

Consolidated Financial Statements

**Puravankara Projects Limited**

31 December 2007

# 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	27

## 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 December 2007 and also the Consolidated Profit and Loss Account for the quarter and nine months ended on that date and the Consolidated Cash Flow Statement for the nine months 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.1,871,022,742 as at 31 December 2007, total revenue of Rs Nil for the quarter and nine months ended on that date and cash flows amounting to Rs.(4,260,692) for the nine months 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, issued by Ministry of Corporate Affairs of India.
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 December 2007;
  - (b) the Consolidated Profit and Loss Account, of the profit of the Group for the quarter and nine months ended on that date; and
  - (c) the Consolidated Cash Flow Statement, of the cash flows of the Group for the nine months ended on that date.

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

**Aashish Arjun Singh**  
**Partner**  
Membership No. 210122  
**Bangalore**  
**31 January 2008**

# Puravankara Projects Limited

## Consolidated Balance Sheet

2

	Note	31 Dec 2007 Rs.	31 Dec 2006 Rs.	31 March 2007 Rs.
<b>Sources of Funds</b>				
<b>Shareholders' Funds</b>				
Share capital	3	1,067,121,675	960,087,275	960,087,275
Reserves and surplus	4	10,802,181,061	1,003,267,498	1,257,542,376
		<u>11,869,302,736</u>	<u>1,963,354,773</u>	<u>2,217,629,651</u>
<b>Loan Funds</b>				
Secured loans	5	4,361,766,382	4,493,782,028	6,761,096,960
<b>Deferred Tax Liability</b>				
	6	11,096,997	-	10,718,457
		<u>16,242,166,114</u>	<u>6,457,136,801</u>	<u>8,989,445,068</u>
<b>Application of Funds</b>				
<b>Fixed Assets</b>				
Cost	7	580,350,566	275,111,619	443,146,619
Less: Accumulated depreciation/amortisation		101,064,408	53,744,799	61,210,279
Net book value		<u>479,286,158</u>	<u>221,366,820</u>	<u>381,936,340</u>
Capital work-in-progress including capital advances		8,436,438	6,763,558	7,113,211
		<u>487,722,596</u>	<u>228,130,378</u>	<u>389,049,551</u>
<b>Investments</b>				
	8	806,351,490	324,030,945	371,475,787
<b>Properties Held for Development</b>				
	9	8,277,257,214	4,962,896,016	7,007,546,850
<b>Current Assets, Loans and Advances</b>				
Cash and cash equivalents	10	1,291,905,000	438,282,199	373,657,203
Inventories		151,196,079	162,710,807	159,481,166
Trade debtors	11	634,687,950	408,704,701	458,823,264
Properties under development	12	3,513,327,209	2,217,671,922	2,471,165,967
Properties held for sale	13	908,016,700	522,653,166	515,355,058
Loans and advances	14	4,742,381,392	2,205,836,382	2,296,120,568
		<u>11,241,514,330</u>	<u>5,955,859,177</u>	<u>6,274,603,226</u>
<b>Less: Current Liabilities and Provisions</b>				
Current liabilities	15	4,562,410,108	5,009,980,960	4,836,705,383
Provisions	16	8,269,408	3,798,755	216,524,963
		<u>4,570,679,516</u>	<u>5,013,779,715</u>	<u>5,053,230,346</u>
<b>Net Current Assets/(Liabilities)</b>				
		<u>6,670,834,814</u>	<u>942,079,462</u>	<u>1,221,372,880</u>
		<u>16,242,166,114</u>	<u>6,457,136,801</u>	<u>8,989,445,068</u>

### Significant accounting policies

1

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

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

**For Walker Chandio & Co**

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

Chartered Accountants

**Aashish Arjun Singh**  
Partner

**Ravi Puravankara**  
Chairman and  
Managing Director

**Nani R Choksey** Director  
**Ashish Puravankara** Director

**Ravi Ramu**  
Director

**Sharda Balaji**  
Company  
Secretary

Membership No. 210122

**Bangalore**  
31 January 2008

**Bangalore**  
31 January 2008

# Puravnkara Projects Limited

## Consolidated Profit and Loss Account - Quarter

	Note	31 Dec 2007	31 Dec 2006
		Rs.	Rs.
<b>Revenues</b>	17	1,505,248,892	843,477,286
Cost of Revenues	18	821,993,700	479,215,369
<b>Gross Profit</b>		<u>683,255,192</u>	<u>364,261,917</u>
Selling expenses	19	59,365,595	57,493,786
expenses	20	55,580,813	50,580,014
<b>Operating Profit</b>		<u>568,308,784</u>	<u>256,188,117</u>
Net finance income/(charges)	21	61,991,871	(3,105,444)
Profit before tax and share of profits in associate		<u>630,300,655</u>	<u>253,082,673</u>
Share of profits in associate		66,483,101	61,154,530
<b>Profit before tax</b>		<u>696,783,756</u>	<u>314,237,203</u>
Provision for tax	22	65,632,538	29,873,769
<b>Profit after tax</b>		<u>631,151,218</u>	<u>284,363,434</u>
<b>Earnings per share</b> : Basic and diluted	23	2.96	1.48

### Significant accounting policies

1

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

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

**For Walker Chandio & Co**  
Chartered Accountants

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

**Aashish Arjun Singh**  
Partner

**Ravi Puravankara**  
Chairman and  
Managing Director

**Nani R Choksey**  
Director

**Ashish Puravankara**  
Director

**Ravi Ramu**  
Director

**Sharda Balaji**  
Company  
Secretary

Membership No. 210122

**Bangalore**  
31 January 2008

**Bangalore**  
31 January 2008

**Consolidated Profit and Loss Account - 9 months to 31 December 2007**

	Note	31 Dec 2007 Rs.	31 Dec 2006 Rs.
<b>Revenues</b>	<b>17</b>	<b>4,119,387,843</b>	<b>2,759,075,580</b>
Cost of Revenues	<b>18</b>	2,238,998,709	1,598,509,582
<b>Gross Profit</b>		<b>1,880,389,134</b>	<b>1,160,565,998</b>
Selling expenses	<b>19</b>	174,504,912	158,283,347
General and administrative expenses	<b>20</b>	158,549,882	148,918,811
<b>Operating Profit</b>		<b>1,547,334,340</b>	<b>853,363,840</b>
Net finance income/(charges)	<b>21</b>	95,944,908	(10,833,414)
Profit before tax and share of profits in associate		1,643,279,248	842,530,426
Share of profits in associate		213,689,703	92,620,935
<b>Profit before tax</b>		<b>1,856,968,951</b>	<b>935,151,361</b>
Provision for tax	<b>22</b>	183,579,406	109,020,783
<b>Profit after tax</b>		<b>1,673,389,545</b>	<b>826,130,578</b>
<b>Earnings per share : Basic and diluted</b>	<b>23</b>	<b>8.27</b>	<b>4.30</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

**Sharda Balaji**  
Company  
Secretary

Membership No. 210122

**Bangalore**  
31 January 2008

**Bangalore**  
31 January 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 issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

### **b. Use of estimates**

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

### **c. Basis of consolidation**

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

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

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

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

### **d. Revenue recognition**

#### *Revenues from projects*

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

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

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

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

#### *Rental income*

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

**e. Properties held for sale**

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

**f. Properties held for development**

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

**g. Fixed assets**

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

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

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

**h. Depreciation**

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

**i. Impairment of assets**

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*

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**

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 subsidiaries and associates consolidated under the Group as at 31 December 2007 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%
Purva Realities 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%

	Quarter ended 31 Dec 2007	Quarter ended 31 Dec 2006	Year ended 31 March 2007
	Rs.	Rs.	Rs.
<b>3 Share Capital</b>			
<b>Authorised</b>			
240,000,000 Equity shares of Rs 5 each (2006 - 240,000,000 equity shares of Rs. 5 each)	1,200,000,000	1,200,000,000	1,200,000,000
<b>Issued, subscribed and paid up</b>			
213,424,335 (2006 - 192,017,455 Equity shares) Equity shares of Rs.5 each fully paid-up	1,067,121,675	960,087,275	960,087,275
	<b><u>1,067,121,675</u></b>	<b><u>960,087,275</u></b>	<b><u>960,087,275</u></b>
<b>4 Reserves and Surplus</b>			
<b>Share Premium</b>	<b><u>7,881,162,184</u></b>	<b><u>9,913,044</u></b>	<b><u>9,913,044</u></b>
<b>General Reserve</b>			
Balance at the beginning of the period	87,000,000	137,000,000	137,000,000
Less: Issuance of bonus shares	-	(137,000,000)	(137,000,000)
Add: Transfer on account of Dividend Reserve	-	-	87,000,000
Balance at the end of the period	<u>87,000,000</u>	<u>-</u>	<u>87,000,000</u>
<b>Profit and Loss Account</b>			
Balance at the beginning of the period	2,202,867,660	1,451,991,020	910,223,878
Add: Net profit for the period	631,151,218	284,363,434	1,290,996,454
Less: Proposed Dividend	-	-	180,000,000
Less: Tax on distribution of dividend	-	-	30,591,000
Less: Issue of Bonus Shares	-	743,000,000	743,000,000
Less: Transfer to General Reserve	-	-	87,000,000
Balance at the end of the period	<b><u>2,834,018,878</u></b>	<b><u>993,354,454</u></b>	<b><u>1,160,629,332</u></b>
	<b><u>10,802,181,062</u></b>	<b><u>1,003,267,498</u></b>	<b><u>1,257,542,376</u></b>

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

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

	9 months ended 31 Dec 2007	9 months ended 31 Dec 2006	Year ended 31 March 2007
	Rs.	Rs.	Rs.
<b>3 Share Capital</b>			
<b>Authorised</b>			
240,000,000 Equity shares of Rs 5 each (2006 - 240,000,000 equity shares of Rs. 5 each)	1,200,000,000	1,200,000,000	1,200,000,000
<b>Issued, subscribed and paid up</b>			
213,424,335 (2006 - 192,017,455 Equity shares) Equity shares of Rs.5 each fully paid-up	1,067,121,675	960,087,275	960,087,275
	<u>1,067,121,675</u>	<u>960,087,275</u>	<u>960,087,275</u>
<b>4 Reserves and Surplus</b>			
<b>Share Premium</b>	<u>7,881,162,184</u>	<u>9,913,044</u>	<u>9,913,044</u>
<b>General Reserve</b>			
Balance at the beginning of the period	87,000,000	137,000,000	137,000,000
Less: Issuance of bonus shares	-	(137,000,000)	(137,000,000)
Add: Transfer on account of Dividend Reserve	-	-	87,000,000
Balance at the end of the period	<u>87,000,000</u>	<u>-</u>	<u>87,000,000</u>
<b>Profit and Loss Account</b>			
Balance at the beginning of the period	1,160,629,332	910,223,876	910,223,878
Add: Net profit for the period	1,673,389,545	826,130,578	1,290,996,454
Less: Proposed Dividend	-	-	180,000,000
Less: Tax on distribution of dividend	-	-	30,591,000
Less: Issue of Bonus Shares	-	743,000,000	743,000,000
Less: Transfer to General Reserve	-	-	87,000,000
Balance at the end of the period	<u>2,834,018,877</u>	<u>993,354,454</u>	<u>1,160,629,332</u>
	<u>10,802,181,061</u>	<u>1,003,267,498</u>	<u>1,257,542,376</u>

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

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

		31 Dec 2007	31 Dec 2006	31 March 2007
		Rs.	Rs.	Rs.
<b>5 Secured Loans</b>				
Term loans	(a)	3,986,088,331	3,672,500,000	5,630,471,295
Debentures	(b)	250,000,000	-	-
Cash Credit & Other loans	(c)	125,678,051	821,282,028	1,130,625,665
		<b><u>4,361,766,382</u></b>	<b><u>4,493,782,028</u></b>	<b><u>6,761,096,960</u></b>

(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 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 December 2007 was Rs.1,200 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 December 2007 was Rs. 583.33 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, Mr Girish Puravankara and Mr Ashish Puravankara, Directors of the Company repayable in 16 monthly instalments commencing 15 April 2008. The outstanding as on 31 December 2007 was Rs. 965.72 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 December 2007 was Rs. 700 million

(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.

(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 vehicles.

Principal amounts due in one year are as follows:

	31 Dec 2007	31 Dec 2006	31 March 2007
	Rs.	Rs.	Rs.
Term loans	2,535,539,454	3,256,258,609	4,168,000,000
Debentures, Cash Credit and Other loans	391,606,487	6,249,201	6,465,612
	<b><u>2,927,145,941</u></b>	<b><u>3,262,507,810</u></b>	<b><u>4,174,465,612</u></b>

	31 Dec 2007	31 Dec 2006	31 March 2007
	Rs.	Rs.	Rs.
<b>6 Deferred Tax Liability</b>			
Deferred tax liability arising on account of Depreciation	11,890,815	-	15,474,970
Less: deferred tax asset arising on:			
Expenses allowable on payment basis:			
Gratuity	1,016,136	-	4,756,513
Leave encashment	222,318	-	-
	<u>11,096,997</u>	<u>-</u>	<u>10,718,457</u>

## 7. Fixed Assets

Category of assets	Cost				Accumulated Depreciation/Amortisation				Net Book Value		
	Opening Balance	Additions during the period	Deletions during the period	Closing Balance	Opening Balance	Charge for the period	Deletions during the period	Closing Balance	This quarter	As at 31 December 2006	As at 31 March 2007
<b><u>Tangible Assets</u></b>											
Buildings	37,074,680	-	-	37,074,680	413,916	454,064	-	867,980	36,206,700	36,809,774	36,660,764
Plant & Machinery	212,398,062	35,735,203	2,690,382	245,442,883	10,198,765	14,329,330	508,229	24,019,866	221,423,017	57,776,033	202,199,297
Office Equipment	9,825,234	1,757,207	-	11,582,441	1,412,278	516,428	-	1,928,706	9,653,735	7,812,187	8,412,957
Computers	14,816,444	1,969,598	-	16,786,042	3,551,244	2,154,647	-	5,705,891	11,080,151	9,624,643	11,265,200
Furniture & Fixtures	7,958,322	1,534,511	-	9,492,833	2,118,749	1,262,301	-	3,381,050	6,111,783	5,664,231	5,839,572
Vehicles	46,246,353	18,568,443	3,216,238	61,598,558	11,635,271	3,697,493	474,243	14,858,521	46,740,037	34,720,493	34,611,082
Shuttering Material	110,055,704	90,034,358	10,732,808	189,357,254	29,845,562	21,692,262	4,197,021	47,340,803	142,016,451	67,783,460	80,210,143
<b><u>Intangible Assets</u></b>											
Computer Software	4,771,820	4,244,055	-	9,015,875	2,034,494	927,097	-	2,961,591	6,054,284	1,175,999	2,737,325
<b>This quarter</b>	<b>443,146,619</b>	<b>153,843,375</b>	<b>16,639,428</b>	<b>580,350,566</b>	<b>61,210,279</b>	<b>45,033,622</b>	<b>5,179,493</b>	<b>101,064,408</b>	<b>479,286,158</b>	<b>221,366,820</b>	<b>381,936,340</b>
<b>Last quarter</b>	<b>443,146,619</b>	<b>109,754,989</b>	<b>16,639,428</b>	<b>536,262,180</b>	<b>61,210,279</b>	<b>20,834,801</b>	<b>5,179,493</b>	<b>76,865,587</b>	<b>459,396,593</b>		

	Quarter ended 31 Dec 2007 Rs.	Quarter ended 31 Dec 2006 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 (2006 - 4,410,000) of Rs 10/- each at par	408,765,490	147,630,945	195,075,787
17,640,000 13.25% cumulative, redeemable Preference Shares (2006 - 17,640,000) of Rs 10 each at par	176,400,000	176,400,000	176,400,000
Magus Bengal Developers Private Limited			
362,600 Equity shares (2006 - NIL) of Rs. 610 each, fully paid	221,186,000	-	-
	<b>806,351,490</b>	<b>324,030,945</b>	<b>371,475,787</b>
<b>9 Properties Held for Development</b>			
At the beginning of the period	7,709,289,063	3,067,632,929	2,970,884,634
Add : Additions during the period	567,968,151	2,751,952,383	4,893,351,512
Less: Transferred to Properties Under Development	-	856,689,296	856,689,296
	<b>8,277,257,214</b>	<b>4,962,896,016</b>	<b>7,007,546,850</b>
<b>10 Cash and Cash Equivalents</b>			
Cash in hand	5,671,421	16,150,357	19,472,230
Bank balance with Scheduled banks:			
In current accounts	349,989,752	390,190,403	325,960,162
In deposit account	110,609,751	10,925,023	27,936,813
In EEFC(exchange earners foreign currency) account	-	19,298,574	-
Balance with non-scheduled bank:			
In current account: HSBC, Dubai	2,703,713	1,717,842	287,997
Short-term investments in mutual funds	822,930,364	-	-
	<b>1,291,905,000</b>	<b>438,282,199</b>	<b>373,657,203</b>
<b>11 Trade Debtors</b>			
(Unsecured and considered good)			
Debts outstanding over six months	90,247,601	66,080,491	-
Debts outstanding less than six months	544,440,349	342,624,210	458,823,264
	<b>634,687,950</b>	<b>408,704,701</b>	<b>458,823,264</b>
<b>12 Properties Under Development</b>			
Land cost	2,215,955,527	2,040,036,762	2,071,762,217
Material and construction cost	3,990,487,028	3,747,752,795	4,767,180,524
Profit recognised to-date	2,230,233,289	2,549,298,029	3,092,362,639
Less: Progress payments received and receivable	4,923,348,635	6,119,415,664	7,460,139,413
	<b>3,513,327,209</b>	<b>2,217,671,922</b>	<b>2,471,165,967</b>
<b>13 Properties Held for Sale</b>			
At the beginning of the period	520,367,034	200,703,071	200,703,071
Add : Additions during the period	463,368,738	332,019,307	337,678,332
Less: Sales during the period	75,719,072	10,069,212	23,026,345
	<b>908,016,700</b>	<b>522,653,166</b>	<b>515,355,058</b>

	<b>9 months ended 31 Dec 2007 Rs.</b>	<b>9 months ended 31 Dec 2006 Rs.</b>	<b>Year ended 31 March 2007 Rs.</b>
<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 (2006 - 4,410,000) of Rs 10/- each at par	408,765,490	147,630,945	195,075,787
17,640,000 13.25% cumulative, redeemable Preference Shares (2006 - 17,640,000) of Rs 10 each at par	176,400,000	176,400,000	176,400,000
Magus Bengal Developers Private Limited			
362,600 Equity shares (2006 - NIL) of Rs. 610 each, fully paid	221,186,000	-	-
	<b>806,351,490</b>	<b>324,030,945</b>	<b>371,475,787</b>
<b>9 Properties Held for Development</b>			
At the beginning of the period	7,007,546,850	3,067,632,929	2,970,884,634
Add : Additions during the period	1,678,134,907	2,751,952,383	4,893,351,512
Less: Transferred to Properties Under Development	408,424,543	856,689,296	856,689,296
	<b>8,277,257,214</b>	<b>4,962,896,016</b>	<b>7,007,546,850</b>
<b>10 Cash and Cash Equivalents</b>			
Cash in hand	5,671,421	16,150,357	19,472,230
Bank balance with Scheduled banks:			
In current accounts	349,989,752	390,190,403	325,960,162
In deposit account	110,609,751	10,925,023	27,936,813
In EEFC(exchange earners foreign currency) account	-	19,298,574	-
Balance with non-scheduled bank:			
In current account: HSBC, Dubai	2,703,713	1,717,842	287,997
Short-term investments in mutual funds	822,930,364	-	-
	<b>1,291,905,000</b>	<b>438,282,199</b>	<b>373,657,203</b>
<b>11 Trade Debtors</b>			
(Unsecured and considered good)			
Debts outstanding over six months	90,247,601	66,080,491	-
Debts outstanding less than six months	544,440,349	342,624,210	458,823,264
	<b>634,687,950</b>	<b>408,704,701</b>	<b>458,823,264</b>
<b>12 Properties Under Development</b>			
Land cost	2,215,955,527	2,040,036,762	2,071,762,217
Material and construction cost	3,990,487,028	3,747,752,795	4,767,180,524
Profit recognised to-date	2,230,233,289	2,549,298,029	3,092,362,639
Less: Progress payments received and receivable	4,923,348,635	6,119,415,664	7,460,139,413
	<b>3,513,327,209</b>	<b>2,217,671,922</b>	<b>2,471,165,967</b>
<b>13 Properties Held for Sale</b>			
At the beginning of the period	515,355,058	200,703,071	200,703,071
Add : Additions during the period	468,380,714	332,019,307	337,678,332
Less: Sales during the period	75,719,072	10,069,212	23,026,345
	<b>908,016,700</b>	<b>522,653,166</b>	<b>515,355,058</b>

	31 Dec 2007	31 Dec 2006	31 March 2007
	Rs.	Rs.	Rs.
<b>14 Loans and Advances</b>			
Advances to suppliers	378,642,698	547,457,539	378,323,186
Advances for land contracts	2,997,661,613	1,037,032,655	1,234,158,516
Deposits	497,374,163	49,851,566	73,143,056
Loans to associates	232,862,909	355,079,194	449,198,061
Advance tax (net of provision)	207,327,440	70,910,788	40,206,827
Prepaid expenses	49,825,681	7,332,427	9,754,909
Other advances	378,686,888	138,172,213	111,336,012
	<b><u>4,742,381,392</u></b>	<b><u>2,205,836,382</u></b>	<b><u>2,296,120,567</u></b>

The above are unsecured & considered good.

#### 15 Current Liabilities

Advances received from customers	3,090,203,531	4,325,477,889	3,953,388,305
Duties and taxes payable	129,723,935	25,661,732	772,410
Security deposits	30,355,054	20,406,604	30,340,054
Trade creditors	1,197,723,732	337,925,489	490,023,909
Dues to related parties	17,373,297	246,608,209	243,230,232
Other liabilities	97,030,559	53,901,037	118,950,475
	<b><u>4,562,410,108</u></b>	<b><u>5,009,980,960</u></b>	<b><u>4,836,705,385</u></b>

There are no amounts due to small scale industrial undertakings.

#### 16 Provisions

Provision for gratuity	3,218,237	-	228,724
Provision for vacation pay	5,051,171	3,798,755	5,705,239
Proposed dividend	-	-	180,000,000
Tax on proposed dividend	-	-	30,591,000
	<b><u>8,269,408</u></b>	<b><u>3,798,755</u></b>	<b><u>216,524,963</u></b>

	Quarter ended 31 Dec 2007	Quarter ended 31 Dec 2006
	Rs.	Rs.
<b>17 Revenues</b>		
Revenue from projects	1,493,373,214	837,208,565
Rental income	8,016,954	4,698,478
Income from interiors	3,858,724	1,570,243
	<b>1,505,248,892</b>	<b>843,477,286</b>
<b>18 Cost of Revenues</b>		
Construction cost		
Material and contract costs	550,446,844	381,507,206
Staff costs	59,333,998	7,643,055
Depreciation	21,261,255	3,996,171
Other direct costs	103,368,541	38,250,700
	734,410,638	431,397,132
Land cost	87,583,062	47,818,237
	<b>821,993,700</b>	<b>479,215,369</b>
<b>19 Selling Expenses</b>		
Staff costs	11,154,570	7,669,001
Advertising and sales promotion	44,122,860	44,879,796
Sales incentives and commission	1,440,047	1,369,575
Brokerage and referral charges	1,409,449	2,971,779
Travel and conveyance	619,076	144,331
Communication	240,867	306,988
Depreciation	378,726	152,316
	<b>59,365,595</b>	<b>57,493,786</b>
<b>20 General and Administrative Expenses</b>		
Staff costs	26,811,903	28,219,385
Depreciation	2,558,840	2,133,215
Rates and taxes	8,707,496	7,994,124
Repairs and maintenance	2,331,160	1,992,868
Legal and professional charges	2,615,582	1,233,483
Audit fees	700,000	1,500,000
Communication costs	1,364,910	1,401,513
Printing and stationery	2,384,503	570,848
Travelling and conveyance	4,167,241	1,575,789
Security charges	1,121,408	776,600
Foreign exchange loss/(gain)	213,849	378,226
Miscellaneous expenses	2,603,921	2,803,963
	<b>55,580,813</b>	<b>50,580,014</b>

	<b>9 months ended 31 Dec 2007</b>	<b>9 months ended 31 Dec 2006</b>
	Rs.	Rs.
<b>17 Revenues</b>		
Revenue from projects	4,080,774,549	2,739,825,236
Rental income	23,164,569	14,712,033
Income from interiors	15,448,725	4,538,311
	<b><u>4,119,387,843</u></b>	<b><u>2,759,075,580</u></b>
<b>18 Cost of Revenues</b>		
Construction cost		
Material and contract costs	1,598,297,861	1,281,202,427
Staff costs	149,470,337	44,472,127
Depreciation	37,127,326	12,417,283
Other direct costs	245,466,269	110,344,178
	<u>2,030,361,793</u>	<u>1,448,436,015</u>
Land cost	208,636,916	150,073,567
	<b><u>2,238,998,709</u></b>	<b><u>1,598,509,582</u></b>
<b>19 Selling Expenses</b>		
Staff costs	26,241,583	15,715,631
Advertising and sales promotion	132,661,552	117,769,435
Sales incentives and commission	6,353,328	5,672,218
Brokerage and referral charges	5,554,808	10,394,650
Travel and conveyance	1,237,248	1,352,308
Communication	1,141,902	1,822,310
Depreciation	1,314,491	1,178,029
Rates and taxes	-	4,378,766
	<b><u>174,504,912</u></b>	<b><u>158,283,347</u></b>
<b>20 General and Administrative Expenses</b>		
Staff costs	67,983,971	57,770,447
Depreciation	6,627,414	4,184,644
Rates and taxes	24,237,350	23,108,202
Repairs and maintenance	12,242,830	9,405,377
Legal and professional charges	8,556,257	12,934,104
Audit fees	1,824,606	1,500,000
Communication costs	6,587,157	4,533,063
Printing and stationery	5,371,412	2,590,491
Travelling and conveyance	11,080,524	13,036,913
Security charges	3,582,398	4,579,944
Foreign exchange loss/(gain)	1,184,731	(525,947)
Miscellaneous expenses	9,271,232	15,801,573
	<b><u>158,549,882</u></b>	<b><u>148,918,811</u></b>

	Quarter ended 31 Dec 2007	Quarter ended 31 Dec 2006
	Rs.	Rs.
<b>21 Finance Income/(Charges)</b>		
Interest expenses on loans and cash credits	(129,478,395)	(102,080,190)
Loan and other processing charges	-	(3,105,444)
Less: Interest and processing charges capitalised	123,323,272	93,515,899
Less: Interest Income:		
Mutual fund	59,684,934	-
Bank deposits	587,845	-
Loan to associate	4,571,227	7,143,562
Interest received from customers	3,302,988	1,420,729
	<b>61,991,871</b>	<b>(3,105,444)</b>
<b>22 Provision for tax</b>		
Current tax	69,329,332	29,873,769
Deferred tax charge/(credit)	(3,696,794)	-
Tax of earlier years	-	-
	<b>65,632,538</b>	<b>29,873,769</b>
<b>23 Earnings Per Share</b>		
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>213,424,335</b>	<b>192,017,455</b>
Net profit after tax attributable to equity shareholders	631,151,218	284,363,434
Earnings per share:		
Basic and diluted	2.96	1.48
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.

	<b>9 months ended 31 Dec 2007</b>	<b>9 months ended 31 Dec 2006</b>
	Rs.	Rs.
<b>21 Finance Income/(Charges)</b>		
Interest expenses on loans and cash credits	(582,921,792)	(238,867,103)
Loan and other processing charges	(15,000,000)	(10,833,414)
Less: Interest and processing charges capitalised	572,294,144	214,133,195
Less: Interest Income:		
Mutual fund	96,680,096	-
Bank deposits	733,720	69,640
Loan to associate	17,060,292	20,447,824
Interest received from customers	7,098,448	4,216,444
	<b><u>95,944,908</u></b>	<b><u>(10,833,414)</u></b>
<b>22 Provision for tax</b>		
Current tax	183,200,865	97,385,094
Deferred tax charge/(credit)	378,541	(1,398,207)
Tax of earlier years	-	13,033,896
	<b><u>183,579,406</u></b>	<b><u>109,020,783</u></b>
<b>23 Earnings Per Share</b>		
Weighted average number of shares outstanding during the period:	202,292,757	192,017,455
Add: Dilutive effect of stock options	-	-
Weighted average number of shares used to compute diluted EPS	<b><u>202,292,757</u></b>	<b><u>192,017,455</u></b>
Net profit after tax attributable to equity shareholders	1,673,389,545	826,130,578
Earnings per share:		
Basic and diluted	8.27	4.30
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 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.

**24 Stock-based compensation**

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

The Company has adopted the provisions of the Guidance Note, Accounting for Employee Share-based Payments ('the Guidance Note'), issued by the ICAI. The disclosures for the quarter ended 31 December 2007 have been provided below

The weighted average exercise price for options movement during the quarter ended 31 Dec 2007 is as follows:

	<b>31 Dec 2007</b>	
	<b>Shares arising out of options (Numbers)</b>	<b>Weighted average exercise price Rs</b>
Outstanding as at 1 April 2007	966,000	465.86
Granted during the period		
Forfeited during the period	-	-
Lapsed during the period	-	-
Cancelled during the period	-	-
Exercised during the period	-	-
Outstanding as at 31 Dec 2007	966,000	465.86

The weighted average exercise price of the options outstanding at 31 Dec 2007 was Rs. 465.86 and they had weighted average remaining contractual life of 36 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 Dec 2007</b>	<b>Quarter ended 31 Dec 2006</b>
	Rs.	Rs.
Net profit, as reported	631,151,218	284,363,434
Add: Stock-based employee compensation expense included in the Profit and loss account	-	-
Less: Stock based employee compensation expense determined under the fair value method	7,349,391	7,349,391
Proforma net income	623,801,827	277,014,043
<b>Earnings per share – Basic</b>		
As reported	2.96	1.48
Pro forma	2.92	1.44
<b>Earnings per share – Diluted</b>		
As reported	2.96	1.48
Pro forma	2.92	1.44

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

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

**25 Leases**

*Properties taken on operating leases*

The lease expense for cancellable and non-cancellable operating leases during the nine months ended 31 Dec 2007 was Rs. 23,214,952 (31 Dec 2006 – Rs. 12,093,001).

*Sublease*

The Company has sub let one of the properties under a non cancellable operating lease agreement, cancellable with prior notice. These lease agreements are for the period ranging between 1 to 3 years. Lease income during the period ended 31 Dec 2007 was Rs. 8.04 million (31 Dec 2006 : Rs. 4.71 million). Minimum amount of future lease rental receivable under these agreements are:

Particulars	31 Dec 2007	31 Dec 2006	31 March 2007
a) Within one year	14,309,452	-	7,912,361
b) Within one to three years	9,475,111	6,533,175	3,377,078
	<u>23,784,563</u>	<u>6,533,175</u>	<u>11,289,439</u>
<b>26 Other commitments and contingencies</b>			
(a) Show cause notices received from various authorities	8,200,000	8,200,000	8,200,000
(b) Capital commitments	<u>3,226,328</u>	<u>236,442</u>	<u>236,442</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

Mr. Nani R Choksey

Mr. Girish Puravankara (Resigned w.e.f Nov 2007)

**Relative of Key Management Personnel:**

Ms Geeta S Vhatkar

Mr. Satish Puravankara

Mr. Ashish Puravankara

Ms. Jasbir Sabuwala

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

Purva Developments

Uniquepark Constructions Private Limited

Unique Constructions

Welworth

Puravankara Constructions

Handiman Services Private Limited

Dealwel – Proprietorship

Dealwel Finance Corporation

ii. Transactions with related parties during the period

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

**Key Management Personnel**

Mr. Ravi Puravankara

Mr. Nani R Choksey

Mr. Girish Puravankara (resigned effective November 2007)

**Relatives of Key Management Personnel:**

Mr. Satish Puravankara

Ms. Jasbir Sabuwala

Ms Geeta S Vhatkar

Mr. Ashish Puravankara

**Associates:**

Keppel Puravankara Development Private Limited

Propmart Technologies Limited

Magus Bengal Developers Private Limited

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

Puravankara Constructions

Handiman Services Private Limited

The transactions with related parties for the quarter ended 31 December 2007 are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Interest income on loans	4,571,227	-	-	-	4,571,227
Loans repaid	-	295,886,935	-	100,000,000	395,886,935
Security and Maintenance charges	-	-	-	32,833,500	32,833,500
Advances for the purchase of flats	956,280	-	-	-	956,280
Remuneration	-	5,961,249	1,048,804	-	7,010,053
Rental expenses	-	-	-	1,860,000	1,860,000
<b>Balances:</b>					
Loans given	232,862,909	-	-	-	232,862,909
Dues to related parties	-	-	-	17,373,297	17,373,297

The transactions with related parties for the quarter ended 31 December 2006 are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Interest Income on loans	7,143,562	-	-	-	7,143,562
Loans given	(7,560,214)	-	-	-	(7,560,214)
Loans repaid	7,326,391	-	-	-	7,326,391
Security and Maintenance Charges	-	-	-	11,092,242	11,092,242
Loans taken/(repaid)	-	119,900,000	-	(47,000,000)	72,900,000
Advances for the purchase of flats	5,513,234	-	-	-	5,513,234
Remuneration	-	6,328,692	(642,177)	-	5,686,515
Rental expenses	-	-	-	600,000	600,000
Advances for land contracts	-	-	64,563,220	-	64,563,220
<b>Balances :</b>					
Loans given	355,079,194	-	-	-	355,079,194
Dues to related parties	-	-	-	246,608,209	246,608,209
Advances for land contracts	-	-	185,184,060	-	185,184,060

The transactions with related parties for the period 1 April 2007 to 31 December 2007 are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Interest income on loans	17,060,292	-	-	-	17,060,292
Loans repaid	(221,186,000)	295,886,935	-	109,970,000	184,670,935
Security and Maintenance charges	-	-	-	65,629,609	65,629,609
Loans taken	-	180,000,000	-	-	180,000,000
Advances for purchase of flats	4,685,449	-	-	-	4,685,449
Investments	221,186,000	-	-	-	221,186,000
Remuneration	-	19,138,103	2,811,610	-	21,949,713
Rental expenses	-	-	-	5,460,000	5,460,000
<b>Balances:</b>					
Loans given	232,862,909	-	-	-	232,862,909
Dues to related parties	-	-	-	17,373,297	17,373,297

The transactions with related parties for the period 1 April 2006 to 31 December 2006 are as follows:

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Loans given	3,000,000	-	-	-	3,000,000
Loan repaid	7,326,391	-	-	-	7,326,391
Interest income on loans	20,447,824	-	-	-	20,447,824
Loans taken / (repaid)	-	119,900,000	-	(47,000,000)	72,900,000
Commission and brokerage incurred	199,745	-	-	-	199,745
Advance for purchase of flats	9,632,594	-	-	-	9,632,594
Security and Maintenance charges	-	-	-	23,783,974	23,783,974
Advance for land contracts	-	-	98,032,890	-	98,032,890
Remuneration	-	15,313,716	1,812,343	-	17,126,059
Rental expenses	-	-	-	600,000	600,000
<b>Balances:</b>					
Loans given	355,079,194	-	-	-	355,079,194
Dues to related parties	-	-	-	246,608,209	246,608,209
Advances for land contracts	-	-	185,184,060	-	185,184,060

**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 31 Dec 2007 are as under:

	<b>Gratuity</b>	<b>Vacation Pay</b>
	Rs.	Rs.
<b>1</b> The amounts recognised in the balance sheet are as follows:		
Present value of the obligation as at the end of the period	8,072,735	5,051,171
Fair value of plan assets as at the end of the period	4,854,498	-
Net liability/(asset) recognised in the balance sheet	<u><u>3,218,237</u></u>	<u><u>5,051,171</u></u>
<b>2</b> The amounts recognised in the Profit and loss account are as follows:		
Service cost	3,618,857	1,272,675
Interest cost	283,224	342,314
Expected return on plan assets	(269,681)	-
Net actuarial (gain)/loss recognized in the period	(546,405)	(2,269,057)
Expense recognized in the Profit and loss account of the period	<u><u>3,085,995</u></u>	<u><u>(654,068)</u></u>
<b>3</b> Changes in the present value of defined benefit obligation		
Defined benefit obligation as at 1 April 2007	4,720,404	5,705,239
Service cost	3,618,857	1,272,675
Interest cost	283,224	342,314
Actuarial losses/(gains)	(456,268)	(2,269,057)
Benefits paid	(93,482)	-
Defined benefit obligation as at 31 Dec 2007	<u><u>8,072,735</u></u>	<u><u>5,051,171</u></u>
<b>4</b> Changes in the fair value of plan assets		
Fair value as at 1 April 2007	4,494,680	-
Expected return on plan assets	269,681	-
Actuarial (loss)/ gains	90,137	-
Contributions	93,482	-
Benefits paid	(93,482)	-
Fair value as at 31 Dec 2007	<u><u>4,854,498</u></u>	<u><u>-</u></u>
Assumptions used in the above valuations are as under:		
Interest rate	8%	8%
Discount rate	8%	8%
Expected return on plan assets	8%	8%
Future salary increase	6%	6%
Attrition rate	5%	5%
Retirement age	<u><u>60</u></u>	<u><u>60</u></u>

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

**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 quarter ended 31 December 2007 is Rs. 2,438,214 (quarter ended 31 December 2006 was Rs. 1,439,147).

**29 Segmental Information**

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

**30 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**  
**Bangalore**

**Nani R Choksey**  
**Director**

**Ashish Puravankara**  
**Director**

**Ravi Ramu**  
**Director**

**Sharda Balaji**  
**Company Secretary**

# Puravankara Projects Limited

## Cash Flow Statement

	9 months ended 31 Dec 2007 Rs.	9 months ended 31 Dec 2006 Rs.
<b>A. Cash flow from operating activities</b>		
<b>Net profit before taxation</b>	<b>1,856,968,951</b>	<b>935,151,361</b>
Adjustments for:		
Depreciation and amortisation	45,033,717	17,779,956
Interest income	(121,572,555)	-
Interest expense	10,627,648	10,833,414
(Profit)/loss share in Associates	(213,689,703)	(92,620,935)
<b>Operating profit before working capital changes</b>	<b>1,586,042,898</b>	<b>871,143,796</b>
Movements in working capital :		
(Decrease) / Increase in trade debtors	(175,864,686)	37,714,031
Decrease in inventories	8,285,087	28,555,280
(Increase) in loans and advances	(2,492,630,397)	(969,769,364)
(Increase) in properties under development	(933,142,488)	(640,607,225)
(Increase) in properties held for sale	(392,661,642)	(321,950,095)
(Increase) / Decrease in current liabilities and provisions	(73,294,032)	275,357,796
<b>Cash used in/ received from operations</b>	<b>(2,473,265,260)</b>	<b>(719,555,781)</b>
Direct taxes paid	(350,321,479)	(131,428,334)
<b>Net cash used in operating activities</b>	<b>(2,823,586,739)</b>	<b>(850,984,115)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets and increase in Capital Work-In-Progress	(155,166,602)	(70,761,929)
Loans to associates	(4,850,848)	(3,000,000)
Acquisition of Subsidiaries	(1,968,200)	-
Investment in Associates	(221,186,000)	-
Proceeds from sale of fixed assets	2,785,000.00	19,562
Loans repaid by associates	221,186,000	7,326,391
Properties held for development	(560,820,140)	(1,919,927,356)
Interest received	121,572,555	4,216,444
<b>Net cash used in investing activities</b>	<b>(598,448,235)</b>	<b>(1,982,126,888)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	2,586,227,000	3,040,000,000
Repayment of long-term borrowings	(3,992,172,867)	(886,521,030)
Proceeds from short-term borrowings	(1,224,862,311)	717,244,585
Loans from related parties	180,000,000	-
Loans repaid to related parties	(405,856,935)	94,154,076
Dividend paid including taxes	(210,591,000)	(136,830,000)
Interest paid	(570,744,656)	(10,833,414)
Proceeds from issuance of equity shares.	7,978,283,540	10,000,319
<b>Net cash generated from financing activities</b>	<b>4,340,282,771</b>	<b>2,827,214,536</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>918,247,797</b>	<b>(5,896,467)</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>1,291,905,000</b>	<b>438,282,199</b>
<b>Components of cash and cash equivalents</b>	<b>1,291,905,000</b>	<b>438,282,199</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**

**Ravi Puravankara**  
**Chairman and**  
**Managing Director**

**Nani R Choksey**  
**Director**

**Ashish Puravankara**  
**Director**

**Ravi Ramu**  
**Director**

**Sharda Balaji**  
**Company**  
**Secretary**

Membership No. 210122  
**Bangalore**  
**31 January 2008**

**Bangalore**  
**31 January 2008**