

Consolidated Financial Statements

Puravankara Projects Limited

30 September 2007

Puravankara Projects Limited

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Puravankara Projects Limited

Consolidated Balance Sheet

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	Note	30 Sept 2007 Rs.	30 Sept 2006 Rs.
Sources of Funds			
Shareholders' Funds			
Share capital	3	1,067,121,675	80,000,000
Reserves and surplus	4	10,171,029,841	1,588,998,224
		11,238,151,516	1,668,998,224
Loan Funds			
Secured loans	5	4,955,628,637	3,298,498,410
Deferred Tax Liability			
	6	14,793,790	-
		16,208,573,943	4,967,496,634
Application of Funds			
Fixed Assets			
Cost	7	536,262,180	257,892,935
Less: Accumulated depreciation/amortisation		76,865,587	47,463,096
Net book value		459,396,593	210,429,839
Capital work-in-progress including capital advances		9,304,601	4,317,330
		468,701,194	214,747,169
Investments			
	8	739,868,389	262,876,415
Properties Held for Development			
	9	7,709,289,063	4,312,205,366
Current Assets, Loans and Advances			
Cash and cash equivalents	10	5,508,939,140	218,249,755
Inventories		176,570,147	85,001,310
Trade debtors	11	359,969,026	833,324,502
Properties under development	12	3,542,836,507	2,264,941,463
Properties held for sale	13	520,367,034	500,128,526
Loans and advances	14	2,244,639,463	1,420,511,087
		12,353,321,317	5,322,156,643
Less: Current Liabilities and Provisions			
Current liabilities	15	5,053,089,333	5,003,860,204
Provisions	16	9,516,687	140,628,755
		5,062,606,020	5,144,488,959
Net Current Assets/(Liabilities)			
		7,290,715,297	177,667,684
		16,208,573,943	4,967,496,634

Significant accounting policies

1

The notes referred to above form an integral part of the consolidated financial statements

This is the consolidated balance sheet referred to in our report of even date

For Walker Chandio & Co

For and on behalf of the Board of Directors

Chartered Accountants

Aashish Arjun Singh

Ravi Puravankara

Nani R Choksey

Ravi Ramu

Sharda Balaji

Partner

**Chairman and
Managing Director**

Director

Director

**Company
Secretary**

Membership No. 210122

Bangalore

Bangalore

30 October 2007

30 October 2007

Consolidated Profit and Loss Account

	Note	Quarter ended 30 Sept 2007	Quarter ended 30 Sept 2006
		Rs.	Rs.
Revenues	17	1,410,074,565	973,410,938
Cost of Revenues	18	728,160,353	564,015,366
Gross Profit		681,914,212	409,395,572
Selling expenses	19	50,531,042	48,568,915
General and administrative expenses	20	53,285,075	67,482,030
Operating Profit		578,098,095	293,344,627
Net finance income/(charges)	21	35,184,677	(4,431,733)
Profit before tax and share of profits in associates		613,282,772	288,912,894
Share of profits in associates		63,428,718	19,344,159
Profit before tax		676,711,490	308,257,053
Provision for tax	22	74,618,849	26,395,016
Profit after tax		602,092,641	281,862,037
Earnings per share : Basic and diluted	23	2.99	1.47

Significant accounting policies

1

The notes referred to above form an integral part of the consolidated financial statements

This is the consolidated profit and loss account referred to in our report of even date

For Walker Chandiok & Co**For and on behalf of the Board of Directors**

Chartered Accountants

Aashish Arjun Singh**Partner**

Membership No. 210122

Bangalore**30 October 2007****Ravi Puravankara****Chairman and
Managing Director****Bangalore****30 October 2007****Nani R Choksey****Director****Ravi Ramu****Director****Sharda Balaji****Company
Secretary**

Consolidated Profit and Loss Account

	Note	Half Year ended 30 Sept 2007 Rs.	Half Year ended 30 Sept 2006 Rs.
Revenues	17	2,614,138,951	1,915,598,295
Cost of Revenues	18	1,417,005,009	1,119,294,212
Gross Profit		1,197,133,942	796,304,083
Selling expenses	19	115,139,318	100,789,562
General and administrative expenses	20	102,969,071	98,338,795
Operating Profit		979,025,554	597,175,726
Net finance income/(charges)	21	33,953,036	(7,727,970)
Profit before tax and share of profits in associates		1,012,978,589	589,447,756
Share of profits in associates		147,206,603	31,466,405
Profit before tax		1,160,185,192	620,914,161
Provision for tax	22	117,946,867	79,147,013
Profit after tax		1,042,238,325	541,767,148
Earnings per share : Basic and diluted	23	5.30	2.82

Significant accounting policies

1

The notes referred to above form an integral part of the consolidated financial statements

This is the consolidated profit and loss account referred to in our report of even date

For Walker Chandio & Co
Chartered Accountants

For and on behalf of the Board of Directors

Aashish Arjun Singh
Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey
Director

Ravi Ramu
Director

Sharda Balaji
Company
Secretary

Membership No. 210122
Bangalore
30 October 2007

Bangalore
30 October 2007

1 Significant Accounting Policies

a. Basis of preparation

The financial statements have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

b. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the percentage completion for projects in progress, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for employee benefits.

c. Basis of consolidation

Subsidiaries are all entities over which the Company has the power to control the financial and operating policies. The Company obtains and exercises control through voting rights. The consolidated financial statements of the Group incorporate the financial statements of the Company as well as those entities controlled by the Company. The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the consolidated entity.

Minority interest represents the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and its share of movements in the equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus.

Associates are those entities over which the Company is able to exercise significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

Consolidated financial statements are prepared using uniform accounting policies across the Group.

d. Revenue recognition

Revenues from projects

Revenue from the sale of properties is recognized when the significant risks and rewards of ownership have been transferred to the customer, which coincides with the entering into a legally binding agreement. Revenues from such contracts are recognized under the percentage of completion method. Contract revenues represent the aggregate amounts of sale price for agreements entered into and are accrued based on the percentage that the actual construction costs incurred until the reporting date bears to the total estimated construction costs to completion. Land costs are not included for the purposes of computing the percentage of completion.

Contract costs include the estimated construction, development, proportionate land cost and other directly attributable costs of the projects under construction. Losses expected to be incurred on projects in progress, are charged to the profit and loss account in the period in which these losses are known.

The estimates for saleable area and contract costs are reviewed by management periodically and the cumulative effect of the changes in these estimates, if any, are recognized in the period in which these changes may be reliably measured.

Cost and recognized profits to date in excess of progress billings on construction projects in progress are disclosed under Properties Under Development (a current asset). Where the progress billings exceed the costs and recognized profits to date on projects under construction, the same is disclosed as Advances Received From Customers, (a current liability). Any billed revenue that has not been collected is disclosed under Trade Debtors and is net of any provision for amounts doubtful of recovery.

Rental income

Income from rentals is recognised on a straight line basis over the primary, non-cancellable, period of the arrangement.

e. Properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land, construction related overhead expenditure and borrowing costs and other net costs incurred during the period of development.

f. Properties held for development

Properties held for development represents land acquired for future development and construction, and is stated at cost including the cost of land, the related costs of acquisition, borrowing cost and other costs incurred to get the properties ready for their intended use.

g. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use. Advances paid towards acquisition of fixed assets before the period end are classified as capital work in progress.

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred.

Expenditure directly relating to expansion is capitalized only if it increases the life or functionality of an asset beyond its original standard of performance.

h. Depreciation

Depreciation on fixed assets is provided on the straight-line method, using the rates specified in Schedule XIV to the Companies Act, 1956, except in the case of shuttering and scaffolding items where the estimated useful life has been determined as seven years. Assets individually costing less than Rs 5,000 are fully depreciated in the year of purchase.

i. Impairment of assets

any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

j. Cash and cash equivalents

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

k. Inventory

Inventory comprises raw materials used for the construction activity of the Company. Raw materials are valued at the lower of cost and net realisable value with the cost being determined on a 'First In First Out' basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs required to make the sale.

l. Foreign currency transactions**(a) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

m. Leases*Finance Leases*

Assets acquired on lease which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the assets, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

n. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15".

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and loss account in the year in which such gains or losses arises.

Vacation pay

recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of earned leave becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which the employees render services.

o. Stock based compensation

excess of the fair value or the market value of the underlying shares at the date of the grant over the exercise price of the option is amortised on a straight-line basis over the vesting period of the shares issued under the Company's Employee Stock Option Plan (ESOP).

p. Taxes on income

Tax expense comprises both current and deferred taxes. The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

q. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential equity shares.

r. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2. Group Structure

The subsidiaries and associates consolidated under the Group as at 30 September 2007 comprise the entities listed below:

Name of the Entity	Country of Incorporation	Effective Shareholding
Overseas Subsidiary Companies		
Puravankara Holdings Lanka Private Limited	Sri Lanka	100%
Puravankara Projects Lanka Private Limited	Sri Lanka	100%
Purva Corporation	British Virgin Islands	100%
Indian Subsidiary Companies		
Prudential Housing & Infrastructure Development Limited	India	100%
Centurion Housing & Construction Private Limited	India	100%
Melmont Constructions Private Limited	India	100%
Purva Marine Properties Private Limited	India	100%
Purva Realities Private Limited	India	100%
Associate Companies		
Keppel Puravankara Development Private Limited	India	49%
Propmart Technologies Limited	India	32.83%
Magus Bengal Developers Private Limited	India	32.26%

	30 Sept 2007	30 Sept 2006
	Rs.	Rs.
3 Share Capital		
Authorised		
240,000,000 Equity shares of Rs 5 each (2006 - 1,000,000 equity shares of Rs. 100 each)	<u>1,200,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up		
213,424,335 (2006 - 800,000 Equity shares) Equity shares of Rs.5 each fully paid-up	1,067,121,675	80,000,000
	<u><u>1,067,121,675</u></u>	<u><u>80,000,000</u></u>
 4 Reserves and Surplus		
Share Premium	<u>7,881,162,184</u>	<u>-</u>
General Reserve		
Balance at the beginning of the period	<u>87,000,000</u>	<u>137,000,000</u>
Profit and Loss Account		
Balance at the beginning of the period	1,600,775,016	1,170,136,186
Add: Net profit for the period	<u>602,092,641</u>	<u>281,862,037</u>
Balance at the end of the period	<u><u>2,202,867,658</u></u>	<u><u>1,451,998,224</u></u>
	<u><u>10,171,029,841</u></u>	<u><u>1,588,998,224</u></u>

The company allotted 21,406,880 equity shares of Rs. 5 each through an Initial Public Offer. Consequently the paid-up share capital increased to Rs. 1,067,121,675 as on 22 August 2007.

The share premium in respect of 21,406,880 equity shares issued at Rs. 395 per share amounts to Rs. 8,445,717,600. The IPO expenses and deposits of Rs. 584,468,460 have been deducted from the share premium amount.

		30 Sept 2007	30 Sept 2006
		Rs.	Rs.
5 Secured Loans			
Term loans	(a)	4,555,104,665	2,460,048,616
Debentures	(b)	250,000,000	-
Cash Credit & Other loans	(c)	150,523,972	838,449,794
		<u>4,955,628,637</u>	<u>3,298,498,410</u>

(a) *Term Loans*

- i. On 19 May 2003, the Company entered into an agreement with HDFC Bank for a line of credit of Rs 300 million for funding certain specified projects. This facility is secured by the mortgage of specified lands, repayable in 30 monthly instalments commencing November 2005. The outstanding as on 30 September 2007 - NIL
- ii. On 31 March 2004, the Company entered into another agreement with HDFC Bank for a line of credit of Rs 500 million for funding certain specified projects. This facility is secured by mortgage of the land and buildings of specific projects, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 15 bi-monthly instalments commencing November 2006. The outstanding as on 30 September 2007 - NIL
- iii. On 25 June 2005, the Company entered into an agreement with ICICI Bank for a line of credit facility upto a maximum of Rs 500 million for funding another project. This facility is secured by mortgage of specified land and buildings, a part of the scheduled receipts of the project and the scheduled receipts of certain other specified projects, repayable in 27 monthly commencing from 25 September, 2005. These borrowings also carry the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey and Mr Girish Puravankara, Directors of the Company. The outstanding as on 30 September 2007 - NIL
- iv. On 30 November 2005, the Company entered into an agreement with HDFC Bank for a term loan facility upto a maximum of Rs 1,250 million for funding certain specified projects. This facility is secured by the mortgage of properties purchased and developed out of the facility, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 14 monthly instalments commencing September 2006. The outstanding as on 30 September 2007 - NIL
- v. On 14 July 2006, the Company entered into an agreement with ICICI Bank for a line of credit facility of Rs 2,500 million for funding other projects. These facilities are secured by mortgage of the land and building of the specific projects and their project receipts, repayable in 21 monthly instalments commencing from January 2007. Additionally, these borrowings are also carrying the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey, Mr Girish Puravankara and Mr Ashish Puravankara, Directors of the Company. The outstanding as on 30 September 2007 - NIL
- vi. On 5 August 2006, the Company entered into a term loan agreement with Standard Chartered Bank for Rs 1,000 million towards construction and development of its projects and for existing debt repayment, repayable in 24 monthly instalments from the 15th month of the date of first drawdown (date of the first drawdown : 16 Nov 2006) . This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara, the Managing Director. Additional facility of 200 million was availed on 5 April 2007 for the same security as above, repayable in 24 monthly instalments starting from 16 Feb 2008. The outstanding as on 30th September 2007 was Rs.1200 million.
- vii On 20 March 2007 the Company entered into a term loan agreement with HSBC for Rs 1500 million which was drawn down fully on the same day. Rs 1000 million was availed for the purpose of construction and development of Purva Fountain Square project and the balance Rs. 500 million towards repayment of construction loan taken from ICICI. Tenor of the loan is 15 months and the repayment period is 12 months. A promissory note for Rs 1500 million has been issued to the bank. The outstanding as on 30 September 2007 was Rs.1208.40 million.
- viii On 10 May 2007, the Company entered into an agreement with ICICI Bank for a term loan facility upto a maximum of Rs 1,500 million for funding certain specified projects. This facility is secured by the mortgage of properties purchased and developed out of the facility, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey, Mr Girish Puravankara and Mr Ashish Puravankara, Directors of the Company repayable in 16 monthly instalments commencing 15 April 2008. The outstanding as on 30 September 2007 was Rs.965.70 million.

- ix. On 19 May 2007, Melmont Constructions Pvt Ltd and Purva Realities Pvt Ltd entered into an agreement with HDFC Bank for a term loan of Rs.1250 million. This facility is secured pledge of equity shares of Melmont Constructions Pvt Ltd and Purva Realities Pvt Ltd held by the Company and Ashish Puravankara. Tenor of the loan is 40 months. The outstanding as on 30 September 2007 was Rs.1,180 million.

(b) *Debentures*

The Company had, during the previous quarter, issued 250 12.25% Secured Non Convertible Redeemable Debentures of face value of Rs.1,000,000 each for cash at par to LIC Mutual Fund. The tenor of these debentures is 12 months and repayment is due in May 2008 together with interest on maturity. The debentures are secured and the Company is in the process of registering the charge.

(c) *Cash Credit & Other Loans*

- i. The Company entered into an agreement with Andhra Bank for a cash credit facility of Rs 150 million and is secured against properties of the Company.
- ii. On 18 May 2006, the Company entered into an agreement with Standard Chartered Bank for a cash credit facility of Rs 1,000 million towards construction and development of its projects and for existing debt repayment repayable in November 2008. This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara, the Managing Director.
- iii. Other loans represent loans taken for purchase of vehicles. These loans are secured by a charge against respective vehicles.

Principal amounts due in one year are as follows:

	30 Sept 2007	30 Sept 2006
	Rs.	Rs.
Term loans	3,420,000,000	2,035,000,000
Debentures, Cash Credit and Other loans	388,662,212	5,157,271
	<u>3,808,662,212</u>	<u>2,040,157,271</u>
6 Deferred Tax Liability		
Deferred tax liability arising on account of Depreciation	18,028,512	-
Less: deferred tax asset arising on:		
Expenses allowable on payment basis:		
Gratuity	(1,086,789)	-
Leave encashment	(2,147,933)	-
	<u>14,793,790</u>	<u>-</u>

Puravankara Projects Limited

7. Fixed Assets

Category of assets	Cost				Accumulated Depreciation/Amortisation				Net Book Value	
	Opening Balance	Additions during the period	Deletions during the period	Closing Balance	Opening Balance	Charge for the period	Deletions during the period	Closing Balance	This quarter	Last quarter
<u>Tangible Assets</u>										
Buildings	37,074,680	-	-	37,074,680	564,170	151,905	-	716,075	36,358,605	36,510,510
Plant & Machinery	228,308,518	17,237,894	2,690,382	242,856,030	12,857,879	2,808,382	508,229	15,158,032	227,697,998	215,450,639
Office Equipment	10,983,694	85,700	-	11,069,394	1,600,085	141,898	-	1,741,983	9,327,411	9,383,609
Computers	15,755,870	472,714	-	16,228,584	4,201,369	783,624	-	4,984,993	11,243,591	11,554,501
Furniture & Fixtures	8,418,569	616,402	-	9,034,971	2,418,083	558,075	-	2,976,158	6,058,813	6,000,486
Vehicles	46,246,353	7,345,621	3,216,238	50,375,736	12,750,503	1,230,257	474,243	13,506,517	36,869,219	33,495,850
Shuttering Material	130,334,520	42,635,603	10,732,808	162,237,315	34,074,979	5,479,777	4,232,630	35,322,126	126,915,189	96,259,541
<u>Intangible Assets</u>										
Computer Software	4,771,820	2,613,650	-	7,385,470	2,193,147	266,556	-	2,459,703	4,925,767	2,578,673
This quarter	481,894,024	71,007,584	16,639,428	536,262,180	70,660,215	11,420,474	5,215,102	76,865,587	459,396,593	411,233,809
Last quarter	443,146,619	38,747,405	-	481,894,024	61,210,279	9,449,936	-	70,660,215	411,233,810	381,936,341

	30 Sept 2007 Rs.	30 Sept 2006 Rs.
8 Investment		
Investment in Associates: (Unquoted and fully paid up)		
Keppel Puravankara Development Private Limited 4,410,000 Equity Shares (30 September 2006 - 4,410,000) of Rs 10/- each at par, including share of profit	342,282,389	86,476,415
17,640,000 13.25% cumulative, redeemable Preference Shares (30 September 2006 - 17,640,000) of Rs 10 each at par	176,400,000	176,400,000
Magus Bengal Developers Private Limited 362,600 Equity shares (30 September 2006 - NIL) of Rs. 610 each, fully paid	221,186,000	-
	<u>739,868,389</u>	<u>262,876,415</u>
9 Properties Held for Development		
At the beginning of the period	7,517,752,139	2,970,884,634
Add : Additions during the period	224,621,924	2,198,010,028
Less: Transferred to Properties Under Development	33,085,000	856,689,296
	<u>7,709,289,063</u>	<u>4,312,205,366</u>
10 Cash and Cash Equivalents		
Cash in hand	16,408,996	7,516,287
Bank balance with Scheduled banks:		
In current accounts	422,395,535	169,064,861
In deposit account	110,264,842	22,370,033
In EEFC(exchange earners foreign currency) account	-	19,298,574
Balance with non-scheduled bank:		
In current account: HSBC, Dubai	480,598	-
Short-term investments in mutual funds	4,959,389,169	-
	<u>5,508,939,140</u>	<u>218,249,755</u>
11 Trade Debtors		
(Unsecured and considered good)		
Debts outstanding over six months	58,418,448	-
Debts outstanding less than six months	301,550,578	833,324,502
	<u>359,969,026</u>	<u>833,324,502</u>
12 Properties Under Development		
Land cost	2,572,648,694	2,087,325,778
Material and construction cost	6,748,928,359	3,284,237,192
Profit recognised till date	3,775,699,984	2,174,881,721
Less: Progress payments received and receivables	(9,554,440,530)	(5,281,503,228)
	<u>3,542,836,507</u>	<u>2,264,941,463</u>
13 Properties Held for Sale		
At the beginning of the period	519,567,034	200,703,071
Add : Additions during the period	800,000	309,494,667
Less: Properties sold during the period	-	10,069,212
	<u>520,367,034</u>	<u>500,128,526</u>

	30 Sept 2007	30 Sept 2006
	Rs.	Rs.
14 Loans and Advances		
Advances to suppliers	450,220,689	355,460,044
Advances for land contracts	781,223,595	356,259,483
Deposits	392,536,933	286,114,232
Loans to associates	237,104,478	363,135,632
Advance tax (net of provision)	104,195,263	25,249,156
Other advances	279,358,505	34,292,540
	<u>2,244,639,463</u>	<u>1,420,511,087</u>

The above are unsecured & considered good.

15 Current Liabilities

Advances received from customers	3,314,212,518	4,311,631,660
Duties and taxes payable	103,842,211	13,144,663
Security deposits	30,355,054	60,121,438
Trade creditors	1,101,648,279	280,409,536
Dues to related parties	413,260,232	173,182,229
Other liabilities	89,771,039	165,370,678
	<u>5,053,089,333</u>	<u>5,003,860,204</u>

There are no amounts due to small scale industrial undertakings.

16 Provisions

Provision for gratuity	3,197,379	-
Provision for vacation pay	6,319,308	3,798,755
Proposed dividend	-	120,000,000
Tax on proposed dividend	-	16,830,000
	<u>9,516,687</u>	<u>140,628,755</u>

	Quarter ended 30 Sept 2007	Quarter ended 30 Sept 2006
	Rs.	Rs.
17 Revenues		
Revenue from projects	1,394,761,059	968,005,086
Rental income	7,428,112	3,867,501
Income from interiors	7,885,394	1,538,351
	<u>1,410,074,565</u>	<u>973,410,938</u>
18 Cost of Revenues		
Construction cost		
Material and contract costs	530,713,090	218,671,221
Staff costs	46,241,796	28,935,913
Depreciation	8,751,674	4,949,792
Other direct costs	88,724,236	23,353,322
	<u>674,430,796</u>	<u>275,910,248</u>
Land cost	53,729,557	288,105,118
	<u>728,160,353</u>	<u>564,015,366</u>
19 Selling Expenses		
Staff costs	8,020,683	5,415,578
Advertising and sales promotion	35,856,385	25,570,650
Sales incentives and commission	1,960,589	3,099,557
Brokerage and referral charges	3,227,709	7,275,992
Travel and conveyance	433,739	947,540
Communication	609,928	1,318,212
Depreciation	422,009	562,870
Other Costs	-	4,378,516
	<u>50,531,042</u>	<u>48,568,915</u>
20 General and Administrative Expenses		
Staff costs	20,439,262	12,760,041
Depreciation	2,210,581	200,056
Rates and taxes	7,278,928	11,644,780
Repairs and maintenance	5,498,093	11,740,582
Legal and professional charges	4,160,647	9,931,784
Audit fees	624,606	500,000
Communication costs	3,456,258	2,279,791
Printing and stationery	1,660,771	1,134,430
Travelling and conveyance	3,903,653	8,787,256
Security charges	955,049	2,464,586
Foreign exchange loss/(gain)	(1,211)	(838,917)
Miscellaneous expenses	3,098,438	6,877,640
	<u>53,285,075</u>	<u>67,482,029</u>

	Half year ended 30 Sept 2007	Half year ended 30 Sept 2006
	Rs.	Rs.
17 Revenues		
Revenue from projects	2,587,401,335	1,902,616,672
Rental income	15,147,615	10,013,555
Income from interiors	11,590,001	2,968,068
	<u>2,614,138,951</u>	<u>1,915,598,295</u>
18 Cost of Revenues		
Construction cost		
Material and contract costs	1,047,851,017	701,852,350
Staff costs	90,136,339	36,829,071
Depreciation	15,866,071	8,421,112
Other direct costs	142,097,728	72,093,478
	<u>1,295,951,154</u>	<u>819,196,011</u>
Land cost	121,053,854	300,098,201
	<u>1,417,005,009</u>	<u>1,119,294,212</u>
19 Selling Expenses		
Staff costs	15,087,014	8,046,631
Advertising and sales promotion	88,538,692	72,889,638
Sales incentives and commission	4,913,281	4,302,893
Brokerage and referral charges	4,145,359	7,422,871
Travel and conveyance	618,172	1,207,977
Communication	901,036	1,515,323
Depreciation	935,765	1,025,713
Other Costs	-	4,378,516
	<u>115,139,318</u>	<u>100,789,562</u>
20 General and Administrative Expenses		
Staff costs	41,172,068	29,551,062
Depreciation	4,032,363	2,051,427
Rates and taxes	15,529,854	13,002,544
Repairs and maintenance	9,911,670	13,087,258
Legal and professional charges	5,940,675	9,800,621
Audit fees	1,124,606	1,000,000
Communication costs	5,222,247	2,645,855
Printing and stationery	2,986,909	1,689,716
Travelling and conveyance	6,913,283	11,131,196
Security charges	2,460,990	2,813,562
Foreign exchange loss/(gain)	970,882	(904,173)
Miscellaneous expenses	6,703,522	12,469,727
	<u>102,969,071</u>	<u>98,338,795</u>

	Quarter ended 30 Sept 2007	Quarter ended 30 Sept 2006
	Rs.	Rs.
21 Finance Income/(Charges)		
Interest expenses on loans and cash credits	(227,198,928)	(136,786,913)
Loan and other processing charges	-	(4,431,733)
Less: Interest and processing charges capitalised	218,311,512	120,617,296
Less: Interest Income:		
Mutual fund	36,995,162	-
Bank deposits	145,875	69,640
Loan to associate	4,500,943	13,304,262
Interest received from customers	2,430,113	2,795,715
	<u>35,184,677</u>	<u>(4,431,733)</u>
22 Provision for tax		
Current tax	68,826,958	79,147,013
Deferred tax charge/(credit)	5,791,890	(69,640.00)
	<u>74,618,848</u>	<u>79,007,733</u>
23 Earnings Per Share		
Weighted average number of shares outstanding during the period:	201,092,110	192,017,455
Add: Dilutive effect of stock options	-	-
Weighted average number of shares used to compute diluted EPS	<u>201,092,110</u>	<u>192,017,455</u>
Net profit after tax attributable to equity shareholders	602,092,641	281,862,037
Earnings per share:		
Basic and diluted	2.99	1.47
Nominal value per equity share	<u>5.00</u>	<u>5.00</u>

24 Stock-based compensation

On 1 July 2006, the members of the Company approved the Puravankara Projects Limited 2006 Employee Stock Option Scheme ('ESOS' or 'the Plan') of the Company. The plan provides for the issuance of stock options to eligible employees (including directors of the Company) with the total options issuable under the Plan not to exceed 1,366,080 options and includes a limit for the maximum and minimum number of options that may be granted to each employee. Under the plan, these options vest over a period of four years and can be exercised for a period of one year from vesting.

	Half year ended 30 Sept 2007	Half year ended 30 Sept 2006
	Rs.	Rs.
21 Finance Income/(Charges)		
Interest expenses on loans and cash credits	(453,443,397)	(136,786,913)
Loan and other processing charges	(15,000,000)	(7,727,970)
Less: Interest and processing charges capitalised	448,970,872	120,617,296
Less: Interest Income:		
Mutual fund	36,995,162	-
Bank deposits	145,875	69,640
Loan to associate	12,489,065	13,304,262
Interest received from customers	3,795,460	2,795,715
	33,953,036	(7,727,970)
22 Provision for tax		
Current tax	113,871,533	67,511,323
Deferred tax charge/(credit)	4,075,334	(1,398,206)
Tax of earlier years	-	13,033,896
	117,946,867	79,147,013
23 Earnings Per Share		
Weighted average number of shares outstanding during the period:	196,579,577	192,017,455
Add: Dilutive effect of stock options		
Weighted average number of shares used to compute diluted EPS	196,579,577	192,017,455
Net profit after tax attributable to equity shareholders	1,042,238,325	541,767,148
Earnings per share:		
Basic and diluted	5.30	2.82
Nominal value per equity share	5.00	5.00

24 Stock-based compensation

On 1 July 2006, the members of the Company approved the Puravankara Projects Limited 2006 Employee Stock Option Scheme ('ESOS' or 'the Plan') of the Company. The plan provides for the issuance of stock options to eligible employees (including directors of the Company) with the total options issuable under the Plan not to exceed 1,366,080 options and includes a limit for the maximum and minimum number of options that may be granted to each employee. Under the plan, these options vest over a period of four years and can be exercised for a period of one year from vesting.

The Company has adopted the provisions of the Guidance Note, Accounting for Employee Share-based Payments ('the Guidance Note'), issued by the ICAI. The disclosures for the quarter ended 30 Sept 2007 have been provided below

The weighted average exercise price for options movement during the quarter ended 30 Sept 2007 is as follows:

	30 Sept 2007	
	Shares arising out of options	Weighted average exercise price
	(Numbers)	Rs
Outstanding as at 1 April 2007	966,000	465.86
Granted during the period		
Forfeited during the period	-	-
Lapsed during the period	-	-
Cancelled during the period	-	-
Exercised during the period	-	-
Outstanding as at 30 Sept 2007	966,000	465.86

The weighted average exercise price of the options outstanding at 30 Sept 2007 was Rs 465.86 and they had weighted average remaining contractual life of 39 months.

Had compensation cost been determined in a manner consistent with the fair value approach as prescribed under the fair value method prescribed by the Guidance Note, the Company's net profit and earnings per share as reported would have been adjusted to the pro-forma amounts indicated below:

	Quarter ended 30 Sept 2007
	Rs.
Net profit, as reported	602,092,641
Add: Stock-based employee compensation expense included in the Profit and loss account	-
Less: Stock based employee compensation expense determined under the fair value method	7,349,391
Proforma net income	594,743,250
Earnings per share – Basic	
As reported	2.99
Pro forma	2.96
Earnings per share – Diluted	
As reported	2.99
Pro forma	2.96

The fair value of the options granted is determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Dividend yield %	1.58%
Expected life	33 to 63 months
Risk free interest rate	7.41% to 7.50%
Volatility	1.58%

25 Leases

Properties taken on operating leases

The lease expense for cancellable and non-cancellable operating leases during the quarter ended 30 Sept 2007 was Rs. 69,93,362 (30 Sept 2006 – Rs. 113,112,820).

Sublease

The Company has sub let one of the properties under a non cancellable operating lease agreement, cancellable with prior notice. These lease agreements are for the period ranging between 1 to 3 years. Lease income during the period ended 30 Sept 2007 was Rs. 7.33 million (30 Sept 2006 : Rs.5.16 million). Minimum amount of future lease rental receivable under these agreements are:

Particulars	Quarter Ended 30 Sept 2007	Quarter Ended 30 Sept 2006
a) Within one year	13,355,061	12,721,407
b) Within one to three years	12,684,725	5,380,748
	<u><u>26,039,786</u></u>	<u><u>18,102,155</u></u>

26 Other commitments and contingencies

(a) Show cause notices received from various authorities	8,200,000	8,200,000
(b) Bank guarantees	144,300,000	48,300,000
(c) Capital commitments	<u><u>275,800,000</u></u>	<u><u>2,682,670</u></u>

The Company is also involved in certain litigation for lands acquired by it for construction purposes, either through a Joint Development Agreement or through outright purchases. These cases are pending with the Civil Courts and scheduled for hearings shortly. However, based on the documentation available with the Company and legal advice received, management believes that these cases will not adversely effect its financial statements.

27 Related party transactions

i. Parties where control exists

Parties where control exists include

Key Management Personnel:

Mr. Ravi Puravankara
 Mr. Nani R Choksey
 Mr. Girish Puravankara

Relative of Key Management Personnel:

Ms Geeta S Vhatkar
 Mr. Satish Puravankara
 Mr. Ashish Puravankara
 Ms. Jasbir Sabuwala

Entities controlled by Key Management Personnel (Other Related Parties):

Purva Developments
 Uniquepark Constructions Private Limited
 Unique Constructions
 Welworth
 Puravankara Constructions
 Handiman Services Private Limited
 Dealwel – Proprietorship
 Dealwel Finance Corporation

ii. Transactions with related parties during the period

Parties with whom transactions have taken place during the period include:

Key Management Personnel

Mr. Ravi Puravankara
 Mr. Nani R Choksey
 Mr. Girish Puravankara

Relatives of Key Management Personnel:

Mr. Satish Puravankara
 Ms. Jasbir Sabuwala
 Ms Geeta S Vhatkar
 Mr. Ashish Puravankara

Associates:

Keppel Puravankara Development Private Limited
 Propmart Technologies Limited
 Magus Bengal Developers Private Ltd

Entities controlled by Key Management Personnel (Other Related Parties):

Puravankara Constructions
 Handiman Services Private Limited

The transactions with related parties for the current quarter are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Interest income on loans	4,500,943	-	-	-	4,500,943
Security and Maintenance charges	-	-	-	22,056,486	22,056,486
Loans repaid	-	-	-	9,970,000	9,970,000
Advances for purchase of apartments	1,956,109	-	-	-	1,956,109
Remuneration	-	6,608,105	855,003	-	7,463,108
Rental expenses	-	-	-	1,800,000	1,800,000
Balances: :					
Loans given	237,104,478	-	-	-	237,104,478
Dues to related parties	-	295,886,935	-	117,373,297	413,260,232
Advances for land contracts	-	-	185,184,060	-	185,184,060

The transactions with related parties for the previous quarter are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Interest Income on loans	13,304,262	-	-	5,000	13,309,262
Loans given to related parties	9,034,315	-	-	-	9,034,315
Security and Maintenance Charges	-	-	-	7,615,039	7,615,039
Remuneration	-	4,774,491	598,800	-	5,373,291
Advance for purchase of flats	1,765,440	-	-	-	1,765,440
Balances					
Loans given	363,810,632	-	-	-	363,810,632
Dues to related parties	-	173,182,229	-	-	173,182,229

28 Employee benefits**A. Defined benefits plan**

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. Disclosures as required by Revised AS 15 for the period ended 30 Sept 2007 are as under:

	Gratuity	Vacation Pay
	Rs.	
1 The amounts recognised in the balance sheet are as follows:		
Present value of the obligation as at the end of the period	7,568,198	6,319,308
Fair value of plan assets as at the end of the period	4,750,404	-
Net liability/(asset) recognised in the balance sheet	2,817,794	6,319,308
2 The amounts recognised in the Profit and loss account are as follows:		
Service cost	2,825,847	1,202,876
Interest cost	188,816	228,210
Expected return on plan assets	(179,787)	-
Net actuarial (gain)/loss recognized in the period	(238,949)	(817,017)
Expense recognized in the Profit and loss account of the period	2,595,927	614,069
3 Changes in the present value of defined benefit obligation		
Defined benefit obligation as at 1 July 2007	4,720,404	5,705,239
Service cost	2,825,847	1,202,876
Interest cost	188,816	228,210
Actuarial losses/(gains)	(166,869)	(817,017)
Benefits paid	-	-
Defined benefit obligation as at 30 Sept 2007	7,568,198	6,319,308
4 Changes in the fair value of plan assets		
Fair value as at 1 July 2007	4,720,404	-
Expected return on plan assets	2,825,847	-
Actuarial (loss)/ gains	188,816	-
Contributions	(166,869)	-
Benefits paid	-	-
Fair value as at 30 Sept 2007	7,568,198	-
Assumptions used in the above valuations are as under:		
Interest rate	8%	8%
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Future salary increase	6%	6%
Attrition rate	5%	5%
Retirement age	60	60

Since this is the first year of implementation of AS 15, revised details for previous year have not been provided.

B. Defined contributions plan

The Company makes contribution of statutory provident fund as per Employees Provident Fund and Miscellaneous Provision Act, 1952. This is a defined contribution plan as per Revised AS 15. Contribution made during the quarter ended 30 September 2007 is Rs.4,056,902 (quarter ended 30 September 2006 was Rs. 2,475,827).

29 Segmental Information

The Company is engaged in the development and construction of residential and commercial properties which is considered to be the only reportable business segment as per Accounting Standard 17 on Segment Reporting. The Company operates primarily in India and there is no other significant geographical segment.

30 Others

Contracts with parties where certain directors of the Company are interested and these transactions are covered under the purview of Section 297 of the Companies Act, 1956.

31 Prior period comparatives

Prior period comparatives have been regrouped/reclassified wherever necessary to conform to the presentation in the current period.

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director

Nani R Choksey
Director

Ravi Ramu
Director

Sharda Balaji
Company Secretary

Bangalore
30 October 2007

Puravankara Projects Limited

Cash Flow Statement

	Quarter ended 30 Sept 2007 Rs.	Quarter ended 30 Sept 2006 Rs.
A. Cash flow from operating activities		
Net profit before taxation	676,711,489	308,257,054
Adjustments for:		
Depreciation and amortisation	6,205,374	6,037,229
Interest income	(7,076,931)	(8,033,072)
Interest expense	227,198,928	94,337,450
(Profit)/loss share in Associates	(63,428,718)	(19,344,159)
Operating profit before working capital changes	839,610,142	381,254,502
Movements in working capital :		
Increase in trade debtors	(109,405,402)	(391,256,955)
Decrease in inventories	49,333,847	(19,750,056)
(Increase) in loans and advances	(222,336,195)	121,536,908
(Increase) in properties under development	(322,079,572)	(700,114,533)
(Increase) in properties held for sale	(800,000)	(298,561,495)
Increase in current liabilities and provisions	(194,242,822)	435,870,046
Cash used in/ received from operations	40,079,998	(471,021,583)
Direct taxes paid	(117,561,620)	(26,018,374)
Net cash used in operating activities	(77,481,622)	(497,039,957)
B. Cash flows from investing activities		
Purchase of fixed assets and increase in Capital Work-In-Progress	(54,368,156)	(49,065,762)
Loans to associates	(4,500,943)	(26,770,920)
Proceeds from sale of fixed assets	-	19,561
Properties held for development	(187,035,981)	(291,892,520)
Interest received	2,575,988	30,300,415
Net cash used in investing activities	(243,329,092)	(337,409,226)
C. Cash flows from financing activities		
Proceeds from long-term borrowings	1,700,000,000	2,460,528,402
Repayment of long-term borrowings	(3,508,025,947)	(2,156,434,405)
Proceeds from short-term borrowings	(710,637,101)	405,960,689
Dues to related parties	170,030,000	20,749,078
Interest paid	(218,311,513)	(86,802,030)
Proceeds from issuance of equity shares.	107,034,400	-
Share Premium	7,871,249,140	-
Net cash generated from financing activities	5,411,338,979	644,001,734
Net increase in cash and cash equivalents (A + B + C)	5,090,528,265	(190,447,449)
Cash and cash equivalents at the beginning of the year	418,410,874	408,697,204
Cash and cash equivalents at the end of the year	5,508,939,139	218,249,755
Components of cash and cash equivalents	5,508,939,139	218,249,755

This is the cash flow statement referred to in our report of even date

For Walker Chandio & Co.
Chartered Accountants

For and on behalf of the Board of Directors.

Aashish Arjun Singh
Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey
Director

Ravi Ramu
Director

Sharda Balaji
Company
Secretary

Membership No. 210122
Bangalore
30 October 2007

Bangalore
30 October 2007