

Consolidated Financial Statements

**Puravankara Projects Limited**

31 March 2008

# Puravankara Projects Limited

## Contents

	Page
Auditors' Report	1
Consolidated Balance Sheet	2
Consolidated Profit and Loss Account	3
Notes to the Consolidated Financial Statements	5
Consolidated Cash Flow Statement	28

## **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 31 March 2008 and also the Consolidated Profit and Loss Account for the quarter and year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. 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.2,003,131,869 as at 31 March 2008, total revenue of Rs Nil for the quarter and year ended on that date and cash flows amounting to Rs.(4,543,812) for the 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 31 March 2008;
  - (b) the Consolidated Profit and Loss Account, of the profit of the Group for the quarter and year ended on that date; and
  - (c) the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Walker, Chandiook & Co**  
**Chartered Accountants**

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

**Bangalore**  
**30 April 2008**

# Puravankara Projects Limited

## Consolidated Balance Sheet

	Note	31 March 2008 Rs.	31 March 2007 Rs.
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share capital	3	1,067,121,675	960,087,275
Reserves and surplus	4	11,059,880,429	1,257,542,377
		<b>12,127,002,104</b>	<b>2,217,629,652</b>
<b>Loans</b>	5	<b>6,524,005,673</b>	<b>6,761,096,960</b>
<b>Deferred Tax Liability</b>	6	<b>10,120,614</b>	<b>10,718,457</b>
		<b>18,661,128,391</b>	<b>8,989,445,069</b>
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Cost	7	611,312,180	443,146,619
Less: Accumulated depreciation/amortisation		114,606,379	61,210,279
Net book value		496,705,801	381,936,340
Capital work-in-progress including capital advances		-	7,113,211
		<b>496,705,801</b>	<b>389,049,551</b>
<b>Investments</b>	8	<b>887,216,449</b>	<b>371,475,787</b>
<b>Properties Held for Development</b>	9	<b>12,919,611,415</b>	<b>7,007,546,850</b>
<b>Current Assets, Loans and Advances</b>			
Cash and cash equivalents	10	349,714,880	373,657,203
Inventories		170,686,850	159,481,166
Trade debtors	11	823,638,071	458,823,264
Properties under development	12	3,958,356,576	2,471,165,967
Properties held for sale	13	909,508,192	515,355,058
Loans and advances	14	2,878,156,853	2,326,787,267
		<b>9,090,061,422</b>	<b>6,305,269,925</b>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	15	4,222,518,807	4,867,372,081
Provisions	16	509,947,889	216,524,963
		<b>4,732,466,696</b>	<b>5,083,897,044</b>
<b>Net Current Assets</b>		<b>4,357,594,725</b>	<b>1,221,372,881</b>
		<b>18,661,128,391</b>	<b>8,989,445,069</b>

### 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

**Aashish Arjun Singh**  
Partner

**Ravi Puravankara**  
Chairman and  
Managing Director

**Nani R Choksey** Ashish Puravankara  
Director Director

**Ravi Ramu**  
Director

**Kiran Chappar**  
Company  
Secretary

Membership No. 210122

**Bangalore**  
**30 April 2008**

**Bangalore**  
**30 April 2008**

**Consolidated Profit and Loss Account**

	Note	For the year ended 31 Mar 2008 Rs.	For the year ended 31 Mar 2007 Rs.
<b>Revenues</b>	17	<b>5,658,146,500</b>	<b>4,168,611,878</b>
Cost of Revenues	18	3,118,689,552	2,412,624,496
<b>Gross Profit</b>		<b>2,539,456,948</b>	<b>1,755,987,382</b>
Selling expenses	19	239,577,325	216,861,010
General and administrative expenses	20	225,141,141	203,531,711
<b>Operating Profit</b>		<b>2,074,738,482</b>	<b>1,335,594,661</b>
Net finance income/(charges)	21	98,185,352	(12,273,536)
Profit before tax and share of profit in associate		2,172,923,834	1,323,321,125
Share of profit in associate		294,554,663	140,065,777
<b>Profit before tax</b>		<b>2,467,478,497</b>	<b>1,463,386,902</b>
Provision for tax	22	66,997,984	172,390,447
<b>Profit after tax</b>		<b>2,400,480,513</b>	<b>1,290,996,455</b>
<b>Earnings per share : Basic and diluted</b>	23	<b>11.71</b>	<b>6.72</b>

**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**  
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  
**Ashish Puravankara** Director

**Ravi Ramu**  
Director

**Kiran Chappar**  
Company  
Secretary

Membership No. 210122

**Bangalore**  
**30 April 2008**

**Bangalore**  
**30 April 2008**

## Consolidated Profit and Loss Account - Quarter

	Note	31 Mar 2008	31 Mar 2007
		Rs.	Rs.
<b>Revenues</b>	17	<b>1,538,758,657</b>	<b>1,409,536,298</b>
Cost of Revenues	18	879,690,843	814,114,914
<b>Gross Profit</b>		<b>659,067,814</b>	<b>595,421,384</b>
Selling expenses	19	65,072,413	58,577,661
General and administrative expenses	20	66,591,258	54,612,902
<b>Operating Profit</b>		<b>527,404,143</b>	<b>482,230,821</b>
Net finance income/(charges)	21	2,240,446	(1,440,122)
Profit before tax and share of profit in associate		529,644,589	480,790,699
Share of profit in associate		80,864,960	47,444,841
<b>Profit before tax</b>		<b>610,509,549</b>	<b>528,235,540</b>
Provision for tax	23	(116,581,423)	63,369,664
<b>Profit after tax</b>		<b>727,090,972</b>	<b>464,865,876</b>
<b>Earnings per share : Basic and diluted</b>	23	<b>3.41</b>	<b>2.42</b>

**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****For and on behalf of the Board of Directors**

Chartered Accountants

**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**  
30 April 2008

**Bangalore**  
30 April 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 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 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**

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 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*

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 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*

Liability in respect of vacation pay becoming due or expected to be availed within one year from the balance sheet date is 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**

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 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, 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 31 March 2008 comprise the entities listed below:

Name of the Entity	Country of Incorporation	Effective Shareholding
<b>Overseas Subsidiary Companies</b>		
Puravankara Holdings Lanka Private Limited	Sri Lanka	100%
Puravankara Projects Lanka Private Limited	Sri Lanka	100%
Purva Corporation	British Virgin Islands	100%
<b>Indian Subsidiary Companies</b>		
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%
<b>Associate Companies</b>		
Keppel Puravankara Development Private Limited	India	49%
Propmart Technologies Limited	India	32.83%
Magus Bengal Developers Private Limited	India	36.26%

	Year ended 31 March 2008	Year ended 31 March 2007
	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	<u>1,200,000,000</u>	<u>1,200,000,000</u>
---	----------------------	----------------------

#### Issued, subscribed and paid up

213,424,335 (2007 - 192,017,455 Equity shares) Equity shares of Rs.5 each fully paid-up	1,067,121,675	960,087,275
	<u><u>1,067,121,675</u></u>	<u><u>960,087,275</u></u>

(Of the above 176,000,000 (2007 - 176,000,000) equity shares are allotted as fully paid-up by way of bonus shares from share premium account/Profit & Loss account)

### 4 Reserves and Surplus

<b>Share Premium</b>	<u><b>7,911,162,184</b></u>	<u><b>9,913,044</b></u>
----------------------	-----------------------------	-------------------------

#### General Reserve

Balance at the beginning of the year	87,000,000	137,000,000
Less: Issuance of bonus shares	-	(137,000,000)
Add: Transfer on account of Dividend Reserve	<u>211,000,000</u>	<u>87,000,000</u>
Balance at the end of the year	298,000,000	87,000,000

#### Profit and Loss Account

Balance at the beginning of the year	1,160,629,333	910,223,878
Add: Net profit for the year	2,400,480,513	1,290,996,455
Less: Proposed Dividend	426,848,670	180,000,000
Less: Tax on distribution of dividend	72,542,931	30,591,000
Less: Issue of Bonus Shares	-	743,000,000
Less: Transfer to General Reserve	<u>211,000,000</u>	<u>87,000,000</u>
Balance at the end of the year	<u><b>2,850,718,245</b></u>	<u><b>1,160,629,333</b></u>
	<u><u><b>11,059,880,429</b></u></u>	<u><u><b>1,257,542,377</b></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. 8,455,717,600.

The IPO expenses of Rs. 554,468,460 have been deducted from the share premium amount.

### 5 Loans

Secured Loans	5,774,005,673	6,761,096,960
Unsecured Loans - Commercial Papers	<u>750,000,000</u>	<u>-</u>
	<u><b>6,524,005,673</b></u>	<u><b>6,761,096,960</b></u>

	Quarter ended 31 March 2008	Quarter ended 31 March 2007
	Rs.	Rs.
<b>3 Share Capital</b>		
<b>Authorised</b>		
240,000,000 Equity shares of Rs 5 each (2007 - 240,000,000) equity shares of Rs. 5 each	<u>1,200,000,000</u>	<u>1,200,000,000</u>
<b>Issued, subscribed and paid up</b>		
213,424,335 (2007 - 192,017,455 Equity shares) Equity shares of Rs.5 each fully paid-up	1,067,121,675	960,087,275
	<u><u>1,067,121,675</u></u>	<u><u>960,087,275</u></u>

(Of the above 176,000,000 (2007 - 176,000,000) equity shares are allotted as fully paid-up by way of bonus shares from share premium account/Profit & Loss account)

#### 4 Reserves and Surplus

<b>Share Premium</b>	<u>7,911,162,184</u>	<u>9,913,044</u>
<b>General Reserve</b>		
Balance at the beginning of the period	87,000,000	137,000,000
Less: Issuance of bonus shares	-	(137,000,000)
Add: Transfer on account of Dividend Reserve	<u>211,000,000</u>	<u>87,000,000</u>
Balance at the end of the period	298,000,000	87,000,000
<b>Profit and Loss Account</b>		
Balance at the beginning of the period	2,834,018,874	993,354,457
Add: Net profit for the period	727,090,972	464,865,876
Less: Proposed Dividend	426,848,670	180,000,000
Less: Tax on distribution of dividend	72,542,931	30,591,000
Less: Transfer to General Reserve	<u>211,000,000</u>	<u>87,000,000</u>
Balance at the end of the period	<u><u>2,850,718,245</u></u>	<u><u>1,160,629,333</u></u>
	<u><u>11,059,880,429</u></u>	<u><u>1,257,542,377</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. 8,455,717,600. The IPO expenses of Rs. 554,468,460 have been deducted from the share premium amount.

#### 5 Loans

Secured Loans	5,774,005,673	6,761,096,960
Unsecured Loans - Commercial Papers	750,000,000	-
	<u><u>6,524,005,673</u></u>	<u><u>6,761,096,960</u></u>

		31 March 2008	31 March 2007
		Rs.	Rs.
<b>Secured Loans</b>			
Term loans	(a)	5,085,126,039	5,630,471,295
Debentures	(b)	250,000,000	-
Cash Credit & Other loans	(c)	438,879,634	1,130,625,665
		<u>5,774,005,673</u>	<u>6,761,096,960</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 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 Rs.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 31 March 2008 was Rs. 1,099.99 million.
- ii. 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 31 March 2008 was Rs. 333.33 million.
- iii. 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 and Mr Ashish Puravankara, Directors of the Company repayable in 16 monthly instalments commencing 15 April 2008. The outstanding as on 31 March 2008 was Rs. 1,500 million.
- iv. 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 Mr.Ashish Puravankara, Director of the Company. Tenor of the loan is 12 months. The outstanding as on 31 March 2008 was Rs. 700 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 quartely instalments from October 2008 till October 2009. Rs.350 million is payable in quarterly instalments, 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 31 March 2008 was Rs. 1350 million.
- vi. Other loan of Rs. 102.28 million is outstanding as at 31 March 2008 are secured by a charges against respective equipment.

(b) *Debentures*

The Company had, on 5 June 2007, 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 Company is in the process of registering the charge on these debentures.

(c) *Cash Credit & Other Loans*

- i. 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. Other loans represent loans taken for purchase of vehicles. These loans are secured by a charge against respective Principal amounts due in one year are as follows:

	<b>31 March 2008</b>	<b>31 March 2007</b>
	Rs.	Rs.
Term loans	2,860,428,869	4,168,000,000
Debentures, Cash Credit and Other loans	258,965,415	6,465,612
	<u><b>3,119,394,284</b></u>	<u><b>4,174,465,612</b></u>
<b>6 Deferred Tax Liability</b>		
Deferred tax liability arising on account of Depreciation	13,708,696	15,474,970
Less: deferred tax asset arising on:		
Expenses allowable on payment basis:		
Gratuity	-	77,743
Bonus	-	855,043
Leave encashment	3,588,082	3,823,727
	<u><b>10,120,614</b></u>	<u><b>10,718,457</b></u>

## 7. Fixed Assets

Category of assets	Cost				Accumulated Depreciation/Amortisation				Net Book Value	
	Opening Balance	Additions during the year	Deletions during the year	Closing Balance	Opening Balance	Charge for the year	Deletions during the year	Closing Balance	As at 31 March 2008	As at 31 March 2007
<b><u>Tangible Assets</u></b>										
Buildings	37,074,680	-	-	37,074,680	413,916	604,317	-	1,018,233	36,056,447	36,660,764
Plant & Machinery	212,398,062	42,859,233	2,690,382	252,566,913	10,198,765	17,367,927	508,230	27,058,462	225,508,451	202,199,297
Office Equipment	9,825,234	1,946,109	-	11,771,343	1,412,277	678,425	-	2,090,702	9,680,641	8,412,957
Computers	14,816,444	4,441,692	-	19,258,136	3,551,244	2,991,336	-	6,542,580	12,715,556	11,265,200
Furniture & Fixtures	7,958,322	1,766,718	-	9,725,040	2,118,750	1,462,280	-	3,581,030	6,144,010	5,839,572
Vehicles	46,246,353	20,754,171	3,216,238	63,784,286	11,635,271	5,217,874	438,729	16,414,416	47,369,870	34,611,082
Shuttering Material	110,055,704	98,793,011	10,732,808	198,115,907	29,845,561	28,600,965	4,232,630	54,213,896	143,902,011	80,210,143
<b><u>Intangible Assets</u></b>										
Computer Software	4,771,820	14,244,055	-	19,015,875	2,034,495	1,652,565	-	3,687,060	15,328,815	2,737,325
<b>Total</b>	<b>443,146,619</b>	<b>184,804,989</b>	<b>16,639,428</b>	<b>611,312,180</b>	<b>61,210,279</b>	<b>58,575,689</b>	<b>5,179,589</b>	<b>114,606,379</b>	<b>496,705,801</b>	<b>381,936,340</b>
<b>Last year</b>	<b>211,146,006</b>	<b>232,033,371</b>	<b>32,758</b>	<b>443,146,619</b>	<b>35,978,039</b>	<b>25,245,153</b>	<b>12,913</b>	<b>61,210,279</b>	<b>381,936,340</b>	

	Year ended 31 March 2008 Rs.	Year ended 31 March 2007 Rs.
<b>8 Investment</b>		
<b>Investment in Associates:</b>		
(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	489,630,449	195,075,787
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
Magus Bengal Developers Private Limited		
362,600 Equity shares (2007 - NIL) of Rs. 610 each, fully paid	221,186,000	-
	<b>887,216,449</b>	<b>371,475,787</b>
<b>9 Properties Held for Development</b>		
At the beginning of the year	7,007,546,850	3,067,632,929
Add : Additions during the year	6,320,489,107	4,796,603,217
Less: Transferred to Properties Under Development	408,424,542	856,689,296
	<b>12,919,611,415</b>	<b>7,007,546,850</b>
<b>10 Cash and Cash Equivalents</b>		
Cash in hand	2,306,035	19,472,230
Bank balance with Scheduled banks:		
In current accounts	223,283,790	325,960,162
In deposit account	122,837,683	27,936,813
Balance with non-scheduled bank:		
In current account: HSBC, Dubai	1,287,372	287,998
	<b>349,714,880</b>	<b>373,657,203</b>
<b>11 Trade Debtors</b>		
(Unsecured and considered good)		
Debts outstanding over six months	263,891,568	-
Debts outstanding less than six months	559,746,503	458,823,264
	<b>823,638,071</b>	<b>458,823,264</b>
<b>12 Properties Under Development</b>		
Land cost	2,247,055,895	2,071,762,217
Material and construction cost	5,226,523,803	4,767,180,524
Profit recognised to-date	2,869,322,555	3,092,362,639
Less: Progress payments received and receivable	6,384,545,677	7,460,139,413
	<b>3,958,356,576</b>	<b>2,471,165,967</b>
<b>13 Properties Held for Sale</b>		
At the beginning of the year	515,355,058	200,703,071
Add : Additions during the year	527,164,779	337,678,332
Less: Sales during the year	133,011,645	23,026,345
	<b>909,508,192</b>	<b>515,355,058</b>

	Quarter ended 31 March 2008 Rs.	Quarter ended 31 March 2007 Rs.
<b>8 Investment</b>		
<b>Investment in Associates:</b>		
(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	489,630,449	195,075,787
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
Magus Bengal Developers Private Limited		
362,600 Equity shares (2007 - NIL) of Rs. 610 each, fully paid	221,186,000	-
	<b>887,216,449</b>	<b>371,475,787</b>
<b>9 Properties Held for Development</b>		
At the beginning of the period	8,277,257,214	4,962,896,016
Add : Additions during the period	4,642,354,200	2,044,650,834
	<b>12,919,611,414</b>	<b>7,007,546,850</b>
<b>10 Cash and Cash Equivalents</b>		
Cash in hand	2,306,035	19,472,230
Bank balance with Scheduled banks:		
In current accounts	223,283,790	325,960,162
In deposit account	122,837,683	27,936,813
Balance with non-scheduled bank:		
In current account: HSBC, Dubai	1,287,372	287,998
	<b>349,714,880</b>	<b>373,657,203</b>
<b>11 Trade Debtors</b>		
(Unsecured and considered good)		
Debts outstanding over six months	263,891,568	-
Debts outstanding less than six months	559,746,503	458,823,264
	<b>823,638,071</b>	<b>458,823,264</b>
<b>12 Properties Under Development</b>		
Land cost	2,247,055,895	2,071,762,217
Material and construction cost	5,226,523,803	4,767,180,524
Profit recognised to-date	2,869,322,555	3,092,362,639
Less: Progress payments received and receivable	6,384,545,677	7,460,139,413
	<b>3,958,356,576</b>	<b>2,471,165,967</b>
<b>13 Properties Held for Sale</b>		
At the beginning of the period	908,016,700	522,653,166
Add : Additions during the period	58,784,065	5,659,025
Less: Sales during the period	57,292,573	12,957,133
	<b>909,508,192</b>	<b>515,355,058</b>

	<b>31 March 2008</b>	<b>31 March 2007</b>
	Rs.	Rs.
<b>14 Loans and Advances</b>		
Advances to suppliers	355,797,977	378,323,186
Advances for land contracts	955,572,578	932,032,313
Deposits	536,248,732	375,269,259
Loans to associates	228,628,633	449,198,061
Advance tax (net of provision)	187,332,524	40,206,828
Taxes and duties recoverable	240,136,157	30,666,700
Prepaid expenses	71,142,252	9,754,909
Other advances	303,298,000	111,336,011
	<b><u>2,878,156,853</u></b>	<b><u>2,326,787,267</u></b>
The above are unsecured & considered good.		
<b>15 Current Liabilities</b>		
Advances received from customers	3,149,198,007	3,953,388,305
Duties and taxes payable	17,105,073	31,439,110
Security deposits	32,446,286	30,340,054
Trade creditors	920,496,606	490,023,909
Dues to related parties	15,429,816	243,230,232
Other liabilities	87,843,019	118,950,471
	<b><u>4,222,518,807</u></b>	<b><u>4,867,372,081</u></b>
<b>16 Provisions</b>		
Provision for gratuity	-	228,724
Provision for vacation pay	10,556,288	5,705,239
Proposed dividend	426,848,670	180,000,000
Tax on proposed dividend	72,542,931	30,591,000
	<b><u>509,947,889</u></b>	<b><u>216,524,963</u></b>

	<b>Year ended 31 Mar 2008</b>	<b>Year ended 31 Mar 2007</b>
	Rs.	Rs.
<b>17 Revenues</b>		
Revenue from projects	5,606,905,075	4,142,782,347
Rental income	31,117,929	21,023,794
Income from interiors	20,123,496	4,805,737
	<b><u>5,658,146,500</u></b>	<b><u>4,168,611,878</u></b>
<b>18 Cost of Revenues</b>		
Construction cost		
Material and contract costs	2,182,780,179	2,006,144,598
Salaries, wages and bonus	204,875,966	86,786,242
Depreciation	47,530,641	17,546,932
Other direct costs	367,967,347	120,347,702
	<u>2,803,154,133</u>	<u>2,230,825,474</u>
Land cost	315,535,419	181,799,022
	<b><u>3,118,689,552</u></b>	<b><u>2,412,624,496</u></b>
<b>19 Selling Expenses</b>		
Salaries, wages and bonus	34,603,470	22,824,698
Advertising and sales promotion	183,040,968	156,324,013
Sales incentives and commission	9,131,245	11,755,088
Brokerage and referral charges	8,133,694	13,972,634
Travel and conveyance	1,416,155	1,550,200
Communication	1,583,231	4,364,011
Depreciation	1,668,562	1,691,850
Other Costs	-	4,378,516
	<b><u>239,577,325</u></b>	<b><u>216,861,010</u></b>
<b>20 General and Administrative Expenses</b>		
Salaries, wages and bonus	93,917,877	81,379,484
Depreciation	9,411,997	6,006,371
Rates and taxes	35,125,842	30,425,095
Repairs and maintenance	18,089,502	14,276,858
Legal and professional charges	14,636,506	17,385,801
Audit fees	2,624,640	2,000,000
Communication costs	8,395,671	5,829,579
Printing and stationery	7,540,889	4,304,501
Travelling and conveyance	16,233,536	17,506,857
Security charges	4,960,402	6,088,375
Foreign exchange loss/(gain)	1,217,372	(758,137)
Miscellaneous expenses	12,986,907	19,086,927
	<b><u>225,141,141</u></b>	<b><u>203,531,711</u></b>

	Quarter ended 31 Mar 2008	Quarter ended 31 Mar 2007
	Rs.	Rs.
<b>17 Revenues</b>		
Revenue from projects	1,526,130,526	1,402,957,110
Rental income	7,953,360	6,311,761
Income from interiors	4,674,771	267,427
	<b><u>1,538,758,657</u></b>	<b><u>1,409,536,298</u></b>
<b>18 Cost of Revenues</b>		
Construction cost		
Material and contract costs	584,482,318	724,942,171
Staff costs	55,405,630	42,314,115
Depreciation	10,403,314	5,129,649
Other direct costs	122,501,078	10,003,524
	<u>772,792,340</u>	<u>782,389,459</u>
Land cost	106,898,503	31,725,455
	<b><u>879,690,843</u></b>	<b><u>814,114,914</u></b>
<b>19 Selling Expenses</b>		
Staff costs	8,361,887	7,109,067
Advertising and sales promotion	50,379,416	38,554,578
Sales incentives and commission	2,777,917	6,082,620
Brokerage and referral charges	2,578,887	3,577,983
Travel and conveyance	178,907	197,892
Communication	441,328	2,541,700
Depreciation	354,071	513,821
	<b><u>65,072,413</u></b>	<b><u>58,577,661</u></b>
<b>20 General and Administrative Expenses</b>		
Staff costs	25,933,906	23,609,038
Depreciation	2,784,583	1,821,729
Rates and taxes	10,888,492	7,316,893
Repairs and maintenance	5,846,672	4,871,481
Legal and professional charges	6,080,248	4,451,697
Audit fees	800,034	500,000
Communication costs	1,808,514	1,296,516
Printing and stationery	2,169,477	1,714,010
Travelling and conveyance	5,153,012	4,469,944
Security charges	1,378,004	1,508,431
Foreign exchange loss/(gain)	32,641	(232,190)
Miscellaneous expenses	3,715,675	3,285,353
	<b><u>66,591,258</u></b>	<b><u>54,612,902</u></b>

	Year ended 31 Mar 2008 Rs.	Year ended 31 Mar 2007 Rs.
<b>21 Finance Income/(Charges)</b>		
Interest expenses on loans and cash credits	(798,802,492)	(411,792,674)
Loan and other processing charges	(15,000,000)	(12,273,536)
Less: Interest and processing charges capitalised	777,421,116	378,316,902
Less: Finance Income:		
Mutual fund	96,680,096	-
Bank deposits	733,720	443,359
Loans to associate	21,760,660	27,591,386
Interest received from customers	15,392,252	5,441,027
	<b>98,185,352</b>	<b>(12,273,536)</b>
<b>22 Provision for tax</b>		
Current tax	187,461,867	150,036,300
Deferred tax charge/(credit)	(597,844)	9,320,251
Mat credit entitlement	(119,866,039)	-
Tax of earlier years	-	13,033,896
	<b>66,997,984</b>	<b>172,390,447</b>

During the year an amount of Rs. 119.87 million has been recognised as a tax credit. This amount represents the corporate income tax charged as Minimum Alternative Tax in this and the previous year and which is considered to be recoverable against taxes payable in the future.

**23 Earnings Per Share**

Weighted average number of shares outstanding during the year:	205,060,445	192,004,556
Add: Dilutive effect of stock options	-	76,470
Weighted average number of shares used to compute diluted EPS	<b>205,060,445</b>	<b>192,081,026</b>
Net profit after tax attributable to equity shareholders	2,400,480,513	1,290,996,455
Earnings per share:		
Basic and diluted	11.71	6.72
Nominal value per equity share	<b>5.00</b>	<b>5.00</b>

In the Extraordinary General Meeting of the members held on Decemenber 23, 2006, the members of the Company approved the split of its equity shares from a face value of Rs. 100 per share to Rs. 5 per equity share. Further, the members also approved a bonus issue of eleven equity shares for every share held on that date.

	Quarter ended 31 Mar 2008	Quarter ended 31 Mar 2007
	Rs.	Rs.
<b>21 Finance Income/(Charges)</b>		
Interest expenses on loans and cash credits	(215,880,700)	(172,925,571)
Loan and other processing charges	-	1,440,122
Less: Interest and processing charges capitalised	205,126,973	164,183,707
Less: Finance Income:		
Mutual fund	-	-
Bank deposits	-	373,719
Loans to associate	4,700,369	7,143,562
Interest received from customers	8,293,804	1,224,583
	<b><u>2,240,446</u></b>	<b><u>1,440,122</u></b>
<b>22 Provision for tax</b>		
Current tax	4,261,000	52,651,207
Deferred tax charge/(credit)	(976,384)	10,718,457
Mat Credit Entitlement	(119,866,039)	-
Tax of earlier years	-	-
	<b><u>(116,581,423)</u></b>	<b><u>63,369,664</u></b>

During the quarter an amount of Rs. 119.87 million has been recognised as a tax credit. This amount represents the corporate income tax charged as Minimum Alternative Tax in this and the previous year and which is considered to be recoverable against taxes payable in the future.

**23 Earnings Per Share**

Weighted average number of shares outstanding during the period:	213,424,335	192,017,455
Add: Dilutive effect of stock options	-	-
Weighted average number of shares used to compute diluted EPS	<b><u>213,424,335</u></b>	<b><u>192,017,455</u></b>
Net profit after tax attributable to equity shareholders	727,090,972	464,865,876
Earnings per share:		
Basic and diluted	3.41	2.42
Nominal value per equity share	<b><u>5.00</u></b>	<b><u>5.00</u></b>

In the Extraordinary General Meeting of the members held on Decemember 23, 2006, the members of the Company approved the split of its equity shares from a face value of Rs. 100 per share to Rs. 5 per equity share. Further, the members also approved a bonus issue of eleven equity shares for every share held on that date.

**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 year ended 31 March 2008 have been provided below

The weighted average exercise price for options movement during the year ended 31 Mar 2008 is as follows:

<b>31 Mar 2008</b>		
	<b>Shares arising out of options (Numbers)</b>	<b>Weighted average exercise price Rs</b>
As at 1 April 2007	966,000	465.86
Granted during the year		
Forfeited during the year	-	-
Lapsed during the year	-	-
Cancelled during the year	-	-
Exercised during the year	-	-
As at 31 March 2008	966,000	465.86

The weighted average exercise price of the options outstanding at 31 Mar 2008 and 31 Mar 2007 was Rs. 465.86 and they had weighted average remaining contractual life of 33 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:

	<b>Year ended 31 March 2008</b>	<b>Year ended 31 March 2007</b>
	Rs.	Rs.
Net profit, as reported	2,400,480,513	1,290,996,455
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	29,237,794	21,808,518
Proforma net income	2,371,242,719	1,269,187,937
<b>Earnings per share – Basic</b>		
As reported	11.71	6.72
Pro forma	11.56	6.61
<b>Earnings per share – Diluted</b>		
As reported	11.71	6.72
Pro forma	11.56	6.61

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 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 year ended 31 March 2008 have been provided below

The weighted average exercise price for options movement during the quarter ended 31 Mar 2008 is as follows:

<b>31 Mar 2008</b>	
<b>Shares arising out of options (Numbers)</b>	<b>Weighted average exercise price Rs</b>
As at 1 January 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 31 March 2008	<u>966,000</u>
	<u>465.86</u>

The weighted average exercise price of the options outstanding at 31 Mar 2008 and 31 Mar 2007 was Rs. 465.86 and they had weighted average remaining contractual life of 33 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:

	<b>Quarter ended 31 March 2008</b>	<b>Quarter ended 31 March 2007</b>
	Rs.	Rs.
Net profit, as reported	727,090,972	464,865,876
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>7,269,506</u>	<u>7,189,621</u>
Proforma net income	<u>719,821,466</u>	<u>457,676,255</u>
<b>Earnings per share – Basic</b>		
As reported	3.41	2.42
Pro forma	3.37	2.38
<b>Earnings per share – Diluted</b>		
As reported	3.41	2.42
Pro forma	<u>3.37</u>	<u>2.38</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 during the year ended 31 Mar 2008 was Rs. 31.78 million (31 Mar 2007 Rs.18.61 million).

Particulars	Year ended 31 March 2008 Rs.	Year ended 31 March 2007 Rs.
a) Within one year	15,448,200	472,000
b) Within one to three years	3,443,333	-
Total	<b>18,891,533</b>	<b>472,000</b>

### *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 year ended 31 Mar 2008 was Rs. 31.12 million(31 Mar 2007 : Rs. 21.02 million). Minimum amount of future lease rental receivable under these agreements are:

Particulars	31 March 2008	31 March 2007
a) Within one year	16,009,700	7,912,361
b) Within one to three years	6,572,957	3,377,078
	<b>22,582,657</b>	<b>11,289,439</b>

## 26 Other commitments and contingencies

(a) Show cause notices received from various authorities	8,200,000	8,200,000
(b) Capital commitments	5,356,547	236,442

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

#### **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

## Puravankara Projects Limited

The transactions with related parties for the year are as follows:

Nature of Transaction	Associates		Key Management Personnel		Relatives of Key Management Personnel		Other Related Parties	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
<b>Transactions during the year:</b>								
<b>Interest received from</b>								
Keppel Puravankara Developments Limited	21,760,660	27,591,386	-	-	-	-	-	-
<b>Loans given to</b>								
Keppel Puravankara Developments Limited	-	82,648,913	-	-	-	-	-	-
<b>Loans taken from</b>								
Ravi Puravankara	-	-	180,000,000	120,376,535	-	-	-	-
Puravankara Constructions	-	-	-	-	-	-	1,500,000	21,111,623
Handiman Services Limited	-	-	-	-	-	-	-	3,393,481
Purva Developments	-	-	-	-	-	-	-	1,776,275
Purva Properties and Resorts Private Limited	-	-	-	-	-	-	-	15,000
<b>Loans repaid to</b>								
Puravankara Constructions	-	-	-	-	-	-	109,970,000	48,500,000
Keppel Puravankara Developments Limited	221,186,000	7,326,391	-	-	-	-	-	-
Ravi Puravankara	-	-	295,936,935	4,489,600	-	-	-	-
<b>Investments made in</b>								
Magus Bengal Developers Private Limited	221,186,000	-	-	-	-	-	-	-
<b>Instalments paid for purchase of flats to</b>								
Keppel Puravankara Developments Limited	4,685,449	11,405,654	-	-	-	-	-	-
<b>Security and Maintenance Charges paid to</b>								
Handiman Services Limited	-	-	-	-	-	-	94,249,586	34,989,124
<b>Advances for land contracts paid to</b>								
Geetha S Vhatkar	-	-	-	-	-	98,032,890	-	-
<b>Commission and Brokerage paid to</b>								
Propmart Technologies Limited	-	338,194	-	-	-	-	-	-
<b>Rental Expenses paid to</b>								
Puravankara Constructions	-	-	-	-	-	-	5,512,500	1,500,000
Dealwell	-	-	-	-	-	-	1,837,500	900,000
<b>Rental Deposit paid to</b>								
Dealwell	-	-	-	-	-	-	1,500,000	-
<b>Remuneration paid to</b>								
Ravi Puravankara	-	-	17,952,000	16,075,000	-	-	-	-
Ashish Puravankara	-	-	-	-	3,517,903	3,176,423	-	-
Satish Puravankara	-	-	-	-	-	123,200	-	-
Geetha S Vhatkar	-	-	-	-	140,014	130,000	-	-
Jasbir Sabuwala	-	-	-	-	-	187,643	-	-
<b>Balances at the year end:</b>								
<b>Loans given to</b>								
Propmart Technologies Limited	35,685,000	35,685,000	-	-	-	-	-	-
Keppel Puravankara Development Limited	192,943,633	413,513,061	-	-	-	-	-	-
<b>Advances for land contracts paid to</b>								
Geetha S Vhatkar	-	-	-	-	185,184,060	185,184,060	-	-
<b>Dues from</b>								
Ravi Puravankara	-	-	50,000	-	-	-	-	-
Handiman Servies Limited	-	-	-	-	-	-	2,542,926	-
<b>Security Deposits paid to</b>								
Dealwell	-	-	-	-	-	-	1,500,000	-
Puravankara Constructions	-	-	-	-	-	-	4,500,000	4,500,000
<b>Dues to</b>								
Handiman Servies Limited	-	-	-	-	-	-	-	3,393,481
Puravankara Constructions	-	-	-	-	-	-	13,688,540	122,158,540
Purva Development	-	-	-	-	-	-	1,776,276	1,776,276
Purva Properties and Resorts Private Limited	-	-	-	-	-	-	15,000	15,000
Ravi Puravankara	-	-	-	115,886,935	-	-	-	-

# Puravankara Projects Limited

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	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
<b>Transactions during the year:</b>								
<b>Interest received from</b>								
Keppel Puravankara Developments Limited	4,700,369	7,143,562	-	-	-	-	-	-
<b>Loans given to</b>								
Keppel Puravankara Developments Limited	-	86,975,305	-	-	-	-	-	-
<b>Loans taken from</b>								
Puravankara Constructions	-	-	-	-	-	-	1,500,000	1,111,623
<b>Loans repaid by</b>								
Ravi Puravankara	-	-	50,000	4,489,600	-	-	-	-
<b>Instalments paid for purchase of flats to</b>								
Keppel Puravankara Developments Limited	-	1,773,060	-	-	-	-	-	-
<b>Security and Maintenance Charges paid to</b>								
Handiman Services Limited	-	-	-	-	-	-	28,619,977	11,205,150
<b>Commission and Brokerage paid to</b>								
Propmart Technologies Limited	-	138,449	-	-	-	-	-	-
<b>Rental Expenses paid to</b>								
Puravankara Constructions	-	-	-	-	-	-	1,417,500	1,350,000
Dealwell Private Limited	-	-	-	-	-	-	472,500	450,000
<b>Rental Deposit paid to</b>								
Dealwell	-	-	-	-	-	-	1,500,000	-
<b>Remuneration paid to</b>								
Ravi Puravankara	-	-	4,488,000	3,888,600	-	-	-	-
Ashish Puravankara	-	-	-	-	827,340	579,243	-	-
Geetha S Vhatkar	-	-	-	-	30,003	30,000	-	-

**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 year ended 31 Mar 2008 are as under:

	For the year ended 31-Mar-08		For the year ended 31-Mar-07	
	Gratuity Rs.	Vacation Pay Rs.	Gratuity Rs.	Vacation Pay Rs.
<b>1 The amounts recognised in the Balance Sheet are as follows:</b>				
Present value of the obligation as at the end of the period	8,669,908	10,556,288	4,720,404	5,705,239
Fair value of plan assets as at the end of the period	16,288,093	-	4,491,680	-
Net liability/(asset) recognised in the Balance Sheet	<b>(7,618,185)</b>	<b>10,556,288</b>	<b>228,724</b>	<b>5,705,239</b>
<b>2 The amounts recognised in the Profit and Loss Account are as follows:</b>				
Service cost	4,035,178	5,014,368	878,543	2,352,748
Interest cost	377,632	456,419	328,205	303,900
Expected return on plan assets	(359,574)	-	(341,857)	-
Net actuarial (gain)/loss recognized in the period	(488,512)	(619,738)	(465,515)	(141,077)
Expense recognized in the Profit and Loss Account of the period	<b>3,564,724</b>	<b>4,851,049</b>	<b>399,376</b>	<b>2,515,571</b>
<b>3 Changes in the present value of defined benefit obligation</b>				
Defined benefit obligation as at 1 April 2007	4,720,404	5,705,239	4,102,563	3,798,755
Service cost	4,035,178	5,014,368	878,543	2,352,748
Interest cost	377,632	456,419	328,205	303,900
Actuarial losses/(gains)	(369,824)	(619,738)	(588,907)	(141,077)
Benefits paid	(93,482)	-	-	(609,087)
Defined benefit obligation as at 31 Mar 2008	<b>8,669,908</b>	<b>10,556,288</b>	<b>4,720,404</b>	<b>5,705,239</b>
<b>4 Changes in the fair value of plan assets</b>				
Fair value as at 1 April 2007	4,491,680	-	4,273,215	-
Expected return on plan assets	359,574	-	341,857	-
Actuarial (loss)/ gains	118,688	-	(123,392)	-
Contributions	11,411,633	-	-	609,087
Benefits paid	(93,482)	-	-	(609,087)
Fair value as at 31 Mar 2008	<b>16,288,093</b>	<b>-</b>	<b>4,491,680</b>	<b>-</b>
Assumptions used in the above valuations are as under:				
Interest rate	8%	8%	8%	8%
Discount rate	8%	8%	8%	8%
Expected return on plan assets	8%	-	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 Fund and Miscellaneous Provision Act, 1952. This is a defined contribution plan as per Revised AS 15. Contribution made during the year ended 31 March 2008 is Rs. 7.50 million (31 March 2007 was Rs. 5.83 million).

**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 Chappara**  
Company Secretary

**Bangalore**  
**30 April 2008**

**Puravankara Projects Limited**  
**Cash Flow Statement**

	Year ended 31 Mar 2008 Rs.	Year ended 31 Mar 2007 Rs.
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>2,467,478,497</b>	<b>1,463,386,902</b>
Adjustments for:		
Depreciation and amortisation	58,575,689	25,245,437
Assets deletion	8,674,840	-
Foreign Exchange (Gain)/Loss	-	(758,137)
Interest income	(134,566,729)	(33,475,772)
Interest expense, net of capitalisation	36,381,376	424,066,210
(Profit)/loss share in Associates	(294,554,663)	(140,065,777)
<b>Operating profit before working capital changes</b>	<b>2,141,989,010</b>	<b>1,738,398,863</b>
Movements in working capital :		
(Increase) / Decrease in trade debtors	(364,814,807)	(12,404,532)
(Increase) / Decrease in inventories	(11,205,684)	31,784,921
(Increase) / Decrease in loans and advances	(558,200,677)	(963,053,339)
(Increase) / Decrease in properties under development	(1,327,872,971)	(967,203,990)
(Increase) / Decrease in properties held for sale	(394,153,134)	(315,789,036)
Increase / (Decrease) in current liabilities and provisions	(461,892,549)	107,242,932
<b>Cash used in/ received from operations</b>	<b>(976,150,812)</b>	<b>(381,024,181)</b>
Direct taxes paid	(214,721,523)	(153,375,580)
<b>Net cash used in operating activities</b>	<b>(1,190,872,335)</b>	<b>(534,399,761)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets and decrease in Capital Work-In-Progress	(177,691,778)	(239,146,582)
Proceeds from sale of fixed assets	2,785,000	19,561
Loans to associates	-	(82,648,914)
Loans repaid by associates	221,186,000	-
Purchase consideration for acquisition of subsidiaries	(4,418,200)	-
Investment in Associates	(221,186,000)	-
Properties held for development	(5,060,896,252)	(3,996,899,367)
Interest received	133,950,156	41,455,991
<b>Net cash used in investing activities</b>	<b>(5,106,271,074)</b>	<b>(4,277,219,311)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from term loans	4,999,635,978	5,770,000,000
Repayment of term loans	(5,521,762,351)	(1,660,788,077)
Proceeds from issuance of equity shares including premium, net of issue expenses	8,008,283,540	10,000,319
Issue of Debentures	250,000,000	-
Proceeds from Commercial paper	1,250,000,000	-
Repayment of Commercial paper	(500,000,000)	-
Proceeds from short-term borrowings	(935,255,794)	1,029,937,171
Loans from related parties	181,500,000	90,776,099
Loans repaid to related parties	(405,906,935)	-
Dividend paid including taxes	(210,591,000)	(136,830,000)
Interest paid	(842,702,352)	(361,997,903)
<b>Net cash generated from financing activities</b>	<b>6,273,201,086</b>	<b>4,741,097,609</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(23,942,323)</b>	<b>(70,521,463)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>373,657,203</b>	<b>444,178,666</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>349,714,880</b>	<b>373,657,204</b>

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

**Ashish Puravankara**  
Director

**Ravi Ramu**  
Director

**Kiran Chappar**  
Company  
Secretary

Membership No. 210122  
Bangalore  
30 April 2008

Bangalore  
30 April 2008