

Consolidated Financial Statements

Puravankara Projects Limited

30 September 2008

Puravankara Projects Limited

Contents

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Auditors' report

The Board of Directors
Puravankara Projects Limited

1. We have audited the attached Consolidated Balance Sheet of Puravankara Projects Limited ('the Company'), its subsidiaries and associates (collectively referred to as 'the Group') as at 30 September 2008 and also the Consolidated Profit and Loss Account for the quarter and half year ended on that date and the Consolidated Cash Flow Statement for the half year ended on that date, annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated 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 the 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 misstatements. 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 presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of certain consolidated entities, whose financial statements reflect total assets of Rs.2,118,111,924 as at 30 September 2008, total revenue of Rs Nil for the quarter and half year ended on that date and cash flows amounting to Rs.79,667 for the half year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard ('AS') 21, Consolidated Financial Statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements and AS 25, Interim Financial Reporting prescribed by Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India, in case of:
 - (a) the Consolidated Balance Sheet, of the state of affairs of the Group as at 30 September 2008;
 - (b) the Consolidated Profit and Loss Account, of the profit of the Group for the quarter and half year ended on that date; and
 - (c) the Consolidated Cash Flow Statement, of the cash flows of the Group for the half year ended on that date.

For Walker, Chandiok & Co
Chartered Accountants

Per **Aashish Arjun Singh**
Partner
Membership No. 210122

Bangalore
31 October 2008

Puravankara Projects Limited

Consolidated Balance Sheet

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| | Note | 30 Sept 2008 Rs. | 30 Sept 2007 Rs. | 31 March 2008 Rs. |
|---|------|-----------------------|-----------------------|-----------------------|
| Sources of Funds | | | | |
| Shareholders' Funds | | | | |
| Share capital | 3 | 1,067,121,675 | 1,067,121,675 | 1,067,121,675 |
| Reserves and surplus | 4 | 12,183,555,277 | 10,171,029,843 | 11,059,880,429 |
| | | 13,250,676,952 | 11,238,151,518 | 12,127,002,104 |
| Loans | 5 | 8,049,811,019 | 4,955,628,638 | 6,524,005,673 |
| Deferred Tax Liability | 6 | 19,041,125 | 14,793,790 | 10,120,614 |
| | | 21,319,529,096 | 16,208,573,946 | 18,661,128,391 |
| Application of Funds | | | | |
| Fixed Assets | | | | |
| Cost | 7 | 627,012,576 | 536,262,180 | 611,312,180 |
| Less: Accumulated depreciation/amortization | | 142,617,228 | 76,865,587 | 114,606,379 |
| Net book value | | 484,395,348 | 459,396,593 | 496,705,801 |
| Capital work-in-progress including capital advances | | - | 9,304,601 | - |
| | | 484,395,348 | 468,701,194 | 496,705,801 |
| Investments | 8 | 966,934,755 | 739,868,389 | 887,216,449 |
| Properties Held for Development | 9 | 13,630,451,871 | 7,709,289,063 | 12,919,611,415 |
| Current Assets, Loans and Advances | | | | |
| Cash and cash equivalents | 10 | 373,818,372 | 5,508,939,139 | 349,714,880 |
| Inventories | | 193,926,760 | 176,570,149 | 170,686,850 |
| Trade debtors | 11 | 1,027,677,849 | 359,969,026 | 823,638,071 |
| Properties under development | 12 | 4,800,191,037 | 3,542,836,507 | 3,958,356,576 |
| Properties held for sale | 13 | 865,080,870 | 520,367,034 | 909,508,192 |
| Loans and advances | 14 | 2,974,346,587 | 2,244,639,465 | 2,878,156,853 |
| | | 10,235,041,475 | 12,353,321,320 | 9,090,061,422 |
| Less: Current Liabilities and Provisions | | | | |
| Current liabilities | 15 | 3,987,456,487 | 5,053,089,333 | 4,222,518,807 |
| Provisions | 16 | 9,837,866 | 9,516,687 | 509,947,889 |
| | | 3,997,294,353 | 5,062,606,020 | 4,732,466,696 |
| Net Current Assets | | 6,237,747,122 | 7,290,715,300 | 4,357,594,726 |
| | | 21,319,529,096 | 16,208,573,946 | 18,661,128,391 |

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, Chandiok & Co

For and on behalf of the Board of Directors

Chartered Accountants

Per Aashish Arjun Singh
Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey
Director

Ashish Puravankara
Director

Ravi Ramu
Director

Kiran Chapparr
Company
Secretary

Membership No. 210122

Bangalore
31 October 2008

Bangalore
31 October 2008

Consolidated Profit and Loss Account

| | Note | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 Rs. |
|--|------|--------------------------------------|--------------------------------------|
| Revenues | 17 | 1,393,665,825 | 1,410,074,565 |
| Cost of Revenues | 18 | 767,323,708 | 728,160,353 |
| Gross Profit | | 626,342,117 | 681,914,212 |
| Selling expenses | 19 | 82,313,696 | 50,531,042 |
| General and administrative expenses | 20 | 73,502,680 | 53,285,074 |
| Operating Profit | | 470,525,741 | 578,098,096 |
| Net finance income/(charges) | 21 | 4,302,795 | 35,184,677 |
| Profit before tax and share of profit in associate | | 474,828,536 | 613,282,773 |
| Share of profit in associate | | 38,471,039 | 63,428,718 |
| Profit before tax | | 513,299,575 | 676,711,491 |
| Provision for tax | 22 | 8,554,019 | 74,618,848 |
| Profit after tax | | 504,745,556 | 602,092,643 |
| Earnings per share : Basic and diluted | 23 | 2.36 | 2.99 |

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

Per Aashish Arjun Singh
Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey Director
Ashish Puravankara Director

Ravi Ramu
Director

Kiran Chappar
Company
Secretary

Membership No. 210122

Bangalore
31 October 2008

Bangalore
31 October 2008

Consolidated Profit and Loss Account

| | Note | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. |
|--|------|--|--|
| Revenues | 17 | 2,969,421,545 | 2,614,138,951 |
| Cost of Revenues | 18 | 1,622,818,191 | 1,417,005,009 |
| Gross Profit | | 1,346,603,354 | 1,197,133,942 |
| Selling expenses | 19 | 146,156,970 | 115,139,318 |
| General and administrative expenses | 20 | 140,972,269 | 102,969,070 |
| Operating Profit | | 1,059,474,115 | 979,025,554 |
| Net finance income/(charges) | 21 | 2,778,473 | 33,953,037 |
| Profit before tax and share of profit in associate | | 1,062,252,588 | 1,012,978,591 |
| Share of profit in associate | | 79,718,306 | 147,206,602 |
| Profit before tax | | 1,141,970,894 | 1,160,185,193 |
| Provision for tax | 22 | 18,296,046 | 117,946,867 |
| Profit after tax | | 1,123,674,848 | 1,042,238,326 |
| Earnings per share : Basic and diluted | 23 | 5.26 | 5.30 |

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

Per Aashish Arjun Singh
Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey Director
Ashish Puravankara Director

Ravi Ramu
Director

Kiran Chappar
Company
Secretary

Membership No. 210122

Bangalore
31 October 2008

Bangalore
31 October 2008

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 prescribed by Companies (Accounting Standards), Rules 2006. 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 the 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 recognized 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 recognized 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 realizable value. Cost includes cost of land, construction related overhead expenditure and borrowing costs and other 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 capitalized. 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

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If 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 recognized 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 realizable value with the cost being determined on a 'First In First Out' basis.

Net realizable 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 respective 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 recognized 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 capitalized.

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are 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 recognized 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 recognized 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 unrecognized 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

Liability in respect of vacation pay becoming due or expected to be availed within one year from the balance sheet date is recognized 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 recognized on the basis of amount paid or payable for the period during which the employees render services.

o. Stock based compensation

The Company accounts for stock based compensation based on the intrinsic value method. Option discount representing the 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 amortized 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 reflect 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 recognized 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 realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

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

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, requires 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 operational subsidiaries and associates consolidated under the Group as at 30 Sept 2008 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% |
| Nile Developers Private Limited | India | 100% |
| Vaigai Developers Private Limited | India | 100% |
| Provident Housing & Infrastructure Limited | India | 100% |
| Associate Companies | | |
| Keppel Puravankara Development Private Limited | India | 49% |
| Propmart Technologies Limited | India | 32.83% |
| Keppel Magus Development Private Limited | India | 36.26% |

| | Quarter ended 30 Sept 2008 | Quarter ended 30 Sept 2007 | Year ended 31 March 2008 |
|---|-------------------------------|-------------------------------|-----------------------------|
| | Rs. | Rs. | Rs. |
| 3 Share Capital | | | |
| Authorised | | | |
| 240,000,000 Equity shares of Rs 5 each (2007 - 240,000,000) equity shares of Rs. 5 each | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 |
| Issued, subscribed and paid up | | | |
| 213,424,335 (2007 - 213,424,335 Equity shares) Equity shares of Rs.5 each fully paid-up | 1,067,121,675 | 1,067,121,675 | 1,067,121,675 |
| | 1,067,121,675 | 1,067,121,675 | 1,067,121,675 |
| 4 Reserves and Surplus | | | |
| Share Premium | 7,911,162,184 | 7,881,162,184 | 7,911,162,184 |
| General Reserve | | | |
| Balance at the beginning of the period | 298,000,000 | 87,000,000 | 87,000,000 |
| Add: Transfer from Profit and Loss Account | - | - | 211,000,000 |
| Balance at the end of the period | 298,000,000 | 87,000,000 | 298,000,000 |
| Debenture Redemption Reserve | 3,560,419 | - | - |
| Profit and Loss Account | | | |
| Balance at the beginning of the period | 3,469,647,537 | 1,600,775,016 | 1,160,629,333 |
| Add: Net profit for the period | 504,745,556 | 602,092,643 | 2,400,480,513 |
| Less: Transfer to Debenture Redemption Reserve | 3,560,419 | - | - |
| Less: Proposed Dividend | - | - | 426,848,670 |
| Less: Tax on distribution of dividend | - | - | 72,542,931 |
| Less: Transfer to General Reserve | - | - | 211,000,000 |
| Balance at the end of the period | 3,970,832,674 | 2,202,867,659 | 2,850,718,245 |
| | 12,183,555,277 | 10,171,029,843 | 11,059,880,429 |
| 5 Loans | | | |
| Secured Loans | 7,299,811,019 | 4,955,628,638 | 5,774,005,673 |
| Unsecured Loans - Commercial Papers | 750,000,000 | - | 750,000,000 |
| | 8,049,811,019 | 4,955,628,638 | 6,524,005,673 |

| | Half year ended 30 Sept 2008 | Half year ended 30 Sept 2007 | Year ended 31 March 2008 |
|---|---------------------------------|---------------------------------|-----------------------------|
| | Rs. | Rs. | Rs. |
| 3 Share Capital | | | |
| Authorised | | | |
| 240,000,000 Equity shares of Rs 5 each (2007 - 240,000,000) equity shares of Rs. 5 each | 1,200,000,000 | 1,200,000,000 | 1,200,000,000 |
| Issued, subscribed and paid up | | | |
| 213,424,335 (2007 - 213,424,335 Equity shares) Equity shares of Rs.5 each fully paid-up | 1,067,121,675 | 1,067,121,675 | 1,067,121,675 |
| | 1,067,121,675 | 1,067,121,675 | 1,067,121,675 |
| 4 Reserves and Surplus | | | |
| Share Premium | 7,911,162,184 | 7,881,162,184 | 7,911,162,184 |
| General Reserve | | | |
| Balance at the beginning of the period | 298,000,000 | 87,000,000 | 87,000,000 |
| Add: Transfer from Profit and Loss Account | - | - | 211,000,000 |
| Balance at the end of the period | 298,000,000 | 87,000,000 | 298,000,000 |
| Debenture Redemption Reserve | 3,560,419 | - | - |
| Profit and Loss Account | | | |
| Balance at the beginning of the period | 2,850,718,245 | 1,160,629,333 | 1,160,629,333 |
| Add: Net profit for the period | 1,123,674,848 | 1,042,238,326 | 2,400,480,513 |
| Less: Transfer to Debenture Redemption Reserve | 3,560,419 | - | - |
| Less: Proposed Dividend | - | - | 426,848,670 |
| Less: Tax on distribution of dividend | - | - | 72,542,931 |
| Less: Transfer to General Reserve | - | - | 211,000,000 |
| Balance at the end of the period | 3,970,832,674 | 2,202,867,659 | 2,850,718,245 |
| | 12,183,555,277 | 10,171,029,843 | 11,059,880,429 |
| 5 Loans | | | |
| Secured Loans | 7,299,811,019 | 4,955,628,638 | 5,774,005,673 |
| Unsecured Loans - Commercial Papers | 750,000,000 | - | 750,000,000 |
| | 8,049,811,019 | 4,955,628,638 | 6,524,005,673 |

| | | 30 Sept 2008 | 30 Sept 2007 | 31 March 2008 |
|---------------------------|-----|-----------------------------|-----------------------------|-----------------------------|
| | | Rs. | Rs. | Rs. |
| Secured Loans | | | | |
| Term loans | (a) | 5,730,704,201 | 4,555,104,665 | 5,085,126,039 |
| Debentures | (b) | 550,000,000 | 250,000,000 | 250,000,000 |
| Cash Credit & Other loans | (c) | 1,019,106,818 | 150,523,973 | 438,879,634 |
| | | <u>7,299,811,019</u> | <u>4,955,628,638</u> | <u>5,774,005,673</u> |

(a) *Term Loans*

- i. 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 installments 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 Rs.200 million was availed on 5 April 2007 for the same security as above, repayable in 24 monthly installments starting from 16 Feb 2008. The outstanding as on 30 Sept 2008 was Rs. 800 million.
- ii. On 8 September 2008 the Company entered into a term loan agreement with HSBC for Rs.1,100 million, out of which Rs.350 million has been drawn as of 30 Sept 2008. The loan is repayable in 5 quarterly installments from June 2009 till June 2010. This facility is secured by mortgage of the properties purchased at Mallasandra Village, Bangalore and receivables of the related project to be developed at the said property and the personal guarantee of Mr.Ravi Puravankara, Managing Director of the Company. A promissory note for Rs.1100 million has been issued to the bank. The outstanding as on 30 Sept 2008 was Rs. 350 million.
- iii. On 10 May 2007, the Company entered into an agreement with ICICI Bank for a term loan facility up to 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 and Mr Ashish Puravankara, Directors of the Company repayable in 16 monthly installments commencing 15 April 2008. The outstanding as on 30 Sept 2008 was Rs. 1080.30 million.
- iv. On 19 May 2007, Melmont Constructions Pvt Ltd and Purva Realities Pvt Ltd entered into an agreement with HDFC Limited 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 Mr.Ashish Puravankara, Director of the Company. Tenor of the loan is 40 months. The outstanding as on 30 Sept 2008 was Rs. 950 million
- v. On 8 January 2008 the Company entered into a term loan agreement with HSBC for Rs.1350 million which was drawn fully, in four parts, till 31 March 2008. Rs.1000 million is payable in quarterly installments from October 2008 till October 2009. Rs.350 million is payable in quarterly installments, from January 2009 till October 2009. This facility is secured by mortgage of the land and building of Purva Swanlake project and receivables of Purva Swanlake and Purva Moneto. A promissory note for Rs.1350 million has been issued to the bank. The outstanding as on 30 Sept 2008 was Rs. 1350 million.
- vi. During the period the Company entered into a term loan agreement with ICICI Home Finance Company Limited for a term loan of Rs. 1250 million. This facility is secured by mortgage of the properties together with all buildings and structures thereon, both present and future and scheduled receivables of Purva Venezia and Purva Highlands and is also backed by the personal guarantee of Mr.Ravi Puravankara, the Managing Director, Mr.Nani R Choksey and Mr.Ashish Puravankara, Directors of the Company, repayable in 16 monthly instalments commencing 15 June 2009. The outstanding as on 30 Sept 2008 was Rs. 1,130 million
- vii. Other loan of Rs. 70.40 million is outstanding as at 30 Sept 2008 and is secured by a charge against respective equipment.

(b) *Debentures*

The Company had on 10 September 2008, issued 55 Secured Redeemable Non-Convertible Debentures of face value of Rs.10,000,000/- each for cash at par to ICICI Prudential Real Estate Securities Fund. These debentures are due for redemption on 30 November 2010. Interest is payable on 10th September of every year till redemption. The Company is in the process of registering the charge.

(c) *Cash Credit & Other Loans*

- i. On 19 August 2004 the Company entered into an agreement with Andhra Bank for a cash credit facility of Rs 150 million which is secured against the 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. On 20 June 2008 the Company entered into an agreement with IDBI Bank for a working capital facility of Rs. 1000 million which is secured against the properties of the Company and personal guarantee of Mr.Ravi Puravankara, the Managing Director.
- iv. 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 2008 | 30 Sept 2007 | 31 March 2008 |
|---|-----------------------------|-----------------------------|-----------------------------|
| | Rs. | Rs. | Rs. |
| Term loans | 3,315,500,210 | 3,420,000,000 | 2,860,428,869 |
| Debentures, Cash Credit and Other loans | 1,761,170,678 | 388,662,212 | 258,965,415 |
| | <u>5,076,670,888</u> | <u>3,808,662,212</u> | <u>3,119,394,284</u> |
| 6 Deferred Tax Liability | | | |
| Deferred tax liability arising on account of Depreciation | 19,041,125 | 18,028,512 | 13,708,696 |
| Less: deferred tax asset arising on: | | | |
| Expenses allowable on payment basis: | | | |
| Gratuity | - | 1,086,789 | - |
| Bonus | - | - | - |
| Leave encashment | - | 2,147,933 | 3,588,082 |
| | <u>19,041,125</u> | <u>14,793,790</u> | <u>10,120,614</u> |

7. Fixed Assets

| Category of assets | Cost | | | | Accumulated Depreciation/Amortization | | | | 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 | As at 30 Sept 2008 | As at 31 March 2008 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Buildings | 37,074,680 | 494,814 | - | 37,569,494 | 1,018,233 | 304,953 | - | 1,323,186 | 36,246,308 | 36,056,447 |
| Plant & Machinery | 252,566,913 | 8,351,035 | - | 260,917,948 | 27,058,462 | 6,306,003 | - | 33,364,465 | 227,553,483 | 225,508,451 |
| Office Equipment | 11,771,343 | 493,162 | - | 12,264,505 | 2,090,702 | 346,813 | - | 2,437,515 | 9,826,990 | 9,680,641 |
| Computers | 19,258,136 | 1,842,310 | - | 21,100,446 | 6,542,580 | 1,669,998 | - | 8,212,578 | 12,887,868 | 12,715,556 |
| Furniture & Fixtures | 9,725,040 | 1,525,078 | - | 11,250,118 | 3,581,030 | 422,718 | - | 4,003,748 | 7,246,370 | 6,144,010 |
| Vehicles | 63,784,286 | 1,903,899 | - | 65,688,185 | 16,414,416 | 3,171,947 | - | 19,586,363 | 46,101,822 | 47,369,870 |
| Shuttering Material | 198,115,907 | - | - | 198,115,907 | 54,213,896 | 14,097,473 | - | 68,311,369 | 129,804,538 | 143,902,011 |
| <u>Intangible Assets</u> | | | | | | | | | | |
| Computer Software | 19,015,875 | 1,090,098 | - | 20,105,973 | 3,687,060 | 1,690,944 | - | 5,378,004 | 14,727,969 | 15,328,815 |
| Total | 611,312,180 | 15,700,396 | - | 627,012,576 | 114,606,379 | 28,010,849 | - | 142,617,228 | 484,395,348 | 496,705,801 |
| Last year | 443,146,619 | 109,754,989 | 16,639,428 | 536,262,180 | 61,210,279 | 20,834,801 | 5,179,493 | 76,865,587 | 459,396,593 | - |

| | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 Rs. | Year ended 31 March 2008 Rs. |
|---|--------------------------------------|--------------------------------------|------------------------------------|
| 8 Investment | | | |
| Investment in Associates: | | | |
| (Unquoted and fully paid up, including share of profit) | | | |
| Keppel Puravankara Development Private Limited | | | |
| 4,410,000 Equity Shares (2007 - 4,410,000) of Rs 10 each at par | 569,348,755 | 342,282,389 | 489,630,449 |
| 17,640,000 13.25% cumulative, redeemable Preference Shares (2007 - 17,640,000) of Rs 10 each at par | 176,400,000 | 176,400,000 | 176,400,000 |
| Keppel Magus Development Private Limited | | | |
| 362,600 Equity shares (2007 - 362,600) of Rs. 610 each, fully paid | 221,186,000 | 221,186,000 | 221,186,000 |
| | 966,934,755 | 739,868,389 | 887,216,449 |
| 9 Properties Held for Development | | | |
| At the beginning of the period | 13,015,764,753 | 7,517,752,139 | 7,007,546,850 |
| Add : Additions during the period | 614,687,118 | 224,621,924 | 6,320,489,107 |
| Less: Transferred to Properties Under Development | - | 33,085,000 | 408,424,542 |
| | 13,630,451,871 | 7,709,289,063 | 12,919,611,415 |
| 10 Cash and Cash Equivalents | | | |
| Cash in hand | 4,411,930 | 16,408,996 | 2,306,035 |
| Bank balance: | | | |
| In current accounts | 191,869,996 | 405,329,692 | 200,071,162 |
| In deposit account | 177,536,446 | 127,811,283 | 147,337,683 |
| Short-term investments in mutual funds | - | 4,959,389,168 | - |
| | 373,818,372 | 5,508,939,139 | 349,714,880 |
| 11 Trade Debtors | | | |
| (Unsecured and considered good) | | | |
| Debts outstanding over six months | 412,424,470 | 58,418,448 | 263,891,568 |
| Debts outstanding less than six months | 615,253,379 | 301,550,578 | 559,746,503 |
| | 1,027,677,849 | 359,969,026 | 823,638,071 |
| 12 Properties Under Development | | | |
| Land cost | 2,374,516,214 | 2,572,648,694 | 2,247,055,895 |
| Material and construction cost | 7,427,822,345 | 6,748,928,359 | 5,226,523,803 |
| Profit recognized to-date | 3,826,064,331 | 3,775,699,984 | 2,869,322,555 |
| Less: Progress payments received and receivable | 8,828,211,853 | 9,554,440,530 | 6,384,545,677 |
| | 4,800,191,037 | 3,542,836,507 | 3,958,356,576 |
| 13 Properties Held for Sale | | | |
| At the beginning of the period | 864,666,084 | 519,567,034 | 515,355,058 |
| Add : Additions during the period | 39,142,232 | 800,000 | 527,164,779 |
| Less: Sales during the period | 38,727,446 | - | 133,011,645 |
| | 865,080,870 | 520,367,034 | 909,508,192 |

| | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. | Year ended 31 March 2008 Rs. |
|---|--|--|------------------------------------|
| 8 Investment | | | |
| Investment in Associates: | | | |
| (Unquoted and fully paid up, including share of profit) | | | |
| Keppel Puravankara Development Private Limited | | | |
| 4,410,000 Equity Shares (2007 - 4,410,000) of Rs 10 each at par | 569,348,755 | 342,282,389 | 489,630,449 |
| 17,640,000 13.25% cumulative, redeemable Preference Shares (2007 - 17,640,000) of Rs 10 each at par | 176,400,000 | 176,400,000 | 176,400,000 |
| Keppel Magus Development Private Limited | | | |
| 362,600 Equity shares (2007 - 362,600) of Rs. 610 each, fully paid | 221,186,000 | 221,186,000 | 221,186,000 |
| | 966,934,755 | 739,868,389 | 887,216,449 |
| 9 Properties Held for Development | | | |
| At the beginning of the period | 12,919,611,415 | 7,007,546,850 | 7,007,546,850 |
| Add : Additions during the period | 828,339,619 | 1,110,166,756 | 6,320,489,107 |
| Less: Transferred to Properties Under Development | 117,499,163 | 408,424,543 | 408,424,542 |
| | 13,630,451,871 | 7,709,289,063 | 12,919,611,415 |
| 10 Cash and Cash Equivalents | | | |
| Cash in hand | 4,411,930 | 16,408,996 | 2,306,035 |
| Bank balance: | | | |
| In current accounts | 191,869,996 | 405,329,692 | 200,071,162 |
| In deposit account | 177,536,446 | 127,811,283 | 147,337,683 |
| Short-term investments in mutual funds | - | 4,959,389,168 | - |
| | 373,818,372 | 5,508,939,139 | 349,714,880 |
| 11 Trade Debtors | | | |
| (Unsecured and considered good) | | | |
| Debts outstanding over six months | 412,424,470 | 58,418,448 | 263,891,568 |
| Debts outstanding less than six months | 615,253,379 | 301,550,578 | 559,746,503 |
| | 1,027,677,849 | 359,969,026 | 823,638,071 |
| 12 Properties Under Development | | | |
| Land cost | 2,374,516,214 | 2,572,648,694 | 2,247,055,895 |
| Material and construction cost | 7,427,822,345 | 6,748,928,359 | 5,226,523,803 |
| Profit recognized to-date | 3,826,064,331 | 3,775,699,984 | 2,869,322,555 |
| Less: Progress payments received and receivable | 8,828,211,853 | 9,554,440,530 | 6,384,545,677 |
| | 4,800,191,037 | 3,542,836,507 | 3,958,356,576 |
| 13 Properties Held for Sale | | | |
| At the beginning of the period | 909,508,192 | 515,355,058 | 515,355,058 |
| Add : Additions during the period | 87,850,941 | 5,011,976 | 527,164,779 |
| Less: Sales during the period | 132,278,263 | - | 133,011,645 |
| | 865,080,870 | 520,367,034 | 909,508,192 |

| | 30 Sept 2008 Rs. | 30 Sept 2007 Rs. | 31 March 2008 Rs. |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| 14 Loans and Advances | | | |
| Advances to suppliers | 286,238,417 | 450,220,691 | 355,797,977 |
| Advances for land contracts | 1,050,323,574 | 781,223,595 | 955,572,578 |
| Deposits | 562,230,979 | 392,536,933 | 536,248,732 |
| Loans to associates | 163,522,109 | 237,104,478 | 228,628,633 |
| Advance tax (net of provision) | 169,827,106 | 104,195,263 | 187,332,524 |
| Taxes and duties recoverable | 431,589,944 | - | 240,136,157 |
| Prepaid expenses | 30,872,870 | - | 71,142,252 |
| Other advances | 279,741,588 | 279,358,505 | 303,298,000 |
| | <u>2,974,346,587</u> | <u>2,244,639,465</u> | <u>2,878,156,853</u> |

The above are unsecured & considered good.

15 Current Liabilities

| | | | |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Advances received from customers | 2,771,988,007 | 3,314,212,518 | 3,149,198,007 |
| Duties and taxes payable | 33,079,966 | 103,842,211 | 17,105,073 |
| Security deposits | 35,893,286 | 30,355,054 | 32,446,286 |
| Trade creditors | 1,056,096,432 | 1,101,648,279 | 920,496,606 |
| Dues to related parties | 15,429,816 | 413,260,232 | 15,429,816 |
| Other liabilities | 73,749,182 | 89,771,039 | 87,843,019 |
| Unpaid Dividend | 1,219,798 | - | - |
| | <u>3,987,456,487</u> | <u>5,053,089,333</u> | <u>4,222,518,807</u> |

16 Provisions

| | | | |
|----------------------------|-------------------------|-------------------------|---------------------------|
| Provision for gratuity | - | 3,197,379 | - |
| Provision for vacation pay | 9,837,866 | 6,319,308 | 10,556,288 |
| Proposed dividend | - | - | 426,848,670 |
| Tax on proposed dividend | - | - | 72,542,931 |
| | <u>9,837,866</u> | <u>9,516,687</u> | <u>509,947,889</u> |

| | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 Rs. |
|---|--------------------------------------|--------------------------------------|
| 17 Revenues | | |
| Revenue from projects | 1,375,056,974 | 1,394,761,059 |
| Rental income | 9,818,798 | 7,428,112 |
| Income from interiors | 8,790,053 | 7,885,394 |
| | 1,393,665,825 | 1,410,074,565 |
| 18 Cost of Revenues | | |
| Construction cost | | |
| Material and contract costs | 514,211,995 | 530,713,090 |
| Salaries, wages and bonus | 61,806,539 | 46,241,796 |
| Depreciation | 10,666,283 | 8,751,674 |
| Other direct costs | 103,802,254 | 88,724,236 |
| | 690,487,071 | 674,430,796 |
| Land cost | 76,836,637 | 53,729,557 |
| | 767,323,708 | 728,160,353 |
| 19 Selling Expenses | | |
| Salaries, wages and bonus | 9,253,319 | 8,020,683 |
| Advertising and sales promotion | 66,585,961 | 35,856,385 |
| Sales incentives and commission | 2,133,115 | 1,960,589 |
| Brokerage and referral charges | 1,586,778 | 3,227,709 |
| Travel and conveyance | 1,683,899 | 433,739 |
| Communication | 717,476 | 609,928 |
| Depreciation | 353,148 | 422,009 |
| | 82,313,696 | 50,531,042 |
| 20 General and Administrative Expenses | | |
| Salaries, wages and bonus | 29,501,563 | 20,439,262 |
| Depreciation | 3,058,629 | 2,246,792 |
| Rates and taxes | 10,534,354 | 7,278,928 |
| Repairs and maintenance | 4,616,085 | 5,498,093 |
| Legal and professional charges | 4,251,971 | 4,160,647 |
| Audit fees | 800,000 | 624,606 |
| Communication costs | 2,869,905 | 3,456,258 |
| Printing and stationery | 4,394,456 | 1,660,771 |
| Travelling and conveyance | 6,775,120 | 3,903,653 |
| Security charges | 2,275,775 | 955,049 |
| Foreign exchange loss/(gain) | (611,812) | (1,211) |
| Miscellaneous expenses | 5,036,634 | 3,062,226 |
| | 73,502,680 | 53,285,074 |

| | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. |
|---|--|--|
| 17 Revenues | | |
| Revenue from projects | 2,932,664,754 | 2,587,401,335 |
| Rental income | 17,673,754 | 15,147,615 |
| Income from interiors | 19,083,037 | 11,590,001 |
| | 2,969,421,545 | 2,614,138,951 |
| 18 Cost of Revenues | | |
| Construction cost | | |
| Material and contract costs | 1,060,805,268 | 1,047,851,018 |
| Salaries, wages and bonus | 122,654,601 | 90,136,338 |
| Depreciation | 21,328,004 | 15,866,071 |
| Other direct costs | 241,039,232 | 142,097,728 |
| | 1,445,827,105 | 1,295,951,155 |
| Land cost | 176,991,086 | 121,053,854 |
| | 1,622,818,191 | 1,417,005,009 |
| 19 Selling Expenses | | |
| Salaries, wages and bonus | 18,430,211 | 15,087,014 |
| Advertising and sales promotion | 116,892,173 | 88,538,692 |
| Sales incentives and commission | 3,409,390 | 4,913,281 |
| Brokerage and referral charges | 3,125,518 | 4,145,359 |
| Travel and conveyance | 2,210,637 | 618,172 |
| Communication | 1,219,632 | 901,036 |
| Depreciation | 869,409 | 935,764 |
| | 146,156,970 | 115,139,318 |
| 20 General and Administrative Expenses | | |
| Salaries, wages and bonus | 58,510,750 | 41,172,068 |
| Depreciation | 5,813,438 | 4,068,574 |
| Rates and taxes | 22,092,423 | 15,529,854 |
| Repairs and maintenance | 10,193,843 | 9,911,670 |
| Legal and professional charges | 7,240,628 | 5,940,676 |
| Audit fees | 1,400,000 | 1,124,606 |
| Communication costs | 4,878,527 | 5,222,247 |
| Printing and stationery | 7,659,977 | 2,986,909 |
| Travelling and conveyance | 12,703,233 | 6,913,283 |
| Security charges | 4,545,047 | 2,460,990 |
| Foreign exchange loss/(gain) | (466,671) | 970,882 |
| Miscellaneous expenses | 6,401,074 | 6,667,311 |
| | 140,972,269 | 102,969,070 |

| | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 Rs. |
|---|--------------------------------------|--------------------------------------|
| 21 Finance Income/(Charges) | | |
| Interest expenses on loans and cash credits | (215,786,176) | (227,198,928) |
| Loan and other processing charges | (16,796,400) | - |
| Less: Interest and processing charges capitalized | 220,341,025 | 218,311,512 |
| Less: Finance Income: | | |
| Mutual Fund | - | 36,995,162 |
| Bank deposits | 7,593,775 | 145,875 |
| Loans to associate | 3,015,959 | 4,500,943 |
| Interest received from customers | 5,934,612 | 2,430,113 |
| | <u>4,302,795</u> | <u>35,184,677</u> |
| 22 Provision for tax | | |
| Current tax | 6,507,827 | 68,826,958 |
| Deferred tax charge/(credit) | 2,046,192 | 5,791,890 |
| | <u>8,554,019</u> | <u>74,618,848</u> |
| 23 Earnings Per Share | | |
| Weighted average number of shares outstanding during the quarter: | 213,424,335 | 201,092,110 |
| Add: Dilutive effect of stock options | - | - |
| Weighted average number of shares used to compute diluted EPS | <u>213,424,335</u> | <u>201,092,110</u> |
| Net profit after tax attributable to equity shareholders | 504,745,556 | 602,092,643 |
| Earnings per share: | | |
| Basic and diluted | 2.36 | 2.99 |
| Nominal value per equity share | <u>5.00</u> | <u>5.00</u> |

| | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. |
|--|--|--|
| 21 Finance Income/(Charges) | | |
| Interest expenses on loans and cash credits | (401,324,088) | (453,443,397) |
| Loan and other processing charges | (33,617,600) | (15,000,000) |
| Less: Interest and processing charges capitalized | 415,448,162 | 448,970,872 |
| Less: Finance Income: | | |
| Mutual fund | - | 36,995,162 |
| Bank deposits | 7,593,775 | 145,875 |
| Loans to associate | 5,400,866 | 12,489,065 |
| Interest received from customers | 9,277,358 | 3,795,460 |
| | <u>2,778,473</u> | <u>33,953,037</u> |
| 22 Provision for tax | | |
| Current tax | 39,188,430 | 113,871,533 |
| Deferred tax charge/(credit) | 8,920,511 | 4,075,334 |
| MAT credit | (29,812,895) | - |
| | <u>18,296,046</u> | <u>117,946,867</u> |
| <p>During the half year an amount of Rs. 29.81 million has been recognized as a tax credit. This amount represents the corporate income tax charged as Minimum Alternate Tax (MAT) previously and is considered to be recoverable against taxes payable in the future.</p> | | |
| 23 Earnings Per Share | | |
| Weighted average number of shares outstanding during the period | 213,424,335 | 196,579,577 |
| Add: Dilutive effect of stock options | - | - |
| Weighted average number of shares used to compute diluted EPS | <u>213,424,335</u> | <u>196,579,577</u> |
| Net profit after tax attributable to equity shareholders | 1,123,674,848 | 1,042,238,326 |
| Earnings per share: | | |
| Basic and diluted | 5.26 | 5.30 |
| 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.

The disclosures for the quarter ended 30 Sept 2008 have been provided below:

The weighted average exercise price for options movement during the quarter ended 30 Sept 2008 is as follows:

| | 30 Sept 2008 | |
|--|--|---|
| | Shares arising out of options (Numbers) | Weighted average exercise price Rs |
| As at 1 July 2008 | 966,000 | 465.86 |
| Granted during the period | | |
| Forfeited during the period | - | - |
| Lapsed during the period | - | - |
| Cancelled during the period | - | - |
| Exercised during the period | - | - |
| As at 30 Sept 2008 | <u>966,000</u> | <u>465.86</u> |
| Excercisable at the end of the quarter | <u>289,800</u> | <u>465.86</u> |

The weighted average exercise price of the options outstanding at 30 Sept 2008 was Rs. 465.86 and they had weighted average remaining contractual life of 27 months.

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

| | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 Rs. |
|--|---|---|
| Net profit, as reported | 504,745,556 | 602,092,643 |
| 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 | <u>7,349,391</u> | <u>7,349,391</u> |
| Proforma net income | <u>497,396,165</u> | <u>594,743,252</u> |
| Earnings per share – Basic | | |
| As reported | 2.36 | 2.99 |
| Pro forma | 2.33 | 2.96 |
| Earnings per share – Diluted | | |
| As reported | 2.36 | 2.99 |
| Pro forma | <u>2.33</u> | <u>2.96</u> |

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% |

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 disclosures for the half year ended 30 Sept 2008 have been provided below:

The weighted average exercise price for options movement during the half year ended 30 Sept 2008 is as follows:

| 30 Sept 2008 | |
|--|---|
| Shares arising out of options (Numbers) | Weighted average exercise price Rs |
| As at 1 April 2008 | 966,000 |
| Granted during the period | 465.86 |
| Forfeited during the period | - |
| Lapsed during the period | - |
| Cancelled during the period | - |
| Exercised during the period | - |
| As at 30 Sept 2008 | <u>966,000</u> |
| Exercisable at the end of the period | <u>465.86</u> |
| | <u>289,800</u> |
| | <u>465.86</u> |

The weighted average exercise price of the options outstanding at 30 Sept 2008 was Rs. 465.86 and they had weighted average remaining contractual life of 27 months.

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

| | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. |
|--|---|---|
| Net profit, as reported | 1,123,674,848 | 1,042,238,326 |
| 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 | <u>14,618,897</u> | <u>14,618,897</u> |
| Proforma net income | <u>1,109,055,951</u> | <u>1,027,619,429</u> |
| Earnings per share – Basic | | |
| As reported | 5.26 | 5.30 |
| Pro forma | 5.20 | 5.23 |
| Earnings per share – Diluted | | |
| As reported | 5.26 | 5.30 |
| Pro forma | <u>5.20</u> | <u>5.23</u> |

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% |

Puravankara Projects Limited

25 Leases

Properties taken on operating leases

The lease expense for cancellable and non cancellable operating leases was Rs. 10,256,732 and Rs. 20,562,873 for the quarter and half year ended 30 Sept 2008 respectively and Rs. 6,993,362 and Rs. 15,413,667 for the quarter and half year ended 30 Sept 2007 respectively.

| Particulars | Quarter ended 30 Sept 2008 Rs. | Quarter ended 30 Sept 2007 | Year ended 31 March 2008 Rs. |
|-----------------------------|--------------------------------------|-------------------------------|------------------------------------|
| a) Within one year | 9,692,298 | 9,344,000 | 15,448,200 |
| b) Within one to five years | 4,204,202 | 5,775,000 | 3,443,333 |
| Total | <u>13,896,500</u> | <u>15,119,000</u> | <u>18,891,533</u> |

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 5 years. Lease income was Rs. 9,818,798 and Rs. 17,673,754 for the quarter and half year ended 30 Sept 2008 respectively and Rs. 7,428,112 and Rs. 15,147,615 for the quarter and half year ended 30 Sept 2007 respectively. Minimum amount of future lease rental receivable under these agreements are:

| Particulars | Quarter ended 30 Sept 2008 | Quarter ended 30 Sept 2007 | Year ended 31 March 2008 |
|-----------------------------|-------------------------------|-------------------------------|-----------------------------|
| a) Within one year | 13,096,351 | 13,355,061 | 16,009,700 |
| b) Within one to five years | 9,810,660 | 12,684,725 | 6,572,957 |
| | <u>22,907,011</u> | <u>26,039,786</u> | <u>22,582,657</u> |

26 Other commitments and contingencies

| | | | |
|--|------------------|--------------------|------------------|
| (a) Show cause notices received from various authorities | 8,200,000 | 8,200,000 | 8,200,000 |
| (b) Capital commitments (net of advances) | <u>1,298,800</u> | <u>275,800,000</u> | <u>5,356,547</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. After considering the circumstances 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

Relatives of Key Management Personnel:

Ms. Geeta S Vhatkar

Ms. Aarti Panjabi

Mr. Ashish Puravankara

Mr. Suresh Puravankara

Ms. Amanda Puravankara

Ms. Tanya Puravankara

Ms. Vishalakshi Puravankara

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

Purva Developments

Uniquepark Constructions Private Limited

Unique Constructions

Welworth

Puravankara Constructions

Handiman Services Limited

Dealwel – Proprietorship

Dealwel Finance Corporation

Tanya Trust

Amanda Trust

| The transactions with related parties for the quarter are as follows: | | | | | | | | |
|---|------------|-------------|--------------------------|-------------|---------------------------------------|-------------|-----------------------|-------------|
| Nature of Transaction | Associates | | Key Management Personnel | | Relatives of Key Management Personnel | | Other Related Parties | |
| | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 |
| Transactions during the quarter: | | | | | | | | |
| Interest on loans | | | | | | | | |
| Keppel Puravankara Development Private Limited | 1,097,468 | 4,500,943 | - | - | - | - | - | - |
| Keppel Magus Development Private Limited | 1,918,490 | - | - | - | - | - | - | - |
| Loans given to | | | | | | | | |
| Keppel Magus Development Private Limited | 64,854,455 | - | - | - | - | - | - | - |
| Loans repaid to | | | | | | | | |
| Ravi Puravankara | - | - | 248,000,000 | - | - | - | - | - |
| Installments paid for purchase of flats to | | | | | | | | |
| Keppel Puravankara Development Private Limited | 241,010 | 1,956,109 | - | - | - | - | - | - |
| Security and Maintenance Charges paid to | | | | | | | | |
| Handiman Services Limited | - | - | - | - | - | - | 23,182,162 | 22,056,486 |
| Rental Expenses paid to | | | | | | | | |
| Puravankara Constructions | - | - | - | - | - | - | - | 1,350,000 |
| Dealwel | - | - | - | - | - | - | 472,500 | 450,000 |
| Remuneration paid to | | | | | | | | |
| Ravi Puravankara | - | - | 3,600,000 | 3,600,000 | - | - | - | - |
| Ashish Puravankara | - | - | - | - | 2,124,999 | 825,000 | - | - |
| Balances at the end of the period: | | | | | | | | |
| Loans given to(including interest receivable) | | | | | | | | |
| Propmart Technologies Limited | 48,685,000 | 35,685,000 | - | - | - | - | - | - |
| Keppel Puravankara Development Private Limited | 48,064,164 | 201,419,478 | - | - | - | - | - | - |
| Keppel Magus Development Private Limited | 66,772,945 | - | - | - | - | - | - | - |
| Advances for land contracts | | | | | | | | |
| Geetha S Vhatkar | - | - | - | - | 185,184,060 | 185,184,060 | - | - |
| Security Deposits paid to | | | | | | | | |
| Dealwel | - | - | - | - | - | - | 1,500,000 | 1,500,000 |
| Puravankara Constructions | - | - | - | - | - | - | 4,500,000 | 4,500,000 |
| Dues from | | | | | | | | |
| Ravi Puravankara | - | - | 50,000 | - | - | - | - | - |
| Dues to | | | | | | | | |
| Handiman Services Limited | - | - | - | - | - | - | 6,796,098 | 3,393,481 |
| Puravankara Constructions | - | - | - | - | - | - | 13,688,540 | 112,188,540 |
| Purva Development | - | - | - | - | - | - | 1,776,276 | 1,776,276 |
| Purva Properties and Resorts Private Limited | - | - | - | - | - | - | 15,000 | 15,000 |
| Ravi Puravankara | - | - | - | 295,886,935 | - | - | - | - |

Puravankara Projects Limited

| The transactions with related parties for the half year ended are as follows: | | | | | | | | |
|---|-------------|-------------|--------------------------|-------------|---------------------------------------|-----------|-----------------------|------------|
| Nature of Transaction | Associates | | Key Management Personnel | | Relatives of Key Management Personnel | | Other Related Parties | |
| | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 | 30-Sep-08 | 30-Sep-07 |
| Transactions during the period: | | | | | | | | |
| Interest on loans | | | | | | | | |
| Keppel Puravankara Development Private Limited | 3,482,376 | 12,489,065 | - | - | - | - | - | - |
| Keppel Magus Development Private Limited | 1,918,490 | - | - | - | - | - | - | - |
| Loans given to | | | | | | | | |
| Propmart Technologies Limited | 13,000,000 | - | - | - | - | - | - | - |
| Keppel Magus Development Private Limited | 64,854,455 | - | - | - | - | - | - | - |
| Loans repaid by | | | | | | | | |
| Keppel Puravankara Development Private Limited | 144,886,770 | 221,186,000 | - | - | - | - | - | - |
| Investment made in | | | | | | | | |
| Keppel Magus Development Private Limited | - | 221,186,000 | - | - | - | - | - | - |
| Value of flats sold to | | | | | | | | |
| Ashish Puravankara | - | - | - | - | 2,631,200 | - | - | - |
| Aarti Panjabi | - | - | - | - | 2,631,200 | - | - | - |
| Suresh Puravankara | - | - | - | - | 2,735,200 | - | - | - |
| Amanda Puravankara | - | - | - | - | 2,631,200 | - | - | - |
| Tanya Puravankara | - | - | - | - | 2,631,200 | - | - | - |
| Vishalakshi Puravankara | - | - | - | - | 2,519,200 | - | - | - |
| Tanya Trust | - | - | - | - | - | - | 8,039,000 | - |
| Amanda Trust | - | - | - | - | - | - | 10,397,000 | - |
| Loans received from | | | | | | | | |
| Ravi Puravankara | - | - | 248,000,000 | 180,000,000 | - | - | - | - |
| Loans repaid to | | | | | | | | |
| Ravi Puravankara | - | - | 248,000,000 | - | - | - | - | - |
| Puravankara Constructions | - | - | - | 9,970,000 | - | - | - | - |
| Installments paid for purchase of flats to | | | | | | | | |
| Keppel Puravankara Development Private Limited | 241,010 | 3,729,169 | - | - | - | - | - | - |
| Security and Maintenance Charges paid to | | | | | | | | |
| Handiman Services Limited | - | - | - | - | - | - | 52,562,578 | 32,796,109 |
| Rental Expenses paid to | | | | | | | | |
| Puravankara Constructions | - | - | - | - | - | - | 1,417,500 | 2,700,000 |
| Dealwel | - | - | - | - | - | - | 945,000 | 900,000 |
| Paid for purchase of land | | | | | | | | |
| Keppel Puravankara Development Private Limited | 3,031,991 | - | - | - | - | - | - | - |
| Remuneration paid to | | | | | | | | |
| Ravi Puravankara | - | - | 7,200,000 | 7,200,000 | - | - | - | - |
| Ashish Puravankara | - | - | - | - | 4,249,998 | 1,732,803 | - | - |
| Geetha S Vhatkar | - | - | - | - | 10,001 | 30,003 | - | - |

28 Employee benefits

A. Defined benefit 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 2008 are as under:

| | 30 Sept 2008 | | 30 Sept 2007 | |
|--|--------------------|---------------------|------------------|---------------------|
| | Gratuity Rs. | Vacation Pay Rs. | Gratuity Rs. | Vacation Pay Rs. |
| 1 The amounts recognized in the Balance Sheet are as follows: | | | | |
| Present value of the obligation as at the end of the period | 11,092,228 | 9,837,866 | 7,943,926 | 6,319,308 |
| Fair value of plan assets as at the end of the period | 16,435,481 | - | 4,746,547 | - |
| Net liability/(asset) recognized in the Balance Sheet | (5,343,253) | 9,837,866 | 3,197,379 | 6,319,308 |
| 2 The amounts recognized in the Profit and Loss Account are as follows: | | | | |
| Service cost | 2,426,948 | 962,375 | 3,201,575 | 1,202,876 |
| Interest cost | 368,471 | 448,642 | 188,816 | 228,210 |
| Expected return on plan assets | (692,371) | - | (179,787) | - |
| Net actuarial (gain)/loss recognized in the period | 174,884 | (2,129,439) | (238,949) | (817,017) |
| Expense recognized in the Profit and Loss Account of the period | 2,277,932 | (718,422) | 2,971,655 | 614,069 |
| 3 Changes in the present value of defined benefit obligation | | | | |
| Defined benefit obligation as at 1 April 2008 | 8,669,908 | 10,556,288 | 4,720,404 | 5,705,239 |
| Service cost | 2,426,948 | 962,375 | 3,201,575 | 1,202,876 |
| Interest cost | 368,471 | 448,642 | 188,816 | 228,210 |
| Actuarial losses/(gains) | (373,099) | (2,129,439) | (166,869) | (817,017) |
| Benefits paid | - | - | - | - |
| Defined benefit obligation as at 30 Sept 2008 | 11,092,228 | 9,837,866 | 7,943,926 | 6,319,308 |
| 4 Changes in the fair value of plan assets | | | | |
| Fair value as at 1 April 2008 | 16,291,093 | - | 4,494,680 | - |
| Expected return on plan assets | 692,371 | - | 179,787 | - |
| Actuarial (loss)/ gains | (547,983) | - | 72,080 | - |
| Contributions | - | - | - | - |
| Benefits paid | - | - | - | - |
| Fair value as at 30 Sept 2008 | 16,435,481 | - | 4,746,547 | - |
| Assumptions used in the above valuations are as under: | | | | |
| Interest rate | 8.50% | 8.50% | 8% | 8% |
| Discount rate | 8.50% | 8.50% | 8% | 8% |
| Expected return on plan assets | 8.50% | - | 8% | - |
| Future salary increase | 6% | 6% | 6% | 6% |
| Attrition rate | 5% | 5% | 5% | 5% |
| Retirement age | 60 years | 60 years | 60 years | 60 years |

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees Provident Funds and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per Revised AS 15. Contribution made was Rs. 3,176,412 and Rs. 5,496,412 for the quarter and half year ended 30 Sept 2008 respectively and Rs. 1,736,902 and Rs. 4,056,902 for the quarter and half year ended 30 Sept 2007 respectively.

29 Segmental Information

The Group 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 Group operates primarily in India and there is no other significant geographical segment.

30 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

Ashish Puravankara
Director

Ravi Ramu
Director

Kiran Chappar
Company Secretary

Bangalore
31 October 2008

Puravankara Projects Limited

Cash Flow Statement

28

| | Half year ended 30 Sept 2008 Rs. | Half year ended 30 Sept 2007 Rs. |
|---|--|--|
| A. Cash flow from operating activities | | |
| Profit before tax | 1,141,970,894 | 1,160,185,193 |
| Adjustments for: | | |
| Depreciation and amortization | 28,010,849 | 20,870,409 |
| Assets deletion | - | 11,424,328 |
| Interest income | (22,271,999) | (16,430,399) |
| Interest expense, net of capitalization | 19,493,526 | 468,443,397 |
| Share of (profit)/loss in Associate | (79,718,306) | (147,206,603) |
| Operating profit before working capital changes | 1,087,484,964 | 1,497,286,325 |
| Movements in working capital : | | |
| (Increase) / Decrease in trade debtors | (204,039,778) | 98,854,237 |
| (Increase) / Decrease in inventories | (23,239,910) | (17,088,981) |
| (Increase) / Decrease in loans and advances | (312,849,801) | (96,624,041) |
| (Increase) / Decrease in properties under development | (677,076,401) | (1,092,240,072) |
| (Increase) / Decrease in properties held for sale | 44,427,322 | (5,011,976) |
| Increase / (Decrease) in current liabilities and provisions | (220,432,423) | (162,370,883) |
| Cash used in/ received from operations | (305,726,027) | 222,804,609 |
| Direct taxes paid | (98,869,849) | (176,143,414) |
| Net cash from / (used in) operating activities | (404,595,876) | 46,661,195 |
| B. Cash flows from investing activities | | |
| Purchase of fixed assets and decrease in Capital Work-In-Progress | (15,700,396) | (111,946,378) |
| Loans to associates | (77,854,455) | 212,093,583 |
| Loans repaid by associates | 144,886,770 | - |
| Investment in Associates | - | (221,186,000) |
| Properties held for development | (216,008,927) | (688,156,142) |
| Interest received | 17,252,637 | 3,941,335 |
| Net cash from / (used in) investing activities | (147,424,371) | (805,253,602) |
| C. Cash flows from financing activities | | |
| Proceeds from term loans | 1,766,454,069 | 3,645,716,251 |
| Repayment of term loans | (1,125,295,418) | (4,563,127,676) |
| Issue of Debentures | 550,000,000 | - |
| Repayment of Debentures | (250,000,000) | - |
| Proceeds from /(repayments of) short-term borrowings | 584,646,695 | (888,056,898) |
| Loans from related parties | 248,000,000 | 180,000,000 |
| Loans repaid to related parties | (248,000,000) | (9,970,000) |
| Dividends paid including taxes | (498,171,803) | - |
| Interest paid | (451,509,804) | (448,970,873) |
| Net proceeds from issuance of equity shares(including Share Premium) | - | 7,978,283,540 |
| Net cash generated from financing activities | 576,123,739 | 5,893,874,344 |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | 24,103,492 | 5,135,281,937 |
| Cash and cash equivalents at the beginning of the period | 349,714,880 | 373,657,202 |
| Cash and cash equivalents at the end of the period | 373,818,372 | 5,508,939,139 |

This is the consolidated 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.

Per Aashish Arjun Singh

Partner

Ravi Puravankara
Chairman and
Managing Director

Nani R Choksey
Director

Ashish Puravankara
Director

Ravi Ramu
Director

Kiran Chappar
Company
Secretary

Membership No. 210122

Bangalore

31 October 2008

Bangalore

31 October 2008