest price was Rs.6-00 and the highest price was Rs.10-00. A few transactions have taken place at Bombay Stock Exchange Ltd.

17. The Shares of the Company are listed at Bombay Stock Exchange Ltd.

18. Dematerialisation of Shares :

Equity shares of the company Can be traded in dematerialized form by all investors. The Company has established connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat security (ISIN) code for the equity shares is INE635I01018

19. The Registered Office of the company is situated at 50, 3rd Floor, Harsiddha Chambers, Ashram Road, Ahmedabad - 380 014.

Registered Office :
50, Harsiddha Chambers,
3rd Floor, Ashram Road,
Ahmedabad-380014.

Date : 31st July, 2009

For, Parshwanath Housing Finance Corp. Ltd.

By order of the Board of Directors

NAVNITBHAI C. PATEL

Chairman

DECLARATION

I Rushabh Navnitbhai Patel, Managing Director of Parshwanath Housing Finance Corporation Limited, hereby declare that all the members of the Board of Directors and the Senior management personnel have affirmed compliance with the Code of Conduct, for the year ended March 31,2009.

For, Parshwanath Housing Finance Corporation Limited

Ahmedabad
31st July, 2009

Rushabh N. Patel
Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Parshwanath Housing Finance Corporation Limited.
Ahmedabad

We have examined the compliance of conditions of corporate governance by Parshwanath Housing Finance Corporation Limited, for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, and based on the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

For Manubhai & Company
Chartered Accountants

Place : Ahmedabad
Date : 31st July, 2009

K. B. SOLANKI
Partner
M. No. 110299

AUDITORS' REPORT

To,
The Members of
Parshwanath Housing Finance Corporation Limited.

1. We have audited the attached Balance Sheet of Parshwanath Housing Finance Corporation Limited as at 31st March, 2009, and also Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub Section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required,

and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in so far as it relates to Balance Sheet, of the state of affairs of the company as at 31st March, 2009;
- (b) in so far as it relates to the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
- (c) in so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Manubhai & Company
Chartered Accountants

Place : Ahmedabad
Date : 31st July, 2009

K. B. SOLANKI
Partner
M. No. 110299

ANNEXURE TO AUDITORS' REPORT

(Referred to paragraph 3 of our report of even date)

1. In respect of its fixed assets:

- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. As explained to us, the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
- c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year.

2. In respect of its inventories:

The company is a housing finance company and does not have any inventory. Therefore, the provisions of clause 4 (ii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

3. In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956.

According to the information and explanations given to us, the company has not taken or granted any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, requirements of clauses (iii a), (iii b), (iii c), (iii d), (iii e), (iii f) and (iii g) of paragraph 4 of the Order are not applicable.

4. In respect of internal control

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of construction material and fixed assets. There was no sale of goods during the year. During the course of audit, we have not observed any continuing failure to correct major weakness in internal control.

5. In respect of transactions need to be entered into a register maintained u/s 301 of the Companies Act, 1956.

In our opinion and according to the information and explanations given to us, the particulars of contract or arrangements and referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 aggregating during the year to Rs. 5 Lacs or more in respect of any party.

6. In respect of deposits from public

The Company has not accepted any deposit from the public during the year.

7. In respect of internal audit system

The Company did not have formal internal audit system as such, but its control procedures ensure reasonable internal checking of its financial records.

8. In respect of maintenance of cost records

In our opinion and according to information and explanations given to us, Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act.

9. In respect of statutory dues:

a. According to the records of the Company, undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Investor Education and Protection Fund, Employees' State Insurance dues, Sales Tax, Service Tax, Custom duty, Excise duty, Professional tax, Cess and other statutory dues as may be applicable to the company have been generally regularly deposited with the appropriate authorities.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears as at 31st March, 2009 for a period of more than six months from the date they become payable. The undisputed dues which are outstanding at the year end for a period more than six months from the date they became payable are as under:

Nature of dues	Amount (Rs. in lakhs)	Period to which amount relates
Income Tax	31.91	F.Y. 2003-04.

c. According to the records of the Company, there are no dues of custom duty, sales tax, wealth tax, service tax, excise duty and cess which have not been deposited on account of dispute. In respect of income tax, details of disputed dues which are not deposited are given hereunder :

Nature of dues	Amount (Rs. in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax	8.62	F.Y. 2001-02.	CIT-A
Income Tax	8.59	F.Y. 2002-03.	CIT-A
Income Tax	10.74	F.Y. 2003-04.	CIT-A
Income Tax	18.30	F.Y. 2005-06.	CIT-A
Total	46.25		

10. In respect of accumulated losses and cash losses

Accumulated losses of the company at the end of the financial year are less than 50 % of its net worth. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year there was no cash loss.

11. In respect of dues to financial institution / banks / debentures

In our opinion and according to the information and explanation given to us, during the year the company has not defaulted in repayment of dues to financial institution.

12. In respect of loans and advances granted on the basis of security.

In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In respect of provisions applicable to Chit fund

In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/ society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

14. In respect of dealing or trading in shares, securities, debentures and other investment

As the company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

15. In respect of guarantee given for loans taken by others

According to the information and explanation given to us, the Company has given guarantee for loans taken by its group company from a bank, the terms and conditions whereof in our opinion are not prima facie prejudicial to the interest of the Company.

16. In respect of application of term loans

According to the information and explanations given to us, the company has not obtained any term loans during the year.

17. In respect of fund used

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, funds raised on short-term basis have, prima facie, not been used for long-term investment.

18. In respect of preferential allotment of shares

During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

19. In respect of securities created for debentures

The Company has not issued any debentures during the year.

20. In respect of end use of money raised by public issues

The Company has not raised any money by way of public issue during the year.

21. In respect of fraud

According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Manubhai & Company
Chartered Accountants

Place : Ahmedabad
Date : 31st July, 2009

K. B. SOLANKI
Partner
M. No. 110299

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31-03-2009 Rupees	31-03-2008 Rupees
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	3,00,00,000	3,00,00,000
(b) Reserves & Surplus	2	16,83,750	16,83,750
		3,16,83,750	3,16,83,750
2. LOAN FUNDS :			
(a) Secured Loans	3	5,82,49,866	5,54,83,566
(b) Unsecured Loans	4	NIL	40,80,400
		5,82,49,866	5,95,63,966
Total		8,99,33,616	9,12,47,716
II. APPLICATION OF FUNDS			
1. FIXED ASSETS :			
(a) Gross Block	5	28,81,567	28,81,567
(b) Less : Depreciation		25,60,150	23,78,796
(c) Net Block			3,21,417
2. INVESTMENTS	6		5,42,76,875
3. CURRENT ASSETS, LOANS & ADVANCES :			
(a) Work in Progress	7	2,78,52,026	93,94,478
(b) Cash & Bank Balances	8	5,99,387	3,01,030
(c) Loans & Advances	9	55,65,649	49,39,223
		3,40,17,062	1,46,34,731
(d) Less : Current Liabilities & Provisions	10	92,52,422	30,76,023
Net Current Assets			2,47,64,640
4. PROFIT & LOSS ACCOUNT :			
Balance in Profit & Loss A/c.			1,05,70,684
Total		8,99,33,616	9,12,47,716
Significant Accounting Policies	19		
Notes on Accounts	20		

As per our Audit Report of even date attached
For **Manubhai & Company**
Chartered Accountants
K. B. SOLANKI

Partner
Place : Ahmedabad
Date : 31st July, 2009

For and on behalf of the Board of Directors
N. C. PATEL Chairman &
Managing Director
R. N. PATEL Managing Director
R. H. PATEL Director

Place : Ahmedabad
Date : 31st July, 2009

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

	Schedule	31-03-2009 Rupees	31-03-2008 Rupees
INCOME :			
Interest Earned	11	88,12,812	71,35,596
Other Income	12	26,341	1,213
Share of Profit in Partnership Firm	13	89,761	36,41,731
Excess Provision on Loan Written Back		5,71,147	22,96,752
	Total	95,00,061	1,30,75,292
EXPENDITURE :			
Increase in Work in Progress	14	(1,84,57,548)	(86,43,861)
Project Expense	15	1,84,57,548	86,43,861
Establishment & other expenses	16	44,41,232	43,46,086
Interest Paid	17	71,76,050	15,57,876
Share of loss in Partnership Firms	18	1,91,388	1,56,224
Fixed Assets Written Off		—	63,814
Depreciation		1,81,354	2,01,010
	Total	1,19,90,025	63,25,010
Profit Before Taxation		(24,89,964)	67,50,282
Add/(Less) : Provision for Taxation			
Short provision of income tax of earlier year		54,31,351	(3,50,000)
Fringe Benefit Tax		30,000	(15,000)
Deferred Tax adjustments for the year		—	37,881
		54,61,351	(3,27,119)
Profit After Tax		(79,51,315)	64,23,163
Balance of (Loss) brought forward from Previous Year		(26,19,369)	(90,09,843)
Less : Adjustment of Transnational gratuity liability on account of adaption of Revised AS - 15		—	32,689
Balance of Loss carried to Balance Sheet		(1,05,70,684)	26,19,369
Earning Per Shares : Basic and diluted	20(8)	(2.65)	2.14
Significant Accounting Policies	19		
Notes on Accounts	20		

As per our Audit Report of even date attached
For **Manubhai & Company**
Chartered Accountants
K. B. SOLANKI

Partner

Place : Ahmedabad
Date : 31st July, 2009

For and on behalf of the Board of Directors
N. C. PATEL *Chairman & Managing Director*
R. N. PATEL *Managing Director*
R. H. PATEL *Director*

Place : Ahmedabad
Date : 31st July, 2009

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET
FOR THE PERIOD APRIL 2008- MARCH 2009**

	2008-2009 (Rupees)	2007-2008 (Rupees)
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	(79,51,315)	64,23,163
Provision for taxation	54,31,351	3,50,000
Provision for FBT	30,000	15,000
Deffered Tax adjustments	—	(37,881)
Depreciation	1,81,354	2,01,010
Fixed Assets Written Off	—	63,814
Share of Profit / (Loss) in Partnership Firm (net)	1,01,627	(34,85,507)
Operating Profit before working Capital Changes	<u>(22,06,983)</u>	<u>35,29,599</u>
Adjustments for Net Current Assets :		
Working Progress	(1,84,57,548)	(86,43,861)
Trade payable	7,15,048	(25,65,396)
Loans & Advances	(6,26,426)	66,25,231
(Increase)/ decrease in Net Current Assets	<u>(1,83,68,925)</u>	<u>(45,84,026)</u>
Net Cash from operating activities	<u>(2,05,75,909)</u>	<u>(10,54,427)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Add/(Less)		
Investment in Partnership Firms	2,22,99,994	(5,27,17,597)
Investment in Other Securities	(10,000)	(16,25,000)
Share of Profit/(Loss) in Partnership Firm	(1,01,627)	34,85,507
Net Cash used in investing activities	<u>2,21,88,367</u>	<u>(5,08,57,090)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Add/(Less)		
Loans borrowed (Net of repayments)	27,66,300	4,77,48,154
Unsecured Loan	(40,80,400)	40,44,649
Net cash from financing activities	<u>(13,14,100)</u>	<u>5,17,92,803</u>
Net increase in cash and cash equivalents	2,98,358	(1,18,714)
Cash and cash equivalents at the beginning of the year	3,01,029	4,19,743
Cash and cash equivalents at the close of the year	5,99,387	3,01,029

As per our Audit Report of even date attached
For **Manubhai & Company**
Chartered Accountants
K. B. SOLANKI

Partner

Place : Ahmedabad
Date : 31st July, 2009

For and on behalf of the Board of Directors
N. C. PATEL *Chairman &*
Managing Director
R. N. PATEL *Managing Director*
R. H. PATEL *Director*

Place : Ahmedabad
Date : 31st July, 2009

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-3-2009 Rupees	31-3-2008 Rupees
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised :		
50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
Issued Subscribed and Paid up :		
30,00,000 Equity Shares of Rs. 10/- each (Previous year 30,00,000 Shares)	3,00,00,000	3,00,00,000
[Out of above 5,00,000 Shares of Rs. 10/- each fully paid issued as Bonus Shares by capitalisation of Special Reserve created as per Provisions u/s. 36(1)(viii) of the Income-Tax Act, 1961]		
Total	<u>3,00,00,000</u>	<u>3,00,00,000</u>
SCHEDULE - 2		
RESERVES AND SURPLUS :		
Capital Reserve :		
Balance as per last Balance Sheet	1,83,750	1,83,750
Share Premium :		
Balance as per last Balance Sheet	15,00,000	15,00,000
Total	<u>16,83,750</u>	<u>16,83,750</u>
SCHEDULE - 3		
SECURED LOANS :		
From Bank		
Term Loan (Secured by mortgage of some of the assets and uncalled capital)	5,31,90,469	5,04,36,754
Working Capital Loan (Secured against land of Parshwanath Homes Co-op. Society Limited)	50,59,397	50,46,812
Total	<u>5,82,49,866</u>	<u>5,54,83,566</u>
SCHEDULE - 4		
UNSECURED LOANS :		
Drawings in Capital Account of Partnership Firm	—	40,80,400
Total	<u>—</u>	<u>40,80,400</u>

**SCHEDULE - 5
FIXED ASSETS :**

Particulars	Gross Block (At Cost)			Depreciation			Net Block			
	As at 31-3-2008	Additions	Deductions	As at 31-3-2009	As at 1-4-2008	Adjustment (Deduction)	For the year 31-3-2009	Upto 31-3-2009	As at 31-3-2009	As at 31-3-2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Vehicles	84,306	—	—	84,306	83,030	—	—	83,030	1,276	1,276
Office Equip. & Air Conditioners	7,21,717	—	—	7,21,717	5,42,400	—	43,966	5,86,366	1,35,351	1,79,317
Computers	60,250	—	—	60,250	10,582	—	9,767	20,349	39,901	49,668
Furniture	20,15,294	—	—	20,15,294	17,42,784	—	1,27,621	18,70,405	1,44,889	2,72,510
Total Rs.	28,81,567	—	—	28,81,567	23,78,796	—	1,81,354	25,60,150	3,21,417	5,02,771
<i>Previous year</i>	<i>31,92,155</i>	<i>—</i>	<i>3,10,588</i>	<i>28,81,567</i>	<i>24,24,560</i>	<i>2,46,774</i>	<i>2,01,010</i>	<i>23,78,796</i>	<i>5,02,771</i>	

SCHEDULE - 6

INVESTMENTS-NON TRADE-LONG TERM :

In Shares (QUOTED) :

2,100 Equity Shares (Previous 2100 Equity Shares) of Punjab Communication Ltd. of Rs. 10/- each fully paid [Market value Rs. 29,526/- (Previous year Rs. 65,310/-)]

31-3-2009

31-3-2008

Rupees

Rupees

5,25,000

5,25,000

In Shares (UNQUOTED)

65,000 Equity Shares (Previous NIL) of The Kalupur Commercial Co-op. Bank Limited of Rs. 25/- each fully paid.

16,25,000

16,25,000

In GOVERNMENT SECURITY - NSC

10,000

—

In Capital of Partnership Firms :

M/s. Chinmaya Corporation

2,72,632

2,75,625

M/s. Shree Parshwanath Corporation

4,14,59,617

7,41,41,243

M/s. Parshwanath Corporation

99,60,000

—

M/s. Vaibhav Laxmi Corporation

4,24,626

—

Total

5,42,76,875

7,65,66,868

SCHEDULE - 7

WORK IN PROGRESS

Construction & Other Expenses (See Note-1 in Schedule 20)

16,25,000

93,94,478

Total

2,42,76,875

7,65,66,868

PARSHWANATH HOUSING FINANCE CORPORATION LIMITED



	31-3-2009 Rupees	31-3-2008 Rupees
SCHEDULE - 8		
CASH & BANK BALANCES :		
Cash on hand	67,741	21,156
Bank Balances		
In Current Accounts with Schedule Banks	52,541	48,699
In Current Account with Sardar Vallabhbai Sahakari Bank Ltd. [Maximum balance during the year Rs. 2,25,451/- (Previous year Rs. 2,125/-)]	2,25,451	2,125
In Fixed Deposit Accounts with Scheduled Bank (FDR pledges with the Bank for issue of guarantee)	2,53,654	2,29,050
Total	<u>5,99,387</u>	<u>3,01,030</u>
SCHEDULE - 9		
LOANS & ADVANCES :		
Residential Housing Loans (Secured considered doubtful)	1,71,57,775	1,77,28,922
Less : Provision on loans classified as sub-standard and doubtful under prudential norms (net of tax)		
As per Last Balance Sheet	1,77,28,922	2,00,25,674
Less : Written back & credited to P & L A/C.	<u>5,71,147</u>	<u>22,96,752</u>
	<u>1,71,57,755</u>	<u>1,77,28,922</u>
	0	0
Advance Income-Tax and Tax Deducted at Source	50,28,748	46,43,321
Advances Recoverable in cash or kind or for value to be received		
Considered Good	5,36,901	2,95,902
Considered doubtful	1,63,919	1,63,919
Less : Provision	<u>1,63,919</u>	<u>1,63,919</u>
	—	—
Total	<u>55,65,649</u>	<u>49,39,223</u>
SCHEDULE - 10		
CURRENT LIABILITIES & PROVISIONS :		
(A) Current Liabilities :		
Sundry Creditors	9,85,525	7,88,380
Other Liabilities	50,546	27,924
Due to Bank in Current Account (Book Overdraft)	—	4,719
Booking Advance	5,00,000	—
Note : No amount is due and outstanding as on 31-3-2008 which is required to be transferred to Investor Education & Protection Funds		
	<u>15,36,071</u>	<u>8,21,023</u>
(B) Provisions :		
Income-Tax	76,31,351	22,00,000
Fringe Benefit Tax	<u>85,000</u>	<u>55,000</u>
	<u>77,16,351</u>	<u>22,55,000</u>
Total	<u>92,52,422</u>	<u>30,76,023</u>

	31-3-2009 Rupees	31-3-2008 Rupees
SCHEDULE - 11		
INTEREST EARNED :		
Interest on housing loans	14,22,324	37,94,508
Other Interest (Gross) [TDS Rs. NIL (Previous Year TDS Rs. 2,832/-)]	73,90,488	33,41,088
Total	<u>88,12,812</u>	<u>71,35,596</u>
 SCHEDULE - 12		
OTHER INCOME :		
Miscellaneous Income	91	1,213
Dividend Received	26,250	—
Total	<u>26,341</u>	<u>1,213</u>
 SCHEDULE - 13		
SHARE OF PROFIT IN PARTNERSHIP FIRM :		
M/s. Vaibhavlaxmi Corporation	89,761	36,41,731
Total	<u>89,761</u>	<u>36,41,731</u>
 SCHEDULE - 14		
INCREASE IN WORK IN PROGRESS :		
Closing Work in Progress of Project	2,78,52,026	93,94,478
Less : Opening work in progress of Project	93,94,478	7,50,617
Increase in Work in Progress	<u>1,84,57,548</u>	<u>86,43,861</u>
 SCHEDULE - 15		
PROJECT EXPENSES :		
For Land Paid to society	—	71,65,103
Purchase	1,09,89,374	85,169
Labour	39,28,172	2,69,956
Fees paid to GUDA	—	11,23,433
Advertisement Expense	3,85,528	—
Remuneration to Staff	3,92,000	—
Miscellaneous Expenses	13,63,961	200
Interest Expenses	13,98,493	—
Total	<u>1,84,57,548</u>	<u>86,43,861</u>

	31-3-2009 Rupees	31-3-2008 Rupees
SCHEDULE - 16		
ESTABLISHMENT & OTHER EXPENSES :		
Salary, Allowances & Bonus	13,72,500	14,86,310
Travelling Expenses	47,094	66,291
Rent	60,000	80,000
Rates & Taxes	40,754	32,512
Legal Fees and Expenses	4,42,748	6,62,936
Professional Fees & Expenses	1,94,364	1,50,640
Insurance Premium	19,486	22,201
Electricity	3,43,713	2,35,657
Advertisement	61,930	27,826
Postage & Telephone	1,72,727	1,54,435
Printing & Stationery	38,674	44,830
Miscellaneous Expenses	5,87,975	3,39,597
Auditor's Remuneration :		
Audit Fees	22,575	22,470
In Other Capacity :		
For Tax Audit	23,596	5,620
For Taxation matter	41,096	43,761
	<u>92,267</u>	<u>71,851</u>
Director's Sitting fees	7,000	11,000
Managerial Remuneration	9,60,000	9,60,000
Total	<u><u>44,41,232</u></u>	<u><u>43,46,086</u></u>

SCHEDULE - 17

INTEREST

Fixed Loan from Bank	71,76,050	15,57,876
Total	<u><u>71,76,050</u></u>	<u><u>15,57,876</u></u>

SCHEDULE - 18

SHARE OF LOSS IN PARTNERSHIP FIRMS :

M/s. Chinmaya Corporation	5,493	305
M/s. Shree Parshwanath Corporation	97,114	88,419
M/s. Vaibhav Laxmi Corporation (related to previous year)	88,781	67,500
Total	<u><u>1,91,338</u></u>	<u><u>1,56,224</u></u>

SCHEDULE - 19

SIGNIFICANT ACCOUNTING POLICIES :

1. Basis of Accounting :

These accounts are prepared on historical cost basis.

2. Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

3. Revenue Recognition :

All Income and expenditure are accounted for on accrual basis. In accordance with Accounting Standards(AS-9) on "Revenue Recognition " revenue from interest in case where ultimate collection is uncertain, is recognised in the year in which such interest is recovered.

4. Interest on Housing Loans :

Repayment of Housing Loans is by way of Equated Monthly Installments (EMIs) comprising of principal and interest. Interest is calculated on the outstanding balance at the beginning of the year. EMIs commence once the entire loan is disbursed.

5. Provisions in respect of Housing Loans :

The Company has adopted the policy to write off specific debts which, in the opinion of the management, based on the available information, are considered fully irrecoverable. Further in respect of housing loans which are identified as Non Performing Assets (NPA), provision is made in respect thereof as per prudential norms prescribed by National Housing Bank.

6. Inventory :

Closing stock of construction material is valued at lower of cost or net realisable value.

7. Project Expense :

Expenditure directly related to carrying out project activity are debited to the project account.

8. Fixed Assets :

Fixed Assets are stated at original cost less depreciation. Original cost includes all expenses incurred upto and incidental to the installation/acquisition.

9. Depreciation :

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

10. Investments :

Investments in Shares are long term and are valued at cost.

11. Employee Benefits :

- a) Post employment benefits under defined plans are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable towards contributions. The present value is determined using the market yields of government bonds, at the balance sheet date, at the discounting rate.

- b) Short term employee benefits and post employment benefits under defined contribution plans are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services is rendered.
- c) Other long-term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. Estimated liability on account of long-term benefits is discounted to the current value, using the yield on government bonds, as on the date of balance sheet, at the discounting rate.
- d) Actuarial gains and losses in respect of post employment and other long-term benefits are charged to the profit and loss account.

12. Taxation :

Provision for Taxation has been made in accordance with Income Tax laws prevailing for the relevant assessment year.

13. Deferred Taxation :

Deferred tax is recognized if there is virtual certainty that there will be sufficient future taxable income available against which such deferred tax assets can be realized.

14. General :

Accounting Policies not specifically referred to above are consistent with the generally accepted accounting practices.

SCHEDULE - 20

NOTES ON ACCOUNTS :

- 1. The Company has entered into agreement with Parshwanath Home Co.Op.Housing Society Limited for development of property. In the accounts, the amount of expenditure of Rs. 2,78,52,026/- (Previous year Rs. 93,94,478/-) incurred on the schemes is shown as Work - in - Progress under the head Current Assets and booking advance of Rs. 5,00,000 (Previous Year Rs. Nil) is shown under the head Current Liabilities.
- 2. No Provision is made in respect of disputed income tax amounting to Rs. 46,25,795/- (Previous year Rs. 28,19,583/-) as appeals are preferred and the company is legally advised that there are fair chances of success before higher authorities.
- 3. (i) Remuneration to Chairman & Managing Director and Joint Managing Director :

	31-3-2009	31-3-2008
	Rupees	Rupees
Salaries	9,60,000	9,60,000
Total	9,60,000	9,60,000

- (ii) Since Managerial Remuneration does not include any commission , computation of Profit in accordance with Section 349 of the Companies Act , 1956 is not given.
- 4. Current Assets,Loans and advances are approximately of the value stated,if realised in ordinary course of business. The provisions for depreciation and all known liabilities are adequate and not in excess of the amount reasoably necessary.
- 5. Balances in the Accounts of borrowers of housing loans, sundry creditors and loans and advances are subject to confirmation by the parties and consequential adjustments,if any, at the Company level.

6. Other particulars in respect of Investments in Capital of Partnership Firms are given hereunder :

i) M/s. Vaibhav Laxmi Corporation :

Name of Partner	Share in		Capital as at	Capital as at
	Profit %	Loss %	31-03-2009 Rs.	31-03-2008 Rs.
Mrs. Priti S Patel	12.50	25.00	33,14,086	33,13,269
Mr. Vishvesh S Patel	12.50	12.50	11,08,056	11,07,239
Mr. Rushabh N.Patel	3.00	3.00	6,94,401	(6,05,795)
Mr. Navnitbhai C Patel	3.00	3.00	7,35,449	(12,04,747)
Mrs. Riddhiben R Patel	2.00	2.00	5,02,449	1,02,138
Mrs. Indiraben N Patel	2.00	2.00	5,32,517	5,32,386
M/s. Parshwanath Housing Finance Corpn. Ltd.	15.00	15.00	4,24,626	(40,80,400)
M/s. Neminath Const. Pvt. Ltd.	25.00	25.00	(24,57,749)	(24,59,382)
Mr. Pranjal S. Patel	12.50	12.50	7,01,384	7,00,567
Minor Advaita S. Patel	6.25	0.00	16,04,224	16,03,816
Minor Chinmay S. Patel	6.25	0.00	16,04,224	16,03,816
Total	100.0	100.0	87,63,484	6,12,907

ii) M/s. Chinmaya Corporation :

Name of Partner	Share in		Capital as at	Capital as at
	Profit %	Loss %	31-03-2009 Rs.	31-03-2008 Rs.
Mrs. Priti S Patel	12.50	25.00	2,08,259	2,16,841
Mr. Vishvesh S Patel	12.50	12.50	2,17,848	2,22,139
Mrs. Dipakben J. Patel	6.00	6.00	1,07,858	1,09,917
Mr. Bhavik J. Patel	6.00	6.00	1,07,858	1,09,917
Mr. Nishith J. Patel	6.00	6.00	1,07,858	1,09,916
Mrs. Indiraben N Patel	1.50	1.50	20,698	21,213
Mr. Navnitbhai C Patel	3.00	3.00	69,975	31,005
Mr. Rushabh N.Patel	1.50	1.50	24,448	24,963
M/s. Parshwanath Housing Finance Corpn. Ltd.	16.00	16.00	2,72,632	2,75,625
M/s. Neminath Const. Pvt. Ltd.	7.00	7.00	1,25,832	1,28,235
Parshwanath Realty Pvt. Ltd.	3.00	3.00	1,05,147	1,06,177
Mr. Pranjal S. Patel	12.50	12.50	2,19,403	2,23,694
Minor Advaita S. Patel	6.25	0.00	1,14,497	1,14,497
Minor Chinmay S. Patel	6.25	0.00	1,14,497	1,14,497
Total	100.0	100.0	18,16,807	18,08,636

PARSHWANATH HOUSING FINANCE CORPORATION LIMITED

iii) M/s. Shree Parshwanath Corporation :

Name of Partner	Share in		Capital as at	Capital as at
	Profit %	Loss %	31-03-2009 Rs.	31-03-2008 Rs.
Mr. Navnitbhai C Patel	25.00	25.00	1,07,64,490	1,76,96,480
Mr. Rushabh N.Patel	25.00	25.00	1,03,17,471	(4,21,356)
Mrs. Indiraben N Patel	12.00	12.00	12,04,051	5,54,561
Mrs. Riddhiben R Patel	12.00	12.00	15,04,797	8,94,494
Parshwanath Realty Pvt. Ltd.	15.00	15.00	4,02,37,270	34,30,464
M/s. Parshwanath Housing Finance Corpn. Ltd.	10.00	10.00	4,14,59,617	7,41,41,243
M/s. Vardhman Finstock Pvt. Ltd.	1.00	1.00	(9,711)	NIL
Minor Raj Rushabh Patel			NIL	18,61,154
Total	100.00	100.00	10,54,77,986	9,81,57,040

iv) M/s. Parshwanath Corporation :

Name of Partner	Share in		Capital as at	Capital as at
	Profit %	Loss %	31-03-2009 Rs.	31-03-2008 Rs.
Mr. Navnitbhai C Patel	20.00	20.00	3,53,77,732	45,07,732
Mr. Rushabh N.Patel	20.00	20.00	56,50,634	52,20,634
Mrs. Indiraben N Patel	20.00	20.00	20,90,896	19,70,896
Parshwanath Realty Pvt. Ltd.	20.00	20.00	3,50,52,210	2,54,20,955
Mrs. Riddhiben R Patel	14.00	14.00	17,62,468	19,07,468
M/s. Parshwanath Housing Finance Corpn. Ltd.	5.00	5.00	99,60,000	-
M/s. Vardhman Finstock Pvt. Ltd.	1.00	1.00	NIL	NIL
Minor Raj Rushabh Patel	-	-	NIL	22,86,651
Total	100.00	100.00	8,98,93,941	5,13,14,336

7 a) The Company has adopted AS-15 (Revised) Employee Benefit with effect from 1st April,2007, pursuant to the same, the company has adjusted the Employee Benefits Obligations of Rs. 32,689 net of related Deferred Tax Assets arising out of such adoption as on 1st April, 2007.

b) The following table sets out the status of the gratuity plan as required AS 15 (Revised 2005) and the reconciliation of opening balances of the present value of the defined benefit obligation.

A. Changes in Present Value of Obligations.

Amount in Rs.

Particulars	March 31,2009	March 31,2008
Present Value of Obligation as at the beginning of the year	4,57,949	4,18,738
Interest Cost	34,346	36,305
Current Service Cost	37,782	33,499
Actuarial (gain) / Loss on obligations	(22,905)	(30,593)
Benefits paid	(1,03,350)	—
Present value of Obligation as at the end of the year	4,03,822	457,949

B. Changes in the Fair Value of Plan Assets.

Amount in Rs.

Particulars	March 31,2009	March 31,2008
Fair Value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Contributions	—	—
Actuarial Gain / (loss) on Plan Assets	—	—
Fair Value of Plan Assets at the end of the year	—	—

C. The amount recognized in balance sheet.

Amount in Rs.

Particulars	March 31,2009	March 31,2008
Present Value of Obligations as at the end of the year	4,03,822	4,57,949
Fair value of plan Assets as at the end of the year	—	—
Net (Asset) / Liability recognized in Balance sheet	4,03,822	4,57,949

D. Amount recognized in the Profit and loss account.

Amount in Rs.

Particulars	March 31,2009	March 31,2008
Current Service Cost	37,782	36,305
Interest Cost	34,346	33,499
Expected Return on Plan Assets	—	—
Net actuarial (gain) / loss recognized in the year	(22,905)	(30,593)
Expenses Recognized in the statement of Profit & Loss	49,223	39,211

E. Assumptions

Particulars	March 31,2009	March 31,2008
Discount Rate	7.50 %	8.00 %
Rate of increase in Compensation Levels	6.00 %	6.00 %
Rate of Return on Plan Assets	—	—

8. Calculation of Earning Per Share

Amount in Rs.

Particulars	2008-2009	2007-2008
Profit Attributable to Shareholders	(79,51,315)	64,23,163
Basic/Weighted average number of Equity Shares		
Outstanding during the year	30,00,000	30,00,000
Nominal Value of Equity Shares (Rs.)	10	10
Basic/Dilutes Earning Per Shares (Rs.)	(2.65)	2.14

9. Related party disclosures :

(I) List of related parties with whom transactions have taken place & relationships :

SR. No.	Name of the Related Party	Relationship
1	Shri Navnitbhai C. Patel	Key Managerial Personnel
2	Shri Rushabh N. Patel	Key Managerial Personnel
3	Smt. Riddhi R. Patel	Key Managerial Personnel
4	M/s. Vaibhav Laxmi Corporation	Enterprises where control exists
5	M/s. Chinmay Corporation	Enterprises where control exists
6	M/s. Shree Parshwanath Corporation	Enterprises where control exists
7	M/s. Shree Parshwanath Construction Corporation	Enterprises where control exists
8	M/s. Parshwanath Corporation	Enterprises where control exists
9	M/s. Shree Mahavir Farm	Enterprises where control exists
10	M/s. Shree Jai Jinendra Farm	Enterprises where control exists
11	M/s. Parshwanath Realty Pvt. Ltd.	Enterprises where control exists
12	M/s. Vardhman Finstock Pvt. Ltd.	Enterprises where control exists

(II) Transactions during the year with Related Parties : (In lacs)

Nature of Transaction	Enterprise where control exists		Key Managerial Personnel		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
(a) Investment :						
Balance as at 1st April, 2008	744.17	216.99	—	—	744.17	216.99
Transaction during the year	(223)	527.18	—	—	(223)	527.18
Balance as at 31st March, 2009	521.17	744.17	—	—	521.17	744.17
(b) Expenditure :						
Remuneration to Key Managerial Personnel	—	—	9.60	9.60	9.60	9.60

10. Deferred Tax

On consideration of prudence, deferred tax asset is not recognized in the accounts.

11. The management is of the view that the shortfall of Rs. 4,95,474/- (Previous year Rs. 4,59,690/-) between the aggregate cost price and aggregate market value of quoted investments is temporary and hence no provision is required in respect thereof.
12. The management has initiated the process of identifying enterprises which have provided goods & services to the company & which qualified under the definition of micro & small enterprises, as defined under Micro, Small & Medium Enterprises Development Act, 2006. Accordingly, the disclosure in the respect of the amount payable to such enterprises as at March 31, 2009 has been made in the financial statement base on

information received and available with the company. Further, in view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

13. Information pursuant to Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

The Company has identified two reportable segments viz : Housing Finance and Construction. Segments have been identified and reported taking into account nature of services as well as the deferring risks and returns. The accounting policies adopted for segment reporting are in line with the accounting policy of the Company with following additional policies for segment reporting.

- (a) Revenue and expense have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment have been disclosed as "Unallocable".
- (b) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and tax related liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Particulars	Housing Finance	Construction	Unallocable	Total
1. Segment Revenue				
External Revenue	19,93,562		74,16,738	94,10,300
Inter-segment Revenue	0	0	0	0
Total Revenue	19,93,562		74,16,738	94,10,300
2. Segment Result before interest and tax	(22,79,024)		69,65,110	46,86,086
Less : Interest tax			71,76,050	71,76,050
Profit / (Loss) before tax	(22,79,024)		(2,10,940)	(24,89,964)
Current Tax			54,31,351	54,31,351
Fringe Benefit Tax			30,000	30,000
Loss after tax				(79 51 315)
3. Other Information				
Segment Assets	1,71,57,775	2,85,62,846	5,98,97,110	10,56,17,731
Segment Liabilities	1,79,67,810	8,89,955	6,59,66,217	8,48,23,982
Capital expenditure	3,21,417	—	—	3,21,417
Depreciation	1,81,354	—	—	1,81,354

Note: In the year 2007-08, the company had only one reportable segment viz Housing Finance. Hence previous year's figures have not been given.

14. Substantial portion of the company's assets comprise of 'financial assets' to which Accounting Standard (AS) 28 'Impairment of Assets' is not applicable. In the opinion of the management, there is no impairment of other assets of the company as at 31st March 2009 any material extent requiring recognition in terms of the said standard.
15. Disclosure in terms of Accounting Standard (AS) 29 on 'Provisions, Contingent Liabilities and Contingent Assets':

Particulars	Provision of Assets
Opening balance as on 01-04-2008	1,77,28,922
Additional Provision made	0
Payments against provision	0
Adjustment	0
Write back	(5,71,147)
Closing balance	1,71,57,775

16. There are no other particulars which are required to be given as per part II of Schedule VI to the Companies Act, 1956.
17. Corresponding figures of the previous year have been rearranged/regrouped wherever considered necessary so as to make them comparable with those of current year.

18. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. REGISTRATION DETAILS :

Registration No. : 8361
State Code : 04
Balance Sheet Date : 31st March, 2009

II. CAPITAL RAISED DURING THE YEAR :

(Amount in Rs. Thousands)

Public Issue : Rs. Nil
Right Issue : Rs. Nil
Bonus Issue : Rs. Nil
Private Placement : Rs. Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :

(Amount in Rs. Thousands)

Total Liabilities : Rs. 89,934
Total Assets : Rs. 89,934

Source of Funds :

Paid-up Capital : Rs. 30,000
Reserves and Surplus : Rs. 1,684
Secured Loans : Rs. 58,250
Unsecured Loans : Rs. NIL
Deferred Tax Liability : Rs. NIL

Application of Funds :

Net Fixed Assets : Rs. 321
Investments : Rs. 54,277
Net Current Assets : Rs. 24,765
Miscellaneous Expenses : Rs. NIL
Accumulated Losses : Rs. 10,571

IV. PERFORMANCE OF COMPANY :

(Amount in Rs. Thousands)

Turnover : Rs. 27,958
Total Expenditure : Rs. 30,448
Profit Before Tax : Rs. (2,490)
Profit After Tax : Rs. (5,461)
Earning Per Share in Rs.10/- : Rs. (2.65)
Dividend Rate : Nil

V. GENERIC NAME OF PRINCIPAL PRODUCT OF THE COMPANY :

Item Code No. (ITC Code) : Being Housing Finance Company Not Applicable
Production Description : Not Applicable

Signatures to Schedules 1 to 20

As per our Audit Report of even date attached

For Manubhai & Company

Chartered Accountants

K. B. SOLANKI

Partner

Place : Ahmedabad

Date : 31st July, 2009

For and on behalf of the Board of Directors

N. C. PATEL

Chairman &

Managing Director

R. N. PATEL

Managing Director

R. H. PATEL

Director

Place : Ahmedabad

Date : 31st July, 2009

FORM OF PROXY

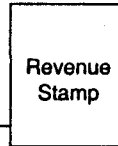
PARSHWANATH HOUSING FINANCE CORPORATION LIMITED

Registered Office : 50, Harsiddha Chambers, 3rd Floor, Ashram Road,
Ahmedabad-380 014.

I/We _____
_____ of _____ being a member/members of the above named Company hereby
appoint _____
of _____ or failing him _____
_____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the
Company to be held on Saturday, 26th, September, 2009 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____, 2009.



Signature

Note: The proxy and the Power of Attorney (if any) under which it is signed or a notarially certified copy of that Power of
Attorney must be deposited at the Registered office of the Company at 50, Harsiddha Chambers, 3rd Floor, Ashram Road,
Ahmedabad-380 014, not less than 48 hours before the date and time for holding the Annual General Meeting.



PARSHWANATH HOUSING FINANCE CORPORATION LIMITED

ATTENDANCE SLIP

(To be handed over, duly filled in, at the entrance of the Meeting Place)

Name of the attending Member/Proxy (in block letters) :

Member's Folio No. :

No. of Shares held :

I hereby record my presence at the Annual General Meeting on 26th September, 2009 at 10-00 a.m.

Place : Ahmedabad.

.....
Member's/Proxy's Signature

BOOK-POST

To, _____

If undelivered please return to :



SINCE 1967
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PARSHWANATH

PARSHWANATH HOUSING FINANCE CORPORATION LTD.

Regd. Office . 50, Harsiddha Chambers, 3rd Floor, Ashram Road, Ahmedabad 380 014.