
Puravankara Projects Q2 Net Profit At Rs 60.86 crores

Bangalore, 28 October 2009

The Puravankara Projects consolidated net profit for the quarter ended 30 September 2009 of Rs 60.86 crores was up 21% over the corresponding quarter last year. Income for the quarter at Rs 226.39 crores also represented an increase over the previous year. The consolidated net profit for the half year ended 30 September 2009 was Rs 71.10 crores on an income of Rs. 282.36 crores.

The net profit margin for the quarter ended 30 September 2009 was 27% on the back of a robust gross profit margin of over 45%. Despite an increase this quarter in advertising expenses compared with the last few quarters, selling, general and administrative expenses in the quarter have been maintained at just over 6% of revenues resulting in an operating profit margin of 39%. Net profit margins for the half year ended September 2009 stood at over 25%.

Provident Housing, the 100% affordable housing subsidiary of Puravankara Projects Limited, has successfully launched its first two projects totalling 5,534 homes covering an area of 5.69 million sft. The first project in Chennai, Provident CosmoCity, measures 2.23 million sft. and comprises 2,174 apartments. Provident's second project, Provident Welworth City in Bangalore, is a 3.46 million sft township with 3,360 apartments and includes over 0.2 million sft of retail space. The price range of homes in these two projects is between Rs 15 lakhs and Rs 20 lakhs.

The sales at the two Provident Housing projects have been particularly encouraging with over 1,200 apartments having already been sold. On-going sales trends in these two Provident projects continue to be robust and most encouraging. Revenues and profits from the two projects are expected to contribute meaningfully to Group numbers in the coming quarters.

The area currently under development by the Puravankara Group is 19.13 million sq. ft. with projects spread across Bangalore, Chennai, Hyderabad, Cochin and Kolkata. There are 15 on-going residential projects, 13 of Puravankara Projects and 2 of Provident Housing.

The current land bank has been recently further augmented through land acquisitions in Coimbatore and currently stands at 125.39 million sq. ft. of developable area.

The Group's relatively strong financial position and liquidity is underlined by its comfortable debt to equity ratio of 0.56 and a relatively modest net debt of Rs 805 crores as at 30 September 2008. The balance sheet and liquidity position of the Group has further improved in the month of October 2009 with the receipt of Rs 145 crores due to the sale of a land which was not intended to be developed in the near term. This has further reduced the Group's net debt to equity ratio at end October 2009 to 0.49.

Commenting on the results Mr. Ravi Puravankara, Chairman and Managing Director, said “We have witnessed a distinct improvement in the market environment during this quarter and indications are that this trend will continue in the foreseeable future. Our 100% affordable housing subsidiary, Provident Housing, has firmly established itself in this market segment and has proved to be a clear market leader in the Country. We can look forward to Provident Housing significantly contributing to the Puravankara Group’s growth and financial performance in the coming quarters as more projects are launched in the near future. Our market positioning is currently such that the medium to long-term prospects of the Group look particularly bright.”

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