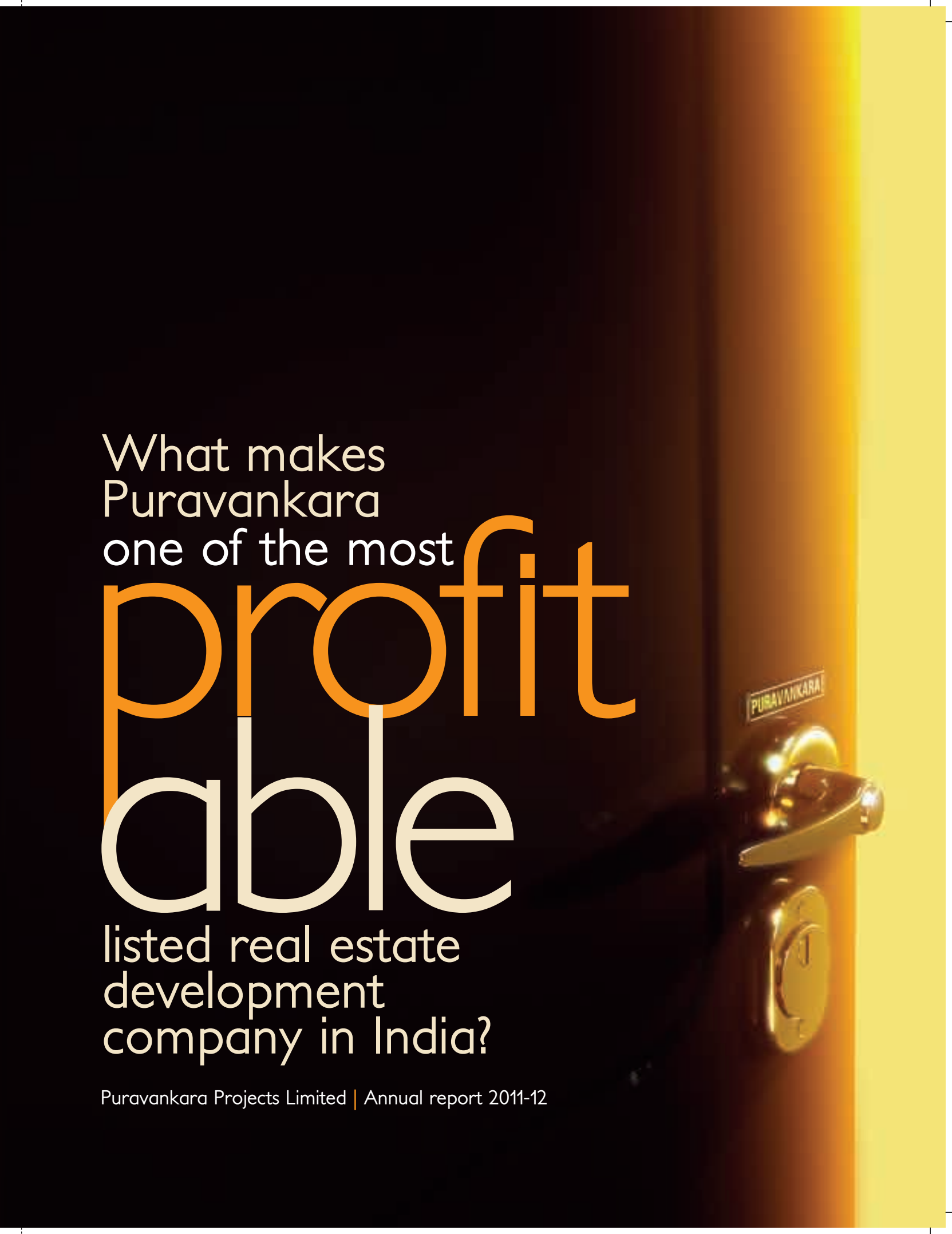


What makes Puravankara one of the most profitable listed real estate development company in India?

What you will find inside this report...

At Puravankara, we are committed to enhance value for our stakeholders – our name plate | 02

At Puravankara, we are one of India's fastest-growing real estate companies – from the Chairman's desk | 04

At Puravankara, we are honest to our purpose, sincere to our intent and committed to our goals – CEO's review | 16

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At Puravankara, we are led by an experienced team – at the helm | 22

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Year 2011-12 was a challenging year for most real estate companies in India.

Indian economy slowed. Incomes declined. Fewer buyers bought into new properties. The cost of material inputs rose. Interest rates increased.

And yet, Puravankara reported an 14.28% return on employed capital, an EBIDTA margin of 48.13%, profit after tax of ₹135.73 cr and earnings per share of ₹6.36.

Emphasising its position as one of India's most profitable real estate development company.



Puravankara is one of South India's largest and most respected realty brands

2011-12 in brief

- Developed and handed over a cumulative 7.80 mn sq. ft
- Average realisations increased 31% from ₹2,734 per sq. ft to ₹3,586 per sq. ft
- Despite a sluggish year, strong focus on execution and sales led to a 36% increase in turnover to ₹815.46 cr and 15% surge in post-tax profit to ₹135.73 cr

Projects

Some of the landmark projects comprise Atria, Venezia, Highland, Grandbay, Eternity, Swanlake, Moonreach, Riviera, Vantage, Belmont, Sunshine, Grande and Fountainsquare

Dividend

Proposed a dividend of ₹1 per equity share (FV of ₹5) for 2011-12

plate

Market capitalisation and listing

Market capitalisation stood at ₹1,453 cr as on 31 March 2012 and is listed on the BSE and NSE

Promoter holding

Promoter holding of 89.96% (as on 31 March 2012); promoter shares are unencumbered

Have developed 7.80 mn sq. ft

A business built around stakeholder trust

From the Chairman's desk

Eyepiece



The key to our sustained robust performance was a relatively different approach of doing business in India's real estate development sector

THE financial year under review was a challenging one for India's real estate industry. In response to growing inflation, the RBI announced interest rate increases, which did two things for our business: one, it increased the overall cost for real estate buyers especially for the large segment of buyers that engage in mortgaged purchase, which in turn resulted in a number of them preferring to postpone purchases; two, it increased the interest cost for all real estate development companies. The combined effect of a slower sales accretion and a higher cost translated into a lower industry growth of 12% in 2011-12 and generally lower bottomlines across the country's real estate development players.

Puravankara was no exception to this national trend. However, the decline in performance at Puravankara was lower than the national average. Your Company reported revenues of ₹815.46 cr in 2011-12 (₹599.93 cr in 2010-11) and a profit after tax of ₹135.73 cr (₹117.91 cr in 2010-11).



The decline notwithstanding, we continued to protect the integrity of our business during the slowdown. We continued to invest in Puravankara and Provident brands, we did not slash rates to sustain our cash flow and we did not enhance our indebtedness to stay liquid. The result is that we reported a 31% increase in our average per sq. ft realisation during a period of slowdown, our EBIDTA margin of 48.13% for 2011-12 was higher than the industry average and our debt-equity ratio continued to be comfortable at 0.74.

At Puravankara, we recognise the challenges at succeeding in this business with a pan-India business model.

At Puravankara, we believe that in a country where the demand for realty space will be in excess of supply for a number of years, realty companies will need to respond with a specific business model that makes it possible to grow on a sustainable basis -- resist declines better than the broad industry and report a quicker rebound during industry recoveries.

At Puravankara, our business is structured around such a model marked by strategic distinctiveness:

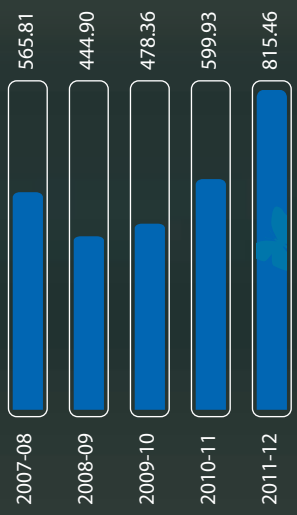
- At Puravankara, we believe that sustainable growth in the large end of the real estate industry can only be derived through a stringently corporatised culture with a respect for the professional application of systems, processes and compliances
- At Puravankara, we believe that sustainable growth can be achieved through predictable revenue/profit growth marked by low debt and business returns (as defined by return of employed capital and return on equity), higher than the industry average.
- At Puravankara, we believe that these superior returns can be consistently derived through a relatively asset-light business model (without excessive investments in land banks).
- At Puravankara, we recognise that true competitiveness in the realty industry can be derived from efficient project execution, which reconciles knowledge, capability, equipment, processes, standard operating procedures and information technology to deliver projects quicker than the industry average.
- At Puravankara, we selected to grow our presence in that segment of the value pyramid that extends from the premium affordable to the premium exclusive, which is not only growing, under-served but also attractively remunerative.
- At Puravankara, we recognise the challenges at succeeding in this business with a pan-India business model. The Company selected to grow its presence intensively across a relatively select geography with corresponding benefits arising out of the economies of scale, brand, employees and demographics
- At Puravankara, we maintain a balance between projects that we were engaged in completing on the one hand and the pipeline of new launches. This balance makes it possible for us to engage in a reasonable number of realty projects without stretching our managerial bandwidth on the one hand

At Puravankara, we developed exclusive brands for different products and consumers

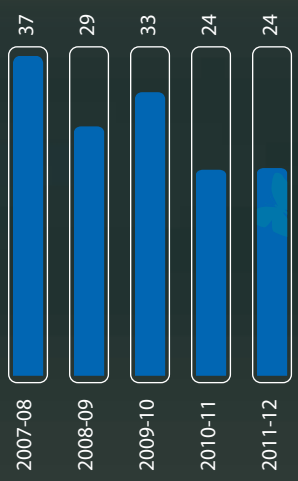
and report an attractive cash flow from new launches on the other

- At Puravankara, we developed exclusive brands for different products and consumers; while our flagship brand addresses the premium exclusive client, our Provident brand addresses the premium affordable segment
- At Puravankara, we distinguish our properties (thematically and through amenities) from what is available within a specific location and from what we marketed in the past. The result is a 'If it is Puravankara, it must have a different recall'
- At Puravankara, we do not completely market properties at launch. We maintain an inventory of saleable area until the project is completed and ready for handover. We believe that the largest sale transpires when a property is completed, accompanied by an incremental realisation that far exceeds similar in-progress properties as well as the cost of funds incurred to complete them. Besides, through this sales approach, the cost of delay is borne by the Company and not the customer, which protects the Puravankara brand
- At Puravankara, we price our properties in line with a desired IRR with periodic increases to achieve this target. We re-price our properties transparently on the basis of the volumes we sell while protecting the interests of those who bought first and creating clarity regarding how our prices will move based on our sales offtake
- At Puravankara, we prefer to work at the lower end of the gearing spectrum

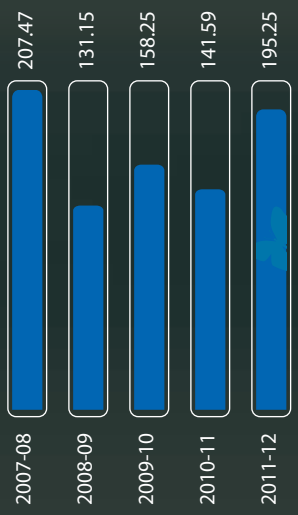
Our story in numbers



Turnover (₹ cr)



Operating costs as percentage of revenue (%)



Operating profit (₹ cr)

At Puravankara, we are transparent. For instance, the total land area that we possess is always expressed in saleable area

with a conservative approach towards growing our debt book. The result is that even though 2011-12 was one of the most challenging that the industry encountered in years, Puravankara reported a net debt addition of only ₹166.60 cr; the Company's debt-equity ratio increased marginally from 0.67 to 0.74

- At Puravankara, we are transparent. For instance, the total land area that we possess is always expressed in saleable area for the benefit of our shareholders and the analyst community

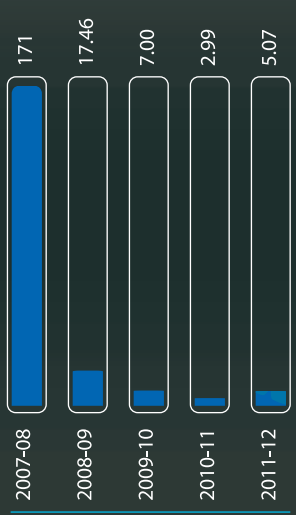
- At Puravankara, we engage with our shareholders and analysts through a periodic dialogue when we explain our audited quarterly results and the broad industry direction, helping manage their expectations

Going ahead, we foresee a churn within our residential portfolio: faster growth coming out of our Provident brand, increasing from 31% of our overall revenues today to an estimated 50% by 2013-14. We intend to grow our presence in the mid-segment of India's growing commercial space market (Class A) and we intend to grow our presence in the middle and upper segments of India's retail segment.

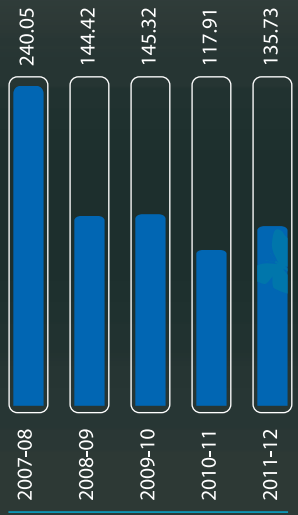
We expect that our priorities and initiatives should translate into Puravankara achieving annual revenues of ₹1000 cr going forward.



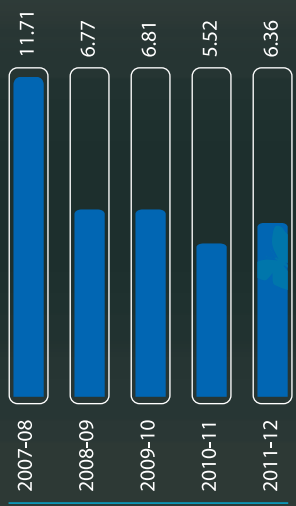
Ravi Puravankara
Chairman



Interest cover



Post-tax profit (₹ cr)



EPS (₹)

Next level

Despite a challenging macro-economic environment in 2011-12, Puravankara strengthened realisations 31%

- Puravankara focused on three things: customer service, customer service and customer service. We created a dedicated 24x7 marketing helpdesk through a single-source all-India number. This single-stop number addressed various customer needs (information, issues, clarifications, project updates, site visits).
- Puravankara manages sale of most of its apartments until fully completed. The completed apartments fetch a higher realisation than if they had been sold while they were still being constructed
- Puravankara halved the sales agreement cycle to 15 days by addressing all customer queries and aggressive follow-ups, resulting in upfront advance mobilisation to the extent of 15% of the total apartment cost. This mobilisation was then used in onward project execution, lowering average project expense, optimising apartment sticker price and attracting more buyers – a virtuous growth cycle
- Puravankara focused on constructing premium lifestyle properties relatively better insulated from industry cyclicality
- Puravankara instituted an innovative 'Evening with Puravankara' programme in which we updated buyers (existing and prospective) on project schedules and provided networking opportunities to create a bonded community

RESULT: PURAVANKARA REPORTED AN EBIDTA MARGIN OF 48.13% IN 2011-12



₹3,568
per sq. ft
Average realisations
in 2011-12

₹2,734
per sq. ft
Average realisations
in 2010-11

Favourable light

Right product. Right geography. Right price. Right response. Equals right IRR at Puravankara

- Puravankara strategically converted its land bank (12.33 mn sq. ft as on 31 March 2012). The Company invested in residential (premium or large) and commercial properties following an extensive mapping of the catchment area
- Puravankara focused on constructing large format properties
- Puravankara worked backwards towards a targeted IRR as opposed to an open-ended financial approach
- Puravankara created distinctive properties representing the best of an integrated lifestyle marked by quality homes, large open area and modern amenities; this translated into a quicker offtake on the one hand and premium realisations on the other
- Puravankara banked on word-of-mouth publicity over the expensive advertisement-driven promotional approach; promotion expenses accounted for a mere 5.27% of revenues in 2011-12

RESULT: COMFORTABLE LIQUIDITY POSITION TRANSLATED INTO A MODEST DEBT-EQUITY RATIO OF 0.74 AS ON 31 MARCH 2012

14.28%
Return on capital employed in 2011-12

8.04%
Return on net worth in 2011-12

15.52%
Average cost of debt in 2011-12



Back to the wall

Commodity prices strengthened in 2011-12. Puravankara optimised costs through value engineering

- Puravankara entered into the pan-India bulk purchases of cement, sand and steel to derive the best value proposition; following a disruption in steel supply from Karnataka, we procured material from Odisha, West Bengal and Madhya Pradesh at a lower delivered cost; the Company intends to enter into long-term raw material procurement contracts to smoothen price volatility
- Puravankara trained and certified almost 150 vendors around its high quality standards; it deputed dedicated quality officers each of its project sites, making them accountable for all incoming raw material quality
- Puravankara worked with a raw material inventory equivalent to three weeks of consumption as a precaution
- Puravankara engaged in the total ownership cost (TOC) model that factored all direct and indirect costs to price apartments on a scientific basis
- Puravankara strengthened execution by adopting single-stack-plumbing (over the conventional double-stack- system), which optimised on-site inventory and manpower resources
- Puravankara leveraged the implementation of the cutting-edge Prima Vera software that made it possible to monitor multi-locational working and provide real-time information, leading to informed decision making
- Puravankara properties are built around clear land titles, resulting in timely construction

RESULT: RAW MATERIAL AND CONTRACT COSTS WERE MAINTAINED AT 58.20% OF REVENUES IN 2011-12 (61.44% IN 2010-11).

8,400
Tonnes of steel purchased in 2011-12

33,800
Tonnes of cement purchased in 2011-12



Customised

Puravankara provided for diverse residential needs across the income spectrum

- Puravankara established Provident Housing Limited (100% subsidiary) in 2008 to create mid and mass housing projects comprising quality affordable apartments
- Provident Housing's product affordability is derived from property development on a relatively low-cost captive land bank located away from the city centre
- A cumulative 6 mn sq. ft is currently under development and about 12 mn sq. ft will be launched
- Provident Housing model is reflected in the launch of a new project in Venkatapura, Bengaluru, one of India's largest premium affordable housing projects. This 60-acre development envisages the phased creation of 5,900 apartments (average 1,100 sq. ft); construction is expected to commence in 2012-13
- Provident Housing is largely marketed through its website (www.providenthousing.com) and Facebook, among other media

RESULT: PROVIDENT HOUSING ACCOUNTED FOR 31% OF THE COMPANY'S REVENUES IN 2011-12; THIS IS EXPECTED TO RISE TO 50% BY 2013-14



0.68 mn sq. ft
Corresponding to 685 apartments sold in 2011-12

₹254.47 cr
revenue in 2011-12

₹63.69 cr
profit after tax in 2011-12





Q&A

"Puravankara strengthened the quality of its most valuable asset in 2011-12 – its brand."

CHIEF EXECUTIVE OFFICER JACKBASTIAN KAITAN NAZARETH REVIEWS THE COMPANY'S PERFORMANCE IN 2011-12

During the slowdown, it would have been normal to slash realisations to catalyse offtake; the reverse transpired where even though we sold a lower quantity, we reported a 31% increase in overall realisations per sq. ft

Q: Were you satisfied with the company's performance in 2011-12?

The answer is both yes and no. Let me start with why the performance was satisfying: it was a challenging year for the realty industry as a whole as the cash velocity slowed within the economy, consumer confidence ebbed, real estate values declined and the industry sold less than it did in the previous year. Even though Puravankara was no exception to the broad industry trend, the Company did well to report 36% increase in overall revenues and 15% increase in profit after tax. During the slowdown, it would have been normal to slash realisations with the objective to catalyse offtake; the reverse occurred where even though we sold lower units compared to the previous year, we reported a 31% increase in overall realisations per sq. ft. As a result, Puravankara strengthened the quality of its most valuable asset – its brand.

Now let me explain why we could have done better: at the start of 2011-12, we issued guidance to analysts and investors that we would sell 3 mn sq. ft during the year under review; we finished with sales of 2.44 mn sq. ft. We could have accelerated the completion of certain ongoing projects and the launch of four new projects. The circumstances that prevented us from doing so were a number of delayed municipal and MoEF clearances – the electricity NOC for India's largest housing project that we have undertaken took nine months – that resulted in a notional revenue loss of around ₹400 cr with corresponding profit and cash flow implications.

Q: How did Puravankara build a stronger company during the slowdown?

At Puravankara, we have always been a warm, people-driven organisation: 190 out of 700 Puravankara employees have been with the company for more than five years in an industry with high mobility. During the year under review, we restructured from within through deeper investments in our people, processes and practices. This restructuring was initiated with the conviction that the more competitive realty company of the future would be one with a more inspired workforce. Period.

In 2011-12, we increasingly empowered our people with skills, knowledge, systems, equipment and information technology that helped create a young, enthusiastic and vibrant work culture. This priority was reflected in introducing new technologies, systems and a uniform information dashboard across our sites and offices in different cities.

At Puravankara, we believe that employees deliver their best when there is minimal bureaucracy, when they are empowered to decide, when companies are informationally porous and the senior management is accessible. It is this culture that we strengthened during the year under review.

Q: Through what initiatives did the Company create a stronger operating culture?

Through a number of everyday initiatives that touched our employees in a humane way. For instance, we appointed one senior executive with the responsibility to simply meet people across the organisation and talk to them without an agenda and then report to me specific feedback and the overall organisational mood. We instituted the concept of an Open Day where people could call and communicate – with no caller line identification so that they could be free with their comments - what they liked/disliked about our company. We provided SIM and walkie-talkies to all our on-site members after

one of our members reported the inconvenience arising out of inaccessibility on a 2 km long site. We developed job descriptions (roles and responsibilities) for all Puravankara employees.

In a conventional organisation, information usually moves in only one direction – from top to down. In a progressive organisation – which is what we think Puravankara is – information moves everywhere, leading to seamlessness which is essential when you need to construct 40 mn sq. ft in the shortest possible time.

The result is that our initiatives have been acknowledged by our peers. Puravankara was given the Employer of the Year award in the realty sector by Realty Plus magazine in 2011-12.

Q: What are some of the challenges facing Puravankara?

The big challenge is countering the sales slowdown. Since our business model focuses on timely completion before we can sell, our objective will be to construct faster so that we have adequate inventory available as soon as the sectoral sentiment revives.

The other challenge is rising input costs. To counter this incidence, we strengthened our study of new construction technologies, new input options, new finishes and new vendors to enter into vendor partnership programmes that would result in assured volumes for vendors and lower costs for our Company.

The third challenge was to strengthen perception of realty companies in the country. We engaged deeper with analysts through extensive periodic disclosures in investor presentations, which were then replicated by a number of companies within our sector. We announced audited results every quarter, the only such instance in our industry.

Q: What is the basis of Puravankara's optimism?

We expect to report an attractive improvement in our performance starting 2012-13 for some good

Business enablers

Land bank

PURAVANKARA PROJECTS OWNS nearly 61.32 mn sq. ft of land across the Indian subcontinent (including Sri Lanka) with a low historical FSI cost of land at ₹100 per sq. ft and a revenue visibility of at least 7 years.

Brand

THE PURAVANKARA BRAND ENJOYS A credible recall for trust, responsiveness, quality and premium quality.

Diversified

PURAVANKARA PROJECTS LEVERAGED its civil construction expertise to foray into other verticals comprising the construction and development of commercial buildings, thereby de-risking presence from sectoral risks and diversifying revenues.

Associations

PURAVANKARA PROJECTS FORMED A joint venture with Keppel Land of Singapore, a global industry-leading conglomerate and operates 100% subsidiaries provident Housing Limited (affordable housing) and Starworth Infrastructure and Construction Limited (infrastructure and contracting).

Geographical spread

PURAVANKARA IS EXTENSIVELY present in in the metropolitan cities of Bengaluru, Kochi, Chennai, Hyderabad, Mysore, Kolkata, Coimbatore and overseas in Colombo and Dubai.

Robust quality practices

PURAVANKARA PROJECTS IS AN ISO 9001:2000-certified company meeting international quality benchmarks. The Company adopts stringent steps and set processes across the value chain to ensure tight control on quality standards.

reasons: at the close of 2011-12, we had completed 90% of our ongoing projects across 6.78 mn sq. ft; we expect to complete them by December 2012, resulting in an inventory valued at ₹4000 cr at today's market realisations. A majority of the revenues will be generated during 2012-13. In turn, the liquidation of this inventory will provide us with adequate room to launch new projects by drawing on our 49 mn sq. ft land bank and generate additional income thereafter. In the meantime, we also expect the effects of the economic slowdown to start wearing off, accelerating realty offtake, strengthening overall realisations and reducing fund costs. I would state that the strength of our business model was validated in a challenging 2011-12 with a 15% increase in our bottomline and we expect to report higher profits going forward.

Q: What is the value of Puravankara's land bank and how is this expected to translate into revenues across the foreseeable future?

Puravankara possesses a cumulative 113.15 mn sq. ft of saleable area across diverse geographies including 25.26 mn sq. ft of ongoing projects. As a property development company, we will convert the undeveloped space into developed property as opposed to trading raw land banks. We expect to create a mix of residential, commercial and retail properties across the premium to upper middle-class range, translating into estimated revenues of between ₹4000 cr and ₹5000 cr over five years with a transparent drill-down of this target across, annual, quarterly and monthly targets that eliminate revenue chunkiness and deliver income predictability across the foreseeable future. As a progressive organisation, we will keep replenishing our land bank as we keep completing property development without creating an excessive inventory at either end. We are optimistic that this approach will translate into superior value for our shareholders over the foreseeable future.

Intellectual capital

PURAVANKARA PROJECTS IS spearheaded by a senior management group who enjoy a collective extensive experience in the real estate sector. As on 31 March 2012, the Company's staff strength stood at 732, which include 60% technical staff, 39% non-technical staff and the rest trainees.

Deadline-oriented

AT PURAVANKARA, OUR ABILITY TO meet deadlines is evident in the fact that of the 36 projects executed so far, we delivered either as per deadlines/extended deadlines.

Deployment of high-quality, state-of-the-art assets and technology

PURAVANKARA PROJECTS OWNS A fleet of construction equipment comprising heavy earth moving machines (hydraulic excavators, loaders, dozers and earth compacters), concreting plants (batching plants, concrete mixers, transit mixers and concrete pavers), road equipment (vibratory tandem rollers, electric paver finishers, mechanical paver finishers, hot mix plants, static rollers, truck mounted pressure bitumen sprayer and integrated stone crushing plants), quarry equipment (wagon drills, jack hammers and air compressors), transportation equipment (cars and jeeps, tippers, tractors, water tankers and trailers) and fabrication and erection plant (welding generators, gas cuttings sets, work shop equipment, cranes, generators), among others.

Balance sheet strength

LOW DEBT-EQUITY RATIO OF 0.74 (as on March 31 2012), cash and bank balance of ₹73.17 cr (March 31 2012) and interest cover of 5.07.

Managing risks at Puravankara

At Puravankara, risk is viewed as either external or internal events that may at some point of time exploit the weaknesses in the Company's current processes, procedures and systems – impacting objectives and financials. The Company employs a series of governance and activity level controls to ensure that the financial statements are free from material misstatements. At the enterprise level, the risk identification and mitigation procedures employed include the following:

Strategy risks

Risk impact

A SKEWED BUSINESS STRATEGY MAY RESULT IN LOST OPPORTUNITIES.

Risk mitigation measures

The long-term business strategy and the annual business plans are approved by the Board of Directors through discussion and analysis. Additionally, mid-term reviews of the business strategy and the annual plans ensure that the Company initiates a mid-course correction, should the situation warrant. The long-term business strategy comprises:

- Fortifying the Company's presence in select verticals
- Prioritising construction quality
- Focusing on achieving pre-set per sq. ft revenues and targeted Internal Rate Return
- Extending our presence from India to Sri Lanka (61.32 mn sq. ft land bank)
- Diversifying our presence from high end premium to premium affordable quality mass residential segment
- Providing adequate training on operating procedures and project management capabilities.

All the above measures resulted in a compounded annual topline growth of 7.59% over the five years leading to 2011-12.

Industry risks

Risk impact

REALTY DEMAND IS DEPENDENT ON ECONOMIC CONDITIONS. A DOWNTURN CAN ADVERSELY AFFECT THE COMPANY'S BUSINESS AND EARNINGS.

Risk mitigation measures

Buoyant macroeconomic conditions in India have been sustaining economic reform and investments, thereby driving consumption growth and ensuring real estate offtake. Additionally, a targeted double-digit growth by the end of the Twelfth Plan period only suggests an increased spending by the government on infrastructure, estimated at USD 1 tn, auguring well for the Company.

Besides, one of the biggest realities in India's real estate space is that surging growth and employment will urbanise the country faster – from 290 mn in 2001 to an estimated 340 mn in 2008 and a projected 590 mn by 2030. It took India's urban population almost 40 years (1971 to 2008) to rise by 230 mn; it could take half that time to add another urban 250 mn!

This urbanisation speed presents unprecedented opportunities. As per a report released by the McKinsey Global Institute, India will need to spend USD 2.2 tn (₹97.35 lakh cr at current exchange rates) on its cities by 2030. Nearly USD 1.2 tn (₹53.1 lakh cr) will need to be invested in housing infrastructure and other sectors as 40% of India's estimated 1.47 bn population could potentially reside in urban areas by 2030.

India's urban economy is expected to contribute 85% of the total tax revenues, which will be used to strengthen the entire nation including prospects for 200 mn living on the fringes of India's 70 largest cities, a massive population pool requiring housing. As a result, the housing shortage in the country is estimated in excess of 26.93 mn units, representing a significant opportunity for frontline companies like Puravankara.

Government policy risks

Risk impact

UNCERTAINTIES REGARDING GOVERNMENT POLICES CAN SIGNIFICANTLY AFFECT OPERATIONS.

Risk mitigation measures

The Government has been prioritising infrastructure and real estate investments, limiting the inherent policy risk. It is also providing certain tax and investment benefits, especially across mid and mass housing projects. The residual risk is managed by seeking opportunities to control costs to hedge from adverse policy changes.

Competition risks

Risk impact

INCREASING COMPETITION FROM DOMESTIC AND INTERNATIONAL REAL ESTATE COMPANIES CAN AFFECT MARKET SHARE AND PROFITABILITY.

Risk mitigation measures

Puravankara forges alliances with land owners to ensure easy access to land banks and quicker regulatory approvals. The Company shifted its business strategy to creating large projects comprising an average 800-1000 apartments and mass housing (through 100% subsidiary, Provident Housing) that not only enables us to drive economies-of-scale but also optimises project capex by generating cash flows that are used for subsequent phases of the same project.

Operational risks

Risk impact

STAFF ATTRITION AND VOLATILE RAW MATERIALS CAN IMPACT PROFITABILITY.

Risk mitigation measures

The Company maintains a workforce based upon its current and anticipated workloads. Attrition, which is lower than the industry average at 25%, is managed by adopting healthy employee practices that promote and encourage a good work culture. This is coupled with performance-based promotion and rewards, conflict-resolution mechanisms, sound pay structures benchmarked with industry standards. The Company also provides adequate training to its entire staff on operating procedures and policies, as well as on honing project management skills. Additionally, employees are encouraged to upgrade their skill sets and adopt multi-tasking through job rotation.

As a prudent strategy, the Company enters into bulk purchases, thereby enhancing its bargaining power. Besides, it also maintains the right balance between stocking inventory (comprising two weeks of average requirement) ahead of use to save on volatility and optimising working capital for stocking. Besides, it also implemented adequate procurement procedures that include long-term contracts to reduce price volatilities, regular augmentation of storage facilities to stock materials and a careful review and monitoring of the carrying cost of raw materials.

By virtue of engaging in large projects, the Company is able to project demand and hence offer optimal inventory for sale to generate relatively higher realisations.

Brand risks

Risk impact

AN INABILITY TO MANAGE ONE'S BRAND ACROSS THE PREMIUM AND MID-MASS HOUSING SEGMENTS COULD LEAD TO AN EROSION IN VALUE FOR THE PREMIUM END.

Risk mitigation measures

As a prudent mitigation measure, the Company created two brands – one focused on the premium end and another addressing the mass segment. While Puravankara Projects is present across the premium and luxury real estate space, its 100% subsidiary Provident Housing Limited is engaged in the mid and mass housing segments. This prudent demarcation protects the respective brands and provides a pipeline of customers to Puravankara as they graduate from Provident following growing affluence and prosperity. The result is that even as Provident revenues increased 39% in 2011-12, average realisations strengthened 31% to ₹3,586 per sq. ft in 2011-12.



Sitting (L to R): Anup S. Shah (Independent Director), Ravi Puravankara (Chairman and Managing Director), Pradeep Guha (Independent Director)
Standing (L to R): Ashish Puravankara (Joint Managing Director), RVS Rao (Independent Director), Nani R. Choksey (Deputy Managing Director), Jackbastian K. Nazareth (Chief Executive Officer)

At the helm

RAVI PURAVANKARA

Chairman and Managing Director

Mr. Ravi Puravankara has been associated with the real estate sector since 1975 and has been involved in several real estate ventures. He is the promoter of the Puravankara Group. He was the president of the International Real Estate Federation (FIABCI), Indian Chapter, Paris. He is the driving force behind the Company's initiatives. He has over 36 years of experience in the field of real estate and development. Under his management and guidance we have documented processes in our constructions activities and introduced international quality standards.

ASHISH PURAVANKARA

Joint Managing Director

Mr. Ashish Puravankara holds a Bachelors degree in Business Administration from Virginia State University and a Master's Degree in Business Administration from Willamette University in Salem, Oregon. He has

played a pivotal role in the growth of the Company. He has over 11 years of experience in the field of real estate. He has been responsible for the identification of opportunities for our Company and has also been instrumental in implementing best construction practices by the acquisition of new materials and focusing on technology as a means to achieve quality construction. He has been a director on our Board since 15 July 2000.

NANI R. CHOKSEY

Deputy Managing Director

Mr. Nani R. Choksey has over 36 years of experience in the real estate development, construction and finance sectors. He has been associated with our Group since its inception in 1975. He is a founder Director and played a pivotal role in the growth of the Company. He has been actively involved in all projects of our Company.

JACKBASTIAN K. NAZARETH

Chief Executive Officer

Mr. Jackbastian Nazareth holds a Masters degree in Business Administration from the Goa Institute of Management and a Bachelors degree in Civil Engineering from the Karnataka University. He has over 22 years of experience in real estate development, corporate affairs, financial management and civil engineering consultancy. He currently serves as the Chief Executive Officer of the Company. He is responsible for the day to day operations of the Company including the detailed project conceptualization, design and finance functions. He has served as an Executive Director of Sobha Developers Limited. In Sobha Developers he was a part of the IPO team. His other major assignments include as the Director - Sales of TSI Ventures Private Limited, and subsequently as the Managing Director-Head Sales and Marketing of Tishman Speyer India Private Limited.

ANUP S. SHAH

Independent Director

Mr. Anup S. Shah graduated with a Bachelor's degree in commerce from H.R. College in Mumbai and a Bachelor's degree in law from Government Law College, Mumbai. He has over 31 years of experience in the legal field. His areas of expertise include commercial and property due diligence, corporate and commercial litigation, property related issues, land laws, arbitration and alternative dispute resolution. He also answers readers' queries through "Legal Eagle", a weekly article in The Times of India, Bengaluru. He has been a director on our Board since 1 June 2005.

RVS RAO

Independent Director

Mr. RVS Rao holds a Bachelors degree in Commerce from the Mysore University and a Bachelors degree in Law from the Bangalore University. He has completed Master Class for director conducted in association with World Council for Corporate Governance, London. He has over 39 years of experience in the fields of banking and finance. He has been a Director of HDFC Limited. As a USAID consultant, he was the team leader that reviewed operations and made recommendations for Housing Finance Company, Ghana. He was also the team leader of the consultancy team which advised the National Development Bank of Sri Lanka in establishing its mortgage finance business. He is an associate of Indian Institute of Bankers, Mumbai, a life member of All India Management Association, New Delhi, was an executive committee member of Bangalore Management Association and the Greater Mysore Chamber of Industry. He has been a director on our Board since 26 December 2006.

PRADEEP GUHA

Independent Director

Mr. Pradeep Guha holds a Bachelor's degree in Arts from Mumbai University and a Management Diploma from Asian Institute of Management, Manila. He has over 36 years of experience in the fields of media, advertising, marketing and branding. He has finished a very successful stint as the CEO of Zee Entertainment Enterprises Ltd. During his tenure, Zee has reclaimed its erstwhile position of prominence in the Indian television arena. He has been associated with the print medium for 29 years and was the President of The Times of India Group, as well as on its Board of Directors. He is the Vice-President and Area Director of International Advertising Association, Asia Pacific region. He is the official representative to the Asian Federation of Advertising Associations and is the current Vice Chairman of the Federation. He is a past President of the Indian Newspaper Society, ex-Chairman of the National Readership Studies Council, past President of the Advertising Club Bombay and the first Chairman of the Broadcast Audience Research Council. He has been a director on our Board since 26 December 2006.

Directors' Report

Dear shareholders,

YOUR DIRECTORS ARE PLEASED TO PRESENT THEIR REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012.

Financial Performance

For the financial year ended 31 March 2012 Puravankara Projects Limited recorded a net profit of ₹473,960,489 as compared with the previous year's net profit of ₹838,641,996. A sum of ₹201,169,724 is appropriated towards the Debenture Redemption Reserve and ₹35,600,000 towards the General Reserve.

Dividend

The Board of Directors has recommended the final dividend of Re. 1 (Rupee One) per equity share on 213,424,335 Equity shares of ₹5/- each for the financial year ended 31 March 2012, which if approved at the forth coming Annual General Meeting, will be paid to (i) all those equity shareholders whose name appear in the register of members as on 17 August 2012 after considering all physical share certificates lodged for transfer, and (ii) those whose names appear as beneficial owners as per the information furnished by the Depositories, viz. the National Securities Depositories Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on 17 August 2012.

Debentures

During the year your Company issued and allotted 288 Non-convertible Debentures of ₹5,000,000 each aggregating ₹1,440,000,000. The said debentures have been listed on the Wholesale Debt Market of Bombay Stock Exchange Limited (BSE).

Fixed Deposits

During the year your Company did not invite and accept any fixed deposits from public and as such, there existed no outstanding principal or interest as on the Balance Sheet date.

Directors

Mr. Pradeep Guha and Mr. Nani R. Choksey, Directors of the Company, liable to retire by rotation in the ensuing Annual General Meeting and being eligible for re-appointment offer themselves for re-appointment as directors.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Act your Directors hereby confirm that:

i. in preparation of the annual accounts the applicable accounting standards have been followed;

ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year ended 31 March 2012 and of the profit of the Company for that period;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv. the annual accounts of the Company have been prepared on a 'going concern' basis.

Auditors

Walker Chandiok & Co, Chartered Accountants, statutory auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received from Walker Chandiok & Co a consent letter to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act.

Subsidiaries

The Board of Directors in its meeting held on 8 May 2012, in compliance with Circular No.2 of 2011 dated 8 February 2011 issued by the Ministry

of Corporate Affairs (MCA), approved the presentation of audited consolidated financial statements of Puravankara Projects Limited (the 'Company') with its subsidiaries, and further, consented not to attach the balance sheet of the subsidiaries to the Annual Report 2011-12 of the Company. Your Company has annexed to this report (Page No.90) the information regarding each subsidiary pertaining to capital, reserves, total assets, total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation/loss and proposed dividend.

Your Directors hereby inform you that the audited annual accounts and related information of the subsidiaries will be available for inspection at the Registered Office of the Company.

Personnel

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the Annexure to this Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforementioned information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such information may write to the Company Secretary at the Registered Office of the Company.

Energy, Technology Absorption and Foreign Exchange

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo:

We firmly believe that technology is the genesis of innovative business practices, which in turn enable the organisation to carry out business effectively and efficiently. Even though the real estate development industry is labour intensive, we believe that there is an increasing need to mechanise the processes involved in order to minimise costs and increase efficiency. We have invested in a mechanised and technological construction capability in order to increase the scale of our operations and the quality of our products. We have also implemented an ERP package based on Oracle software to integrate our various operations. We intend to continue this process of investments in innovative techniques.

Energy: The Company is in the business of property development and does not require large quantities of energy. However, wherever possible energy saving efforts are made.

Foreign Exchange: Foreign exchange earned during the year is equivalent to ₹192.68 lakhs and the expenditure is equivalent to ₹177.81 lakhs.

Corporate Governance

A separate section on Corporate Governance and a certificate from the statutory auditors of the Company regarding the compliance of the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges form a part of this Annual Report.

Management Discussion and Analysis

A separate section on Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges forms a part of this Annual Report.

Employee Stock Options

On 1 July 2006, the Members of the Company approved the Puravankara Projects Limited 2006 Employee Stock Option Scheme. The details of the Scheme to be disclosed as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999 are provided under the Notes to the Financial Statements.

Corporate Social Responsibility

A separate section on Corporate Social Responsibility forms a part of this Annual Report.

Acknowledgements

Your Directors express their grateful appreciation for the assistance and co-operation received from the financial institutions, banks, government authorities, customers, vendors and shareholders during the said financial year. Your Directors would also like to once again place on record their appreciation to the employees at all levels, who through their dedication, co-operation, support and smart work have enabled the Company to move towards achieving its Corporate Objectives.

For and on behalf of
the Board of Directors

Ravi Puravankara
Chairman and Managing Director

8 May 2012
Bengaluru

Report on Corporate Governance

Company's Philosophy on Code of Governance

The Company believes that good Corporate Governance is essential for achieving long-term corporate goals and enhances value for all stakeholders. The philosophy of the Company on Corporate Governance is to attain a high level of accountability, transparency and fairness in its functioning and conduct of its business with due emphasis on statutory compliances in letter and spirit. The management acknowledges and appreciates its responsibility towards the society at large.

As Puravankara, we define Corporate Governance as a systematic process by which companies are directed and controlled to enhance their wealth generating capacity. Puravankara strives for excellence with the objective of enhancing shareholder value and protecting the interest of stakeholders. Decisions are based on a set of principles based on a set of values, context and culture of the organisation. All functions of the Company are discharged in a professionally sound, competent and transparent manner.

Board of Directors

Your Board comprises of 6 directors. Details of the directors are provided herein below:

Name	Designation	Relationship with other Directors	Total No. of Directorships	Committee Memberships	Chairmanship of Committees
Ravi Puravankara	Chairman & Managing Director	Father of Ashish Puravankara	9	1	–
Ashish Puravankara	Whole-time Director	Son of **Ravi Puravankara**	15	1	–
Nani R. Choksey	Whole-time Director	–	13	1	-
RVS Rao	Independent Director	–	4	4	2
Anup S Shah	Independent Director	–	2	2	1
Pradeep Guha	Independent Director	–	5	2	-

Directorships covered under Section 278 of the Companies Act, 1956, and only the memberships of Audit Committee and Shareholders Grievance Committee are considered.

Meetings of the Board of Directors

During the year, 4 meetings of the Board of Directors were convened and held on 13 May 2011, 11 August 2011, 11 November 2011 and 10 February 2012. The meetings of the Board vis-a-vis attendance of the Directors are provided hereinbelow:

Name	Board meetings held during tenure	Board meetings attended	Attendance at the last AGM*
Ravi Puravankara	4	4	Not Present
Ashish Puravankara	4	4	Yes
Nani R. Choksey	4	4	Yes
Anup S Shah	4	4	Yes
RVS Rao	4	4	Yes
Pradeep Guha	4	2	Yes

* AGM: Annual General Meeting

Directors' Remuneration

Remuneration to the Managing Director and Whole-time Directors for the financial year 2011-12: (₹)

Name	Salary, Allowances & Perquisites	Contribution to Provident Fund	Total
Ravi Puravankara	18,347,520	1,152,000	19,499,520
Ashish Puravankara	10,079,596	9,360	10,088,956
Nani R. Choksey	9,536,128	300,000	9,836,128

Note: The Managing Director and the Whole-time Directors do not receive sitting fee and commission.

Remuneration to the Independent Directors for the financial year 2011-12:

The Board of Directors in its meeting held on 8 May 2012 approved the payment of commission of ₹11,00,000 (Rupees Eleven Lakhs only) for each of the Independent Directors of the Company for the financial year ended 31 March 2012. Further, each of the Independent Directors were paid ₹15,000 for attending each meeting of the Board of Directors and the Audit Committee for the financial year 2011-12.

The Company paid a sum of ₹5,990,168 to Anup S Shah Law Firm during the year for various professional services rendered by the said law firm of which Mr. Anup S Shah is the proprietor. Further, Provident Housing Limited, a wholly owned subsidiary of the Company, paid a sum of ₹1,316,701 to Anup S Shah Law Firm during the year for various professional services rendered by the said law firm.

Period of tenure of the Managing Director and the Whole-time Directors

The Managing Director and the Whole-time Directors have been appointed for a period of 5 years with effect from 1 April 2011 and the said appointments were approved by the members of the Company in the 25th Annual General Meeting of the Company held on 24 September 2011. Further, either the Board of Directors or the Managing Director and Whole-time Directors may terminate their appointment by serving 3 (three) months' prior written notice to the other party, or such other terms including notice period as may be mutually agreed by the Board and the said Directors.

Shares / Options held by the Directors

Details of the Directors' shareholding as on 31 March 2012 is provided hereinbelow:

Name	Equity Shares	Percentage of Shareholding	Stock Option+
Ravi Puravankara	191,988,480	89.96%	N.A.
Ashish Puravankara	4,800	–	N.A.
Nani R. Choksey	1,920	–	*386,400
RVS Rao#	2,000	–	N.A.
Anup S Shah	Nil	N.A.	N.A.
Pradeep Guha	Nil	N.A.	N.A.

+ Stock option granted under 2006 Employee Stock Option Scheme of Puravankara Projects Limited

* 50% lapsed on 31 December 2009. The balance 50% vested on 31 December 2010 and the exercise period was 12 months from the date of vesting, and subsequently, lapsed on 31 December 2011.

Jointly with Mrs. Lakshmi R. Rao

Committees of the Board of Directors

The Company has the following committees of the Board

i. Audit
ii. Investors Grievance
iii. Compensation
iv. Management Sub-committee

Audit Committee

Clause 49 of the Listing Agreement entered into with the Stock Exchanges makes it mandatory to constitute an Audit Committee. The broad role of the Committee is to review:

i. financial reporting process;

ii. adequacy of internal control systems;

iii. the financial statements for approval of the Board; and

iv. the performance of statutory and internal auditors.

The Committee comprises of Mr. RVS Rao, Mr. Anup S Shah, Mr. Ravi Puravankara and Mr. Pradeep Guha as the members. Mr. Anup S Shah acts as the Chairman of the Committee and Mr. Kiran Chappar, Company Secretary, acts as the Secretary of the Committee.

During the year 4 meetings of the Committee were convened and held on 13 May 2011, 11 August 2011, 11 November 2011 and 10 February 2012. Mr. Anup Shah represented the Audit Committee as its Chairman to answer shareholders' queries in the Annual General Meeting of the Company held on 24 September 2011. During the year the meetings of the Committee vis-à-vis the attendance of the members are provided hereinbelow:

Name	Meetings held during tenure	Meetings attended
Anup S Shah	4	4
RVS Rao	4	4
Pradeep Guha	4	2
Ravi Puravankara	4	4

Investors Grievance Committee

Clause 49 of the Listing Agreement entered into with stock exchanges makes it mandatory to constitute an Investors Grievance Committee. The basic function of the Committee is to address shareholders' complaints / grievances pertaining to:

i. transfer of shares;

ii. dividends;

iii. dematerialisation of shares;

iv. replacement of share torn / mutilated share certificates;

v. non receipt of rights / bonus / split share certificates; and

vi. other related issues.

The Committee comprises Mr. RVS Rao, Mr. Nani R. Choksey and Mr. Ashish Puravankara as the members. Mr. RVS Rao acts as the Chairman of the Committee. Mr. Kiran Chappar, Company Secretary, acts as the Compliance Officer. During the year the Committee met twice on 23 September 2011 and 13 March 2012 for considering and approving the dematerialization and rematerialisation requests received from the members. During the year the Company received and resolved 3 complaints from the shareholders.

Compensation Committee

The Board has a Compensation Committee comprising of Mr. Ravi Puravankara, Mr. RVS Rao, Mr. Pradeep Guha and Anup S Shah. Mr. Ravi Puravankara acts as the Chairman and Mr. Kiran Chappar, Company Secretary, acts as the Secretary of the Committee. The Compensation Committee sets out the role, composition, authority, responsibilities and operations of the Committee. The Committee assists the Board in establishing remuneration policies and practices which:

i. enable the Company to attract and retain managing director / whole-time directors who will create sustainable value for Members and other stakeholders; and

ii. fairly and responsibly reward whole-time directors having regard to the performance of the Group, the performance of the director and the external compensation environment.

Further, the Committee has been authorised on behalf of the Board to do all such acts and deeds as it may deem necessary or desirable with respect to the implementation and operation of 2006 Employee Stock Option Scheme of Puravankara Projects Limited ("Puravankara ESOS") and to determine at its absolute discretion all the terms governing the Puravankara "ESOS" including any variation thereof in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 or as modified from time to time ("SEBI Guidelines"), including but not limited to the following:

i. The options to be granted – the quantum, date of grant and the criteria and eligibility for the grant of options.

ii. Fixing the exercise price.

iii. Terms and conditions for vesting and exercise of options

including the exercise of option on termination and resignation by eligible employee and the treatment of unvested options thereto.

iv. Exercise period and conditions for lapse of vested options.

v. Adjustments of options and exercise price in case of corporate actions including, rights issues, bonus issues, merger, etc.

vi. Framing of all other relevant and appropriate procedures for the granting, vesting and exercising of options and ensuring compliance with all the relevant provisions of applicable laws, regulations and guidelines.

vii. Such other acts and deeds as may be deemed necessary in connection with the administration of the Puravankara ESOS in accordance with the terms of reference, direction, guidance as may be provided by the Board of Directors from time to time and in accordance with SEBI Guidelines.

Management Sub-committee

A Management Sub-committee of the Board of Directors has been vested with executive powers to manage all matters pertaining to investments, formation of subsidiaries, borrowings (other than debentures), statutory compliances and other routine business activities. The Committee comprises Mr. Ravi Puravankara, Mr. Ashish Puravankara and Mr. Nani R. Choksey as the members.

Compliance

The Company has complied with all the requirements, to the best of its knowledge and understanding, of the Listing Agreement entered into with the Stock Exchanges and the regulations, guidelines issued by the Securities Exchange Board of India (SEBI). The Stock Exchanges, SEBI or any other statutory authority have not imposed any penalties or strictures relating to capital market transaction since listing of the equity shares. At present, the Company has not adopted the non-mandatory requirements of Clause 49 of the Listing Agreement.

Code of Conduct

The Board has laid down a Code of Conduct for the Board of Directors and the Senior Management of the Company which is also posted on the website of the Company. All the Board members and the senior management have affirmed compliance with the Code.

Declaration of Compliance with the Code of Conduct

I hereby confirm that all the directors and senior management team have affirmed compliance with the Company's Code of Conduct.

Bengaluru
8 May 2012

Ravi Puravankara
Chairman and Managing Director

Details of the last 3 Annual General Meetings

Nature of Meeting	Date & Time	Venue	Special Resolution
Twenty Fifth Annual General Meeting	24 September 2011 at 12.00 p.m.	The Taj West End Hotel, No. 25, Race Course Road, Bengaluru - 560 001	i. Re-appointment of the Managing Director of the Company and approving the upper limit of remuneration ii. Re-appointment of Mr. Ashish Puravankara as a Whole-time Director of the Company and approving the upper limit of remuneration iii. Re-appointment of Mr. Nani R. Choksey as a Whole-time Director of the Company and approving the upper limit of remuneration
Twenty Fourth Annual General Meeting	29 June 2010 at 10.30 a.m.	The Gateway Hotel Residency Road Bengaluru - 560 025	None
Twenty Third Annual General Meeting	24 December 2009 at 11.00 a.m.	The Gateway Hotel Residency Road Bengaluru - 560 025	None

Extraordinary General Meeting

During the year under review the Company did not convene and hold any extraordinary general meeting of the members.

Passing of Resolutions by Postal Ballot

During the year under review the Company did not pass any resolution through postal ballot.

Means of Communication

The quarterly results of the Company are normally published in *Business Standard, Financial Express, Samyukta Karnataka* and *Udayavani,* and displayed on the Company's website, on *www.puravankara.com.* The Company's official news releases and investor corporate presentations are also displayed on this website.

Dematerialisation of Shares and Liquidity

213,412,763 Equity shares representing 99.99% of the Issued and Paid-up capital of the Company is held in the dematerialised form.

Share Transfer System

302 Equity shares representing 0.001% of the Issued and Paid-up capital of the Company is held in the physical form. The share transfers in physical form are processed within a period of 15 days from the date of receipt subject to the documents being valid and complete in all respects.

Equity Shares in Suspense Account

As per Clause 5A of the Listing Agreement, the Company reports that 2,760 Equity shares are lying in the suspense account as on 31 March 2012.

Outstanding GDRs / ADRs / Warrants / any other Convertible Instruments

The Company has not issued any GDRs / ADRs / Warrants / any convertible instruments.

Plant Locations

As Puravankara belongs to real estate development industry, we do not have any plant locations. We have various projects spread across Bengaluru, Chennai, Hyderabad, Kochi, Kolkata, Coimbatore, Mysore, Mumbai and Colombo. We have our branch offices at Bengaluru, Chennai, Kochi, Mumbai, Coimbatore and the UAE.

Market Price Data and Performance

Month	Bombay Stock Exchange Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	(₹ per share)		(₹ per share)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2011	113.00	95.60	118.00	100.40
May 2011	114.45	90.00	114.50	91.60
June 2011	99.50	81.60	99.60	85.00
July 2011	94.30	71.10	94.25	76.00
August 2011	77.00	59.50	77.40	59.35
September 2011	72.75	63.00	72.70	62.50
October 2011	80.85	61.55	80.50	61.55
November 2011	83.00	66.00	87.30	66.25
December 2011	70.00	54.15	71.00	55.40
January 2012	68.00	54.90	67.50	55.50
February 2012	84.20	63.00	84.05	62.50
March 2012	80.00	65.40	78.50	65.05

Distribution of Shareholding as on 31 March 2012

Shareholding Pattern as on 31 March 2012			
Category of shareholder	No. of shareholders	No. of shares	Percentage holding (%)
Promoter			
Mr. Ravi Puravankara	1	191,988,480	89.956
Relatives of Promoter	5	11,280	0.005
Institutions			
Foreign Institutional Investors	6	14,858,137	6.962
Insurance Companies	2	1,881,275	0.881
Mutual Funds	1	1,449,932	0.679
Non-institutions			
Individual Shareholders	24,845	2,814,382	1.319
Bodies Corporate	298	375,823	0.176
Clearing Members	86	45,026	0.021
Total	**25,244**	**213,424,335**	**100**

The promoter, Mr. Ravi Puravankara, directly holds all his shares in the Company. None of his shares are pledged or encumbered.

General Shareholder Information

Annual General Meeting **Date, time and venue**	Tuesday, 21 August 2012 at 12.00 P.M. at The Taj West End Hotel, 25, Race Course Road, Bengaluru - 560001
Date of Book Closure	18 - 21, August 2012 (Both days inclusive)
Dividend Payment Date	On and after 21 August 2012
Financial Calendar (tentative) **Results for quarter ending:**	
i. June 2012	a. First / Second week of August 2012
ii. September 2012	b. First / Second week of November 2012
iii. December 2012	c. First / Second week of February 2013
iv. March 2013	d. First / Second week of May 2013
Annual General Meeting	July 2013
Listing on Stock Exchanges	a. Bombay Stock Exchange Limited (BSE) Floor 25, PJ Towers, Dalal Street, Mumbai - 400 001 b. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051
Stock Code	a. NSE - PURVA b. BSE - 532891

ISIN of the Company	**Equity shares:** INE323I01011 **Non-convertible Debentures of ₹10,000,000 each:** Series I : INE323I07034 Series II : INE323I07042 **Non-convertible Debentures of ₹5,000,000 each:** Series I : INE323I07059 Series II : INE323I07059
Secured, Non-convertible and Redeemable Debentures (NCDs)	i. The Company has issued on private placement to Kotak Mahindra Prime Limited on 31 January 2011, 75 NCDs (Series I) of ₹10,000,000 each, and on 31 March 2011 issued another 75 NCDs (Series II) of ₹10,000,000 each on private placement basis to another 39 investors. ii. The Company has issued on private placement to various investors on 11 January 2012, 248 NCDs (Series I) of ₹5,000,000 each, and on 24 February 2012 issued another 40 NCDs (Series II) of ₹5,000,000 each on private placement basis to another 2 investors.
Address for Correspondence	Puravankara Projects Limited No. 130 /1, Ulsoor Road, Bengaluru - 560 042, India Tel: +91-80- 2559 9000 Fax: +91-80-2559 9350 Email: investors@puravankara.com Website: www.puravankara.com
Registrar and Transfer Agent	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078, India Tel: +91-22- 2596 3838 Fax: +91-22- 2594 6969
Debenture Trustees	IL&FS Trust Company Limited The IL&FS Financial Centre, Plot No C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, India Tel: +91-22-2659 3082 Fax: +91-22-2653 3297

Auditors' certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To,
The Members of Puravankara Projects Limited

We have examined the compliance of conditions of Corporate Governance by Puravankara Projects Limited ('the Company') for the year ended 31 March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adapted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit not an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

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

Bengaluru
8 May 2012

Management Discussion and Analysis

1. Industry Structure and Developments

Emerging markets such as India witnessed challenges during the fiscal year 2011-12 with high inflation, rupee depreciation and deceleration in GDP growth. During the current fiscal year the Reserve Bank of India hiked repo rates more frequently to combat inflation. The high rate of interest was a major reason for deceleration of GDP growth. The GDP showed a downward trend from 8.4% in FY11 to 6.9% in FY12. The Indian economy witnessed a constant double digit inflation rate and remained at a level close to 10% during the major part of the year. However, the Reserve Bank of India has reduced repo rates by 50 bps in April 2012, expecting growth and increased investments due to improvement in liquidity. In spite of these challenges the momentum of growth has remained intact. Indeed, the Indian economy is actually growing at a faster rate.

Residential properties maintain their growth momentum and hence, are viewed as more promising than other sectors. Further, real estate developers are coming up with various residential and commercial projects to fulfill demand for residential and office properties in Tier-II and Tier-III cities. The growth in real estate in these cities is mainly due to establishment and improved performance in sectors such as Information Technology, Manufacturing, Retail etc. which resulted in the revival of demand to the middle and premium segments.

Overall, the Indian Construction Industry is still able to maintain its growth of over 12%, which has been one of the integral parts of the economy, contributing to a substantial part of India's development investment and consistent performer of the economy over the decade.

2. Brief Organisational Background

The Puravankara Group, headquartered in Bengaluru, was established in 1975 and has today grown to become one of the leading real estate developers in India, and one among the largest in South India that serves the needs of a discerning clientele in housing, commercial and retail spaces.

The Group began operations in Mumbai and has established a considerable presence in the real estate industry in the metropolitan cities of Bengaluru, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Kolkata and overseas in Colombo and Dubai. Currently developing projects amounting to around 25.26 mn sq.ft. of saleable area, and armed with an extensive undeveloped land bank of 87.90 mn sq.ft. across India, the Puravankara Group is poised for exponential growth. Puravankara is currently constructing over 15,000 homes across South India and Kolkata which includes about 6,100 homes in the affordable category.

Puravankara has the distinction of being the first to obtain Foreign Direct Investment in the Indian real estate industry through its joint venture with Singapore based Keppel Land Limited,

the property arm of the 54% government owned conglomerate, Keppel Corporation Limited. The joint venture company, Keppel Puravankara Development Private Limited, has on-going housing projects in two cities in India.

The affordable housing projects launched in Chennai and Bengaluru by the Group has been successful. The booking figures have been encouraging. Similar affordable housing projects are also envisaged in other cities such as Mysore, Kochi, Coimbatore and Hyderabad, besides more such projects in Chennai and Bengaluru.

With a large and experienced team of engineers and technicians, the Group has a unique, large, technologically-advanced in-house project management and construction capability. This, together with a host of India's leading architects, provides the organization with an experience, capability and expertise unmatched in the Indian real estate industry. Development activities range from modern designer apartments, through ultra modern and multi-functional integrated bungalow complexes, to plush and very functional commercial complexes, along with the capacity to build large townships containing all modern amenities and lifestyle facilities.

India's first resident's privileges program, Purva Privileges, was launched in 2004. Purva Privileges entitles all Puravankara home owners to an attractive referral program, concierge services and a host of special offers.

Puravankara was honoured with two awards by Realty Plus, a leading India's Real Estate Monthly Magazine which provides information pertaining to real estate. The first award was for "THE MOST LUXURIOUS PROJECT" and we got this for our spectacular, spellbinding project Purva Fountainsquare. The second award was for "THE BEST EMPLOYER IN REAL ESTATE". This award too is very special to Puravankara as this proves company not only excels in building landmarks, but also in human resources.

Puravankara has been acknowledged for the quality of its accounting policies by the Institute of Chartered Accountants of India (ICAI) and has been awarded a Plaque for its excellence in financial reporting for the year ended 31 March 2008. This award is the most prestigious in the area of financial reporting in India, and the Company won this recognition in its very first attempt.

3. Management Discussion of Risks and Concerns

Risk management is a structured approach to manage uncertainty related to a threat, through a process of risk identification and management processes. In business enterprise, risk management includes the methods and processes used by organizations to manage risks related to the achievement of their objectives. Risk management typically involves the following processes:

- Identifying particular events or circumstances relevant to the organization's objectives
- Assessing them in terms of magnitude of impact
- Implementing all of the planned methods for mitigating the effect of the risks
- Clear assignment of responsibilities and accountability
- Management reporting
- Prioritizing risk with regard to probability of its occurrence magnitude of impact
- Monitoring the progress of risk mitigation and control activities, to ensure identified objectives are complete or in process. Monitoring should be ongoing, and the concerned should provide progress reports to management on a periodic basis.

By identifying and proactively addressing risks and opportunities, business enterprises protect and create value for their stakeholders, including owners, employees, customers, regulators, and society at large.

Our Company has appropriate and adequate internal control systems for its business process at all the levels. Management has identified certain areas of risks where the Company is susceptible. Listed below are the various events and the possible impact with action to mitigate and control such probabilities.

COMPANY SPECIFIC RISKS

Serial No.	Inherent Risk Description	Business Process	Impact factors	Mitigation Measures (Proposed mitigation measures in Italics)
1	Uncertainty/Irregularity of titles to land acquired/developed by Company due to inadequate due diligence, forged documents, JD partners not having clear titles to land, etc.	Land Acquisition	▪ Inability to transfer title ▪ Exposure to legal disputes and related costs ▪ Impact on Land Valuations	▪ Due diligence by independent and in-house counsel ▪ Representations/Encumbrance certificates ▪ Advertisements /Public notices in newspapers ▪ Suitable monetary compensation to settle disputes ▪ Experience of 36 years
2	Delay in completion of projects due to shortage of skilled labor, material, contractors and delays by contractors etc	Project Execution	▪ Higher construction costs ▪ Impact on reputation/ Customer dissatisfaction ▪ Payment of penalties to customers	▪ Increased usage of mechanized equipment ▪ Supply of labour outsourced to sub-contractors ▪ Dedicated Planning Department ▪ Penalty clauses for delay in agreements with Contractors ▪ Extension of working hours on weekdays and Sundays ▪ Interstate purchases
3	Inability to attract and retain employees as a result of increased opportunities in the market, higher salaries offered by competitors and employee dissatisfaction with company policies /processes.	Human Resources	▪ Loss of expertise and continuity ▪ Higher recruitment and training costs ▪ Delay in Project Execution	▪ Fast growing Company - opportunities are better ▪ Site visits by HR personnel ▪ Defined Appraisal system to provide career guidance and feedback ▪ Compensation benchmarking survey ▪ Formal exit interview procedure to be implemented ▪ Innovative loyalty-building programs being implemented ▪ Separate department of hearing grievances of employees and mitigating the same at periodically.
4	Inadequate systems security due to absence of secure transmission lines, absence of an IT policy indicating safe system usage mechanisms, inadequate access controls to ERP etc	Information Technology	▪ Loss/pilferage of confidential data	▪ In built security controls in ERP system ▪ Plans to host own mail server ▪ Implementation of VPN system ▪ Creation and rollout of IT policy ▪ Anti-virus, Anti-spam, Device control software being implemented
5	Non-Compliance with requirements of labor laws and other relevant rules and regulations due to inadequate knowledge of requirements, absence of a mechanism to obtain assurance, unorganized nature of labour market, expansion into new geographies etc.	Compliance	▪ Fines/Penalties/Imprisonment for non-compliance	▪ In house expert on relevant regulations ▪ Use of external consultants ▪ Periodic monitoring of checklists that list requirements of VAT, Service Tax, Companies Act and Income Tax ▪ System controls for tax compliance ▪ IA Function ▪ Dedicated person to track compliance with labour laws ▪ Distribution of detailed checklists to all relevant departments ▪ Proof of compliance prior to making contractor payments ▪ Periodical internal training

Serial No.	Inherent Risk Description	Business Process	Impact factors	Mitigation Measures (Proposed mitigation measures in Italics)
6	Customer dissatisfaction with the Sales processes due to over commitments /incorrect information provided by sales personnel, customization requirements not being adequately addressed, delays in processing agreements etc	Sales & Marketing	▪ Customer dissatisfaction ▪ Loss of potential customers ▪ Growth ▪ Margins	▪ Mock flats with standard specifications ▪ Adequate redressal system for property complaints ▪ Updates on progress of the project through website/mails ▪ Minimal customization ▪ Projects are launched only after receipt of requisite sanctions. ▪ Process of generating/executing agreements being streamlined ▪ Periodic review of complaints received and action taken
7	Customer dissatisfaction with after-sales processes due to lack of a well defined customer redressal system, disputes over cancellation charges, inadequate property management post sale	Sales & Marketing	▪ Customer dissatisfaction ▪ Loss of potential customers ▪ Growth ▪ Margins	▪ Dedicated Customer Care department. Target of 24 hours for acknowledging customer queries/ complaints ▪ Cancellation charges clearly mentioned in the application forms and sale agreements ▪ PPL handles Property Management
8	Inability to obtain financing on favorable terms, due to downgrading of debt rating, liquidity crunch etc	Business Development	▪ Higher financing costs ▪ Mismatch in cash flow ▪ Period review of the loans portfolio with plant for restructuring	▪ In house Quality Control dept ▪ Dedicated Planning department ▪ Increased Use of technology ▪ Low outstanding on Land payment
9	Sub-standard construction quality due to dependence on third parties, absence of adequate number of quality structural consultants, sub-standard quality of raw material etc	Project Execution	▪ Delay in project completion ▪ Impact on reputation ▪ Abortive costs	▪ In-house construction & quality team ▪ Use of snagging checklists ▪ Structure certified by Govt authorized consultants ▪ Defects liability insurance taken ▪ Expert opinion from local consultants
10	New territory risks arising from uncertainty in the natural parameters, inadequate knowledge of local regulations, dilution of control etc	Project Execution	▪ Delay in project completion ▪ Impact on reputation ▪ Abortive costs ▪ Stay order by the court due to PIL's ▪ Project costs incorrectly estimated	▪ Expert opinion from local consultants sought ▪ Location audits on process implementation effectiveness
11	Reduced margins due to significant escalation in material, labour costs post project commencement/ ineffective planning etc	Project Execution	▪ Reduced Margins	▪ Selling strategy - only a certain percentage of apartments are sold upfront ▪ 5% contingency margin in initial estimates ▪ Implementation of newer technology to reduce construction time ▪ Dedicated Planning department
12	Inability to anticipate and respond to consumer requirements due to inadequate market research and analysis	Business Development	▪ Lower demand for Purva properties	▪ Direct sales ▪ 'Know Your Customer's Requirements' ('KYCR') initiatives ▪ Analysis of buying patterns/ size of loan disbursements

Serial No.	Inherent Risk Description	Business Process	Impact factors	Mitigation Measures (Proposed mitigation measures in Italics)
13	Loss due to theft, accidents at site, defects etc	Project Execution	■ Financial Loss	■ Adequate Insurance Policies ■ Security guards ■ Separate Stores Management team ■ Rotation of stores personnel ■ Asset Management System
14	Use of unlicensed software due to absence of a software usage policy, periodic monitoring mechanism etc	Information Technology	■ Penalties for use of unlicensed software	■ Microsoft Software Asset Management Review ■ IT policy indicating software usage to be rolled out ■ Periodic monitoring mechanism ■ Group Policy Controls to prevent implementation of unauthorized software
15	High network downtime resulting in unavailability of data	Information Technology	■ Unavailability of data ■ Delays in payments that could result in delay in Project timelines ■ Delay in providing information to customers/ potential customers	■ Rollout of backup lines
16	Inability to adopt/adapt to new technologies	Project Execution	■ Impact on quality of construction ■ Delay in project completion ■ Impact on margins	■ Key management personnel understands and is abreast with the latest technology ■ MIVAN technology sufficient for next few years
17	Risk of capturing and/ or reporting incorrect /inaccurate financial information	Financial Reporting	■ Incorrect financial reporting	■ Centralization of accounting system, procurement, payments ■ Audit of controls ■ Period consultation with Audit firms
18	Death of labourers / construction personnel on site/accidents on site due to non-adherence to safety procedures, non – enforcement of safety procedures	Project Execution	■ Delay in the project ■ Compensation/Litigation Costs ■ Impact on reputation	■ Safety Officers ■ Safety Programs ■ Workmen's insurance policy ■ Workers employed through contractors are insured by the contractors ■ Location audits ■ Company proposes to apply for a safety award
19	Presence of fly-by-night operators resulting in decreased demand for Purva properties	Business Development	■ Loss of potential customers ■ Educate customers and impact	■ High quality of construction ■ Established brand name ■ Experience of 36 years
20	Issues with joint-venture partner	Business Development	■ Impact on types of projects that the company undertakes ■ Growth	■ Clearly defined commercial terms ■ Successful relationship
21	Significant dependence on few members of mgt/loss of key mgt personnel	Human Resources	■ Loss of experience/ expertise ■ Loss of key relationships	■ Adequate systems and structure for smooth transition ■ Introduction of Succession Plan for key managerial personnel
22	Inability to use acquired land for intended purpose due to non-compliance with permitted land uses, inability to transfer titles to land etc	Business Development	■ Exposure to legal disputes & related costs ■ Delayed project commencement/Project abandonment ■ Surrender of excess land held over ceiling	■ Comprehensive Development Plan referred to ■ Land in green zones/ land not zoned is not purchased. ■ Agreements to sell/ Power of attorney in Company's favour ■ Due diligence process ■ Involvement of senior management

INDUSTRY RISKS

Serial No.	Inherent Risk Description	Business Process	Impact factors	Mitigation Measures (Proposed mitigation measures in Italics)
1	Slump in the real estate market/ significant decline in property prices	Business Development	▪ Reduction in property prices ▪ Impact on demand for properties	▪ Vast majority of Purva flats priced at ₹3,500 per sq. ft. Certain flexibility in pricing has also enable the company to mitigate this factor. ▪ Low Land Acquisition costs ▪ Ability to adapt to changing circumstances ▪ Low outstanding on land payments (8% of land cost)
2	Declining affordability as a result of increase in loan interest rates, withdrawal of tax benefits and decrease in availability of home loans	Business Development	▪ Decreased demand for properties	▪ Vast Majority of Purva flats priced at ₹3,500 per sqft ▪ Flexible pricing policy ▪ Low cost affordable housing – Provident
3	Compulsory land acquisition by Government due to development of infrastructure projects	Land Acquisition	▪ Delay in project completion ▪ Exposure to legal disputes and related costs ▪ Exposure to additional costs if changes are required to be made to the master plan	▪ Review of city infrastructure plan/Possibility of future expansion of roads considered ▪ NOC's from Government prior to purchase ▪ Project commenced only after receipt of sanctions from relevant authorities
4	Loss due to natural calamities	Project Execution	▪ Financial Loss ▪ Inability to complete projects on schedule	▪ Appropriate Insurance policies ▪ *Disaster Recovery Plan/Business Continuity Plan to be rolled out*
5	Inability to grow existing land bank as desired due to inability /delay in procuring contiguous land for large projects, inability to build land bank at strategic locations at low costs etc	Business Development	▪ Inability to grow business	▪ Launch of larger projects in non-CBD areas ▪ Existing land bank will last for next five years

Notes:

1. All risks described above are inherent to the Company and the market in which it operates.
2. Company-specific risks are those risks for which the mitigation measures lie largely within the power and control of the management. Industry risks are those which the management has very limited control over. Risks are presented in the order of priority.

4. Internal control systems and their adequacy

The Company has well defined and adequate internal control systems to ensure that all the assets are safeguarded, as well as being more productive. These internal controls are supplemented by periodic audits with management reports which are then reviewed by our audit committee.

We have a qualified independent audit committee, which includes our board directors as members. The audit committee will review the adequacy and efficiency of internal control and suggests for any improvements or corrections. These internal controls ensure efficiency in operations, compliance with internal policies of the company, applicable laws and regulations, protection of resources and accurate reporting of financial transactions

5. Material developments in Human Resources / Industrial Relations front, including number of people employed

We continue to believe that our employees are key contributors to our success. The Group's endeavour to impart the best training, and creating a working environment geared to retain the best talents in the industry, remains unabated. Our work force consists of (i) our permanent employees,

(ii) consultants who are engaged on a contractual basis to assist in the architectural and structural design of our projects and (iii) contractors engaged on a contractual basis, and who employ labourers to work at our project sites. The table below sets out the number of employees as of March 31st 2012, and 2011 respectively.

Employee Category	Fiscal year 2012	Fiscal year 2011
Non Technical	289	275
Technical	434	278
Trainees	9	12
Total	**732**	**565**

6. Opportunities and Threats

The Group had been always optimistic in their outlook on the future of the industry. Even during significant slowdown in the economy, we were confident of the fundamentals of the economy, which are strong. The Global economy is also showing signs of revival, which is indicated by the growing Indian market including the IT industry, the retail industry and the manufacturing industry.

The middle class economy and the urban population continue to grow. The population is comparatively young and thriving, especially in the 25-45 years range. The aspirations for these population are to own their own dwellings at a much earlier stage. Higher priority given by them for acquiring such assets creates the constant demand for such dwelling units. Thereby, they will add to the housing demand of the nation due to age-demographic effect. However, there is also a marked shift from a demand for high-cost life style apartments to medium cost affordable housing. The Group had recognised this trend quite early and had been one of the first Companies to move in the direction of providing affordable housing projects to cater to the demand.

The improved sentiments and performance of various segments of the economy has resulted in the improvements in the demand for premium and lifestyle apartments, and the Company has already established its brand in this market segment.

7. Discussion on Financial Conditions and Results of Operations

Income

Our total income comprises of income from operations, which are given under 'Revenues' below:

Revenues

Our revenues comprise of:

- Income from projects;
- Rental income;
- Income from interiors

We derive revenues primarily from our residential projects. We also derive income from the lease of our commercial properties and our interior works division.

Revenue from projects

The income from our projects consists of income primarily from our residential projects. Over 99.38% of our total income is contributed by the residential business, with the balance 0.62% being contributed by the rental income, interior income and others. We generate income from the sale of residential apartments and condominiums. A small portion of our income is also derived from transfer fees and flat cancellation charges. Our Income from projects represented 99.38% and 98.93% respectively, of our revenues in fiscal 2012 and fiscal 2011.

We account for income from projects using the "percentage of completion" method. Under this method, revenue is recognized on the basis of the percentage of the actual construction cost incurred thereon, as against the total estimated cost of the project under execution. 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. Estimates of saleable area and the related income, as well as project costs, are reviewed periodically. The effect of any changes to estimates is recognised in the financial statements for the period in which such changes are determined. 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. Revenue from sale of undivided share of land (UDS) in qualifying projects, where the risks and rewards on the sale of the UDS are separable from the risks and rewards on the construction contract, is recognised upon the transfer of all significant risks and rewards of ownership of such real

estate, as per the terms of the contracts entered into with the buyers. This coincides with the firming of the sales contracts/ agreements and a minimum level of collection of dues from the customer. Revenue from the sale of UDS on other projects, where the risk and rewards on the sale of the UDS are not separable from the construction contracts, and therefore, do not qualify above are recognised on the percentage of completion method.

Our project execution teams re-evaluate project costs periodically, particularly when in their opinion there have been significant changes in market conditions, costs of labour and materials and other contingencies. Material re-evaluations will affect our income in the relevant fiscal periods. Our estimates of the saleable area and the estimated total costs of projects are also subject to change depending on the nature of the approvals we receive for these projects and other economic considerations. The major source of future sales revenue is our ongoing and forthcoming projects.

Rental income

Income from rentals is recognized on a straight line basis over the primary, non-cancellable, period of the arrangement. We lease our commercial properties and derive rental income. Rental income represented 0.08% and 0.15% respectively in fiscal 2012 and 2011.

Revenue from interiors

Interior income is recognized as and when the services are rendered, at rates agreed upon with customers. We derive income from our interior works division, which is involved in designing, installing and maintaining the furniture, fixtures and other fittings in our property developments

Expenses

Our expenditure includes:

- Material and contract costs
- Land Cost
- Decrease / (increase) in inventory of properties under development and properties held for sale
- Employee Benefit Expenses
- Other Expenses
- Depreciation and amortization
- Finance expenses, net

Material and contract costs

Our material and contract costs primarily consist of material used in our construction, wages, civil works done by our contractors and fees paid to architects.

These expenses also include expenses incurred in the equipment and machinery for the construction and design for our projects. These also include any expenses involved in equipment and machinery required for interior works' services, and other services that we provide which are not specifically allocated to a project.

Land Costs

Land costs consist of the cost of acquisition of land, and the cost of acquisition of development rights.

Decrease / (increase) in inventory of properties under development and properties held for sale

Increase / (decrease) in inventory represents the impact on carrying cost reflected in the profit and loss account between two accounting periods arising out of properties under construction including land cost and completed apartment stock disclosed under Properties under development and Properties held for Sale.

Employee Benefit Expenses

This expenses also includes employee costs comprising of salaries, wages, allowances and bonuses paid to employees, contribution to employees' provident fund and other staff welfare expenses and not recognized under either 'costs of revenues' or under 'selling costs'.

Other Expenses

This relates to the expenses of business promotion and the costs of advertisement and publicity for our projects. The selling costs consist of salary and bonus of our employees involved in our sales and marketing function, costs in relation to advertising and sales promotion, sales incentives and commission, brokerage and referral charges, travel and communication expenses incurred in relation to the sales and marketing of our projects.

In addition, we also recognize rates and taxes, our expenditure under legal and professional charges, communication costs, printing and stationary, travelling and conveyance, security charges, remuneration for auditors, repairs and maintenance of our office premises and losses from our foreign exchange fluctuations. We also include provisions made for certain expenses and other miscellaneous expenses.

Depreciation and amortization

These expenses consist of depreciation on building, plant and machinery, certain other items used in construction, Office Equipments, Computers, Furniture & Fixtures, Vehicles, Shuttering Materials and Leasehold Improvements. Depreciation on fixed assets is provided on straight line method in the manner and rates prescribed in Schedule XIV of the Companies Act. For shuttering materials, which is treated as part of plant and machinery, the estimated useful life based on technical evaluation has been determined as seven years and the value is depreciated accordingly.

Net Finance income/(charge)

This consists of the net of interest income from bank deposits, interest from loan to our associates, interest received from our customers and expenses incurred by us as interest charges payable by us on short term and long term loans. These include working capital loans, overdrafts, interest charges on loans for the purchase of certain equipments and vehicles and financial charges like processing fees for loans, bank guarantees, net of interest capitalised.

Share of Profit in Associates

This consists of our share of profit / (loss) in associates, namely Keppel Puravankara Development Private Limited, Keppel Magus Development Private Limited and Sobha Puravankara Aviation Private Limited.

Profit Before Tax

Our profit before tax represents the difference between total income and total expenditure after adjusting for share of profit / (loss) in associate and prior period income (net of tax expense).

Tax Expense

Income taxes are accounted for in accordance with AS-22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise current tax and deferred tax.

Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961. The Company has claimed a tax deduction under Section 80-IB of the Income tax act, 1961 resulting in a tax benefit in certain projects.

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

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

Factors Affecting Results of Operations

Our results of operations depend on various factors, including the following:

- Condition and performance of the real estate market
- Supply of land
- Cost of land
- Construction costs
- Availability of financing for customers
- Taxation
- Other factors

Each of these factors is discussed below:

Condition and performance of the real estate market in India: Developments in the real estate sector are driven by:

- Demand for more housing units in cities and towns due to movement of population from rural to urban areas, expanding middle class, increased disposable income, availability of housing finance and tax incentives;
- Demand for office premises due to growing Indian market including the IT industry, the retail industry and the manufacturing industry, with foreign companies setting up office in India.

Factors affecting the real estate market in India still have a direct relation to the performance of the Company. The GDP in India has not undergone any significant change compared to the previous fiscal years. The real estate sector in India is however, on the upturn. The main growth thrust is coming due to favourable demographics, increasing purchasing power, existence of customer friendly banks & housing finance companies, professionalism in real estate and favourable reforms initiated by the government to attract

global investors.

Supply of land: Our operations are dependent on the availability of land for our projects. Our growth is linked to the availability of land in areas where we can develop projects that are marketable mainly to mid to higher income groups. Increased competition for land or excess supply of land may adversely affect our operations.

Cost of land: The cost of acquisition of land includes the amounts paid for freehold rights and cost of registration and stamp. We acquire land from governmental authorities and private parties. We are typically required to enter into a deed of conveyance or a lease deed transferring title in our favour. The registration charges and stamp duty among other things are also payable by us.

Construction Costs: The cost of construction includes cost of material used in our construction- these primarily comprise of cost of steel, cost of cement, cost of wood, cost of flooring materials and cost of other accessories.

Availability of financing for customers: One of the major drivers behind the growth of demand for housing units is interest rates on housing loans. The hike in housing loan interest rates may increase the cost of property but will not affect buying capacity, as house buyers are more concerned over property prices rather than rising interest rates.

Taxation: The other primary factor affecting our financial conditions is the tax payable by us. Deferred taxes arise from timing differences between our book profits and our taxable profits, which originate during an accounting period and which can be reversed in subsequent periods. Deferred taxes are measured using the tax rates and laws that have been enacted or substantively enacted as of the date of financial statements in which they are recorded. We provide for deferred tax liability/ assets on such timing differences subject to prudent consideration.

Other factors:

Other factors affecting our results of operations include:

- Regulations affecting the real estate industry;
- Our ability to acquire suitable lands at reasonable costs;
- Our ability to identify suitable projects and execute them in a timely and cost effective manner;
- Competition.

Critical Accounting Policies

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards prescribed by Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies". Our management uses our historical experience and analyses, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming our assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the disclosure of contingent liabilities, on the date of the financial statements. Actual results could differ from those estimates. Any revision of accounting estimates is recognized prospectively in current and future periods.

While all aspects of our financial statements should be read and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

(a) Revenue recognition

Revenue 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. Revenue from sale of undivided share of

land (UDS) in qualifying projects- where the risks and rewards on the sale of the UDS are separable from those on the construction contract- is recognised upon the transfer of all significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with the buyers. This coincides with the firming of the sales contracts/ agreements and a minimum level of collection of dues from the customer. Revenue from the sale of UDS on other projects where the risk and rewards on the sale of the UDS are not separable from the construction contracts, and therefore do not qualify above, are recognized on the percentage of completion method.

Contract revenues represent the aggregate amounts of sale price for agreements entered into. They 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 receivables and is the 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.

(b) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication of an impaired asset. 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 a previously assessed impairment loss no longer exists, the recoverable amount is reassessed. The asset is then reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(c) Inventories

Inventory comprises raw materials used for the construction activity of the Company. Raw materials are valued at the lower of cost or 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 to make the sale.

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

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

Results of Operations

The following table summarises the consolidated results of operations of the Group FY12 with comparatives for FY11, in each case stated in absolute terms and as a percentage of revenue.

Particulars	Fiscal Year 2012		Fiscal Year 2011	
	Amount	% of Total Income	Amount	% of Total Income
Income				
Revenue from Operations				
Revenue from Projects	81,042.88	99.38%	59,350.92	98.93%
Other operating revenues	407.88	0.50%	621.63	1.04%
Other Income	95.69	0.12%	20.17	0.03%
Total	**81,546.45**	**100.00%**	**59,992.72**	**100.00%**
Expenses				
Material and contract costs	47,457.59	58.20%	36,860.81	61.44%
Land cost	37,723.32	46.26%	27,015.37	45.03%
Decrease/(increase) in inventory of properties under development and properties held for sale	(55,877.16)	-68.52%	(40,373.25)	-67.30%
Employee benefit expenses	4,921.95	6.04%	3,753.62	6.26%
Other Expenses	8,285.23	10.16%	4,488.49	7.48%
Depreciation and amortization	543.22	0.67%	375.90	0.63%
Finance expense, net	19,275.84	23.64%	13,168.35	21.95%
Total	**62,329.99**	**76.43%**	**45,289.29**	**75.49%**
Profit before tax and share of profit/(loss) in associates, net	**19,216.46**	**23.57%**	**14,703.43**	**24.51%**
Share of profit/(loss) in associates, net	431.52	0.53%	(116.06)	-0.19%
Profit before tax and prior period items	**19,647.98**	**24.09%**	**14,587.37**	**24.32%**
Tax Expense				
Current tax	6,331.89	7.76 %	2,851.11	4.75 %
Deferred tax	(44.55)	-0.05 %	(54.36)	-0.09 %
Profit after tax and before prior period items	**13,360.64**	**16.38 %**	**11,790.62**	**19.65 %**
Prior period income (net of tax expense)	212.44	0.26 %	–	0.00 %
Net profit for the year	**13,573.08**	**16.64 %**	**11,790.62**	**19.65 %**

Our Company's consolidated net profit for the year ended 31st March 2012 is 13,573.08 lakhs compared to 11,790.62 lakhs in the last fiscal year. Income was at 81,546.45 lakhs for the year- an increase of 35.93% over the previous year. Our consolidated net profits after tax for the year ended 31st March 2012 stands at 13,573.08 lakhs as compared to 11,790.62 lakhs for 31st March 2011. The increase in profits are principally due to the increase in sale in certain projects, sales due to launch of new projects, higher tax provision due to the sale of non 80-IB units, and lower contribution from Associates.

The area currently under development is 25.26 mn sq.ft. of saleable area with projects spread across Bengaluru, Chennai, Kochi, Kolkata and Coimbatore. There are 19 on-going residential projects and 3 commercial projects currently under development. A range of residential and commercial projects

are planned to be launched in the coming months in Coimbatore, Colombo, Kochi, Bengaluru and Mysore.

The current land stands at 113.15 mn sq. ft of saleable area.

Comparison of Fiscal 2012 and Fiscal 2011

Income

Our income increased to ₹81,546.45 lakhs in FY12 from ₹59,992.72 lakhs in FY11, an increase of 35.93%. This was primarily due to increase in sale of apartments during the current fiscal year.

In fiscal 2012, we were able to recognize income from sale of two completed projects and nineteen ongoing projects.

Expenses

Our total expenditure increased by 37.63% to 62,329.99 lakhs in fiscal 2012 from ₹45,289.29 lakhs in fiscal 2011, primarily due to an increase in our income resulting in a corresponding increase in expenses.

Share in profit of associates

Our net share in profit of associates was ₹431.52 lakhs, representing 0.53% of our total income.

Profit before tax

Our profit before tax increased by 34.69% to ₹19,647.98 lakhs in fiscal 2012 from ₹14,587.37 lakhs in fiscal 2011, mainly due to an increase in our material and contract cost, employee benefit expenses, other expenses, depreciation expenses and net finance expenses.

Tax Expense

Our tax expense increased to ₹6,287.34 lakhs in fiscal year 2012 from ₹2,796.75 lakhs in fiscal year 2011.

Net Profit after Tax

Our net profit after tax increased to ₹13,573.08 lakhs in fiscal year 2012 from ₹11,790.62 lakhs in fiscal 2011, an increase of 15.12%.

Financial Indebtedness

Our total debt was ₹132,525.61 lakhs and ₹115,780.65 lakhs as of 2012 and 2011 respectively. Our net debt equity ratio was 0.74 in fiscal 2012 compared to 0.67 in fiscal 2011.

Liquidity and Capital Resources

Our primary liquidity requirements have been to finance our purchases of land, working capital requirements and for development of our projects. We have met these requirements from cash flows from operations, short-term and long-term borrowings.

Our growth plans will require us to incur substantial additional expenditure in the current and future fiscal years across our existing and new business lines. We expect that our land acquisitions, as well as the construction and development costs for our projects, will be funded through internal accruals and borrowings. Our expansion plans and planned expenditure are subject to change based on various factors such as interest rates, property prices and market conditions. Our ability to raise and service the required financing depends on these factors as well.

Net Worth

Our net worth, which is defined as the difference between (a) total assets and (b) total liabilities and provisions, was ₹168,730.82 lakhs and ₹157,638.21 lakhs respectively, for fiscal years 2012 and 2011.

Net Cash Flows

The table below summarizes our cash flows as restated for fiscal 2012 and 2011:

	(₹/lakh) Fiscal year 2012	(₹/lakh) Fiscal year 2011
Net cash from/(used in) operating activities	9,198.50	4,175.19
Net cash from/(used in) investing activities	(5,603.30)	(8,453.53)
Net cash generated from/(used in) financing activities	(5,093.65)	6,958.17
Net increase/(decrease) in cash and cash equivalents	(1,498.45)	2,679.83

Cash Flow from our Operating Activities

Our net cash used in operating activities in fiscal year 2012 was ₹9,198.50 lakhs. The movement was primarily due to increase in inventories, debtors, loans and advances, and properties under development. The increase is mainly due to deployment of land for the properties under development, inventories and receivables.

Cash Flow from Investing Activities

Our cash flow from investment activities represents net purchase of fixed assets comprising plant and equipment, shuttering materials used in our construction, properties held for development, net investments in bank deposits and margin monies, deposits & advances and interest received. Our net cash from investing activities in fiscal 2012 and 2011 was ₹(5,603.30) lakhs and ₹(8,453.53) lakhs respectively. Our cash flow from investing activities is negative during the current fiscal, primarily due to increase in properties held for development.

Cash Flow from Financing Activities

Our cash flow from financing activities is determined primarily by the level of our borrowings, repayment of term loans and interest payments on them, loans repaid to our related parties and payment of dividend. Our cash flow from financing activities was ₹(5,093.65) lakhs in fiscal year 2012. In fiscal year 2011, cash used in financing activities was ₹6,958.17 lakhs.

Financial Condition

The overall financial condition and performance of the company during the fiscal 2012 was healthy and in line with the business plans. The net debt equity ratio had been maintained at a reasonable and manageable level between 0.67 and 0.74. The Group has met all repayments of loans and interest to the financial institutions as per the schedule of the loan and disbursement arrangements.

Assets

Fixed Assets: The net book value of our total fixed assets (including capital work-in-progress) was ₹7,263.69 lakhs and ₹4,613.58 lakhs, as of March 31st 2012 & 2011 respectively. Our fixed assets comprise of buildings, plant and machinery, office equipments, furniture and fixtures, computers, shuttering material and vehicles.

Investments: Our investments consist mainly of equity shares in our subsidiary companies. In addition we also have investments in associate companies, Keppel Puravankara Development Private Ltd., Keppel Magus Development Private Ltd. and Sobha Puravankara Aviation Pvt Ltd. Our total investments in associate companies were ₹12,325.63 lakhs and ₹11,894.11 lakhs, as of March 31st 2012 and 2011, respectively. The increase in investment in associates is due to profit in share of our associates during the current fiscal.

Properties held for development: This consists of various lands which have been acquired for the purposes of development. Our properties held for development were ₹84,325.49 lakhs and ₹116,048.69 lakhs as at March 31st 2012 and 2011, respectively. The decrease is due to transfer of properties held under development during the current fiscal year.

Non-Current Assets: The total non-current assets were ₹127,769.44 lakhs and ₹157,907.32 lakhs as of March 31st 2012 and 2011, respectively. Our non-current assets comprise of fixed assets, non-current investments, properties held for development, deferred tax asset (net), long term loans and advances and others.

Current Assets: The total current assets were ₹213,806.01 lakhs and ₹156,273.46 lakhs as of March 31st, 2012 and 2011, respectively. Our current assets comprise of inventory, cash and cash equivalents, trade receivables, properties under development, properties held for sale and others.

Cash and cash equivalents: Our cash and cash equivalents consist of cash in hand and cash held in current and deposit accounts with specified banks. The cash and cash equivalents were ₹7,317.17 lakhs and ₹9,503.02 lakhs as at March 31, 2012 and 2011 respectively

Inventory: Our inventories consist of raw materials for our construction projects, properties under development and properties held for sale. Our inventories were ₹173,230.81 lakhs and ₹118,743.74 lakhs as of March 31, 2012 and 2011, respectively.

Trade Receivables: Trade receivables amounted to a total of ₹19,984.84 lakhs and ₹11,435.19 lakhs as of March 31, 2012 and 2011, respectively. Our trade receivables consist of unsecured debtors.

Properties under development: This consists of our projects currently under development. Our projects under development were valued at ₹164,639.07 lakhs and ₹108,842.85 lakhs as of March 31st 2012 and 2011, respectively.

Properties held for sale: These consist of finished projects which are unsold on the date of the financial statements, and which are valued at cost price or net realizable value (equal to selling price less cost of selling), whichever is lower. Our properties held for sale were valued at ₹5,432.41 lakhs and ₹7,062.46 lakhs as of March 31st 2012 and 2011, respectively.

Liabilities

Non-current Liabilities: Our non-current liabilities were ₹62,711.67 lakhs and ₹52,406.34 lakhs as of March 31st 2012 and 2011 respectively. Our non-current liabilities include long term borrowings, and long term provisions.

Current Liabilities: Our current liabilities were ₹110,132.96 lakhs and ₹104,136.23 lakhs as of March 31st 2012 and 2011 respectively

Transactions with Associate Companies and Related Parties

We enter into transactions with companies, which are controlled by members of our Promoter Group and other related parties, in the ordinary course of our business. For details regarding our related party transactions, please see "Related Party Transactions".

Significant Developments after March 31st 2012 that may affect our future Results of Operations

In compliance with AS 4, to our knowledge no circumstances other than as disclosed in this Annual Report have arisen since the date of the last financial statements contained in this report, which materially and adversely affect or are likely to affect, the trading and profitability of the Company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

Financial Statements

Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March 2012 are prepared as per Revised Schedule VI.

Cautionary Statement

Statements made in the above Management Discussion and Analysis may contain forward looking statements within the meaning of applicable security laws and regulations. These relate to the Company's future objectives and business plans which are subject to a number of factors and uncertainties and the actual results could materially vary from the views expressed herein. All possible care has been taken to ensure that the views and opinions expressed by the Company contain its perceptions on the material facts of the Company in normal business operations and it is not exhaustive.



Financial sections

Consolidated Auditors' Report

To
The Board of Directors of
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 2012 and also the Consolidated Statement of Profit and Loss Account for the year ended on that date, and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 misstatement. 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 financial statement presentation.

   We believe that our audit provides a reasonable basis for our opinion.

3. We report that

   a) 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,

      and AS 23, Accounting for Investments in Associates in Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006.

   b) We did not audit the financial statements of certain consolidated entities, whose financial statements reflect total assets (net of inter-company eliminations) of ₹ 2,332,683,889 as at 31 March 2012 as well as the total revenue of ₹ 267,089,772 for the year ended on that date and cash flows amounting to ₹ (424,688) 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 is based solely on the report of other auditors. We did not audit the financial statements of an associate whose financial statements reflect the Company's share of loss of ₹ 17,133,797 for the year ended on that date included in these consolidated financial statements. These financial statements have not been audited by other auditors.

4. 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, in our opinion 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 2012;

   b) the Consolidated Statement of Profit and Loss Account, of the profit for the year ended on that date; and

   c) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

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

Bangalore
8 May 2012

Consolidated Balance Sheet as at 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	31 March 2012	31 March 2011
Equity and Liabilities			
Shareholders' Funds			
Share capital	3	10,671.22	10,671.22
Reserves and surplus	4	158,059.60	146,966.99
		168,730.82	**157,638.21**
Non-Current Liabilities			
Long-term borrowings	5	62,086.44	51,723.14
Deferred tax liability (net)	6	–	32.14
Other long-term liabilities	7	27.02	201.82
Long-term provisions	8	598.21	449.24
		62,711.67	**52,406.34**
Current Liabilities			
Short-term borrowings	9	37,563.45	28,948.85
Trade payables	10	13,819.16	9,441.66
Other current liabilities	10	55,727.23	62,769.43
Short-term provisions	8	3,023.12	2,976.29
		110,132.96	**104,136.23**
Total		**341,575.45**	**314,180.78**
Assets			
Non-Current Assets			
Fixed assets			
Tangible assets	11	6,904.10	4,179.71
Intangible assets	12	158.12	92.65
Capital work-in-progress		201.47	341.22
		7,263.69	**4,613.58**
Non-current investments	13	12,325.63	11,894.11
Properties held for development	14	84,325.49	116,048.69
Deferred tax asset (net)	6	12.41	–
Long-term loans and advances	15	23,171.32	24,864.02
Other non-current assets	17	670.90	486.92
		127,769.44	**157,907.32**
Current Assets			
Inventories	18		
Raw materials		3,159.33	2,838.43
Properties under development		164,639.07	108,842.85
Properties held for sale		5,432.41	7,062.46
		173,230.81	**118,743.74**
Trade receivables	16	19,984.84	11,435.19
Cash and bank balances	19	7,317.17	9,503.02
Short-term loans and advances	15	8,152.46	9,044.80
Other current assets	17	5,120.73	7,546.71
		213,806.01	**156,273.46**
Total		**341,575.45**	**314,180.78**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements
This is the Consolidated Balance Sheet referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director
Bangalore
08 May 2012

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

Statement of Consolidated Profit and Loss for the year ended 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	31 March 2012	31 March 2011
Income			
Revenue from operations			
Revenue from projects	20	81,042.88	59,350.92
Other operating revenues	20	407.88	621.63
Other income		95.69	20.17
Total		**81,546.45**	**59,992.72**
Expenses			
Material and contract costs	21	47,457.59	36,860.81
Land cost		37,723.32	27,015.37
Decrease / (increase) in inventory of properties under development			
and properties held for sale	22	(55,877.16)	(40,373.25)
Employee benefit expenses	23	4,921.95	3,753.62
Other expenses	24	8,285.23	4,488.49
Depreciation and amortization	25	543.22	375.90
Finance expenses, net	26	19,275.84	13,168.35
Total		**62,329.99**	**45,289.29**
Profit before tax and share of profit / (loss) in associates, net		**19,216.46**	**14,703.43**
Share of profit / (loss) in associates, net		431.52	(116.06)
Profit before tax and prior period items		**19,647.98**	**14,587.37**
Tax expense			
Current tax	27	6,331.89	2,851.11
Deferred tax		(44.55)	(54.36)
Profit after tax and before prior period items		**13,360.64**	**11,790.62**
Prior period income (net of tax expense)		212.44	–
Net profit for the year		**13,573.08**	**11,790.62**
Earnings per share (Nominal value ₹ 5 per share)			
Basic (₹)	28	6.36	5.52
Diluted (₹)		6.36	5.52
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements
This is the Consolidated Statement of Profit and Loss referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director
Bangalore
08 May 2012

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

Notes to the Consolidated Financial Statements

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 liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the percentage completion for projects in progress, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for employee benefits.

c. Basis of consolidation

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

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

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

d. Revenue recognition

Revenues from projects

Revenue from the sale of properties is recognized when the significant risks and rewards of ownership have been transferred to the customer, which coincides with the entering into a legally binding agreement.

Revenue from sale of undivided share of land (UDS) in qualifying projects where the risks and rewards on the sale of the UDS are separable from the risks and rewards on the construction contract is recognized upon the transfer of all significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with the buyers, which coincides with the firming of the sales contracts/ agreements and a minimum level of collection of dues from the customer.

Revenue from the sale of UDS on other projects where the risk and rewards on the sale of the UDS are not separable from the construction contracts and therefore do not qualify above are recognized on 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 Statement of Profit and Loss 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.

1. Significant accounting policies *(Contd.)*

Unbilled revenue disclosed under other assets represents revenue recognized over and above amount due as per payment plans agreed with the customers. Progress billings which exceed the costs and recognized profits to date on projects under construction, the same is disclosed as advance received from customers under other current liabilities. Any billed amount that has not been collected is disclosed under trade receivables and is net of any provisions for amounts doubtful of recovery.

Rental income

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

Interior income

Interior income is recognized as and when the services are rendered, at rates agreed upon with customers.

e. Properties under development

Properties under development represents construction work in progress which are stated at the lower of cost and net realisable value. This comprises of cost of land, construction related overhead expenditure and borrowing costs and other net costs incurred during the period of development.

f. Properties held for sale

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

g. 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.

h. Fixed assets

Fixed assets are stated at cost less accumulated depreciation/amortization 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. 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.

i. Depreciation/amortization

Depreciation/amortization 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 ₹ 5,000 are fully depreciated in the year of purchase.

j. Borrowing costs

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with Accounting Standard 16 - "Borrowing Costs". A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

k. Advertisement and promotional expenses

Advertisement and promotional costs in respect of projects currently being developed and for general corporate purposes are expensed to the Statement of Profit and Loss as incurred.

l. 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

Notes to the Consolidated Financial Statements

1. Significant accounting policies

amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. 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.

m. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturity of three months or less.

n. Inventory

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

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

o. Foreign currency transactions

(a) Initial recognition

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

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

p. Leases

Finance leases

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

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

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

q. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 "Employee Benefits".

Provident fund

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

1. Significant accounting policies *(Contd.)*

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognized 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 Statement of Profit and Loss in the year in which such gains or losses arises.

Vacation pay

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

Other short-term benefits

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

r. Stock based compensation

The Company accounts for stock based compensation based on the intrinsic value method. Option discount representing the excess of the fair value or the market value of the underlying shares at the date of the grant over the exercise price of the option is amortized on a straight-line basis over the vesting period of the shares issued under the Company's Employee Stock Option Plan (ESOP).

s. Tax expenses

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

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

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

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

u. Provisions and contingent liabilities

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

Notes to the Consolidated Financial Statements

2. Group structure

The operational subsidiaries and associates consolidated under the Group as at 31 March 2012 comprise the entities listed below:

Name of the Entity	Country of Incorporation	Effective Shareholding
Overseas Subsidiary Companies		
Welworth Lanka Holding Private Limited	Sri Lanka	100%
Welworth Lanka Private Limited	Sri Lanka	100%
Purva Corporation	British Virgin Islands	100%
Indian Subsidiary Companies		
Prudential Housing and Infrastructure Development Limited	India	100%
Centurions Housing and Constructions Private Limited	India	100%
Melmont Construction Private Limited	India	100%
Purva Realities Private Limited	India	100%
Purva Marine Properties Private Limited	India	100%
Nile Developers Private Limited	India	100%
Vaigai Developers Private Limited	India	100%
Starworth Infrastructure and Construction Limited	India	100%
Provident Housing Limited	India	100%
Associate Companies		
Keppel Puravankara Development Private Limited	India	49%
Propmart Technologies Limited	India	32.83%
Keppel Magus Development Private Limited	India	36.26%
Sobha Puravankara Aviation Private Limited	India	49.75%

There is no change in the effective shareholding of all of the above entities from the previous period.

Information of the subsidiaries for the year ended 31 March 2012

Name	Issued, paid up capital	Reserves	Total Assets	Total Liabilities	Investments (Excluding investment in subsidiaries)	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed dividend
Prudential Housing and Infrastructure Development Limited	5.00	(123.17)	1,911.62	2,029.78	Nil	–	(3.07)	–	(3.07)	Nil
Centurions Housing and Constructions Private Limited	1.00	1,562.66	1,591.24	27.58	Nil	2,679.38	2,331.43	758.56	1,572.86	Nil
Melmont Construction Private Limited	1.00	(376.00)	12,424.47	12,799.48	Nil	0.08	(1.29)	–	(1.29)	Nil
Purva Marine Properties Private Limited	1.50	(1.53)	0.92	0.95	Nil	–	(0.19)	–	(0.19)	Nil
Purva Realities Private Limited	1.00	(0.83)	3,597.00	3,596.82	Nil	–	(0.13)	–	(0.13)	Nil
Purva Opel Properties Private Limited	1.00	(0.78)	1.00	0.77	Nil	–	(0.09)	–	(0.09)	Nil
Purva Ruby Properties Private Limited	1.00	(0.78)	1.00	0.77	Nil	–	(0.09)	–	(0.09)	Nil
Purva Good Earth Properties Private Limited	1.00	(0.77)	1.00	0.77	Nil	–	(0.09)	–	(0.09)	Nil
Purva Sapphire Land Private Limited	1.00	(0.78)	0.98	0.75	Nil	–	(0.09)	–	(0.09)	Nil
Purva Star Properties Private Limited	1.00	(0.78)	1.00	0.78	Nil	–	(0.10)	–	(0.10)	Nil
Nile Developers Private Limited	10.00	712.12	1,988.64	1,266.53	Nil	–	(0.16)	–	(0.16)	Nil
Vaigai Developers Private Limited	10.00	507.15	1,556.02	1,038.87	Nil	–	(0.16)	–	(0.16)	Nil
Puravankara Hotels Limited	5.00	(0.71)	5.05	0.76	Nil	–	(0.12)	–	(0.12)	Nil
Purva Land Limited	5.00	(0.98)	5.04	1.02	Nil	–	(0.12)		(0.12)	Nil
Starworth Infrastructure and Construction Limited	5.00	375.22	4,926.35	4,546.12	Nil	5,175.20	705.42	182.22	523.20	Nil
Provident Housing Limited	5.00	9,666.77	30,067.41	20,395.64	Nil	25,446.71	9,476.19	3,106.99	6,369.20	Nil
Purva Corporation+	0.10	(0.10)	0.19	0.19	Nil	–	(0.10)	–	(0.10)	Nil
Welworth Lanka Holding Private Limited ++	1,820.30	(20.35)	2,015.56	215.61	Nil	–	(5.00)	–	(5.00)	Nil
Purvankara (UK) Limited +++	–	–	–	–	Nil	–	–	–	–	Nil

All are wholly owned subsidiaries of Puravankara Projects Limited

+: Amount in USD (lakh)

++: Amount in Sri Lankan Rupees (lakh)

+++: Amount in GBP (lakh)

	31 March 2012	31 March 2011
3. Share capital		
Authorized shares		
3,200 lakh (31 Mar 2011- 3,200 lakh) equity shares of ₹ 5 each	16,000.00	16,000.00
Issued, subscribed and fully paid up shares		
2,134.24 lakh (31 Mar 2011- 2,134.24 lakh) equity shares of ₹ 5 each	10,671.22	10,671.22
	10,671.22	**10,671.22**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**
Equity shares

	31 March 2012		31 March 2011	
	No. lakh	₹ lakh	No. lakh	₹ lakh
Balance at the beginning of the year	2,134.24	10,671.22	2,134.24	10,671.22
Issued during the year	–	–	–	–
Outstanding at the end of the year	**2,134.24**	**10,671.22**	**2,134.24**	**10,671.22**

b. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March 2012, the amount of dividend per share recognized as distributions to equity shareholders was ₹ 1 (31 March 2011 : ₹ 1)

c. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. lakh	% holding in the class	No. lakh	% holding in the class
Equity shares of ₹ 5 each fully paid up				
Ravi Puravankara	1,919.88	89.96%	1,919.88	89.96%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. **Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date :**

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2012.

e. **Shares reserved for issue under options**

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.

3. Share capital *(Contd.)*

The disclosures for the year ended 31 March 2012 have been provided below:
The weighted average exercise price for options movement during the year ended 31 March 2012 is as follows:

	31 March 2012 Shares arising out of options (Numbers)	31 March 2011 Shares arising out of options (Numbers)	Weighted average exercise price ₹
As at 1 April 2011	193,200	483,000	465.86
Granted during the year	–	–	–
Forfeited during the year	–	289,800	–
Lapsed during the year	193,200	–	–
Cancelled during the year	–	–	–
Exercised during the year	–	–	–
As at 31 March 2012	–	193,200	465.86
Exercisable at the end of the year	–	193,200	465.86

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

	31 March 2012	31 March 2011
Net profit, as reported	13,573.08	11,790.62
Add: Stock based employee compensation expense included in the Statement of Profit and Loss	–	–
Less: Stock based employee compensation expense determined under the fair value method	–	57.28
Proforma net income	13,573.08	11,733.34
Earnings per share - Basic		
As reported	6.36	5.52
Pro forma	6.36	5.50
Earnings per share - Diluted		
As reported	6.36	5.52
Pro forma	6.36	5.49

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%

	31 March 2012	31 March 2011
4. Reserves and surplus		
Securities premium reserve		
Balance at the beginning of the year	79,888.12	79,888.12
Additions/(deductions) during the year	–	–
Balance at the end of the year	**79,888.12**	**79,888.12**
Debenture redemption reserve		
Balance at the beginning of the year	129.46	963.01
Less: Premium paid on redemption of debentures	–	187.00
Less: Written back to the Statement of Profit and Loss during the year	–	776.01
Add: Transfer from the Statement of Profit and Loss	2,011.70	129.46
Balance at the end of the year	**2,141.16**	**129.46**
General reserve		
Balance at the beginning of the year	4,634.00	4,005.00
Add: Transfer during the year	356.00	629.00
Balance at the end of the year	**4,990.00**	**4,634.00**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	62,315.41	52,995.95
Add: Net profit for the year	13,573.08	11,790.62
Add: Debenture redemption reserve written back	–	776.01
Less: Transfer to debenture redemption reserve	2,011.70	129.46
Profit available for appropriation	**73,876.79**	**65,433.12**
Appropriations		
Less: Proposed dividend (amount per share ₹1 (31 March 2011 ₹1))	2,134.24	2,134.24
Less: Tax on distribution of dividend	346.23	354.47
Less: Transfer to general reserve	356.00	629.00
Balance at the end of the year	**71,040.32**	**62,315.41**
	158,059.60	**146,966.99**

	Non-current portion		Current portion	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
5. Borrowings				
Secured				
Debentures				
40 (31 March 2011-nil) 17% Non-convertible redeemable debentures of ₹ 50 each	2,000.00	–	–	–
248 (31 March 2011-nil) 17% Non-convertible redeemable debentures of ₹ 50 each	12,400.00	–	–	–
150 (31 March 2011-150) 16% Non-convertible redeemable debentures of ₹ 100 each	10,000.00	15,000.00	5,000.00	–
Term loans				
From banks	31,396.61	15,605.02	15,586.79	16,845.97
From financial institutions	1,428.57	7,142.86	5,714.29	5,714.29
From others	4,861.26	13,975.26	8,957.35	15,191.90
	62,086.44	**51,723.14**	**35,258.43**	**37,752.16**
Amount disclosed under "Other current liabilities" note 10	–	–	(35,258.43)	(37,752.16)
	62,086.44	**51,723.14**	–	–

Notes to the Consolidated Financial Statements

5. Borrowings *(Contd.)*

Debentures

i. The Company has issued 150 secured redeemable non convertible debentures of ₹ 100 each during the year ended 31 March 2011. These debentures are secured by mortgage of land & building constructed/to be constructed thereon situated at Medavakkam & Pallikaranai village, Tamilnadu, receivables of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are due for redemption at ₹ 2,500 every quarter starting from 01 November 2012. The outstanding as on 31 March 2012 was ₹ 15,000, of which non-current and current represents ₹ 10,000 (31 March 2011 ₹ 15,000) and ₹ 5,000 (31 March 2011 nil) respectively.

ii. The Company has issued 248 secured redeemable non convertible debentures of ₹ 50 each during the year ended 31 March 2012. These debentures are secured by mortgage of a land parcel at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, proportionate undivided share of land with respect to unsold units of Purva Venezia and Purva Highlands project, receivables of sold and unsold units of these projects and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are redeemable in 7 quarterly installments starting from July 2013. The outstanding as on 31 March 2012 was ₹12,400, of which non-current and current represents ₹ 12,400 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

iii. The Company has issued 40 secured redeemable non convertible debentures of ₹ 50 each during the year ended 31 March 2012. These debentures are secured by mortgage of a land parcel at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, proportionate undivided share of land with respect to unsold units of Purva Venezia and Purva Highlands project, receivables of sold and unsold units of these projects and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are redeemable in 7 quarterly installments starting from July 2013. The outstanding as on 31 March 2012 was ₹ 2,000, of which non-current and current represents ₹ 2,000 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

Term loans from banks

i. On 16 June 2010, the Company was sanctioned a loan of ₹ 20,000 by Standard Chartered Bank towards the refinancing of existing debt on Purva Skywood and construction cost of Purva Skywood, out of which ₹ 16,500 has been drawn as of 31 March 2012. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The loan is repayable in 18 monthly installments commencing from September 2012. The outstanding as on 31 March 2012 was ₹ 16,406.88, of which non-current and current represents ₹ 11,648.88 (31 March 2011 ₹ 12,000) and ₹ 4,758 (31 March 2011 nil) respectively.

ii. On 11 May 2011, term loan facility of ₹ 6,000 was sanctioned by Standard Chartered Bank. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. This facility is repayable in 4 quarterly installments starting from June 2012. Outstanding balance as on 31 March 2012 was ₹ 6,000, of which non-current and current represents nil (31 March 2011 nil) and ₹ 6,000 (31 March 2011 nil) respectively.

iii. On 11 May 2011, term loan facility of ₹ 3,500 was sanctioned by Standard Chartered Bank. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The Company has drawn ₹ 1,500 out of this facility in June 2011. This facility is repayable in 4 quarterly installments starting from September 2012. Outstanding balance as on 31 March 2012 was ₹ 1,500, of which non-current and current represents ₹ 514.29 (31 March 2011 nil) and ₹ 985.71 (31 March 2011 nil) respectively.

iv. On 11 May 2011, loan facility of ₹ 4,000 was sanctioned by Standard Chartered Bank to Provident Housing Limited which includes term loan of ₹ 3,000 and overdraft of ₹ 1,000. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of

5. **Borrowings** (Contd.)

Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara Joint Managing Director of the Company. This facility is repayable in 5 quarterly installments starting from June 2011. Outstanding balance as on 31 March 2012 was ₹1,225, of which non-current and current represents nil (31 March 2011 nil) and ₹ 1,225 (31 March 2011 nil) respectively.

v. On 20 June 2011, term loan facility of ₹ 7,500 was sanctioned by Dhanlaxmi Bank Limited. This facility is secured by charge on land and building together with receivables of Purva Swanlake project and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. This facility is repayable in 15 monthly installments starting from July 2012. Outstanding balance as on 31 March 2012 was ₹ 6,700, of which non-current and current represents ₹ 3,126.67 (31 March 2011 nil) and ₹ 3,573.33 (31 March 2011 nil) respectively.

vi. On 8 February 2012, a term loan facility of ₹ 20,000 was sanctioned by ICICI Bank Limited, Company availed ₹16,000 out of it, during the year ended 31 March 2012. This facility is secured by mortgage of a land (with building and structure thereon both present and future) located at Plot No. D4, Survey No. 843 Ernakulam, receivables of Purva Seasons project and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. This facility is repayable in 30 installments starting from August 2013. The outstanding as on 31 2012 was ₹ 16,000, of which non-current and current represents ₹ 16,000 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 13.5% to 15.25% per annum.

vii. Other loans represent loans taken for purchase of vehicles. These loans are secured by a charge against respective vehicles .

The outstanding balance as on 31 March 2012 was ₹ 151.51, of which non-current and current represents ₹ 106.77 (31 March 2011 ₹ 155.62) and ₹ 44.74 (31 March 2011 ₹ 37.64) respectively.

Term loans from financial institution

On 04 December 2008, the Company entered into an agreement with Life Insurance Corporation of India for a loan of ₹ 20,000 at an interest rate of 14.5% per annum. This facility is secured by mortgage of land at Marine Drive, Kochi, the receivables and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 14 equal quarterly installments commencing from January 2010. The outstanding as on 31 March 2012 was ₹ 7,142.86, of which non-current and current represents ₹ 1,428.57 (31 March 2011 ₹ 7,142.86) and ₹ 5,714.29 (31 March 2011 ₹ 5,714.29) respectively.

Term loans from others

i. On 10 August 2010, the Company and Centurions Housing and Constructions Private Limited entered into an agreement with Reliance Home Finance Private Limited for a term loan of ₹ 4,500. This facility is secured by mortgage of the property together with all buildings and structures thereon, both present and future at Marine Drive, Kochi, present and future scheduled receivables of the project and the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 18 equated monthly installments commencing from February 2011. On 27 September 2011, another term loan of ₹ 2,400 was sanctioned as top-up to existing loan, repayable in 15 equated monthly installments starting from November 2011. The outstanding as on 31 March 2012 was ₹ 3,041.18, of which non-current and current represents nil (31 March 2011 ₹ 1,000) and ₹ 3,041.18 (31 March 2011 ₹ 3,000) respectively.

ii. On 10 August 2010, Puravankara Projects Ltd and Centurions Housing and Constructions Private Limited entered into an agreement with Reliance Consumer Finance Private Limited for a term loan of ₹ 3,000. This facility is secured by mortgage of the property together with all buildings and structures thereon, both present and future at Marine Drive, Kochi, present and future scheduled receivables of the project and the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 21 equated monthly installments commencing from November 2010. The outstanding as on 31 March 2012 was ₹ 571.43, of which non-current and current represents nil (31 March 2011 ₹ 571.43) and ₹ 571.43 (31 March 2011 ₹ 1,714.29) respectively.

5. Borrowings *(Contd.)*

iii. On 22 September 2010, the Company entered into an agreement with Kotak Mahindra Prime Limited for a loan of ₹ 2,500. This facility is secured by mortgage of lands at Chengalpet taluk, Kancheepuram district, the receivables and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company and Mr. Ashish Puravankara, Joint Managing Director of the Company. The loan is repayable in 27 monthly installments commencing from September 2011. The outstanding as on 31 March 2012 was ₹ 1,856, of which non-current and current represents ₹ 752 (31 March 2011 ₹ 2,500) and ₹ 1,104 (31 March 2011 nil) respectively.

iv. On 26 October 2010, term loan facility of ₹ 3,500 was sanctioned by HDFC Limited. The Company entered into a term loan facility agreement with HDFC Limited on 01 January 2011. This facility is secured by mortgages of land at Kakanad, Kochi with building constructed thereupon, present and future receivable of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. Loan is repayable in 21 monthly installments starting from October 2011. Outstanding balance as on 31 March 2012 was ₹ 3,200, of which non-current and current represents ₹ 1,000 (31 March 2011 ₹ 1,900) and ₹ 2,200 (31 March 2011 ₹ 300) respectively.

v. On 26 October 2010, term loan facility of ₹ 3,400 was sanctioned by HDFC Limited. The Company entered into a term loan facility agreement with HDFC Limited on 02 February 2011. This facility is secured by mortgages of land at Ernakulam Marine Drive with building constructed thereupon, present and future receivables of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. Loan is repayable in 21 monthly installments starting from November 2011. Outstanding balance as on 31 March 2012 was ₹ 3,150, of which non-current and current represents ₹ 1,250 (31 March 2011 ₹ 1,450) and ₹ 1,900 (31 March 2011 ₹ 250) respectively.

vi. On 17 January 2012, a secured business loan of ₹ 2,000 was sanctioned by Karvy Financial Services Limited. The Company availed entire loan during the year ended 31 March 2012. This facility is secured by mortgage of three residential flats at Purva Grande Project, Lavelle Road Bangalore and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. This facility is repayable in 24 monthly installments starting from February 2013. The outstanding as on 31 March 2012 was ₹ 2,000, of which non-current and current represents ₹ 1,859.26 (31 March 2011nil) and ₹ 140.74 (31 March 2011 nil) respectively.

The interest on above term loans from others are primarily linked to the respective benchmarks which are floating in nature. As of 31 March 2012 the interest rates ranges from 15% to 19% per annum.

	31 March 2012	31 March 2011
6. Deferred tax liability / (asset) (net)		
Deferred tax liability arising on account of depreciation	183.85	47.18
Less: Deferred tax asset arising on account of:		
Expenses allowable on payment basis		
Gratuity	(64.39)	(5.24)
Leave encashment	(58.85)	(4.57)
Bonus	(56.20)	(5.23)
Lease rent	(16.82)	–
	(12.41)	**32.14**
7. Other long-term liabilities		
Security deposits	27.02	201.82
	27.02	**201.82**

	Long term		Short term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
8. Provisions				
Provision for employee benefits				
Gratuity	327.71	224.07	–	–
Vacation pay	270.50	225.17	16.35	13.64
Provision for tax (net of advance tax)	–	–	526.30	473.94
Other provisions				
Proposed dividend	–	–	2,134.24	2,134.24
Tax on proposed dividend	–	–	346.23	354.47
	598.21	**449.24**	**3,023.12**	**2,976.29**

	31 March 2012	31 March 2011
9. Short-term borrowings		
Secured		
Cash credit and other loan from banks	28,910.94	22,610.34
Unsecured		
From bank	6,269.80	3,695.01
From others	1.52	90.60
Interest free loan from related parties repayable on demand	2,381.19	2,552.90
	8,652.51	6,338.51
Total	**37,563.45**	**28,948.85**

Cash credit and other loan from banks (Secured)

i. On 19 August 2004, the Company entered into an agreement with Andhra Bank for a cash credit facility of ₹ 1,500 which was further enhanced over the period and is ₹ 11,800 as at June 2011 at an interest rate of base rate plus 4.25% per annum. This facility is secured against the properties of the Company. The outstanding as on 31 March 2012 was ₹ 11,430.70 (31 March 2011 ₹ 5,007.03).

ii. On 20 June 2008, the Company entered into an agreement with IDBI Bank for a working capital facility of ₹ 12,500 at an interest rate of base rate plus 5.25% per annum which is secured against the properties of the Company and personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The outstanding as on 31 March 2012 was ₹ 10,909.05 (31 March 2011 ₹ 9,440.27).

iii. On 20 November 2008, the Company has availed a Secured Overdraft facility from Andhra Bank for ₹ 8,000 at an interest rate of base rate plus 3.50% per annum which is secured against the land together with the buildings and structure thereon at Geddalahalli, Bangalore and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director, Mr. Nani R Choksey, Deputy Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The outstanding as on 31 March 2012 was ₹ 5,556.69 (31 March 2011 ₹ 8,011.88).

iv. Provident Housing Limited has obtained a temporary overdraft of ₹1,000 at an interest rate of 12.10% per annum against the security of Fixed Deposit from Dhanlaxmi Bank Limited.

v. On 15 October 2011, a vehicle loan of ₹ 17.10 was sanctioned a short term loan by ICICI Bank Limited to Starworth Infrastructure and Construction Limited for purchase of vehicle. The loan is secured by a charged against the vehicle. The outstanding balance as on 31 March 2012 was ₹ 14.51.

Term loan from bank (Unsecured)

On 12 March 2009, Deutsche Bank has sanctioned a short term working capital facility of ₹ 4,000 to the Company at an interest rate of 10.25% per annum. This facility is secured by the personal assets of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. On 17 August 2011, the facility was enhanced to ₹ 6,500. The outstanding in overdraft account as on 31 March 2012 was ₹ 6,269.80 (31 March 2011 ₹ 3,695.01).

	31 March 2012	31 March 2011
10. Trade payables		
Trade payables	13,631.46	9,425.50
Due to related parties	187.70	16.16
	13,819.16	**9,441.66**
Other current liabilities		
Current portion of long term borrowings (note 5)	35,258.43	37,752.16
Advances received from customers	16,682.25	22,581.15
Interest accrued but not due on borrowings	1,276.52	385.59
Duties and taxes payable	1,340.32	1,162.52
Other payables	1,166.36	885.56
Unpaid dividend	3.35	2.45
	55,727.23	**62,769.43**
	69,546.39	**72,211.09**

11. Tangible assets

	Land*	Buildings	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Vehicles	Shuttering material	Leasehold improvements	Total
Cost										
At 01 April 2010	–	370.75	2,671.36	132.68	230.20	132.62	699.80	1,981.16	–	6,218.57
Additions	–	–	1.13	9.43	88.59	9.56	210.57	692.00	–	1,011.28
Disposals	–	–	–	–	–	–	(12.75)	–	–	(12.75)
At 31 March 2011	**–**	**370.75**	**2,672.49**	**142.11**	**318.79**	**142.18**	**897.62**	**2,673.16**	**–**	**7,217.10**
Additions	716.50	994.49	63.19	152.04	74.86	191.16	67.07	130.52	847.13	3,236.96
Disposals	–	–	–	(2.33)	(36.44)	–	(14.50)	–	–	(53.27)
At 31 March 2012	**716.50**	**1,365.24**	**2,735.68**	**291.82**	**357.21**	**333.34**	**950.19**	**2,803.68**	**847.13**	**10,400.79**
Depreciation										
At 01 April 2010	–	22.27	720.33	33.68	130.84	50.52	280.14	1,460.04	–	2,697.82
Charge for the year	–	5.74	108.16	7.12	34.21	10.42	70.94	110.29	–	346.88
Disposals	–	–	–	–	–	–	(7.31)	–	–	(7.31)
At 31 March 2011	**–**	**28.01**	**828.49**	**40.80**	**165.05**	**60.94**	**343.77**	**1,570.33**	**–**	**3,037.39**
Charge for the year	–	17.31	109.75	8.91	45.49	16.08	77.96	213.59	15.96	505.05
Disposals	–	–	–	(1.04)	(35.01)	–	(9.70)	–	–	(45.75)
At 31 March 2012	**–**	**45.32**	**938.24**	**48.67**	**175.53**	**77.02**	**412.03**	**1,783.92**	**15.96**	**3,496.69**
Net block										
At 31 March 2011	**–**	**342.74**	**1,844.00**	**101.31**	**153.74**	**81.24**	**553.85**	**1,102.83**	**–**	**4,179.71**
At 31 March 2012	**716.50**	**1,319.92**	**1,797.44**	**243.15**	**181.68**	**256.32**	**538.16**	**1,019.76**	**831.17**	**6,904.10**

* Represents the undivided share of land in a jointly developed commercial property

	Computer software	Total
12. Intangible assets		
Cost		
At 01 April 2010	201.78	201.78
Additions	19.02	19.02
Disposals	–	–
At 31 March 2011	**220.80**	**220.80**
Additions	103.64	103.64
Disposals	–	–
At 31 March 2012	**324.44**	**324.44**
Amortization		
At 01 April 2010	99.13	99.13
Charge for the year	29.02	29.02
Disposals	–	–
At 31 March 2011	**128.15**	**128.15**
Charge for the year	38.17	38.17
Disposals	–	–
At 31 March 2012	**166.32**	**166.32**
Net block		
At 31 March 2011	**92.65**	**92.65**
At 31 March 2012	**158.12**	**158.12**

13. Non-current investments		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in associates (fully paid up)		
Propmart Technologies Limited 23.35 lakh equity shares (31 Mar 2011- 23.35 lakh) of ₹ 10 each	–	–
Keppel Puravankara Development Private Limited - equity shares 44.10 lakh equity shares (31 Mar 2011- 44.10 lakh) of ₹ 10 each at par	8,398.13	7,794.61
Keppel Magus Development Private Limited 3.63 lakh equity shares (31 Mar 2011- 3.63 lakh) of ₹ 610 each	2,107.10	2,236.00
Sobha Puravankara Aviation Private Limited 9.95 lakh equity shares (31 Mar 2011- 9.95 lakh) of ₹ 10 each	56.40	99.50
Preference shares		
Investment in associates (fully paid up)		
Keppel Puravankara Development Private Limited - preference shares	1,764.00	1,764.00
176.40 lakh13.25% cumulative, redeemable, convertible preference shares (31 Mar 2011- 176.40 lakh) of ₹10 each at par		
	12,325.63	**11,894.11**

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
14. Properties held for development				
At the beginning of the year	116,048.69	135,285.83	–	–
Add : Additions during the year	6,000.12	8,819.28	–	–
Less: Deletions during the year	–	1,041.05	–	–
Less: Transferred to properties under development	37,723.32	27,015.37	–	–
	84,325.49	116,048.69	–	–
15. Loans and advances				
Security deposits				
Unsecured, considered good	7,792.72	7,361.43	–	–
	7,792.72	**7,361.43**	–	–
Loans and advances to related parties				
(Unsecured, considered good)				
Loans to associates *	2,620.42	2,412.33	285.68	–
	2,620.42	**2,412.33**	**285.68**	–
Other loans and advances				
(Unsecured, considered good)				
Advances to suppliers *	–	–	3,845.87	6,571.81
Advances for land contracts *	9,426.77	10,864.64	–	–
Advance income tax (net of provision for taxation)	–	1,045.37	–	–
Prepaid expenses *	–	–	2,332.37	249.76
Taxes and duties recoverable	3,331.41	3,180.25	1,223.11	1,104.21
Other advances *	–	–	465.43	1,119.02
	12,758.18	**15,090.26**	**7,866.78**	**9,044.80**
Total loans and advances	**23,171.32**	**24,864.02**	**8,152.46**	**9,044.80**

* Advances recoverable in cash or kind or for value to be received.

16. Trade receivables				
(Unsecured, considered good)				
Outstanding for a period exceeding six months	–	–	7,749.54	6,049.72
Other receivables	–	–	12,235.30	5,385.47
	–	–	**19,984.84**	**11,435.19**
17. Other assets				
Non-current bank balances (Note 19)	670.90	486.92	–	–
Unbilled revenue	–	–	5,034.83	7,387.91
Interest accrued but not due on fixed deposits	–	–	85.90	158.80
	670.90	**486.92**	**5,120.73**	**7,546.71**

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
18. Inventories				
Raw materials			3,159.33	2,838.43
			3,159.33	**2,838.43**
Properties under development				
Land cost			71,956.70	41,796.13
Material and construction cost			92,682.37	67,046.72
			164,639.07	**108,842.85**
Properties held for sale				
At the beginning of the year			7,062.46	8,524.53
Add : Additions during the year			154.82	525.77
Less: Sales during the year			73.88	1,945.22
Less: Write downs during the year			–	42.62
Less: Transferred to tangible assets			1,710.99	–
			5,432.41	**7,062.46**
			173,230.81	**118,743.74**

19. Cash and bank balances				
Cash and cash equivalents				
Cash on hand			38.05	39.41
Balances with banks:				
On current accounts			5,885.67	5,914.55
Deposits with original maturity of less than three months			1,193.14	2,661.35
			7,116.86	**8,615.31**
Other bank balances				
Deposits with original maturity for more than 12 months	670.90	486.92	–	–
Deposits with original maturity for more than 3 months but less than 12 months *	–	–	196.96	885.17
On unpaid dividend account	–	–	3.35	2.54
	670.90	**486.92**	**200.31**	**887.71**
Amount disclosed under non-current assets (Note 17)	(670.90)	(486.92)		
	–	–	**7,317.17**	**9,503.02**

* Represents amounts restricted for use

	31 March 2012	31 March 2011
20. Revenue from operations		
Revenue from projects		
Sale of properties	80,642.06	59,214.95
Interior	400.82	135.97
	81,042.88	**59,350.92**
Other operating revenue		
Rental income	68.62	92.57
Scrap sales	91.91	71.84
Others	247.35	457.22
	407.88	**621.63**

i) As disclosed in note 1(d) to the financial statements, effective 01 April 2011, the Company has adopted an accounting policy for revenue recognition for the sale of undivided share of land (UDS) for new housing projects. The revenue from these qualifying projects where the risks and rewards on the sale of the UDS are separable from the risks and rewards on the construction contract are recognized upon transfer of all significant risks and rewards of ownership of such real estate, in accordance with the terms of the contracts entered into with the buyers, which coincides with the firming of the sales contracts/ agreements and a minimum level of collection of dues from the customer. Consequently, the Company has recorded revenue and receivables of ₹ 21,417.25 and ₹ 8,525.30 respectively on the sale of such UDS for the year ended 31 March 2012. Revenue from the sale of UDS on other housing projects where the risks and rewards on the sale of the UDS are not separable from the construction contracts and therefore do not qualify above, continue to be recognized on the percentage of completion method.

ii) Revenues from projects includes nil from the sale of land for the year ended 31 March 2012 and ₹ 1,813.50 for the year ended 31 March 2011.

21. Material and contract costs		
Inventory of building material at the beginning of the year	2,838.43	2,268.11
Add : Incurred during the year		
Material and contract costs	47,778.49	37,431.13
	50,616.92	**39,699.24**
Less : Inventory of building material at the end of the year	3,159.33	2,838.43
	47,457.59	**36,860.81**

22. Decrease / (increase) in inventory of properties under development and properties held for sale		
Inventory at the begining of the year		
Properties under development	108,842.85	67,007.53
Properties held for sale *	5,351.47	8,524.53
Inventory at the end of the year		
Properties under development	164,639.07	108,842.85
Properties held for sale	5,432.41	7,062.46
	(55,877.16)	**(40,373.25)**

* Excluding the transfer of property to tangible assets

	31 March 2012	31 March 2011
23. Employee benefit expenses		
Salaries, wages and bonus	4,630.87	3,518.20
Contribution to provident fund and other funds	125.48	124.64
Gratuity expenses	103.64	66.98
Staff welfare	61.96	43.80
	4,921.95	**3,753.62**
24. Other expenses		
Travel and conveyance	360.49	268.34
Repairs and maintenance	636.88	454.29
Legal and professional charges	1,219.50	763.62
Rent rates and taxes	953.25	418.27
Security charges	473.12	342.35
Communication costs	108.79	99.04
Printing and stationery	146.48	72.48
Advertising and sales promotion	3,669.45	1,614.10
Sales incentives and commission	194.28	102.27
Brokerage and referral charges	441.74	310.81
Foreign exchange loss/(gain)	1.75	(12.31)
Miscellaneous expenses	79.50	55.23
	8,285.23	**4,488.49**
25. Depreciation and amortization expense		
Depreciation of tangible assets	505.05	346.88
Amortization of intangible assets	38.17	29.02
	543.22	**375.90**

	31 March 2012	31 March 2011
26. Finance expenses, net *		
Finance expense:		
Interest		
– Term loans	10,618.65	9,299.72
– Cash credits	4,626.36	3,815.96
– Debentures	3,037.27	892.13
Discount on issue of debentures	87.50	14.58
Loan and other processing charges	1,533.45	1,582.81
Bank charges	111.46	27.96
Others	53.75	26.96
	20,068.44	**15,660.12**
Less:		
Capitalized and included in Properties held for development	–	(1,546.36)
	20,068.44	**14,113.76**
Finance Income:		
Bank deposits	260.48	250.10
Interest on loan to associates	258.95	93.50
Interest received from customers	272.27	202.20
Income from units of mutual funds	0.90	–
Others	–	399.61
	792.60	**945.41**
Finance expenses, net	**19,275.84**	**13,168.35**

* Includes finance expense capitalized and included in properties under development ₹ 12,349.31 for the year ended 31 March 2012 (31 March 2011 ₹ 9,420.34).

27. Current tax		
Tax for the year	6,331.89	2,664.22
Tax of earlier years	–	186.89
	6,331.89	**2,851.11**

The Company has claimed a tax deduction of ₹ 8,214.48 till date under Section 80-IB of the Income - tax Act, 1961 resulting in tax benefit of ₹ 2,765.58 in certain projects which was due for completion as of 31 March 2011 and 2012. Management has applied for the completion certificate with the local authorities and the same is currently pending. However, based on the architect's certificate obtained in lieu of the completion certificate, management believes that the deduction under the said section would be allowed.

28. Earnings per share (EPS)		
Weighted average number of shares outstanding during the year (lakh)	2,134.24	2,134.24
Add: Dilutive effect of stock options (lakh)	–	1.93
Weighted average number of shares used to compute diluted EPS (lakh)	2,134.24	2,136.17
Net profit after tax attributable to equity shareholders	13,573.08	11,790.62
Earnings per share (₹) :		
Basic	6.36	5.52
Diluted	6.36	5.52
Nominal value - Rupees per equity share	5.00	5.00

29. Leases

The lease expense for cancellable and non-cancellable operating leases was ₹ 471.70 for the year ended 31 March 2012 (31 March 2011 ₹ 315.40). Lease commitments under the non-cancellable operating leases as at the Balance Sheet date were as follows:

	31 March 2012	31 March 2011
a) Within one year	318.40	19.26
b) Within one to five years	1,272.95	12.08
c) More than five years	4,098.24	–
Total	5,689.59	31.34

Sublease

The Company has sub let one of the properties under a non cancellable operating lease agreement. Lease income was ₹ 67.37 for the year ended 31 March 2012 (31 March 2011 ₹ 107.23).

30. Other commitments and contingencies

a) Demand from Service Tax Department	464.30	464.30
b) Demand from Commercial Tax Department	54.42	223.22
c) Deduction under Section 80-IB of the Income - tax Act, 1961	1,471.61	1,321.68
d) Company's share in claims not acknowledged as debts of associates	469.42	563.50

The Company has claimed deduction under Section 80-IB of the Income - tax Act, 1961 on two projects based out at Cochin. The time limit specified by the cited section above for completing the two projects was 31 March 2011. However, the Company was not able to complete the same within the prescribed time limit primarily on account of a court stay in one of the projects and the poor state of reclamation of the land in the other. Based on a legal opinion obtained on the above, the management believe that the deduction under the cited section above will not be denied.

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.

31. Related party transactions

(i) Parties where control exists

Key management personnel:

Mr. Ravi Puravankara

(ii) Relatives of key management personnel:

Ms. Geeta S Vhatkar

Ms. Aarti Panjabi

Mr. Ashish Puravankara

Mr. Suresh Puravankara

Ms. Amanda Puravankara

Ms. Tanya Puravankara

Ms. Vishalakshi Puravankara

(iii) Entities controlled by key management personnel (other related parties):

Purva Developments

Uniquepark Constructions Private Limited

Unique Constructions

Welworth

Puravankara Investments

Handiman Services Limited

Dealwel - Proprietorship

Dealwel Finance Corporation

Tanya Trust

Amanda Trust

Purva Properties and Resorts Private Limited

Dealwel Estates Private Limited

Notes to the Consolidated Financial Statements

31. Related party transactions *(Contd.)*

(iv) 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 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Transactions during the year:								
Interest on loans								
Keppel Puravankara Development Private Limited	24.08	22.71	–	–	–	–	–	–
Keppel Magus Development Private Limited	87.82	70.79	–	–	–	–	–	–
Propmart Technologies Limited	147.05	–	–	–	–	–	–	–
Loans given to								
Propmart Technologies Limited	346.00	1,594.46	–	–	–	–	–	–
Dealwel Estates Private Limited	–	–	–	–	–	–	–	0.23
Deposits made in associates								
Sobha Puravankara Aviation Private Limited	647.62	–	–	–	–	–	–	–
Loans taken from								
Ravi Puravankara	–	–	–	1,920.39	–	–	–	–
Loans repaid to								
Sobha Puravankara Aviation Private Limited	90.00	–	–	–	–	–	–	–
Puravankara Investments	–	–	–	–	–	–	7.78	–
Ravi Puravankara	–	–	162.69	3,892.69	–	–	–	–
Loans repaid by								
Keppel Puravankara Development Private Limited	33.52	–	–	–	–	–	–	–
Propmart Technologies Limited	–	1,016.31	–	–	–	–	–	–
Land acquired								
Geeta S Vhatkar	–	–	–	–	342.54	–	–	–
Security and maintenance expenses								
Handiman Services Limited	–	–	–	–	–	–	766.57	623.34
Rental expenses								
Dealwel	–	–	–	–	–	–	–	1.74
Puravankara Investments	–	–	–	–	–	–	132.32	–
Brokerage expenses								
Propmart Technologies Limited	74.20	7.28	–	–	–	–	–	–
Remuneration								
Ravi Puravankara	–	–	195.00	179.52	–	–	–	–
Amanda Puravankara	–	–	–	–	4.16	–	–	–
Ashish Puravankara	–	–	–	–	100.89	100.34	–	

31. Related party transactionS *(Contd.)*

(iv) 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 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Loans given to								
Propmart Technologies Limited	1,743.16	1,261.00	–	–	–	–	–	–
Keppel Puravankara Development Private Limited	285.67	295.12	–	–	–	–	–	–
Keppel Magus Development Private Limited	944.03	856.21	–	–	–	–	–	–
Dealwel Estates Private Limited	–	–	–	–	–	–	0.23	0.23
Loans taken from								
Sobha Puravankara Aviation Private Limited	–	90.00	–	–	–	–	–	–
Deposits made in associates								
Sobha Puravankara Aviation Private Limited	647.62	–	–	–	–	–	–	–
Advances for land contracts paid to								
Geeta S Vhatkar	–	–	–	–	1,792.99	1,423.00	–	–
Security deposits paid to								
Dealwel	–	–	–	–	–	–	15.00	15.00
Puravankara Investments	–	–	–	–	–	–	45.00	45.00
Dues to								
Handiman Services Limited	–	–	–	–	–	–	70.26	16.16
Puravankara Investments	–	–	–	–	–	–	307.44	197.79
Purva Development	–	–	–	–	–	–	17.76	17.76
Purva Properties and Resorts Private Limited	–	–	–	–	–	–	0.15	0.15
Propmart Technologies Limited	66.78	–	–	–	–	–	–	–
Ravi Puravankara	–	–	2,174.51	2,337.20	–	–	–	–

32. Employee benefits

A. Defined benefit plan

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. As at 31 March 2012 and 31 March 2011 the plan assets were invested in insurer managed funds.

Disclosures as required by AS 15 for the year ended 31 March 2012 are as under:

	31 March 2012		31 March 2011	
	Gratuity	Vacation Pay	Gratuity	Vacation Pay
1. The amounts recognized in the Balance Sheet are as follows:				
Present value of the obligation as at the end of the year	595.99	286.85	524.57	238.81
Fair value of plan assets as at the end of the year	(268.28)	–	(300.50)	–
Net liability/(asset) recognized in the Balance Sheet	**327.71**	**286.85**	**224.07**	**238.81**
2. The amounts recognized in the Statement of Profit and Loss are as follows:				
Service cost	109.60	106.55	73.63	93.31
Interest cost	42.16	17.06	33.94	11.07
Expected return on plan assets	(23.12)	–	(43.89)	–
Past service cost	–	–	–	–
Net actuarial (gain)/loss recognized in the year	(25.00)	6.25	3.30	(1.85)
Expense recognized in the Statement of Profit and Loss of the year	**103.64**	**129.86**	**66.98**	**102.53**
3. Changes in the present value of defined benefit obligation				
Defined benefit obligation as at beginning of the year	524.57	238.81	448.02	159.48
Service cost	109.60	106.55	73.63	93.31
Interest cost	42.16	17.06	33.94	11.07
Past Service cost	–	–	–	–
Actuarial losses/(gains)	(23.27)	6.25	(20.45)	(1.85)
Benefits paid	(57.07)	(81.82)	(10.57)	(23.20)
Defined benefit obligation as at the end of the year	**595.99**	**286.85**	**524.57**	**238.81**
4. Changes in the fair value of plan assets				
Fair value as at the beginning of the year	300.50	–	290.93	–
Expected return on plan assets	23.12	–	43.89	–
Actuarial (loss)/ gains	1.73	–	(23.75)	–
Contributions	–	81.82	–	23.20
Benefits paid	(57.07)	(81.82)	(10.57)	(23.20)
Fair value as at the end of the year	**268.28**	**–**	**300.50**	**–**
Non-current	327.71	270.50	224.07	225.17
Current	–	16.35	–	13.64
Assumptions used in the above valuations are as under:				
Interest rate	8.50%	8.50%	8.00%	8.00%
Discount rate	8.50%	8.50%	8.00%	8.00%
Expected return on plan assets	8.50%	0.00%	8.00%	0.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%
Attrition rate	2.00%	2.00%	2.00%	2.00%
Retirement age	60 years	60 years	60 years	60 years

32. Employee benefits *(Contd.)*

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per AS 15. Contribution made was ₹ 116.67 for the year ended 31 March 2012 (31 March 2011 ₹ 79.12).

33. 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.

34. Prior year comparatives

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

For and on behalf of the Board of Directors

Ravi Puravankara	Nani R Choksey	Ashish Puravankara	Kiran Chappar
Chairman and Managing Director	*Deputy Managing Director*	*Joint Managing Director*	*Company Secretary*

Bangalore
08 May 2012

Consolidated Cash Flow Statement for the year ended 31 March 2012

		31 March 2012	31 March 2011
A.	**Cash flow from operating activities**		
	Profit before tax and prior period items	19,647.98	14,587.37
	Adjustments for:		
	Depreciation and amortization	543.22	375.90
	(Profit) / loss on sale of fixed assets	2.56	(0.09)
	Finance expenses, net	19,275.84	13,168.35
	Share of (profit)/loss in associates	(431.52)	116.06
	Operating profit before working capital changes	**39,038.08**	**28,247.59**
	Movements in working capital :		
	(Increase) / Decrease in trade receivables	(8,549.65)	(315.14)
	(Increase) / Decrease in inventories	(320.90)	(570.32)
	(Increase) / Decrease in loans and advances & other current assets	3,292.45	(1,895.52)
	(Increase) / Decrease in properties under development	(18,072.90)	(21,109.21)
	(Increase) / Decrease in properties held for sale	(80.94)	1,462.07
	Increase / (Decrease) in current liabilities and provisions	(771.43)	1,153.90
	Cash (used in) / received from operations	**14,534.71**	**6,973.37**
	Direct taxes paid	(5,336.21)	(2,798.18)
	Net cash from / (used in) operating activities	**9,198.50**	**4,175.19**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(1,489.86)	(1,371.52)
	Proceeds from sale of fixed assets	4.95	5.53
	Loans to associates	(268.34)	(1,594.46)
	Loans repaid by associates	33.52	1,016.31
	Investment in associates	–	(99.50)
	Properties held for development	(6,000.12)	(6,240.01)
	Deposits and advances	1,006.58	(1,495.50)
	Net investment in bank deposits and margin monies	503.42	511.40
	Interest received	606.55	814.22
	Net cash from /(used in) investing activities	**(5,603.30)**	**(8,453.53)**

Consolidated cash flow statement *(Contd.)* for the year ended 31 March 2012

	31 March 2012	31 March 2011
C. Cash flows from financing activities		
Proceeds from term loans	50,091.90	44,838.30
Repayment of term loans	(55,029.92)	(18,807.03)
Proceeds from debentures	14,400.00	15,000.00
Repayment of debentures	–	(5,500.00)
Premium on redemption of debentures	–	(187.00)
Proceeds from /(repayments of) short-term borrowings	7,193.90	(7,766.57)
Loans from related parties	–	1,884.84
Loans repaid to related parties	(171.71)	(3,892.69)
Dividends paid including taxes	(2,487.81)	(2,495.44)
Interest paid	(19,090.01)	(16,116.24)
Net cash generated from/(used in) financing activities	**(5,093.65)**	**6,958.17**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(1,498.45)**	**2,679.83**
Cash and cash equivalents at the beginning of the period	**8,615.31**	**5,935.48**
Cash and cash equivalents at the end of the period	**7,116.86**	**8,615.31**
Components of cash and cash equivalents		
Cash and bank balances (as per Note 19 to the financial statements)	7,317.17	9,503.02
Less: Bank deposits and margin monies considered separately	200.31	887.71
	7,116.86	**8,615.31**

This is the Consolidated Cash Flow Statement referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director

Bangalore
08 May 2012

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

AUDITORS' REPORT

To
The Members of
Puravankara Projects Limited

1. We have audited the attached Balance Sheet of Puravankara Projects Limited ('the Company'), as at 31 March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements'). These 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 misstatement. 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to above, we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) The financial statements dealt with by this report are in agreement with the books of account;

   (d) On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   (e) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      (i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;

      (ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and

      (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

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

Bangalore
8 May 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loans to fifteen parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 2,252,267,795 and the year-end balance was ₹ 2,149,618,318.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) The principal amounts, are repayable on demand and there is no repayment schedule, the payment of interest, where applicable, has been regular.

(d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.

(e) The Company has taken unsecured loans from four parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 462,482,288 and the year-end balance was ₹ 325,859,189.

(f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.

(g) The principal amounts, are repayable on demand and there is no repayment schedule.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) According to the information and explanations given to us, the companies (Cost Accounting Records) Rules 2011 have

become applicable to the Company for its real estate operations during the current year, however, no specific formats for the maintenance of the cost records in respect of the real estate projects have been prescribed under the said rules. In terms of the clarification from the MCA vide F. No. 52/1/CAB/-2012, the Company believes that the current records available with the company provide the information required under the rules. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of its real estate operation, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax (including interest & penalty)	17,100,000	2001 to 2006	Customs, Excise and Service Tax Appellate Tribunal
Chapter V of the Finance Act, 1994	Service Tax (including interest & penalty)	29,330,204	2007-2008	Customs, Excise & Service Tax Appellate Tribunal, Bangalore
The Karnataka Value Added Tax Act	Value Added Tax (including interest & penalty)	16,394,243 (₹ 8,197,122 is paid under protest)	April 2005 to September 2005	Joint Commissioner (Appeals)
The Karnataka Value Added Tax Act	Value Added Tax (including interest & penalty)	5,928,221 (₹ 2,965,000 is paid under protest)	October 2005 to March 2006	Joint Commissioner (Appeals)
The Karnataka Value Added Tax Act	Value Added Tax (including interest & penalty)	13,632,722 (₹ 6,816,361 is paid under protest)	2006-07	Joint Commissioner (Appeals)
The Karnataka Value Added Tax Act	Value Added Tax (including interest & penalty)	3,313,935 (₹ 1,656,968 is paid under protest)	2008-09	Joint Commissioner (Appeals)
The Karnataka Value Added Tax Act	Value Added Tax (including interest & penalty)	2,128,120 (₹ 1,064,060 is paid under protest)	2009-10	Joint Commissioner (Appeals)

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank or debenture-holders during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has created security in respect of debentures issued during the year.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N

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

Bangalore
8 May 2012

Balance Sheet as at 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	31 March 2012	31 March 2011
Equity and Liabilities			
Shareholders' Funds			
Share capital	2	10,671.22	10,671.22
Reserves and surplus	3	139,636.97	137,377.83
		150,308.19	**148,049.05**
Non-Current Liabilities			
Long-term borrowings	4	62,086.44	51,723.14
Deferred tax liability (net)	5	10.37	44.62
Other long-term liability	6	27.02	201.82
Long-term provisions	7	509.07	409.48
		62,632.90	**52,379.06**
Current Liabilities			
Short-term borrowings	8	37,442.74	29,768.70
Trade payables	9	10,143.88	6,631.22
Other current liabilities	9	45,750.71	46,165.10
Short-term provisions	7	2,793.20	2,974.72
		96,130.53	**85,539.74**
Total		**309,071.62**	**285,967.85**
Assets			
Non-Current Assets			
Fixed assets			
Tangible assets	10	5,986.65	3,416.61
Intangible assets	11	158.12	92.65
Capital work-in-progress		187.13	341.22
		6,331.90	**3,850.48**
Non-current investments	12	5,577.18	5,373.96
Properties held for development	13	64,307.04	96,125.82
Long-term loans and advances	14	38,467.89	43,005.31
Other non-current assets	16	658.90	474.17
		115,342.91	**148,829.74**
Current Assets			
Inventories	17		
Raw materials		2,809.85	2,614.21
Properties under development		151,832.66	101,042.93
Properties held for sale		5,432.42	7,062.46
		160,074.93	**110,719.60**
Trade receivables	15	13,781.66	7,389.43
Cash and bank balances	18	5,635.81	5,192.15
Short-term loans and advances	14	9,115.58	6,290.22
Other current assets	16	5,120.73	7,546.71
		193,728.71	**137,138.11**
Total		**309,071.62**	**285,967.85**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements
This is the Balance Sheet referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director
Bangalore
08 May 2012

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

Statement of Profit and Loss for the year ended 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	31 March 2012	31 March 2011
Income			
Revenue from operations			
Revenue from projects	19	52,349.48	40,843.61
Other operating revenues	19	407.88	621.63
Other income		95.69	20.17
Total		**52,853.05**	**41,485.41**
Expenses			
Material and contract costs	20	29,351.41	24,656.85
Land cost		37,723.32	27,015.37
Decrease / (increase) in inventory of properties under development			
and properties held for sale	21	(50,870.68)	(38,879.79)
Employee benefit expenses	22	3,783.72	3,206.81
Other expenses	23	6,455.07	3,290.28
Depreciation and amortization	24	427.22	369.56
Finance expenses, net	25	19,215.03	12,333.25
Total		**46,085.09**	**31,992.33**
Profit before tax and prior period items		**6,767.96**	**9,493.08**
Tax expense			
Current tax	26	2,275.04	1,148.53
Deferred tax		(34.25)	(41.87)
Profit after tax and before prior period items		**4,527.17**	**8,386.42**
Prior period income (net of tax expense)		212.44	–
Net profit for the year		**4,739.61**	**8,386.42**
Earnings per share (Nominal value ₹ 5 per share)			
Basic (₹)	27	2.22	3.93
Diluted (₹)		2.22	3.93
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements
This is the Statement of Profit and Loss referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director
Bangalore
08 May 2012

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

Notes to the Financial Statements

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 liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the percentage completion for projects in progress, estimates of the economic useful lives of the fixed assets, provisions for bad and doubtful debts and accruals for employee benefits.

c. 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.

Revenue from sale of undivided share of land (UDS) in qualifying projects where the risks and rewards on sale of UDS are separable from the risks and rewards on the construction contract is recognised upon the transfer of all significant risks and rewards of ownership of such real estate, as per the terms of the contracts entered into with the buyers, which coincides with the firming of the sales contracts/agreements and a minimum level of collection of dues from the customer.

Revenue from the sale of UDS on other projects where the risk and rewards on the sale of the UDS are not separable from the construction contracts and therefore do not qualify above are recognised on 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 Statement of Profit and Loss 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.

Unbilled revenue disclosed under other assets represents revenue recognised over and above amount due as per payment plans agreed with the customers. Progress billings which exceed the costs and recognized profits to date on projects under construction, the same is disclosed as advance received from customers under other current liabilities. Any billed amount that has not been collected is disclosed under trade receivables and is net of any provisions for amounts doubtful of recovery.

Rental income

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

Interior income

Interior income is recognized as the services are rendered, at rates agreed upon with customers.

d. Properties under development

Properties under development represents construction work in progress which are stated at the lower of cost and net realisable value. This comprises of cost of land, construction related overhead expenditure and borrowing costs and other net costs

1. Significant Accounting Policies *(Contd.)*

incurred during the period of development.

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/amortization 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. 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/amortization

Depreciation/amortization 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 ₹ 5,000 are fully depreciated in the year of purchase.

i. Borrowing costs

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalized as part of the cost of such assets, in accordance with Accounting Standard 16 - "Borrowing Costs". A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss as incurred.

j. Advertisement and promotional expenses

Advertisement and promotional costs in respect of projects currently being developed and for general corporate purposes are expensed to the Statement of Profit and Loss as incurred.

k. Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. 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.

l. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturity of three months or less.

m. Inventory

Inventory includes raw materials used for the construction activity of the Company. Raw materials are valued at the lower of

Notes to the Financial Statements

1. Significant Accounting Policies *(Contd.)*

cost and net realizable value with the cost being determined on a 'First In First Out' basis.

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

n. Foreign currency transactions

(a) Initial recognition

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

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

o. Leases

Finance leases

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

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

Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

p. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 "Employee Benefits".

Provident fund

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

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognized 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 Statement of Profit and Loss in the year in which such gains or losses arises.

1. Significant Accounting Policies *(Contd.)*

Vacation pay

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

Other short-term benefits

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

q. Stock based compensation

The Company accounts for stock based compensation based on the intrinsic value method. Option discount representing the excess of the fair value or the market value of the underlying shares at the date of the grant over the exercise price of the option is amortized on a straight-line basis over the vesting period of the shares issued under the Company's Employee Stock Option Plan (ESOP).

r. Taxes expenses

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

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

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

s. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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.

t. Provisions and contingent liabilities

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

u. Investments

Long term investments are stated at cost less provision for permanent diminution in value, if any.

	31 March 2012	31 March 2011
2. Share capital		
Authorized shares		
3,200 lakh (31 Mar 2011- 3,200 lakh) equity shares of ₹ 5 each	16,000.00	16,000.00
Issued, subscribed and fully paid up shares		
2,134.24 lakh (31 Mar 2011- 2,134.24 lakh) equity shares of ₹ 5 each	10,671.22	10,671.22
	10,671.22	**10,671.22**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**
Equity shares

	31 March 2012		31 March 2011	
	No. lakh	₹ lakh	No. lakh	₹ lakh
Balance at the beginning of the year	2,134.24	10,671.22	2,134.24	10,671.22
Issued during the year	–	–	–	–
Outstanding at the end of the year	2,134.24	10,671.22	2,134.24	10,671.22

b. **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended 31 March 2012, the amount of dividend per share recognized as distributions to equity shareholders was ₹ 1 (31 March 2011 : ₹ 1)

c. **Details of shareholders holding more than 5% shares in the company**

	31 March 2012		31 March 2011	
	No. lakh	% holding in the class	No. lakh	% holding in the class
Equity shares of ₹ 5 each fully paid up				
Ravi Puravankara	1,919.88	89.96%	1,919.88	89.96%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. **Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date :**

The Company has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding 31 March 2012.

e. **Shares reserved for issue under options**

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.

2. Share capital *(Contd.)*

The disclosures for the year ended 31 March 2012 have been provided below:
The weighted average exercise price for options movement during the year ended 31 March 2012 is as follows:

	31 March 2012 Shares arising out of options (Numbers)	31 March 2011 Shares arising out of options (Numbers)	Weighted average exercise price ₹
As at 1 April 2011	193,200	483,000	465.86
Granted during the year	–	–	–
Forfeited during the year	–	289,800	–
Lapsed during the year	193,200	–	–
Cancelled during the year	–	–	–
Exercised during the year	–	–	–
As at 31 March 2012	–	193,200	465.86
Exercisable at the end of the year	–	193,200	465.86

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

	31 March 2012	31 March 2011
Net profit, as reported	4,739.61	8,386.42
Add: Stock based employee compensation expense included in the Statement of Profit and Loss	–	–
Less: Stock based employee compensation expense determined under the fair value method	–	57.28
Pro forma net income	4,739.61	8,329.14
Earnings per share - Basic		
As reported	2.22	3.93
Pro forma	2.22	3.90
Earnings per share - Diluted		
As reported	2.22	3.93
Pro forma	2.22	3.90

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%

	31 March 2012	31 March 2011
3. Reserves and surplus		
Securities premium		
Balance at the beginning of the year	79,888.12	79,888.12
Additions / (deductions) during the year	–	–
Balance at the end of the year	**79,888.12**	**79,888.12**
Debenture redemption reserve		
Balance at the beginning of the year	129.46	963.01
Less: Premium paid on redemption of debentures	–	187.00
Less: Written back to the Statement of Profit and Loss during the year	–	776.01
Add: Transfer from the Statement of Profit and Loss	2,011.70	129.46
Balance at the end of the year	**2,141.16**	**129.46**
General reserve		
Balance at the beginning of the year	4,634.00	4,005.00
Add: Transfer during the year	356.00	629.00
Balance at the end of the year	**4,990.00**	**4,634.00**
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	52,726.25	46,810.99
Add: Net profit for the year	4,739.61	8,386.42
Add: Debenture redemption reserve written back	–	776.01
Less: Transfer to debenture redemption reserve	2,011.70	129.46
Profit available for appropriation	**55,454.16**	**55,843.96**
Appropriations		
Less: Proposed dividend (amount per share ₹1 (March 2011 ₹ 1))	2,134.24	2,134.24
Less: Tax on distribution of dividend	346.23	354.47
Less: Transfer to general reserve	356.00	629.00
Balance at the end of the year	**52,617.69**	**52,726.25**
	139,636.97	**137,377.83**

	Non-current portion		Current portion	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
4. Borrowings				
Secured				
Debentures				
40 (31 March 2011-nil) 17% Non-convertible redeemable debentures of ₹ 50 each	2,000.00	–	–	–
248 (31 March 2011-nil) 17% Non-convertible redeemable debentures of ₹ 50 each	12,400.00	–	–	–
150 (31 March 2011-150) 16% Non-convertible redeemable debentures of ₹ 100 each	10,000.00	15,000.00	5,000.00	–
Term loans				
From banks	31,396.61	15,605.02	15,361.79	12,045.97
From financial institutions	1,428.57	7,142.86	5,714.29	5,714.29
From others	4,861.26	13,975.26	8,957.35	15,191.90
	62,086.44	**51,723.14**	**35,033.43**	**32,952.16**
Amount disclosed under "Other current liabilities" note 9	–	–	(35,033.43)	(32,952.16)
	62,086.44	**51,723.14**	–	–

4. Borrowings *(Contd.)*

Debentures

i. The Company has issued 150 secured redeemable non convertible debentures of ₹100 each during the year ended 31 March 2011. These debentures are secured by mortgage of land & building constructed/to be constructed thereon situated at Medavakkam & Pallikaranai village, Tamilnadu, receivables of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are due for redemption at ₹ 2,500 every quarter starting from 01 November 2012. The outstanding as on 31 March 2012 was ₹ 15,000, of which non-current and current represents ₹ 10,000 (31 March 2011 ₹ 15,000) and ₹ 5,000 (31 March 2011 nil) respectively.

ii. The Company has issued 248 secured redeemable non convertible debentures of ₹ 50 each during the year ended 31 March 2012. These debentures are secured by mortgage of a land parcel at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, proportionate undivided share of land with respect to unsold units of Purva Venezia and Purva Highlands project, receivables of sold and unsold units of these projects and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are redeemable in 7 quarterly installments starting from July 2013. The outstanding as on 31 March 2012 was ₹ 12,400, of which non-current and current represents ₹ 12,400 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

iii. The Company has issued 40 secured redeemable non convertible debentures of ₹ 50 each during the year ended 31 March 2012. These debentures are secured by mortgage of a land parcel at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, proportionate undivided share of land with respect to unsold units of Purva Venezia and Purva Highlands project, receivables of sold and unsold units of these projects and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. These debentures are redeemable in 7 quarterly installments starting from July 2013. The outstanding as on 31 March 2012 was ₹ 2,000, of which non-current and current represents ₹ 2,000 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

Term loans from banks

i. On 16 June 2010, the Company was sanctioned a loan of ₹ 20,000 by Standard Chartered Bank towards the refinancing of existing debt on Purva Skywood and construction cost of Purva Skywood, out of which ₹ 16,500 has been drawn as of 31 March 2012. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The loan is repayable in 18 monthly installments commencing from September 2012. The outstanding as on 31 March 2012 was ₹ 16,406.88, of which non-current and current represents ₹ 11,648.88 (31 March 2011 ₹ 12,000) and ₹ 4,758 (31 March 2011 nil) respectively.

ii. On 11 May 2011, term loan facility of ₹ 6,000 was sanctioned by Standard Chartered Bank. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. This facility is repayable in 4 quarterly installments starting from June 2012. Outstanding balance as on 31 March 2012 was ₹ 6,000, of which non-current and current represents nil (31 March 2011 nil) and ₹ 6,000 (31 March 2011 nil) respectively.

iii. On 11 May 2011, term loan facility of ₹ 3,500 was sanctioned by Standard Chartered Bank. This facility is secured by exclusive charge on land and receivables of Midtown Project, Cosmo City Project and Skywood project on cross collateralized basis and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The Company has drawn ₹ 1,500 out of this facility in June 2011. This facility is repayable in 4 quarterly installments starting from September 2012. Outstanding balance as on 31 March 2012 was ₹ 1,500, of which non-current and current represents ₹ 514.29 (31 March 2011 nil) and ₹ 985.71 (31 March 2011 nil) respectively.

iv. On 20 June 2011, term loan facility of ₹ 7,500 was sanctioned by Dhanlaxmi Bank Limited. This facility is secured by charge on land and building together with receivables of Purva Swanlake project and backed by personal guarantee of

4. **Borrowings** (Contd.)

Mr. Ravi Puravankara, Chairman and Managing Director of the Company. This facility is repayable in 15 monthly installments starting from July 2012. Outstanding balance as on 31 March 2012 was ₹ 6,700, of which non-current and current represents ₹ 3,126.67 (31 March 2011 nil) and ₹ 3,573.33 (31 March 2011 nil) respectively.

v. On 8 February 2012, a term loan facility of ₹ 20,000 was sanctioned by ICICI Bank Limited, Company availed ₹16,000 out of it, during the year ended 31 March 2012. This facility is secured by mortgage of a land (with building and structure thereon both present and future) located at Plot No. D4, Survey No. 843 Ernakulam, receivables of Purva Seasons project and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. This facility is repayable in 30 installments starting from August 2013. The outstanding as on 31 March 2012 was ₹16,000, of which non-current and current represents ₹16,000 (31 March 2011 nil) and nil (31 March 2011 nil) respectively.

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 13.5% to 15.25% per annum.

vi. Other loans represent loans taken for purchase of vehicles. These loans are secured by a charge against respective vehicles. The outstanding balance as on 31 March 2012 was ₹151.51, of which non-current and current represents ₹ 106.77 (31 March 2011 ₹155.02) and ₹ 44.75 (31 March 2011 ₹ 37.64) respectively.

Term loans from financial institution

On 04 December 2008, the Company entered into an agreement with Life Insurance Corporation of India for a loan of ₹ 20,000 at an interest rate of 14.5% per annum. This facility is secured by mortgage of land at Marine Drive, Kochi, the receivables and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 14 equal quarterly installments commencing from January 2010. The outstanding as on 31 March 2012 was ₹ 7,142.86, of which non-current and current represents ₹ 1,428.57 (31 March 2011 ₹ 7,142.86) and ₹ 5,714.29 (31 March 2011 ₹ 5,714.29) respectively.

Term loans from others

i. On 10 August 2010, the Company and Centurions Housing and Constructions Private Limited entered into an agreement with Reliance Home Finance Private Limited for a term loan of ₹4,500. This facility is secured by mortgage of the property together with all buildings and structures thereon, both present and future at Marine Drive, Kochi, present and future scheduled receivables of the project and the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 18 equated monthly installments commencing from February 2011. On 27 September 2011, another term loan of ₹ 2,400 was sanctioned as top-up to existing loan. repayable in 15 equated monthly installments starting from November 2011. The outstanding as on 31 March 2012 was ₹ 3,041.18, of which non-current and current represents nil (31 March 2011 ₹ 1,000) and ₹ 3,041.18 (31 March 2011 ₹ 3,000) respectively.

ii. On 10 August 2010, Puravankara Projects Ltd and Centurions Housing and Constructions Private Limited entered into an agreement with Reliance Consumer Finance Private Limited for a term loan of ₹ 3,000. This facility is secured by mortgage of the property together with all buildings and structures thereon, both present and future at Marine Drive, Kochi, present and future scheduled receivables of the project and the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The loan is repayable in 21 equated monthly installments commencing from November 2010. The outstanding as on 31 March 2012 was ₹ 571.43, of which non-current and current represents nil (31 March 2011 ₹ 571.43) and ₹ 571.43 (31 March 2011 ₹ 1,714.29) respectively.

iii. On 22 September 2010, the Company entered into an agreement with Kotak Mahindra Prime Limited for a loan of ₹ 2,500. This facility is secured by mortgage of lands at Chengalpet taluk, Kancheepuram district, the receivables and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company and Mr. Ashish Puravankara, Joint Managing Director of the Company. The loan is repayable in 27 monthly installments commencing from September 2011. The outstanding as on 31 March 2012 was ₹ 1,856, of which non-current and current represents ₹ 752 (31 March 2011 ₹ 2,500) and ₹ 1,104 (31 March 2011 nil) respectively.

4. Borrowings *(Contd.)*

iv. On 26 October 2010, term loan facility of ₹ 3,500 was sanctioned by HDFC Limited. The Company entered into a term loan facility agreement with HDFC Limited on 01 January 2011. This facility is secured by mortgages of land at Kakanad, Kochi with building constructed thereupon, present and future receivable of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. Loan is repayable in 21 monthly installments starting from October 2011. Outstanding balance as on 31 March 2012 was ₹ 3,200, of which non-current and current represents ₹ 1,000 (31 March 2011 ₹ 1,900) and ₹ 2,200 (31 March 2011 ₹ 300) respectively.

v. On 26 October 2010, term loan facility of ₹ 3,400 was sanctioned by HDFC Limited. The Company entered into a term loan facility agreement with HDFC Limited on 02 February 2011. This facility is secured by mortgages of land at Ernakulam Marine Drive with building constructed thereupon, present and future receivables of sold and unsold units and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. Loan is repayable in 21 monthly installments starting from November 2011. Outstanding balance as on 31 March 2012 was ₹ 3,150, of which non-current and current represents ₹ 1,250 (31 March 2011 ₹ 1,450) and ₹ 1,900 (31 March 2011 ₹ 250) respectively.

vi. On 17 January 2012, a secured business loan of ₹ 2,000 was sanctioned by Karvy Financial Services Limited. The Company availed entire loan during the year ended 31 March 2012. This facility is secured by mortgage of three residential flats at Purva Grande Project, Lavelle Road Bangalore and backed by personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. This facility is repayable in 24 monthly installments starting from February 2013. The outstanding as on 31 March 2012 was ₹ 2,000, of which non-current and current represents ₹ 1,859.26 (31 March 2011 nil) and ₹ 140.74 (31 March 2011 nil) respectively.

The interest on above term loans from others are primarily linked to the respective benchmarks which are floating in nature. As of 31 March 2012 the interest rates ranges from 15% to 19% per annum.

	31 March 2012	31 March 2011
5. Deferred tax liability (net)		
Deferred tax liability arising on account of depreciation	206.63	44.62
Less: Deferred tax asset arising on account of:		
Expenses allowable on payment basis		
Gratuity	(64.39)	–
Leave encashment	(58.85)	–
Bonus	(56.20)	–
Lease rent	(16.82)	–
	10.37	**44.62**

6. Other long-term liabilities		
Security deposits	27.02	201.82
	27.02	**201.82**

Notes to the Financial Statements

	Long term		Short term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
7. Provisions				
Provision for employee benefits				
Gratuity	274.12	204.18	–	–
Vacation pay	234.95	205.30	15.59	13.64
Provision for tax (net of advance tax)	–	–	297.14	472.37
Other provisions				
Proposed dividend	–	–	2,134.24	2,134.24
Tax on proposed dividend	–	–	346.23	354.47
	509.07	**409.48**	**2,793.20**	**2,974.72**

	31 March 2012	31 March 2011
8. Short-term borrowings		
Secured		
Cash credit and other loan from banks	27,896.43	22,610.34
Unsecured		
From bank	6,269.80	3,695.01
From others	–	90.00
Interest free loan from related parties repayable on demand	2,382.44	2,552.90
Loan from related parties repayable on demand with interest	894.07	820.45
	9,546.31	7,158.36
Total	**37,442.74**	**29,768.70**

Cash credit and other loan from banks (Secured)

i. On 19 August 2004, the Company entered into an agreement with Andhra Bank for a cash credit facility of ₹ 1,500 which was further enhanced over the period and is ₹ 11,800 as at June 2011 at an interest rate of base rate plus 4.25% per annum. This facility is secured against the properties of the Company. The outstanding as on 31 March 2012 was ₹ 11,430.70 (31 March 2011 ₹ 5,007.03).

ii. On 20 June 2008, the Company entered into an agreement with IDBI Bank for a working capital facility of ₹ 12,500 at an interest rate of base rate plus 5.25% per annum which is secured against the properties of the Company and personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. The outstanding as on 31 March 2012 was ₹ 10,909.05 (31 March 2011 ₹ 9,440.27).

iii. On 20 November 2008, the Company has availed a Secured Overdraft facility from Andhra Bank for ₹ 8,000 at an interest rate of base rate plus 3.50% per annum which is secured against the land together with the buildings and structure thereon at Geddalahalli, Bangalore and is also backed by the personal guarantee of Mr. Ravi Puravankara, Chairman and Managing Director, Mr. Nani R Choksey, Deputy Managing Director and Mr. Ashish Puravankara, Joint Managing Director of the Company. The outstanding as on 31 March 2012 was ₹ 5,556.69 (31 March 2011 ₹ 8,011.88).

Term loan from bank (Unsecured)

On 12 March 2009, Deutsche Bank has sanctioned a short term working capital facility of ₹ 4,000 to the Company at an interest rate of 10.25% per annum. This facility is secured by the personal assets of Mr. Ravi Puravankara, Chairman and Managing Director of the Company. On 17 August 2011, the facility was enhanced to ₹ 6,500. The outstanding in overdraft account as on 31 March 2012 was ₹ 6,269.80 (31 March 2011 ₹ 3,695.01).

	31 March 2012	31 March 2011
9. Trade payables		
Trade payables (refer note 35 for details on dues to micro, small and medium enterprises)	8,533.35	6,615.06
Due to subsidiaries	1,434.64	–
Due to related parties	175.89	16.16
	10,143.88	**6,631.22**
Other current liabilities		
Current portion of long term borrowings (note 4)	35,033.43	32,952.16
Advances received from customers	7,001.36	11,070.49
Interest accrued but not due on borrowings	1,276.52	385.59
Duties and taxes payable	1,124.39	919.24
Other payables	1,311.66	835.17
Unpaid dividend	3.35	2.45
	45,750.71	**46,165.10**
	55,894.59	**52,796.32**

10. Tangible assets

	Land*	Buildings	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Vehicles	Shuttering material	Leasehold improvements	Total
Cost										
At 01 April 2010	–	370.75	2,671.36	130.41	228.63	100.62	671.13	1,981.16	–	6,154.06
Additions	–	–	0.59	9.11	70.61	8.99	210.57	–	–	299.87
Disposals	–	–	–	–	–	–	(12.75)	–	–	(12.75)
At 31 March 2011	**–**	**370.75**	**2,671.95**	**139.52**	**299.24**	**109.61**	**868.95**	**1,981.16**	**–**	**6,441.18**
Additions	716.50	994.49	4.41	126.96	53.43	164.12	59.56	–	847.13	2,966.60
Disposals	–	–	–	(2.32)	(36.44)	–	(14.50)	–	–	(53.26)
At 31 March 2012	**716.50**	**1,365.24**	**2,676.36**	**264.16**	**316.23**	**273.73**	**914.01**	**1,981.16**	**847.13**	**9,354.52**
Depreciation										
At 01 April 2010	–	22.27	720.33	33.63	130.39	48.54	276.14	1,460.04	–	2,691.34
Charge for the year	–	5.74	108.16	6.98	32.73	8.70	68.22	110.01	–	340.54
Disposals	–	–	–	–	–	–	(7.31)	–	–	(7.31)
At 31 March 2011	**–**	**28.01**	**828.49**	**40.61**	**163.12**	**57.24**	**337.05**	**1,570.05**	**–**	**3,024.57**
Charge for the year	–	17.31	108.26	8.22	40.99	13.48	74.81	110.02	15.96	389.05
Disposals	–	–	–	(1.04)	(35.01)	–	(9.70)	–	–	(45.75)
At 31 March 2012	**–**	**45.32**	**936.75**	**47.79**	**169.10**	**70.72**	**402.16**	**1,680.07**	**15.96**	**3,367.87**
Net block										
At 31 March 2011	**–**	**342.74**	**1,843.46**	**98.91**	**136.12**	**52.37**	**531.90**	**411.11**	**–**	**3,416.61**
At 31 March 2012	**716.50**	**1,319.92**	**1,739.61**	**216.37**	**147.13**	**203.01**	**511.85**	**301.09**	**831.17**	**5,986.65**

* Represents the undivided share of land in a jointly developed commercial property

	Computer software	Total
11. Intangible assets		
Cost		
At 01 April 2010	201.78	201.78
Additions	19.02	19.02
Disposals	–	–
At 31 March 2011	**220.80**	**220.80**
Additions	103.64	103.64
Disposals	–	–
At 31 March 2012	**324.44**	**324.44**
Amortization		
At 01 April 2010	99.13	99.13
Charge for the year	29.02	29.02
Disposals	–	–
At 31 March 2011	**128.15**	**128.15**
Charge for the year	38.17	38.17
Disposals	–	–
At 31 March 2012	**166.32**	**166.32**
Net block		
At 31 March 2011	**92.65**	**92.65**
At 31 March 2012	**158.12**	**158.12**

12. Non-current investments	31 March 2012	31 March 2011
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries (fully paid up)		
Prudential Housing and Infrastructure Development Limited 0.50 lakh equity shares (31 Mar 2011- 0.50 lakh) of ₹10 each	5.00	5.00
Centurions Housing and Constructions Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	0.25	0.25
Melmont Construction Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Purva Corporation 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of USD 1 each	4.50	4.50
Purva Marine Properties Private Limited 0.15 lakh equity shares (31 Mar 2011- 0.15 lakh) of ₹10 each	1.50	1.50
Purva Realities Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Welworth Lanka Holding Private Limited 182.03 lakh equity shares (31 Mar 2011-130.00 lakh) of LKR 10 each	744.89	541.67
Nile Developers Private Limited 1.00 lakh equity shares (31 Mar 2011- 1.00 lakh) of ₹10 each	34.24	34.24
Vaigai Developers Private Limited 1.00 lakh equity shares (31 Mar 2011- 1.00 lakh) of ₹10 each	9.94	9.94

12. Non-current investments *(Contd.)*	31 March 2012	31 March 2011
Purva Good Earth Properties Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Purva Star Properties Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Purva Sapphire Land Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Purva Ruby Properties Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Purva Opel Properties Private Limited 0.10 lakh equity shares (31 Mar 2011- 0.10 lakh) of ₹10 each	1.00	1.00
Puravankara Hotels Limited 0.50 lakh equity shares (31 Mar 2011- 0.50 lakh) of ₹10 each	5.00	5.00
Starworth Infrastructure and Construction Limited 0.50 lakh equity shares (31 Mar 2011- 0.50 lakh) of ₹10 each	5.00	5.00
Provident Housing Limited 0.50 lakh equity shares (31 Mar 2011- 0.50 lakh) of ₹10 each	5.00	5.00
Purva Land Limited 0.50 lakh equity shares (31 Mar 2011- 0.50 lakh) of ₹10 each	5.00	5.00
Investment in associates (fully paid up)		
Propmart Technologies Limited 23.35 lakh equity shares (31 Mar 2011- 23.35 lakh) of ₹10 each	233.50	233.50
Keppel Puravankara Development Private Limited - equity shares 44.10 lakh equity shares (31 Mar 2011- 44.10 lakh) of ₹10 each at par	441.00	441.00
Keppel Magus Development Private Limited 3.63 lakh equity shares (31 Mar 2011- 3.63 lakh) of ₹610 each	2,211.86	2,211.86
Sobha Puravankara Aviation Private Limited 9.95 lakh equity shares (31 Mar 2011- 9.95 lakh) of ₹10 each	99.50	99.50
Preference shares **Investment in associates (fully paid up)**		
Keppel Puravankara Development Private Limited - preference shares 176.40 lakh13.25% cumulative, redeemable, convertible preference shares (31 Mar 2011- 176.40 lakh) of ₹10 each at par	1,764.00	1,764.00
	5,577.18	**5,373.96**

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
13. Properties held for development				
At the beginning of the year	96,125.82	115,367.76	–	–
Add : Additions during the year	5,904.54	8,814.48	–	–
Less: Deletions during the year	–	1,041.05	–	–
Less: Transferred to properties under development	37,723.32	27,015.37	–	–
	64,307.04	**96,125.82**	–	–

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
14. Loans and advances				
Security deposits				
Unsecured, considered good	6,648.92	6,241.30	–	–
	6,648.92	**6,241.30**	–	–
Loans and advances to related parties				
(Unsecured, considered good)				
Loans to associates *	944.03	1,151.33	285.68	–
Loans to subsidiaries *	21,210.50	23,408.36	159.25	–
	22,154.53	**24,559.69**	**444.93**	–
Other loans and advances				
(Unsecured, considered good)				
Advances to suppliers *	–	–	4,536.46	3,674.64
Advances for land contracts *	6,350.92	8,101.60	–	–
Advance income tax (net of provision for taxation)	–	922.47	–	–
Prepaid expenses *	–	–	2,331.98	249.67
Taxes and duties recoverable	3,313.52	3,180.25	1,050.27	1,050.27
Other advances *	–	–	751.94	1,315.64
	9,664.44	**12,204.32**	**8,670.65**	**6,290.22**
Total loans and advances	**38,467.89**	**43,005.31**	**9,115.58**	**6,290.22**

* Advances recoverable in cash or kind or for value to be received.

15. Trade receivables				
(Unsecured, considered good)				
Outstanding for a period exceeding six months	–	–	6,802.83	5,510.71
Other receivables	–	–	6,978.83	1,878.72
	–	–	**13,781.66**	**7,389.43**

16. Other assets				
Non-current bank balances (Note 18)	658.90	474.17	–	–
Unbilled revenue	–	–	5,034.83	7,387.91
Interest accrued but not due on fixed deposits	–	–	85.90	158.80
	658.90	**474.17**	**5,120.73**	**7,546.71**

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
17. Inventories				
Raw materials			2,809.85	2,614.21
			2,809.85	**2,614.21**
Properties under development				
Land cost			68,462.38	37,106.15
Material and construction cost			83,370.28	63,936.78
			151,832.66	**101,042.93**
Properties held for sale				
At the beginning of the year			7,062.46	8,524.53
Add : Additions during the year			154.83	525.77
Less: Sales during the year			73.88	1,945.22
Less: Write downs during the year			–	42.62
Less: Transferred to tangible assets			1,710.99	–
			5,432.42	**7,062.46**
			160,074.93	**110,719.60**

18. Cash and bank balances				
Cash and cash equivalents				
Cash on hand			29.75	32.77
Balances with banks:				
On current accounts			5,268.48	4,129.62
Deposits with original maturity of less than three months			138.02	142.05
			5,436.25	**4,304.44**
Other bank balances				
Deposits with original maturity for more than 12 months *	658.90	474.17	–	–
Deposits with original maturity for more than 3 months but less than 12 months *	–	–	196.21	885.17
On unpaid dividend account	–	–	3.35	2.54
	658.90	**474.17**	**199.56**	**887.71**
Amount disclosed under non-current assets (Note 16)	(658.90)	(474.17)		
	–	–	**5,635.81**	**5,192.15**

* Represents amounts restricted for use

	31 March 2012	31 March 2011
19. Revenue from operations		
Revenue from projects		
Sale of properties	51,948.66	40,707.64
Interior	400.82	135.97
	52,349.48	**40,843.61**
Other operating revenue		
Rental income	68.62	92.57
Scrap sales	91.91	71.84
Others	247.35	457.22
	407.88	**621.63**

i) As disclosed in note 1(c) to the financial statements, effective 01 April 2011, the Company has adopted an accounting policy for revenue recognition for the sale of undivided share of land (UDS) for new housing projects. The revenue from these qualifying projects where the risks and rewards on the sale of the UDS are separable from the risks and rewards on the construction contract are recognized upon transfer of all significant risks and rewards of ownership of such real estate, in accordance with the terms of the contracts entered into with the buyers, which coincides with the firming of the sales contracts/agreements and a minimum level of collection of dues from the customer. Consequently, the Company has recorded Revenue and receivables of ₹ 17,268.46 and ₹ 7,593.65 respectively on the sale of such UDS for the year ended 31 March 2012. Revenue from the sale of UDS on other housing projects where the risks and rewards on the sale of the UDS are not separable from the construction contracts and therefore do not qualify above, continue to be recognized on the percentage of completion method.

ii) Revenues from Projects includes nil from the sale of land for the year ended 31 March 2012 and ₹ 1,813.50 for the year ended 31 March 2011.

20. Material and contract costs		
Inventory of building material at the beginning of the year	2,614.21	2,268.11
Add : Incurred during the year		
Material and contract costs	29,547.05	25,002.95
	32,161.26	**27,271.06**
Less : Inventory of building material at the end of the year	2,809.85	2,614.21
	29,351.41	**24,656.85**

21. Decrease / (increase) in inventory of properties under development and properties held for sale		
Inventory at the beginning of the year		
Properties under development	101,042.93	60,701.07
Properties held for sale *	5,351.47	8,524.53
Inventory at the end of the year		
Properties under development	151,832.66	101,042.93
Properties held for sale	5,432.42	7,062.46
	(50,870.68)	**(38,879.79)**

* Excluding the transfer of property to tangible assets

	31 March 2012	31 March 2011
22. Employee benefit expenses		
Salaries, wages and bonus	3,562.54	2,981.92
Contribution to provident fund and other funds	98.85	117.61
Gratuity expenses	69.94	65.55
Staff welfare	52.39	41.73
	3,783.72	**3,206.81**
23. Other expenses		
Travel and conveyance	228.71	233.54
Repairs and maintenance	491.92	296.93
Legal and professional charges	853.34	719.10
Rent, rates and taxes	817.68	378.54
Security charges	425.26	334.29
Communication costs	99.87	91.14
Printing and stationery	123.85	54.71
Audit fees	30.66	26.25
Advertising and sales promotion	2,912.73	894.51
Sales incentives and commission	141.17	65.58
Brokerage and referral charges	254.44	137.53
Foreign exchange loss/(gain)	2.07	3.93
Miscellaneous expenses	73.37	54.23
	6,455.07	**3,290.28**
Payment to auditor (on accrual basis)		
As auditor:		
Audit fee	30.00	22.00
In other capacity:		
Certification	0.66	4.25
	30.66	**26.25**
24. Depreciation and amortization expense		
Depreciation of tangible assets	389.05	340.54
Amortization of intangible assets	38.17	29.02
	427.22	**369.56**

	31 March 2012	31 March 2011
25. Finance expenses, net *		
Finance expense:		
Interest		
– Term loans	10,346.24	8,300.88
– Cash credits	4,626.36	3,815.96
– Debentures	3,037.27	892.13
Discount on issue of debentures	87.50	14.58
Bank charges	29.46	27.96
Loan and other processing charges	1,522.52	1,267.34
Others	62.23	26.96
	19,711.58	**14,345.81**
Less:		
Capitalized and included in properties held for development	–	(1,213.05)
	19,711.58	**13,132.76**
Finance Income:		
Bank deposits	117.74	104.20
Interest on loan to associates	111.90	93.50
Interest received from customers	266.01	202.20
Income from units of mutual funds	0.90	–
Others	–	399.61
	496.55	**799.51**
Finance expenses, net	**19,215.03**	**12,333.25**

* Includes finance expense capitalized and included in properties under development ₹ 12,378.77 (31 March 2011 ₹ 8,706.46).

26. Current tax		
Tax for the year	2,275.04	971.54
Tax of earlier years	–	176.99
	2,275.04	**1,148.53**

The Company has claimed a tax deduction of ₹ 8,214.48 till date under Section 80-IB of the Income-tax Act, 1961 resulting in tax benefit of ₹ 2,765.58 in certain projects which was due for completion as at 31 March 2011 and 2012. Management has applied for the completion certificate with the local authorities and the same is currently pending. However, based on the architect's certificate obtained in lieu of the completion certificate, management believes that the deduction under the said section would be allowed.

27. Earnings per share (EPS)		
Weighted average number of shares outstanding during the year (lakhs)	2,134.24	2,134.24
Add: Dilutive effect of stock options (in lakhs)	–	1.93
Weighted average number of shares used to compute diluted EPS (lakhs)	2,134.24	2,136.17
Net profit after tax attributable to equity shareholders	4,739.61	8,386.42
Earnings per share (₹) :		
Basic	2.22	3.93
Diluted	2.22	3.93
Nominal value - Rupees per equity share	5.00	5.00

28. Leases

Properties taken on operating leases

The lease expense for cancellable and non-cancellable operating leases was ₹ 431.72 for the year ended 31 March 2012 (31 March 2011 - ₹ 297.89). Lease commitments under the non-cancellable operating leases as at the Balance Sheet date were as follows:

	31 March 2012	31 March 2011
a) Within one year	282.60	19.26
b) Within one to five years	1,224.40	12.08
c) More than five years	4,098.24	–
Total	**5,605.24**	**31.34**

Sublease

The Company has sub let two of the properties under operating lease agreements. These lease agreements are for the period ranging between 1 to 5 years. Lease income was ₹ 68.62 for the year ended 31 March 2012 (31 Mar 2011 - ₹ 112.74).

29. Other commitments and contingencies

a) Demand from Service Tax Department	464.30	464.30
b) Demand from Commercial Tax Department	54.42	223.22
c) Deduction under Section 80-IB of the Income - tax Act, 1961	1,471.61	1,321.68
d) Collateral Security given by the Company on behalf of subsidiary	1,225.00	–
e) Guarantees given by the Company on behalf of subsidiaries	–	4,800.00

The Company has claimed deduction under Section 80-IB of the Income - tax Act, 1961 on two projects based out at Cochin. The time limit specified by the cited section above for completing the two projects was 31 March 2011. However, the Company was not able to complete the same within the prescribed time limit primarily on account of a court stay in one of the projects and the poor state of reclamation of the land in the other. Based on a legal opinion obtained on the above, the management believe that the deduction under the cited section above will not be denied.

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.

30. Related party transactions

(i) **Parties where control exists**

Parties where control exists include:

Subsidiaries:

Prudential Housing and Infrastructure Development Limited
Centurions Housing and Constructions Private Limited
Melmont Construction Private Limited
Purva Corporation
Purva Marine Properties Private Limited
Purva Realities Private Limited
Welworth Lanka Holding Private Limited
Welworth Lanka Private Limited
Nile Developers Private Limited
Vaigai Developers Private Limited
Purva Good Earth Properties Private Limited
Purva Star Properties Private Limited
Purva Sapphire Land Private Limited
Purva Ruby Properties Private Limited
Purva Opel Properties Private Limited
Puravankara Hotels Limited
Starworth Infrastructure and Construction Limited
Provident Housing Limited
Purva Land Limited

Key management personnel:

Mr. Ravi Puravankara

(ii) **Relative of key management personnel:**

Ms. Geeta S. Vhatkar
Ms. Aarti Panjabi
Mr. Ashish Puravankara
Mr. Suresh Puravankara
Ms. Amanda Puravankara
Ms. Tanya Puravankara
Ms. Vishalakshi Puravankara

(iii) **Entities controlled by key management personnel (other related parties):**

Purva Developments
Uniquepark Constructions Private Limited
Unique Constructions
Welworth
Puravankara Investments
Handiman Services Limited
Dealwel - Proprietorship
Dealwel Finance Corporation
Tanya Trust
Amanda Trust
Purva Properties and Resorts Private Limited
Dealwel Estates Private Limited

30. Related party transactions *(Contd.)*

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

Nature of transaction	Subsidiaries		Associates		Key management personnel		Relatives of key management personnel		Other related parties	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Transactions during the year:										
Interest on loans										
Keppel Puravankara Development Private Limited	–	–	24.08	22.71	–	–	–	–	–	–
Keppel Magus Development Private Limited	–	–	87.82	70.79	–	–	–	–	–	–
Interest expense on loans taken										
Starworth Infrastructure and Construction Limited	45.77	–	–	–	–	–	–	–	–	–
Centurions Housing and Constructions Private Limited	8.49	–	–	–	–	–	–	–	–	–
Loans given to										
Propmart Technologies Limited	–	–	–	333.46	–	–	–	–	–	–
Purva Realities Private Limited	0.02	0.20	–	–	–	–	–	–	–	–
Purva Marine Properties Private Limited	0.07	0.61	–	–	–	–	–	–	–	–
Melmont Construction Private Limited	70.30	4,947.70	–	–	–	–	–	–	–	–
Centurions Housing and Constructions Private Limited	749.68	834.22	–	–	–	–	–	–	–	–
Prudential Housing and Infrastructure Development Limited	6.28	291.31	–	–	–	–	–	–	–	–
Purva Good Earth Properties Private Limited	0.02	0.08	–	–	–	–	–	–	–	–
Purva Opel Properties Private Limited	0.02	0.08	–	–	–	–	–	–	–	–
Purva Sapphire Land Private Limited	0.02	0.08	–	–	–	–	–	–	–	–
Purva Star Properties Private Limited	0.02	0.08	–	–	–	–	–	–	–	–
Purva Ruby Properties Private Limited	0.02	0.08	–	–	–	–	–	–	–	–
Purva Land Limited	0.02	0.11	–	–	–	–	–	–	–	–
Nile Developers Private Limited	8.53	0.87	–	–	–	–	–	–	–	–
Vaigai Developers Private Limited	3.41	0.14	–	–	–	–	–	–	–	–
Puravankara Hotels Limited	0.02	0.11	–	–	–	–	–	–	–	–
Starworth Infrastructure and Construction Limited	–	366.80	–	–	–	–	–	–	–	–
Provident Housing Limited	808.50	3,537.64	–	–	–	–	–	–	–	–
Dealwel Estates Private Limited	–	–	–	–	–	–	–	–	–	0.23
Deposits made in associates										
Sobha Puravankara Aviation Private Limited	–	–	647.62	–	–	–	–	–	–	–
Loans repaid to										
Ravi Puravankara	–	–	–	–	162.69	3,892.69	–	–	–	–
Sobha Puravankara Aviation Private Limited	–	–	90.00	–	–	–	–	–	–	–
Starworth Infrastructure and Construction Limited	1,128.10	1,224.16	–	–	–	–	–	–	–	–
Puravankara Investments	–	–	–	–	–	–	–	–	7.78	–
Loans taken from										
Ravi Puravankara	–	–	–	–	–	1,920.39	–	–	–	–
Centurions Housing and Constructions Private Limited	425.53	–	–	–	–	–	–	–	–	
Sobha Puravankara Aviation Private Limited	–	–	–	90.00	–	–	–	–	–	–
Starworth Infrastructure and Construction Limited	726.52	2,044.61	–	–	–	–	–	–	–	–
Loans repaid by										
Melmont Construction Private Limited	18.00	6.65	–	–	–	–	–	–	–	–
Centurions Housing and Constructions Private Limited	2,019.83	0.03	–	–	–	–	–	–	–	–
Prudential Housing and Infrastructure Development Limited	–	2,716.30	–	–	–	–	–	–	–	–

30. Related party transactions *(Contd.)*

(iv) The transactions with related parties for the year are as follows *(Contd.)*:

Nature of transaction	Subsidiaries		Associates		Key management personnel		Relatives of key management personnel		Other related parties	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Nile Developers Private Limited	–	32.00	–	–	–	–	–	–	–	–
Purva Marine Properties Private Limited	–	0.05	–	–	–	–	–	–	–	–
Starworth Infrastructure and Construction Limited	–	434.59	–	–	–	–	–	–	–	–
Provident Housing Limited	1,806.98	3,138.86	–	–	–	–	–	–	–	–
Purva Corporation	–	6.77	–	–	–	–	–	–	–	–
Propmart Technologies Limited	–	–	–	1,016.31	–	–	–	–	–	–
Keppel Puravankara Development Private Limited	–	–	33.52	–	–	–	–	–	–	–
Investment in subsidiaries										
Welworth Lanka Holding Private Limited	203.23	–	–	–	–	–	–	–	–	–
Transactions during the year										
Advance for Allotment of Shares										
Welworth Lanka Holding Private Limited	90.12	56.49	–	–	–	–	–	–	–	–
Purva Corporation	–	6.77	–	–	–	–	–	–	–	–
Advances for land contracts received from										
Provident Housing Limited	–	2,800.00	–	–	–	–	–	–	–	–
Land acquired										
Geeta S Vhatkar	–	–	–	–	–	–	342.54	–	–	–
Advance paid to										
Starworth Infrastructure and Construction Limited	940.03	2,289.40	–	–	–	–	–	–	–	–
Provident Housing Limited	159.25	–	–	–	–	–	–	–	–	–
Purchase of material and services										
Starworth Infrastructure and Construction Limited	4,672.38	366.33	–	–	–	–	–	–	–	–
Rental income										
Provident Housing Limited	4.99	4.98	–	–	–	–	–	–	–	–
Security and maintenance expenses										
Handiman Services Limited	–	–	–	–	–	–	–	–	687.22	604.07
Rental expenses										
Dealwel	–	–	–	–	–	–	–	–	–	1.74
Puravankara Investments	–	–	–	–	–	–	–	–	132.52	–
Brokerage expenses										
Propmart Technologies Limited	–	–	–	7.28	–	–	–	–	–	–
Remuneration										
Ravi Puravankara	–	–	–	–	195.00	179.52	–	–	–	–
Ashish Puravankara	–	–	–	–	–	–	100.89	100.34	–	–
Balances at the year end										
Loans given to										
Keppel Puravankara Development Private Limited	–	–	285.68	295.12	–	–	–	–	–	–
Keppel Magus Development Private Limited	–	–	944.03	856.21	–	–	–	–	–	–
Centurions Housing and Constructions Private Limited	–	1,270.14	–	–	–	–	–	–	–	–
Purva Realities Private Limited	2,877.25	2,877.23	–	–	–	–	–	–	–	–

30. Related party transactions *(Contd.)*

(iv) The transactions with related parties for the year are as follows *(Contd.)*:

Nature of transaction	Subsidiaries		Associates		Key management personnel		Relatives of key management personnel		Other related parties	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Melmont Construction Private Limited	12,763.34	12,711.03	–	–	–	–	–	–	–	–
Prudential Housing and Infrastructure Development Limited	2,029.74	2,023.45	–	–	–	–	–	–	–	–
Nile Developers Private Limited	1,265.40	1,256.87	–	–	–	–	–	–	–	–
Vaigai Developers Private Limited	1,038.57	1,035.17	–	–	–	–	–	–	–	–
Purva Good Earth Properties Private Limited	0.54	0.52	–	–	–	–	–	–	–	–
Purva Star Properties Private Limited	0.54	0.52	–	–	–	–	–	–	–	–
Purva Sapphire Land Private Limited	0.54	0.52	–	–	–	–	–	–	–	–
Purva Ruby Properties Private Limited	0.54	0.52	–	–	–	–	–	–	–	–
Purva Opel Properties Private Limited	0.54	0.52	–	–	–	–	–	–	–	–
Puravankara Hotels Limited	0.46	0.44	–	–	–	–	–	–	–	–
Provident Housing Limited	1,231.77	2,230.25	–	–	–	–	–	–	–	–
Purva Land Limited	0.61	0.59	–	–	–	–	–	–	–	–
Purva Marine Properties Private Limited	0.65	0.58	–	–	–	–	–	–	–	–
Loans taken from										
Centurions Housing and Constructions Private Limited	434.02	–	–	–	–	–	–	–	–	–
Starworth Infrastructure and Construction Limited	460.05	–	–	–	–	–	–	–	–	–
Sobha Puravankara Aviation Private Limited	–	–	–	90.00	–	–	–	–	–	–
Puravankara Investments	–	–	–	–	–	–	–	–	190.00	197.79
Advance for Allotment of Shares										
Welworth Lanka Holding Private Limited	85.71	209.12	–	–	–	–	–	–	–	–
Purva Corporation	7.86	6.77	–	–	–	–	–	–	–	–
Advances for land contracts paid to										
Geeta S Vhatkar	–	–	–	–	–	–	1,792.99	2,135.53	–	–
Advances for land contracts received from										
Provident Housing Limited	2,800.00	2,800.00	–	–	–	–	–	–	–	–
Advance paid to										
Starworth Infrastructure and Construction Limited	2,957.28	2,289.40	–	–	–	–	–	–	–	–
Provident Housing Limited	159.25	–	–	–	–	–	–	–	–	–
Security Deposits paid to										
Dealwel	–	–	–	–	–	–	–	–	15.00	15.00
Sobha Puravankara Aviation Private Limited	–	–	647.62	–	–	–	–	–	–	–
Puravankara Investments	–	–	–	–	–	–	–	–	45.00	45.00
Dues from										
Dealwel Estates Private Limited	–	–	–	–	–	–	–	–	0.23	–
Dues to										
Starworth Infrastructure and Construction Limited	1,434.64	820.45	–	–	–	–	–	–	–	–
Handiman Services Limited	–	–	–	–	–	–	–	–	58.45	16.16
Puravankara Investments	–	–	–	–	–	–	–	–	117.44	–
Purva Development	–	–	–	–	–	–	–	–	17.76	17.76
Purva Properties and Resorts Private Limited	–	–	–	–	–	–	–	–	0.15	0.15
Ravi Puravankara	–	–	–	–	2,174.51	2,337.20	–	–	–	–
Guarantees given										
Provident Housing Limited	–	4,800.00	–	–	–	–	–	–	–	–

31. Employee benefits

A. Defined benefit plan

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. As at 31 March 2012 and 31 March 2011 the plan assets were invested in insurer managed funds.

Disclosures as required by AS 15 for the year ended 31 March 2012 are as under:

	31 March 2012		31 March 2011	
	Gratuity	Vacation Pay	Gratuity	Vacation Pay
1. The amounts recognized in the Balance Sheet are as follows:				
Present value of the obligation as at the end of the year	542.40	250.54	504.68	218.93
Fair value of plan assets as at the end of the year	(268.28)	–	(300.50)	–
Net liability/(asset) recognized in the Balance Sheet	**274.12**	**250.54**	**204.18**	**218.93**
2. The amounts recognized in the Statement of Profit and Loss are as follows:				
Service cost	97.56	80.57	72.21	83.02
Interest cost	36.32	13.04	33.94	11.06
Expected return on plan assets	(23.12)	–	(43.89)	–
Past service cost	–	–	–	–
Net actuarial (gain)/loss recognized in the year	(40.82)	10.36	3.30	(1.85)
Expense recognized in the Statement of Profit and Loss of the year	**69.94**	**103.97**	**65.56**	**92.23**
3. Changes in the present value of defined benefit obligation				
Defined benefit obligation as at beginning of the year	504.68	218.93	429.55	149.90
Service cost	97.56	80.57	72.21	83.02
Interest cost	36.32	13.04	33.94	11.06
Past Service cost	–	–	–	–
Actuarial losses/(gains)	(39.09)	10.36	(20.45)	(1.85)
Benefits paid	(57.07)	(72.36)	(10.57)	(23.20)
Defined benefit obligation as at the end of the year	**542.40**	**250.54**	**504.68**	**218.93**
4. Changes in the fair value of plan assets				
Fair value as at the beginning of the year	300.50	–	290.93	–
Expected return on plan assets	23.12	–	43.89	–
Actuarial (loss)/ gains	1.73	–	(23.75)	–
Contributions	–	72.36	–	23.20
Benefits paid	(57.07)	(72.36)	(10.57)	(23.20)
Fair value as at the end of the year	**268.28**	–	**300.50**	–
Assumptions used in the above valuations are as under:				
Interest rate	8.50%	8.50%	8.00%	8.00%
Discount rate	8.50%	8.50%	8.00%	8.00%
Expected return on plan assets	8.50%	0.00%	8.00%	0.00%
Future salary increase	6.00%	6.00%	6.00%	6.00%
Attrition rate	2.00%	2.00%	2.00%	2.00%
Retirement age	**60 years**	**60 years**	**60 years**	**60 years**

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees Provident Funds and Miscellaneous Provisions Act, 1952.

This is a defined contribution plan as per AS15. Contribution made was ₹ 90.89 for the year ended 31 March 2012 (31 Mar 2011 - ₹ 71.57).

32. 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.

33. Information pursuant to clause 32 of the listing agreement with the stock exchanges

Name of the entity	Balance of loans given as at		Maximum amount of loan outstanding during the year	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Prudential Housing and Infrastructure Development Limited *	2,029.74	2,023.45	2,029.74	4,649.58
Centurions Housing and Constructions Private Limited *	–	1,270.14	1,277.17	1,295.13
Melmont Construction Private Limited *	12,763.34	12,711.03	12,763.34	12,711.30
Purva Marine Properties Private Limited *	0.65	0.58	0.65	0.63
Purva Realities Private Limited *	2,877.25	2,877.23	2,877.25	2,877.23
Purva Opel Properties Private Limited *	0.54	0.52	0.54	0.52
Purva Ruby Properties Private Limited *	0.54	0.52	0.54	0.52
Purva Good Earth Properties Private Limited *	0.54	0.52	0.54	0.52
Purva Sapphire Land Private Limited *	0.54	0.52	0.54	0.52
Purva Star Properties Private Limited *	0.54	0.52	0.54	0.52
Nile Developers Private Limited *	1,265.40	1,256.87	1,265.40	1,288.87
Vaigai Developers Private Limited *	1,038.57	1,035.17	1,038.57	1,035.17
Puravankara Hotels Limited *	0.46	0.44	0.46	0.44
Purva Land Limited *	0.61	0.59	0.61	0.59
Starworth Infrastructure and Construction Limited *	–	–	–	364.98
Provident Housing Limited *	1,231.77	2,230.25	2,230.33	3,059.39
Purva Corporation *	–	–	–	7.80
Keppel Puravankara Development Private Limited #	285.68	295.12	313.81	295.12
Propmart Technologies Limited #	–	–	–	1,016.31
Keppel Magus Development Private Limited	944.03	856.21	944.03	856.21

* Subsidiaries- interest free and repayable on demand
\# Associates - repayable on demand

	31 March 2012	31 March 2011
34. Supplementary statutory information		
a) Particulars relating to foreign currency		
i. Earnings in foreign currency (on accrual basis)		
Revenue from projects	**192.68**	**71.66**
ii. Expenditure in foreign currency		
Salary	111.48	96.09
Travel	15.86	24.13
Rent	6.66	22.78
Others	43.81	23.73
	177.81	**166.73**
iii. CIF value of imports		
Furniture	34.17	–
Construction materials	417.32	943.74
	451.49	**943.74**

Notes to the Financial Statements

34. Supplementary statutory information *(Contd.)*

b) Consumption of raw materials	31 March 2012		31 March 2011	
	₹ Lakh	%	₹ Lakh	%
Indigenous	8,481.34	95.31	11,046.25	92.13
Imported	417.32	4.69	943.74	7.87
	8,898.66	**100.00**	**11,989.99**	**100.00**

c) Donation to political parties		
Communist Party of India (M)	3.15	1.00
Bharatiya Janata Party	–	0.05
Communist Party Marxist	–	0.15
Others	0.50	11.25
	3.65	**12.45**

35. Disclosures of dues to micro, small and medium enterprises

Based on the information available with the company, ₹88.04 (31 March 2011 ₹0.74) is the amount payable to Micro, Small and Medium Enterprises at the Balance Sheet date. These amounts, being retention money, are due only on completion of retention period and are contractually not due as on 31 March 2012 as per the contract with the said parties. Consequently the management feels that the interest liability under "The Micro, Small and Medium Enterprises Development Act, 2006" does not arise and hence no disclosure is required under the said law.

The above information has been determined to the extent such parties have been identified on the basis of information provided by the Company which has been relied upon by the auditors.

36. Unhedged foreign currency exposure

Balance as on 31 March 2012 in Hatton National Bank, Sri Lanka amounted to LKR 1.10 lakh (31 March 2011 LKR 0.76 lakh) Balance as on 31 March 2012 in HSBC, Dubai amounted to AED 0.90 lakh (31 March 2011 AED 0.37 lakh) Balance as on 31 March 2012 in EEFC account with Andhra Bank Bangalore amounted to USD 0.003 lakh (31 March 2011 USD 0.003 lakh)

37. Prior Year Comparatives

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

For and on behalf of the Board of Directors

Ravi Puravankara	Nani R Choksey	Ashish Puravankara	Kiran Chappar
Chairman and Managing Director	*Deputy Managing Director*	*Joint Managing Director*	*Company Secretary*

Bangalore
08 May 2012

Cash Flow Statement

		31 March 2012	31 March 2011
A.	**Cash flow from operating activities**		
	Profit before tax and prior period items	**6,767.96**	**9,493.08**
	Adjustments for:		
	Depreciation and amortization	427.22	369.56
	(Profit) / loss on sale of fixed assets	2.56	(0.09)
	Finance expenses, net	19,215.03	12,333.25
	Operating profit before working capital changes	**26,412.77**	**22,195.80**
	Movements in working capital :		
	(Increase) / Decrease in trade receivables	(6,392.23)	2,551.34
	(Increase) / Decrease in inventories	(195.64)	(346.10)
	(Increase) / Decrease in loans and advances and other current assets	(248.12)	(1,705.64)
	(Increase) / Decrease in properties under development	(13,066.41)	(20,617.49)
	(Increase) / Decrease in properties held for sale	(80.95)	1,462.07
	Increase / (Decrease) in current liabilities and provisions	366.40	(6,519.85)
	Cash (used in) / received from operations	**6,795.82**	**(2,979.87)**
	Direct taxes paid	(1,629.85)	(1,046.15)
	Net cash from / (used in) operating activities	**5,165.97**	**(4,026.02)**
B.	**Cash flows from investing activities**		
	Purchase of fixed assets	(1,205.16)	(660.12)
	Proceeds from sale of fixed assets	4.95	5.53
	Loans to associates	–	(333.46)
	Loans to subsidiaries	(1,806.20)	(9,980.12)
	Loans repaid by associates	33.52	1,016.31
	Loans repaid by subsidiaries	3,844.81	6,335.24
	Investment in associates	–	(99.50)
	Investment in subsidiaries	(203.22)	–
	Advance for allotment of shares to subsidiaries	–	(56.49)
	Properties held for development	(5,904.54)	(6,560.38)
	Deposits and advances	1,343.06	(173.51)
	Net investment in bank deposits and margin monies	503.42	(120.85)
	Interest received	457.55	659.91
	Net cash from /(used in) investing activities	**(2,931.81)**	**(9,967.44)**

Cash Flow Statement *(Contd.)* For the year ended 31 March 2012

	31 March 2012	31 March 2011
C. Cash flows from financing activities		
Proceeds from term loans	47,074.80	44,838.30
Repayment of term loans	(47,452.33)	(13,042.77)
Proceeds from debentures	14,400.00	15,000.00
Repayment of debentures	–	(5,500.00)
Premium on redemption of debentures	–	(187.00)
Proceeds from /(repayments of) short-term borrowings	6,192.98	(7,767.17)
Loans from related parties	–	1,920.39
Loans repaid to related parties	(170.47)	(3,928.24)
Loans from subsidiary	1,209.17	2,044.61
Loans repaid to subsidiary	(1,174.29)	(1,224.16)
Dividends paid including taxes	(2,487.81)	(2,495.44)
Interest paid	(18,694.40)	(14,801.93)
Net cash generated from/(used in) financing activities	**(1,102.35)**	**14,856.59**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**1,131.81**	**863.13**
Cash and cash equivalents at the beginning of the period	**4,304.44**	**3,441.31**
Cash and cash equivalents at the end of the period	**5,436.25**	**4,304.44**
Components of cash and cash equivalents		
Cash and bank balances (as per Note 18 to the financial statements)	5,635.81	5,192.15
Less: Bank deposits and margin monies considered separately	199.56	887.71
	5,436.25	**4,304.44**

This is the Cash Flow Statement referred to in our report of even date

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

per **Aashish Arjun Singh**
Partner

Bangalore
08 May 2012

For and on behalf of the Board of Directors

Ravi Puravankara
Chairman and Managing Director

Nani R Choksey
Deputy Managing Director

Ashish Puravankara
Joint Managing Director

Kiran Chappar
Company Secretary

Bangalore
08 May 2012

Company Information

Registered Office

130/1, Ulsoor Road, Bengaluru - 560 042
Tel: +91-80-43439710 | Fax: +91-80-25599350
24x7 call centre: +91-80-44555555
Website: www.puravankara.com
Email: info@puravankara.com

Company Secretary

Kiran Chappar

Registrar and Transfer Agent

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai – 400 078, India
Tel: +91-22-2596 3838
Fax: +91-22-2596 2691

Bankers

LIC
IDBI Bank
HDFC
HSBC
ICICI Bank
Andhra Bank
Dhanlaxmi Bank
Standard Chartered Bank
Kotak Mahindra Bank

Notes

Caution regarding forward-looking statements

This document contains statements about expected future events and financial and operating results of Puravankara Projects Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Puravankara Projects Limited annual report 2011-12.

A TRISYS PRODUCT
info@trisyscom.com

PURAVANKARA
Puravankara Projects Limited
130/1, Ulsoor Road, Bengaluru - 560 042
Tel: +91-80-43439710 | Fax: +91-80-25599350
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PURAVANKARA

Puravankara Projects Limited

Registered Office: No. 130/1, Ulsoor Road, Bengaluru – 560042

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of Puravankara Projects Limited will be held at The Taj West End Hotel, No. 25, Race Course Road, Bengaluru - 560 001, Karnataka, India on **Tuesday, 21 August 2012 at 12.00 noon** to transact the following business:

As Ordinary Business

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31 March 2012 and the Balance Sheet as at 31 March 2012 and the reports of the Directors and the Auditors thereon

2. To declare the final dividend

3. To appoint a Director in place of Mr. Pradeep Guha who retires by rotation and being eligible offers himself for re-appointment

4. To appoint a Director in place of Mr. Nani R. Choksey who retires by rotation and being eligible offers himself for re-appointment

5. To appoint Walker, Chandiok & Co, Chartered Accountants, the retiring statutory auditors of the Company, as the statutory auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and authorize the Board of Directors to fix their remuneration

As Special Business

6. To consider and if thought fit, to pass the following resolution with or without modification(s) as Special Resolution:

   "RESOLVED THAT pursuant to Article 103 of the Articles of Association of the Company and Section 309 and other applicable provisions, if any of the Companies Act, 1956 approval be and is hereby accorded to the payment of commission for a sum not exceeding 1% of net profits ascertained under Sections 198, 349 and 350 of the Companies Act, 1956 to the non-executive directors of the Company (Other than Managing Director and Whole-time Directors) for each of the financial year of the Company commencing from 1 April 2012 for a period of not exceeding 5 (five) years in such amounts or proportions and in such manner and in all respects as may be decided by the board of Directors"

7. To consider and if thought fit, to pass the following resolution with or without modification(s) as Special Resolution:

   "RESOLVED THAT pursuant to the applicable provisions of Section 314 read with the Director's Relatives (Office or Place of Profit) Rules, 2003, the Companies (Central Government's) General Rules and Forms, 1956 and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") [including any statutory modifications or re- enactments thereof for the time being in force] Ms. Amanda Puravankara, be and is hereby appointed as an employee of Starworth Infrastructure and Constructions Limited, a wholly owned subsidiary of the Company"

   "Resolved Further That the remuneration payable to Ms. Amanda Puravankara not to exceed Rs. 1,50,000 (Rupees One Lakh Fifty Thousand only) per month on such terms and conditions of the employment as applicable to the other employees of similar grade/band in the Company"

By order of the Board of Directors For Puravankara Projects Limited

Bengaluru
08 May 2012

Nani R Choksey
Deputy Managing Director

Notes:

1. A PERSON ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF TO ATTEND AND VOTE AT THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE VALID SHOULD BE DULY COMPLETED AND DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A blank proxy form is enclosed with this notice.

2. Members/proxies should bring duly completed attendance slips for attending the meeting.

3. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

4. Explanatory statement as required under Section 173(2) of the Companies Act, 1956 is annexed herewith.

5. The Register of Members and the Share Transfer Books will remain closed from **18 August 2012 to 21 August 2012,** both days inclusive. The dividend on Equity shares, if approved, will be paid on or after **21 August 2012** to the members whose names appear in the Register of Members as on **17 August 2012** after considering all physical share certificates lodged for transfer. In respect of shares held in the dematerialized format, the dividend will be paid on the basis of particulars of beneficial ownership furnished by the Depositories viz. the National Securities Depositories Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as on **17 August 2012.**

6. All documents mentioned in the Notice will be available for inspection at the Annual General Meeting.

7. All members are requested to intimate their changed postal address, if any, to the Registrar and Transfer Agent, Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078 on or before **17 August 2012.**

8. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956 will be open for inspection at the Registered Office 14 days before and on the day of Annual General Meeting, and 3 days after the Annual General Meeting for perusal of the members.

9. As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of the shares held by them. Nomination form can be obtained from Link Intime India Private Limited.

10. Members are requested to note that a dividend not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund. Members wishing to claim the dividend, which remain unclaimed, are requested to correspond with Mr. A. Anil Kumar, Chief Financial Officer and Company Secretary at the Registered Office of the Company.

11. Information under Clause 49(1)(G) - (i) and (ia) of the Listing Agreement entered into with the Stock Exchanges pertaining to the Directors liable to retire by rotation and eligible for re-appointment are provided hereunder:

i. **Mr. Pradeep Guha**

Brief profile

Mr. Pradeep Guha holds a Bachelor's degree in Arts from Mumbai University and a Management Diploma from Asian Institute of Management, Manila. He has over 36 years of experience in the fields of media, advertising, marketing and branding. He has recently finished a very successful stint as the CEO of Zee Entertainment Enterprises Ltd. During his tenure, Zee has reclaimed its erstwhile position of prominence in the Indian television arena. He has been a member of our Board of Directors since 26 December 2006. He has been associated with the print medium for 29 years and was the President of The Times of India Group, as well as on its Board of Directors. He is the Vice-President and Area Director of International Advertising Association, Asia Pacific region and Chairman of the Asian Federation of Advertising Associations. He is a past President of the Indian Newspaper Society, ex-Chairman of the National Readership Studies Council, past President of the Advertising Club Bombay and the first Chairman of the Broadcast Audience Research Council.

Directorships in other companies / Membership of committees

Mr. Pradeep Guha is also a member of the Board of Directors of Mukta Arts Limited, Raymond Limited, Whistling Woods Intl. Limited, Culture Company (I) Private Limited, Future Media (I) Limited, Street Culture Media Private Limited, Avani TV Solutions Private Limited, INX Music Private Limited and INX Media UK Limited. He is a member of the Audit Committee of Puravankara Projects Limited, a member of the Investors Grievance Committee of Mukta Arts Limited and a member of the Remuneration and Nomination Committee of Raymond Limited.

Disclosure of interest

As at 31 March 2012, Mr. Pradeep Guha did not hold any shares in the Company. Further, Mr. Pradeep Guha is not related to any of the Directors of Puravankara Projects Limited.

ii. Mr. Nani R. Choksey

Brief profile

Mr. Nani R. Choksey has over 36 years of experience in the real estate development, construction and finance sectors. He has been associated with the Puravankara Group since its inception. He is a founder Director of the Company. He played a pivotal role in the growth of the Company. He has been actively involved in all projects of the Group.

Directorships in other companies / Membership of committees

Mr. Nani R. Choksey is a member of the Board of Directors of Provident Housing Limited, Starworth Infrastructure and Constructions Limited, Puravankara Hotels Limited, Prudential Housing and Infrastructure Development Limited, Purva Realities Private Limited, Purva Marine Properties Private Limited, Handiman Services Limited, Centurions Housing and Constructions Private Limited, Melmont Constructions Private Limited, Dealwel Estates Private Limited, Uniquepark Constructions Private Limited, Nile Developers Private Limited and Vaigai Developers Private Limited. He is a member of the Investors Grievance Committee of Puravankara Projects Limited.

Disclosure of interest

As at 31 March 2012, he held 1,980 equity shares in the Company. Further, Mr. Nani R. Choksey is not related to any of the Directors of Puravankara Projects Limited.

Annexure to the Notice:

Explanatory statement pursuant to Section 173 (2) of the Companies Act,1956

For Item No.6

Pursuant to the applicable provisions of the listing agreements of the Stock Exchanges, the Company has broad based the Board with the induction of non-executive and independent directors. These directors are persons of eminence and further, bring vast experience in diverse fields to the Board. Besides attending the Board and Committee meetings, some of the directors spend valuable time to the Company and the Company gets immensely benefitted by their advice. In view of this, it is considered fair and justifiable that they are suitably remunerated by way of commission not exceeding 1% per annum of the net profits of the Company computed in accordance with the relevant provisions of the Companies Act,1956. The amounts or proportions, manner and all other aspects may be decided by the Board of Directors.

Only the non-executive Directors of the Company may be deemed to be interested or concerned in passing this Special Resolution.

The Board recommends this Special Resolution for your approval.

For Item No.7

Ms. Amanda Puravankara has been appointed as an employee of Starworth Infrastructure and Constructions Limited, a wholly owned subsidiary of the Company. In terms of the applicable provisions of Section 314 of the Companies Act,1956, the said appointment and remuneration are subject to the approval of members in the Annual General Meeting (AGM).

None of the Directors except Mr. Ashish Puravankara, Brother of Ms. Amanda Puravankara, and Mr. Ravi Puravankara, Father of Ms.Amanda Puravankara, may be deemed to be concerned or interested in this resolution. The copies of relevant resolutions of the Board of Directors with respect to the appointment are available for inspection by members at the Registered Office of the Company during working hours on any working day till the date of this AGM.

The Board recommends this Special Resolution for your approval.

By order of the Board of Directors For Puravankara Projects Limited

Bengaluru
08 May 2012

Nani R Choksey
Deputy Managing Director

PURAVANKARA

Puravankara Projects Limited

Registered Office: No. 130/1, Ulsoor Road, Bengaluru – 560042

Twenty Sixth Annual General Meeting

PROXY FORM

DP Id ..... Master Folio No.: .....

Client Id .....

I/We .... of

..... being a Member/ Members of Puravankara Projects Limited hereby

appoint..... of .... or failing

him/her ..... of ..... or

failing him ..... of ..... as my/our

proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting to be held on 21 August 2012 or at any adjournment thereof.

Affix Re.1 Revenue Stamp

Signed on this ..... day of 2012

.....

Signature of the Member

Note: The proxy in order to be effective should be duly stamped, completed and signed, and must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the Annual General Meeting. The proxy need not be a member of the Company.

PURAVANKARA

Puravankara Projects Limited

Registered Office: No. 130/1, Ulsoor Road, Bengaluru – 560042

Twenty Sixth Annual General Meeting

ATTENDANCE SLIP

DP Id ..... Master Folio No.: .....

Client Id .....

Name and address of the shareholder:

No. of share(s) held:

I hereby record my presence at the Twenty Sixth Annual General Meeting of the Company held at The Taj West End Hotel, No. 25, Race Course Road, Bengaluru - 560 001 on Tuesday, 21 August 2012 at 12.00 noon.

.....

Signature of the shareholder or proxy

Note: 1. Please complete this attendance slip and hand it over at the entrance of the hall.
2. Joint holders may obtain additional slip at the venue of the Meeting.
3. The registration counter will open at 11.00 a.m.
4. Master Folio No. is applicable for the members holding shares in physical form.