RED HERRING PROSPECTUS
Dated July 20, 2007
Please read section 60B of the Companies Act, 1956
100% Book Building Issue

PURAVANKARA

Puravankara Projects Limited

(Our Company was incorporated as Puravankara Constructions Private Limited on June 3, 1986. The name of our Company was changed to Puravankara Projects Limited and the status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on July 10, 1992. The fresh certificate of incorporation consequent on change of name and status was granted to our Company on August 19, 1992 by the Registrar of Companies, Maharashtra, Mumbai.)

Registered Office: No. 227, S.V. Road, Bandra (West), Mumbai 400 050, India
Tel: (91 22) 2642 9387, **Fax:** (91 22) 2644 1916
Corporate Office: No. 130/1, Ulsoor Road, Bangalore 560 042, India
Tel: (91 80) 2559 9000, **Fax:** (91 80) 2559 9350
Company Secretary and Compliance Officer: Mrs. Sharda Balaji
Email: investors@puravankara.com, **Website:** www.puravankara.com

PUBLIC ISSUE OF 21,467,610 EQUITY SHARES OF RS. 5 EACH FOR CASH AT A PRICE OF RS [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [•] THE ISSUE WOULD CONSTITUTE 10.05% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY

PRICE BAND: RS. 500 TO RS. 525 PER EQUITY SHARE OF FACE VALUE RS. 5

THE FACE VALUE OF THE EQUITY SHARE IS RS. 5 AND THE FLOOR PRICE IS 100.0 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 105.0 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

In terms of Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Share is Rs.5 per Equity Share and the Issue Price is [•] times of the face value. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing. **We have not opted for IPO grading.**

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page xiii.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated February 2, 2007 and February 14, 2007, respectively. For purposes of this Issue, the Designated Stock Exchange is the NSE.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
DSP MERRILL LYNCH LIMITED Mafatlal Centre, 10th Floor Nariman Point Mumbai 400 021, India Tel: (91 22) 2262 1071 Fax: (91 22) 2262 1059 Email: ppl.ipo@ml.com Website: www.dspml.com Contact Person: Mr. N.S. Shekhar	**CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED** 4th Floor, Bakhtawar Nariman Point Mumbai 400 021, India Tel: (91 22) 6631 9999 Fax: (91 22) 6631 9803 Email:ppl.ipo@citibank.co.in Website: www.citibank.co.in Contact Person: Mr. Akhilesh Poddar	**KOTAK MAHINDRA CAPITAL COMPANY LIMITED** 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, India Tel: (91 22) 6634 1100 Fax: (91 22) 2284 0492 Email:ppl.ipo@kotak.com Website: www.kotak.com Contact Person: Mr. Chandrakanth Bhole	**INTIME SPECTRUM REGISTRY LIMITED** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel: (91 22) 2596 0320 Fax: (91 22) 2596 0329 Email: puravankara.ipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Vishwas Attavar

ISSUE PROGRAMME	
BID/ISSUE OPENS ON : TUESDAY, JULY 31, 2007	**BID/ISSUE CLOSES ON : FRIDAY, AUGUST 03, 2007**

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SECTION I- GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"We", "us", "our", "Issuer", "the Company" and "our Company".	Unless the context otherwise indicates or implies, refers to Puravankara Projects Limited

Company Related Terms

Term	Description
Articles	Articles of Association of our Company
Auditors	The statutory auditors of our Company, Walker Chandiok & Co, L 41, Connaught Circus, New Delhi 110 001, India
Board/ Board of Directors	Board of Directors of our Company
Corporate Office of the Company	130/1, Ulsoor Road, Bangalore- 560 042, India
Directors	Directors of our Company, unless otherwise specified
Joint Venture	Keppel Puravankara Development Private Limited
Keppel	Keppel Investment (Mauritius) Private Limited
Memorandum	Memorandum of Association of our Company
Promoter	Mr. Ravi Puravankara
Promoter Group	Consists of Mrs Vishalakshi Puravankara, Mr. Suresh Puravankara, Mr. Satish Puravankara, Mr. Ramesh Puravankara, Mrs. Geeta Vhatkar, Mrs. Latha Puravankara, Mrs. R. Puravankara, Mr. Ashish Puravankara, Mrs. Aarti Puravankara, Ms. Amanda Puravankara, Ms. Tanya Puravankara, Ms. Tripti D., Mrs. Daksha V., Mrs. Bindu N., Mrs. Vimala D.R. and the Promoter Group Entities
Promoter Group Entities	Propmart Technologies Limited, Handiman Services Limited, Unique Park Constructions Private Limited, Dealwel Estates Private Limited, Welworth, Purva Developments, Unique Constructions, Dealwel and Puravankara Constructions
Registered Office of the Company	No. 227, S.V. Road, Bandra (West), Mumbai 400 050, India
Subsidiaries	Prudential Housing and Infrastructure Development Limited, Purva Marine Properties Private Limited, Centurions Housing and Constructions Private Limited, Purva Realties Private Limited, Purva Corporation, Melmont Construction Private Limited, Puravankara Lanka Holding Private Limited, Puravankara Projects Lanka Private Limited, Purva Opel Properties Private Limited, Purva Ruby Properties Private Limited, Purva Star Properties Private Limited, Purva Good Earth Properties Private Limited, Purva Sapphire Land Private Limited

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue

Term	Description
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued
Banker(s) to the Issue	HDFC Bank Limited, Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank and Citibank N. A.
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 275
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid / Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid / Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus and the Bid cum Application Form
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding / Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is being made
BRLMs	Book Running Lead Managers to the Issue, in this case being DSPML, Citigroup and KMCC
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Citigroup	Citigroup Global Markets India Private Limited having its registered office Bakhtawar, Eighth Floor, Nariman Point, Mumbai 400 021, India
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLMs
DP ID	Depository Participant's Identity
DSPML	DSP Merrill Lynch Limited having its registered office at Mafatlal Centre, Tenth Floor, Nariman Point, Mumbai 400 021, India
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful Bidders

Term	Description
Designated Stock Exchange	National Stock Exchange
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
ECS	Electronic Clearing Service
Eligible NRI	NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue
Equity Shares	Equity shares of our Company of Rs. 5 each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLMs the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened and in this case being HDFC Bank Limited, Hongkong and Shanghai Banking Corporation Limited, ICICI Bank Limited, Kotak Mahindra Bank Limited, Standard Chartered Bank and Citibank N. A.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, above which the Issue Price will be finalized and below which no Bids will be accepted
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Issue	The issue of 21,467,610 Equity Shares of Rs. 5 each at a price of [•] each for cash, aggregating [•] by the Company under the RHP and the Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
KMCC	Kotak Mahindra Capital Company Limited having its registered office at 3rd Floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021, India
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	Infrastructure Development Finance Company Limited having its office at 1601, Maker Chambers V, Nariman Point, Mumbai 400 021
Mutual Fund Portion	5% of the QIB Portion or 644,028 Equity Shares (assuming the QIB Portion is for 60% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

Term	Description
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000 (but not including NRIs other than eligible NRIs)
Non Institutional Portion	The portion of the Issue being up to 2,146,761 Equity Shares of Rs. 5 each available for allocation to Non Institutional Bidders
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(a) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid/ Issue Closing Date; and (b) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (Floor Price) of Rs. 500 and the maximum price (Cap Price) of Rs. 525 and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being 12,880,566 Equity Shares of Rs. 5 each to be allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
RTGS	Real Time Gross Settlement
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS as applicable
Registrar to the Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited having its registered office as indicated on the cover page
Retail Individual Bidder(s)	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 100,000 in any of the bidding options in the Issue (including HUF applying through their Karta and eligible NRIs)
Retail Portion	The portion of the Issue being up to 6,440,283 Equity Shares of Rs. 5 each available for allocation to Retail Bidder(s)

Term	Description
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus which will be filed with RoC in terms of Section 60B of the Companies Act, at least 3 days before the Bid/ Issue Opening Date
Stock Exchanges	BSE and NSE
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement between the Syndicate and the Company in relation to the collection of Bids in this Issue
Syndicate Members	Kotak Securities Limited
TRS/ Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Members
Underwriting Agreement	The Agreement between the members of the Syndicate and our Company to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
APUDA	Andhra Pradesh Urban Area (Development) Act, 1975 as amended from time to time
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BDA Act	Bangalore Development Authority Act, 1976, as amended from time to time.
BMP Bye Laws	Bangalore Mahanagara Palike Building Bye Laws, 2003, as amended from time to time
BMRDA Act	Bangalore Metropolitan Region Development Authority Act, 1985, as amended from time to time
BSE	Bombay Stock Exchange Limited
Building Rules	Hyderabad Revised Building Rules, 2006 as amended from time to time
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CRZ	Coastal Regulatory Zone Regulations, as amended from time to time
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996 as amended from time to time

Term	Description
DIPP	Department of Industrial Policy and Promotion
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
ERP	Enterprise Resource Planning
Easements Act	The Easements Act, 1882, as amended from time to time.
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FII(s)	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
Fire Services Act	Andhra Pradesh Fire Services Act, 1999 as amended from time to time
GDP	Gross Domestic Product
GoI/Government	Government of India
HMCA	Hyderabad Municipal Corporation Act, 1955 as amended from time to time
HNI	High Networth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
I.T. Act	The Income Tax Act, 1961, as amended from time to time
ITES	Information Technology Enabled Services
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
KAO Act	Karnataka Apartment Ownership Act, 1972, as amended from time to time.
KLR Act	Karnataka Land Revenue Act, 1964, as amended from time to time.
KMC Act	Karnataka Municipal Corporation Act, 1976, as amended from time to time.
KTPC Act	Karnataka Town and Country Planning Act, 1961, as amended from time to time.
Land Acquisition Act	Land Acquisition Act, 1894, as amended from time to time.
MOU	Memorandum of Understanding
Mn / mn	Million

Term	Description
Municipalities Act	Andhra Pradesh Municipalities Act, 1965 as amended from time to time
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
Registration Act	Registration Act, 1908, as amended from time to time
RONW	Return on Net Worth
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
Securities Act	United States Securities Act, 1933, as amended from time to time

Term	Description
SEZ	Special Economic Zone
SIA	Secretariat for Industrial Assistance
Stamp Act	Indian Stamp Act, 1899, as amended from time to time
Stock Exchange(s)	BSE and/ or NSE as the context may refer to
T.P. Act	Transfer of Property Act, 1882, as amended from time to time
Urban Land Ceiling Act	The Urban Land (Ceiling and Regulation) Act, 1976, as amended from time to time
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America

Industry Related Terms

Term	Description
AAI	Airport Authority of India
Acre	A measure of area equal to 43,560 sq. ft.
BDA	Bangalore Development Authority
BESCOM	Bangalore Electricity Supply Company Limited
BIAAPA	Bangalore International Airport Area Planning Authority
BIAPA	Bangalore International Airport Promotion Authority
BMICA	Bangalore Mysore Infrastructure Corridor Area
BMICAPA	Bangalore Mysore Infrastructure Corridor Area Planning Authority
BMP	Bangalore Mahanagara Pallike
BMPTC	Building Materials and Technology Promotion Council, Ministry of Urban Affairs
BMRDA	Bangalore Metropolitan Region Development Authority
BPO	Business Process Outsourcing
BWSSB	Bangalore Water Supply and Sewerage Board
CDP	Comprehensive Development Plan
CMC	City Municipal Corporation
CRISIL	Credit Rating Information Services of India Limited
Gunta	A measure of one gunta equals 1,089 sq. ft.
FAR	Floor Area Ratio
FSI	Floor Space Index
HUDA	Hyderabad Urban Development Authority
IT	Information Technology
ITES	Information Technology Enabled Services
SBA	Super Built up Area
sq. ft.	Square Feet

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Preliminary Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act; such term does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from the registration requirements of the U.S. Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("EEA"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "Prospectus Directive" means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. Neither the Company nor the Underwriters have authorized, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Red Herring Prospectus.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Our Land Bank consists of lands upon which there is no present development (hereinafter our "Land Assets") and lands upon which development is currently underway (hereinafter our "Ongoing Projects"). Our Land Bank includes lands to which our Company or our Subsidiaries have title, lands which have been paid for by the Company and lands in relation to which our Company has executed joint development agreements or agreements to sell. 'Developable Area' refers to the total area which we develop on each project and 'Saleable Area' refers to that part of the Developable Area relating to our economic interest in such project.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America. All numbers in this document have been prescribed in millions or in whole numbers where the numbers have been too small to present in millions.

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our restated consolidated and unconsolidated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year. So all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

There are significant differences between Indian GAAP, IFRS and US GAAP. We have attempted to explain those differences. Please see "Significant Differences between Indian GAAP, US GAAP and IFRS" on page 172. We have not attempted to quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

Market and industry data used in this Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable however they have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the real estate industry in India and methodologies and assumptions may vary widely among different industry sources.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one U.S. Dollar could be exchanged at the noon buying rate in the City of New York on the last business day of the applicable period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The row titled "Average" in the table below is the average of the daily noon buying rate for each day in the period. Similarly, the rows titled "low" and "high" give the lowest and highest noon buying rates during the period.

	Fiscal 2007	**Fiscal 2006**	**Fiscal 2005**
Period End	43.10	44.48	43.62
Average	45.12	44.17	44.86
Low	42.78	43.05	43.27
High	46.83	46.26	46.45

On July 18, 2007 the noon buying rate was Rs. 40.23 per U.S. Dollar.

Our Registered Office

Our registered office occupies leased premises located at No. 227, S.V. Road, Bandra (W), Mumbai 400 050. Our telephone number is (91 22) 2642 9387. Our corporate office is located at No. 130/1, Ulsoor Road, Bangalore 560 042 and our telephone number is (91 80) 2559 9000. Our website is www.puravankara.com. Information on, or accessible through this website, is not a part of, and is not incorporated into, this Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results and property valuations to differ materially from our expectations include, but are not limited to, the following:

- government approvals;
- impairment of our title to land;
- our ability to acquire or register the lands where we have entered into agreements of purchase;
- our ability to anticipate and respond to consumer requirements;
- the availability of finance to our customers;
- our ability to finance our business and growth, and obtain financing on favourable terms;
- our ability to acquire contiguous parcels of lands;
- the actions of joint venture partners and third parties;
- raw material costs;
- our dependence on key personnel;
- conflicts of interest with affiliated companies, the Promoter Group and other related parties;
- the outcome of legal or regulatory proceedings that we are or might become involved in;
- contingent liabilities, environmental problems and uninsured losses;
- fluctuations in the real estate market in India;
- developments affecting the Indian economy.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion of Financial Condition and Results of Operations" on pages xiii and 200, respectively. Neither our Company nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II- RISK FACTORS

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 49 and 200 respectively of this Red Herring Prospectus as well as the other financial and statistical information contained in this Red Herring Prospectus. If any of the following risks actually occur, our business, prospects, financial condition, results of operations and property valuations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

Risks Relating to our Business

1. The acquisition of land and development rights is subject to extensive government regulations.

Acquisition of land and development rights in relation to immovable properties are governed by a multitude of statutory and governmental regulations including laws and regulations related to planning, environmental issues, zoning, permitted land uses, land ceiling regulations, coastal zoning regulations, proportion and use of open spaces, building designs, fire safety standards, height of the buildings, access to water and other utilities and water and waste disposal. The government regulations vary depending on the different states and districts where the projects are located. In addition, we are also subject to various district or local rules and regulations. These regulations deal with the various aspects of the real estate development process and stipulate the requirements and procedure involved, including the requirement of transaction documents, payment of stamp duty, registration of property documents, purchase of property, limitation on land acquisition by an individual entity and rehabilitation of displaced persons. Although we believe that our projects are in material compliance with such laws and regulations we cannot assure you that we will not be subjected to any such regulatory action in the future. Even though we have been able to obtain the necessary approvals that we require under these government regulations in the past, we cannot assure you that we will be able to obtain the requisite further approvals in relation to our existing projects, or our new projects, at such times or in such form as we may require, or at all.

We are also subject to the risk of the central and state governments acquiring our land to exercise rights of compulsory purchase, or eminent domain, which, if used in respect of our land, could require us to relinquish land with compensation. The likelihood of such actions may increase as the central and state governments seek to acquire land for the development of infrastructure projects such as roads, airports and railways. Any such action in respect of one or more of our major current or proposed developments could materially and adversely affect our business.

For more information, see the sections titled "Regulations and Policies" and "Government Approvals" on page 70 and page 242 respectively.

2. We face uncertainty of title to our lands and may continue to do so in the future.

While we conduct due diligence and assessment exercises prior to acquiring land and undertaking a project and employ the services of leading experts in our field for these purposes, we may not be able to assess or identify all risks and liabilities associated with the land, such as faulty or disputed title, unregistered encumbrances or adverse possession rights. The uncertainty of title to land makes the acquisition process more complicated, may impede the transfer of title and expose us to legal disputes and adversely affect our land valuations. For further details on the land held by us, see "Our Business- Our Land Bank" on page 54. In addition, we enter into joint development agreements with owners of land for its construction and development. While we conduct due diligence and assessment exercises prior to entering into a joint development agreement, there can be no assurance that these lands are validly held under law by the persons with whom we enter into joint development agreements with. While currently, to the best of our knowledge, no land forming part of our Land Bank has faced any irregularity in title, there can be no assurance that such irregularities may not arise in the future. Some of our lands may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping, and may be subject to encumbrances that we may not be aware of or which may arise in the future. For further details of land for which joint development agreements have been entered into, see "Our Business- Our Land Bank"- *"Lands for which joint development Agreements have been entered into"* on page 60.

3. ***We conduct due diligence and assessment exercises prior to acquisition of land for undertaking development, but we may not be able to assess or identify certain risks and liabilities.***

We constantly acquire lands for our various development activities and these may be acquired either through our Company or entities identified by us for this purpose. We have an internal assessment process on land selection and acquisition which includes a due diligence exercise to assess the title of the land and preparation of feasibility reports to assess its development and marketability. Our internal assessment process is based on information that is available or accessible by us. There can be no assurance that such information is accurate, complete or current. Any decision based on inaccurate, incomplete or dated information may result in risks and liabilities associated with acquiring and owning such parcels of land, being passed onto us. See "Our Business- Our Land Bank"- "*Lands owned by the Company"* on page 58.

4. ***We may not be able to develop our future projects in a manner that we have currently planned for these projects.***

As of July 2, 2007, our Land Assets aggregate approximately 32.97 million sq.ft. of Land Area representing approximately 102.25 million sq.ft. of Developable Area or approximately 94.60 million sq.ft. of Saleable Area. We expect to develop residential and commercial projects across specified locations in India and one location overseas. We are still at an initial stage in planning for some of these projects and we have not yet applied for or received the requisite approvals for certain of these projects. The manner in which we develop these projects will depend on a variety of factors, including the securing of all required approvals and permissions, changes in customer preferences, litigation or force majeure and other extraneous factors. There can be no assurance that our future projects will be developed in a manner that we have currently envisaged for these projects.

5. ***We may not be able to acquire or register the lands for which we enter into certain agreements or memorandum of understanding or where we may have already made partial payments towards the acquisition.***

As of July 2, 2007, we have entered into MOUs for the purchase of lands or for execution of joint development agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. For further details see "Objects of the Issue" on page 26. We cannot assure you that the acquisition of these lands will be completed in a timely manner or at all. In the event that we are unable to acquire the land, we may not be able to recover the partial amount paid till date. For further details see "Our Business – Our Land Bank"- "*Memorandum of Understanding/ Agreements to acquire/ letters of acceptance to which the Company or its Subsidiaries and/or its group companies are parties"* on page 59.

We intend to use the net proceeds of the Issue to acquire land in respect of which we have executed agreements to sell or MOU with the owner of the land to acquire the land. We cannot assure you that we will be successful in acquiring or registering these lands pursuant to the agreements or MOU that we enter into to acquire such lands. Further, none of the lands that we propose to acquire under "Objects to the Issue" or otherwise are registered in our name. Additionally, we cannot assure you that we will be able to utilise the Net Proceeds of the Issue for the purchase of these lands, as disclosed in the "Objects of the Issue" on page 26.

We have entered into an MOU with Galaxy Properties Private Limited with respect to parcels of land located in and around Sriperumbudur and Kancheepuram Taluk, in the district of Kancheepuram, Tamil Nadu, aggregating approximately 43.56 million sq.ft, a copy of which is available for inspection at the registered office of our Company. The MOU states that Galaxy Properties Private Limited and its nominees and associates own 11.90 million sq.ft of land which amounts to 27.32% of the land area covered under the MOU, which adjoins the Chennai Bangalore National Highway. The MOU further states that the remaining 31.66 million sq.ft. of land is not owned by Galaxy Properties Private Limited and that Galaxy Properties Private Limited and its nominees and associates will facilitate the acquisition of the remaining lands in our favour. We cannot assure you that Galaxy Properties Private Limited will transfer title to the lands owned by it or be able to facilitate the acquisition of the land referred to in the MOU, in whole or in part. We have paid an amount of Rs. 121.00 million under this MOU. We cannot assure you that we will be able to recover this amount in the event that we are unable to acquire the said lands. In the event that we are unable to purchase land from the "Net Proceeds of the Issue", we shall, with the approval of the shareholders of the Company deploy the funds for other business purposes, including towards the purchase of additional land parcels, construction of projects, repayment of loans, or general corporate purposes.

6. ***Our business is subject to various factors that may affect the results of our operations.***

Our operations are subject to various factors, including governmental regulations concerning the way we manage our business. For instance, we and our sub-contractors are subject to laws and regulations relating to, among other things, minimum wages, working hours, health and safety of labourers and requirements of registration for contract labour. In some of our markets, we are required to give commitments to provide certain infrastructure such as roads and sewage systems, which may require us to comply with certain additional regulations. Some approvals are required to be obtained after commencement of construction in relation to the project. The laws and regulations under which we and our subcontractors operate, and our and their obligations to comply with them, may result in delays in construction and development, cause us to incur substantial compliance and other increased costs, and prohibit or severely restrict our real estate and construction businesses. We are also required to be registered under certain government regulations for projects where we employ labour on a contract basis. While we have applied for or procured the required registrations for our current and completed projects, we cannot assure you we will be able procure these registrations for all our projects in the future. For more information, see "Government Approvals" on page 242.

We have invested heavily in modernizing the technology and equipment that we require in our construction related activities. We have installed the ERP system based on Oracle software in order to integrate our various operations. Any disruption in the technological systems or disruption in our communication systems may lead to a delay or disruption of our construction activities which may affect our finances and operations. Additionally, our industry is still labour-intensive and we are therefore required to hire casual labour through sub-contractors for our specific projects. Our construction activities may be affected by work stoppages or increased operating costs as a result of higher than anticipated wages. In addition, we may also face a shortage of supply of casual labour for our existing or future projects. These factors could adversely affect our business, financial position, results of operations and cash flows.

7. ***The success of our real estate development business is dependent on our ability to anticipate and respond to consumer requirements, both in terms of the type and location of our projects.***

We believe that our key strength has been our ability to understand the preferences of our customers and accordingly develop projects that suit their tastes and preferences. We have been in the forefront in developing luxurious and semi-luxurious housing projects in upcoming locations and we provide the state of the art contemporary facilities and amenities in our developments. As customers continue to seek better housing and better amenities as part of their residential needs, we are required to continue our focus on the development of quality-centric residential accommodation with various amenities. The growth and success of our commercial business depends on the provision of high quality office space to attract and retain clients who are willing and able to pay rent or purchase prices at suitable levels, and on our ability to anticipate the future needs and expansion plans of these clients. Therefore our ability to anticipate and understand the demands of the prospective customers is critical to the success of our real estate development business. The growth of the Indian economy has led to changes in the way businesses operate in India and the growing disposable income of India's middle and upper income classes has led to a change in lifestyle, resulting in a substantial change in the nature of their demands. Our inability to provide these customers their preference or our failure to anticipate and respond to customer needs accordingly will affect our business and prospects. This could also lead to loss of potential customers to our competitors who may offer better facilities.

We believe that one of our key strengths is our ability to acquire land in new areas and to be able to develop projects in these areas in anticipation of consumer demand and deliver residential projects there at very competitive margins. We may face the risk that our competitors may be better known in the markets that are new to us and gain early access to information regarding attractive parcels of land and be better placed to acquire such land. Our expansion into new geographies also exposes us to additional risks associated with such diversification arising due to low level of familiarity with the local regulations, development, ownership and management of properties in the new geographies. This could affect our profitability and our financial condition.

8. ***Our ability to sell our products will be affected by the availability of financing to potential customers, especially buyers of residential properties.***

A large number of our customers, especially buyers of residential properties finance their purchases through third party mortgage financing. The availing of home loans for residential properties has become particularly attractive due to income tax benefits and high disposable income. The availability of home loans may however, be affected if such income tax benefits are withdrawn or the interest rates on such loans continue to increase or there is decrease in the availability of home loans. This may affect the ability of our customers to finance the purchase of their residential properties and may consequently affect the demand for our properties.

9. ***Market conditions may affect our ability to sell our projects at expected prices, which could adversely affect our revenues and earnings.***

There is a lag between the time we acquire land or development rights to the land and the time that we develop and sell our projects and we will be affected if the market conditions deteriorate or if we purchase land or construct inventories at higher prices and the value of the land or the constructed inventories subsequently decline. The risk of owning undeveloped land, developed land and constructed inventories can be substantial as the market value of land and inventories can change significantly as a result of changing economic and market conditions. Since our real estate investments are relatively illiquid, our ability to mitigate the risk of any market fluctuations is limited.

10. ***We have experienced rapid growth in the last few years and may not be able to sustain our growth, which may adversely affect our results.***

Our revenue has increased by Rs. 746.47 million from fiscal 2004 to fiscal 2005 which representated an increase of 97.73% , by Rs. 1,293.94 million from fiscal 2005 to fiscal 2006 which representated an increase of 85.68% and by Rs. 1,364.39 million from fiscal 2006 to fiscal 2007 which representated an increase of 48.65%. We have completed 14 projects and as of July 2, 2007, have 14 residential and one commercial project under development. We may not be able to sustain our growth effectively or to maintain a similar rate of growth in the future due to a variety of reasons including a decline in the demand for quality real estate projects, increased prices or competition, non-availability of raw materials, lack of management resources or due to a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

11. ***Our growth may require additional capital, which may not be available on terms acceptable to us.***

We expect to finance our growth mainly through equity issuances, including through the Net Proceeds of this Issue. However, we may also require additional financing to expand our operations. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. In addition, the availability of borrowed funds for our business may be greatly reduced, and the lenders may require us to invest increased amounts of equity in a project in connection with both new loans and the extension of facilities under existing loans. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our acquisition plans or growth strategies or reduce capital expenditures and the size of our operations.

12. ***Our inability to acquire contiguous parcels of land may affect our future development activities.***

Our capacity to develop large projects and the scalability of our operations depends on our ability to acquire large contiguous parcels of land. However, we may not be able to acquire parcels of land, at all or on terms that are acceptable to us, which may affect our ability to consolidate parcels of land into a contiguous mass. Failure to acquire such parcels of land may cause delay or force us to abandon or modify the development of the land at a location, which in turn may result in a failure to realize our investment for acquiring such parcels of land.

13. ***We are subject to penalty clauses under the agreements entered into with our customers, for any delay in the completion of the project.***

The agreements that we enter into with certain of our customers require us to complete these constructions on time and may provide for penalty clauses wherein we are liable to pay penalties to the customers for any delay in the completion of the project. We cannot assure you that we will always finish the construction or development of our projects in accordance with the timelines specified in such agreements and that we may be liable for amounts due under such agreements.

14. ***Our success depends in large part upon our senior management, directors and key personnel and our ability to retain them and attract new key personnel when necessary.***

Our senior management and key personnel collectively have many years of experience with us and would be difficult to replace. We do not maintain "key man" insurance for our senior managers or other key personnel. We cannot assure you that we will be able to retain any or all of the key members of our management. The loss of the services of such key members of our management team could have an adverse effect on our business and the results of our operations.

Further, our ability to maintain our position in the real estate development sector depends on our ability to attract, train, motivate, and retain highly skilled personnel. In the event we are unable to do so, it could have an adverse effect on our business and results of operations.

15. ***We enter into joint ventures with third parties, which entail certain risks.***

We have entered into joint ventures with third parties as part of our business and growth strategy. Investments through joint ventures may, under certain circumstances, involve certain risks including the possibility of joint venture partners failing to meet their financial obligations on time or at all or where joint venture partners have business interests or goals that are inconsistent with our business interests or goals. Such investments may also run the potential risk of impasses on certain key decisions.

We have entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). Our Company owns 49% of the shares of the joint venture. The majority ownership and control and management of the joint venture vests with Keppel and we may therefore not be able to direct or control the business or operations of this entity in a manner that we would prefer. We have executed a joint venture agreement in which we have 36.26% economic interest, in relation to a residential project at Kolkata. In addition, our partnership with Keppel is not exclusive and Keppel may enter into similar joint ventures with our competitors, or may enter the real estate development business on their own. This may lead to an increase in competition and may affect the types of projects that we may undertake. For further details of the lands held indirectly by our Company, see "Our Business"- "Our Land Bank" – *"Proportionate interest in lands owned indirectly"* on page 61.

16. Certain portions of our Land Bank are acquired through third parties.

Certain lands in Karnataka have been acquired by Mrs. Geeta Vhatkar, the sister of our Promoter, Mr. Nagananda, one of our Key Managerial Personnel, Mr. D.S. Nagraj and Mr. Basava Reddy, both of whom are independent third parties. We have entered into agreements to sell in our favour with each of these individuals under which the title to the lands will be transferred to us. Under the said agreements sale consideration have been paid by us to these individuals. These individuals have also executed powers of attorney in favour of our Company to apply for several permissions from the appropriate authorities. Mr. Nagananda has entered into several agreements to sell with the owners of certain parcels of land situated in and around Bangalore. He has executed several agreements in favour of our Company under which he will assign all the rights under the agreements to sell at the option of our Company upon obtaining statutory clearances. We cannot assure you that there will be no delays in obtaining the requisite statutory clearances. Further, these individuals may also refuse to transfer the lands in our favour. See "Our Business- Land Bank"- *"Lands owned by the Company"* on page 58.

17. We rely on third parties for certain activities in relation to the construction and development of our projects.

We have the in-house technical capability to construct and develop our real estate development projects and we have a team of approximately 404 architects, civil engineers and other technical staff who are involved in the construction and development for most of our projects. For some of our projects, we outsource these functions to third parties. In addition, we use sub-contractors to organize the construction labour required for all our projects. The timing and quality of construction of the projects we develop depends on the availability and skill of the parties to whom these functions are outsourced, as well as contingencies affecting them, including any raw material shortages and industrial action such as strikes and lockouts. We cannot assure you that we can continue to conduct all construction related activities internally or that skilled third parties or contractors will continue to be available at reasonable rates or at all. Additionally, if such sub-contractors or third parties do not complete our orders timely or satisfactorily, our reputation and financial condition could be adversely affected. As a result, we may be required to make additional investments or provide additional services to ensure the adequate performance and delivery of contracted services and any delay in project execution could adversely affect our profitability.

We also rely on manufacturers and other suppliers and do not have direct control over the quality of the products they supply, which may adversely affect the construction quality of our developments. As we expand geographically, we will have to use contractors with whom we are not familiar, which will increase the risk of cost overruns, construction defects and failures to meet scheduled completion dates.

18. We are involved in certain legal and other proceedings in India and may face certain liabilities as a result.

We are involved in legal proceedings and claims in India in relation to certain civil matters. As of July 2, 2007, a total of 29 legal proceedings pertaining to approximately 1.57 million sq.ft. of land owned by us have been initiated against us. In addition, the aggregate of the claims against us in various legal proceedings was approximately Rs. 154.73 million as of July 2, 2007. We cannot assure you that these legal proceedings will be decided in our favour. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. There can be no assurance that the provisions we have made for litigation will be sufficient or that further substantial litigation will not be brought against us in the future. For more information regarding these legal proceedings, see the section titled "Outstanding Litigation and Material Developments" on page 222.

Sl. No.	**Case Number**	**Extent of land area in dispute** *(in sq.ft.)*	**Amounts claimed against us** *(in Rs.)*
1.	O.S. No. 6432/1992	408,375	-
2.	O.S.No. 210 of 2005	58,806	-
3.	O.S. No. 990 of 2006	45,738	-
4.	Petition No. 112 of 2005	56,628	-
5.	Petition No. 113 of 2005		
6.	O.S. Nos. 289 of 2006	-	-
7.	O.S. Nos. 291 of 2006	-	-
8.	O.S. Nos. 293 of 2006	-	-
9.	O.S. No. 3721 of 2005	-	-
10.	O.S. No. 1429 of 2005	-	-
11.	O.S. No. 1431 of 2005	-	-
12.	O.S.No. 1118 of 2005	142,659	-
13.	W.P. No. 2766 of 2006	63,162	-
14.	O.S. No. 2382 of 2005	294.03	-
15.	A.A. No. 15007 of 2005	227,000	-
16.	O.S. No. 6503 of 2006	28,314	-
17.	O.S. No. 7117 of 2006	-	-
18.	O.S. No. 7116 of 2006	-	-
19.	O.S. No. 4377 of 2006	70,000	-
20.	O.S. No. 15687 of 2006	174,022.2	-
21.	O.S. No. 1243 of 2006	87,120	-
22.	O.S. No. 2980 of 2006	-	-
23.	O.S. No. 312 of 2007	27,497.25	-
24.	O.S. No. 697 of 2007	-	4,726,464
25.	O.S. No. 2346 of 2007	1,228.36	-
26.	O.S. No. 1560 of 2006	63,162	-
27.	O.S. No. 270 of 2007	106,722	-
28.	O.S. No. 1186 of 2007	139.392	-
29.	O.S. No. 4902 of 2007	8,460.50	-
	A.A. Nos. 7 and 8 of 2004	-	150,000,000*
	TOTAL	**1,569,327.73**	**154,726,464**

* *This amount has been claimed by way of counter claim against us in the arbitration matter referred to above.*

Note: The lands which are the subject matter of the aforesaid litigations have not been taken into account for the purposes of arriving at our Land Bank.

19. We are exposed to risks arising from the construction and manufacturing related activities.

We may be subject to claims resulting from defects arising from engineering, procurement and/or construction services provided by us within the warranty periods stipulated in our agreements with residential property purchasers and the contracts for the development of commercial contracts. Actual or claimed defects could give rise to claims, liabilities, costs and expenses including repairing the damaged property, relating to loss of life, personal injury, damage to property, damage of equipment and facilities. Our policy of covering these risks through contractual limitations of liability or indemnity, insurance may not always prove to be effective.

20. Our insurance coverage may not be adequate.

We currently have insurance policies with respect to three of the 14 projects which we are currently in the process of developing. We do not maintain insurance policies with respect to our office properties. Our real estate projects could suffer physical damage from fire or other causes, resulting in losses, including loss of rent, against which we may not be insured or which may not be fully compensated by insurance. In addition, there are certain types of losses, such as those due to earthquakes, floods, hurricanes, terrorism, infectious disease or acts of war, which may be uninsurable or are not insurable at a reasonable premium. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all material losses. Further, we may not have obtained insurance cover for some of our projects that do not require us to maintain insurance. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in building regulations, environmental issues as well as other factors. Should an uninsured loss or a loss in excess of insured limits occur, we would lose the capital invested in and the anticipated revenue from the affected property. We would also remain liable for any debt or other financial obligation related to that property. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

21. Our Promoter has given personal guarantees in relation certain debt facilities.

Our Promoter has provided personal guarantees in relation to the obligations undertaken by us and our Subsidiaries under certain debt facilities. The personal guarantees have been given in relation to debt facilities which have a sanctioned amount of approximately Rs. 10,825.00 million. In the event that there is any default in any of these obligations, the personal guarantees given by our Promoter may be invoked. Fur further information. see "Financial Indebtedness" on page 218.

22. We are subject to restrictive covenants in certain debt facilities provided to us by our lenders.

There are certain restrictive covenants in the agreements we have entered into with certain banks and financial institutions for secured and unsecured loans. These restrictive covenants require us to obtain either the prior permission of such banks or financial institutions or require us to inform them of various activities, including, among others, alteration of our capital structure, raising of fresh capital or debt, declare or pay dividends, issue any debentures, raise any loans or create any charge, mortgage or encumbrance on its assets and create any subsidiaries, undertaking new projects or undertaking any merger, amalgamation, restructuring or change in management and further permit the concerned lenders to seek early repayments of, or recall the said loans or enhance the interest rates applicable thereto. Although we have received consent from our lenders for this Issue, these restrictive covenants may affect some of the rights of our shareholders. Any additional financing that we require to fund our capital expenditures, if met by way of additional debt financing, may place restrictions on us which may, among other things, increase our vulnerability to general adverse economic and industry conditions; limit our ability to pursue our growth plans; require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, meet working capital requirements and use for other general corporate purposes; and limit our flexibility in planning for, or reacting to changes in our business and our industry, either through the imposition of restrictive financial or operational covenants or otherwise. Some lenders under some these financing arrangements are also entitled to appoint additional nominee directors on our Board of Directors and are entitled to notice of dividend payment upon the occurrence of an event of default under such financing arrangements. For further information, see "Financial Indebtedness" on page 218.

23. ***We will be controlled by our Promoter so long as he controls a majority of our Equity Shares.***

After the completion of the Issue, our Promoter will control, directly or indirectly, approximately 90% of our outstanding Equity Shares. As a result, our Promoter will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of his shareholding in us may also have the effect of delaying, preventing or deterring a change in control of our company, even if such a transaction may be beneficial to our other shareholders. The interests of our Promoter as our controlling shareholder could also conflict with our interest or the interests of our other shareholders. We cannot assure you that our Promoter will act to resolve any conflicts of interest in our favour.

24. ***There may be a potential conflict of interest between other ventures promoted by our Promoter that are engaged in a similar line of business as us.***

Seven of our Promoter Group Entities including Puravankara Constructions, Dealwel Estates Private Limited, Uniquepark Constructions Private Limited, Purva Developments, Welworth, Dealwel and Uniquepark have engaged in a similar line of business as us and are engaged in the acquisition and holding of lands. While all of the above entities have currently ceased carrying out development activities, there may be a potential for conflict of interest between our operations and those of our Promoter Group Entities. In addition, attention to the other Promoter Group Entities may distract or dilute management attention from our business, which could adversely affect our results of operations and financial condition. For further information, see "Our Promoter – Promoter Group Entities" on page 111.

25. ***We have entered into, and will continue to enter into, related party transactions with our Promoter and Promoter Group Entities.***

We have in the course of our business entered into transactions with related parties that include our Promoter and companies forming part of our Promoter Group. We have also acquired some assets and liabilities from certain of our Promoter Group Entities. In the past, we have also entered into agreements to purchase and develop land with our Promoter or companies owned by our Promoter. For more information regarding our related party transactions, see "Related Party Transactions" on page 119 and contained in our restated financial statements included in this Red Herring Prospectus. Further, our business is expected to involve transactions with such related parties, in the future.

26. ***Some of our Subsidiaries and Promoter Group Entities have incurred losses.***

Some of our Subsidiaries and Promoter Group Entities have incurred losses within the last three fiscal years, details of which are set forth below:

	Name	Fiscal Period 2007 (in Rs.)	2006 (in Rs.)	2005 (in Rs.)
Subsidiaries				
1.	Prudential Housing and Infrastructure Development Limited	(163,585)	(2,790)	(6,500)
2.	Purva Marine Properties Limited	(64,822)	-	-
3.	Centurions Housing and Constructions Private Limited	(816,765)	(29,949)	Nil
4.	Melmont Construction Private Limited	(19,887)	(131,527)	Nil

	Name	Fiscal Period 2007 (in Rs.)	2006 (in Rs.)	2005 (in Rs.)	2004 (in Rs.)
Promoter Group Entities					
1.	Propmart Technologies Limited	-	42,668,837	(23,446,055)	(31,599,010)
2.	Unique Park Constructions Private Limited	-	(7,800)	(100)	(4,580)
3.	Dealwel Estates Private Limited	-	(3,944)	(1,203)	(1,450)
4.	Puravankara Constructions	-	100,005	Nil	(609,456)

27. Our registered office and other premises from which we operate are not owned by us.

We do not own the premises on which our registered office and other offices are located. We operate from rented and leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations. For further details, see the section titled "Our Business-Office Properties" on page 69.

28. Some of our Subsidiaries, Directors and certain entities forming part of our Promoter Group and our Promoter are party to various legal proceedings.

Some of our Subsidiaries, Directors and certain entities forming part of our Promoter Group and our Promoter are involved in various legal proceedings aggregating 27 civil cases. Further, Mr. Jaithirth Rao, one of our Directors, is involved in one criminal case in his capacity as a director of Cadbury India Limited, alleging misbranding against Cadbury India Limited. The manufacturer has stated that the name and address of the manufacturer on the products is ambiguous.

Further, Prudential Housing and Infrastructure Development Limited, our Subsidiary, has received a show cause from the Registrar of Companies, Maharashtra, Mumbai for allotment of shares without filing a statement *in lieu* of prospectus. The company has compounded the said offence by way of an application under Section 621(A) of the Act on March 3, 2004 and the Regional Director, Ministry of Company Affairs, Mumbai has permitted the compounding of the offence after the payment of a fine of Rs. 4,000 each by Prudential Housing and Infrastructure Development Limited, Mr. Ravi Puravankara, Mr. Nani R. Choksey and Mr. Satish Puravankara.

For more information regarding litigation, please refer to the section titled "Outstanding Litigation and Material Developments" on page 222.

29. ***As of March 31, 2007, we had contingent liabilities to the extent of Rs. 60.36 million. Since these are contingent liabilities these have not been provided for in the financial statements of the Company and could impact our financial condition.***

As of March 31, 2007, we had contingent liabilities of Rs. 60.36 million. This consisted of mainly contingencies and commitments in relation to bank guarantees provided by the Company and also capital commitments and in relation to show cause notices received from the various authorities. For further information, see "Financial Statements" on page 123.

30. ***Our deployment of Net Proceeds of this Issue are based on management estimates and have not been independently appraised.***

Our funding requirements and the deployment of the proceeds of the Issue as described in "Objects of the Issue" on page 26 are based on management estimates and have not been appraised by any bank or financial institution. In view of the nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes and an increase or decrease in our proposed expenditure for a particular project.

31. ***Our business is dependent on the performance of the real estate market in India.***

Our business is dependent on the performance of the real estate market in India, and our operations could be adversely affected if market conditions deteriorate. Real estate projects take a substantial amount of time to develop, and we could incur losses if we purchase land at high prices and we have to sell our developed projects during weaker economic periods. Further, the real estate market, both for land and developed properties is relatively illiquid, which may limit our ability to respond promptly to market events and our financial results are more sensitive to changes and downturns within our industry than companies with more diversified lines of business.

32. ***Increasing competition may lead to a price escalation in the cost of land and may affect our profitability.***

Due to the lesser requirements of technical expertise in the housing and real estate sector as opposed to the industrial/infrastructure construction sector, the housing and real estate sector has a larger number of new entrants and existing players from whom we face competition. It is likely that some of our competitors may undertake projects similar to ours in the same regional markets in which our projects are located. Some of our competitors with greater capital outlay may offer similar projects at prices that are lower than the prices that we are able to offer to our consumers. We intend to continue to acquire land to maintain our growth and to develop new real estate projects. Due to increased demand for land for development of residential and commercial properties, we may experience competition in acquiring land in various geographies in which we propose to operate and the unavailability or shortage of suitable parcels of land for development may lead to an escalation in land prices. Any such escalation in the price of developable land could adversely affect our business, prospects, financial condition and results of operations. Our inability to compete successfully in our industry with the new entrants or the existing players may materially affect our business prospects and financial condition.

33. ***Our operations may be affected by factors leading to an economic slowdown or natural disasters in the regions where we operate.***

We would be directly affected by factors that may have an impact on the supply of land and demand for real estate projects in the regions where we operate. These may include the political climate, government policies, industrial action, demographic trends and other factors that may lead to an economic slowdown in or around the regions where we operate. Any such slowdown may affect our profitability and our financial condition.

While our business has not been materially affected by natural calamities in the past, it is possible that future earthquakes, cyclones, or other natural disasters, particularly those that directly affect the areas in which our developments and other operations are located, could result in substantial damage to our properties and adversely affect our operations and financial results.

34. The financial statements of certain of our Promoter Group Entities are unaudited.

The financial statements for certain of our Promoter Group Entities are unaudited. The financial statements have not been audited as there is no statutory requirement under the relevant statutes under which these entities are organised to have audited financial statements. See "Our Promoter" on page 110.

35. We have in the last twelve months issued Equity Shares at a price that could be lower than the Issue Price.

We have, in the last twelve months issued Equity Shares at a price that could be lower than the Issue Price. On December 26, 2006, we issued bonus shares in the ratio of 1:11 to our shareholders equivalent to 176,000,000 Equity Shares. Further, we made a preferential allotment of 17,455 Equity Shares to Mr. Jaithirth Rao, one of our Directors. For further details regarding such issuances of Equity Shares, please see Note 1 to the section titled "Capital Structure – Notes to Capital Structure" on page 20.

Risks Relating to India

36. A slowdown in economic growth in India could cause our business to suffer.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

37. Political instability or changes in the government could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The leadership of India has changed many times since 1996. The current central government, which came to power in May 2004, is headed by the Indian National Congress and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalization policies that have been pursued by previous governments, the rate of economic liberalization could change, and specific laws and policies affecting real estate, foreign investment and other matters affecting investment in our securities could change as well.

38. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

39. Significant shortages in the supply of crude oil or natural gas could adversely affect the Indian economy, which could adversely affect us.

India imports approximately 75.0% of its requirements of crude oil. Crude oil prices are volatile and are subject to a number of factors such as the level of global production and political factors such as war and other conflicts, particularly in the Middle East, where a substantial proportion of the world's oil and natural gas reserves are located. Global crude oil prices have risen significantly in 2005 and 2006, driven in part by the strong demand for imported oil in India and China. Any significant increase in oil prices could affect the Indian economy, including the real estate sector. This could adversely affect our business including our ability to grow, our financial performance, our ability to implement our strategy and the price of our Equity Shares.

40. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

Risks relating to the Investment in Equity Shares

41. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop.

The price of the Equity Shares may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian real estate sector and changing perceptions in the market about investments in the Indian real estate sector, adverse media reports on us or the Indian real estate sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations.

There has been no recent public market for the Equity Shares prior to this Issue and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further, the price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

42. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

43. Any future issuance of Equity Shares may dilute your shareholding and sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issuances by us, including in a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

44. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

Notes to Risk Factors

- Public Issue of 21,467,610 Equity Shares of Rs. 5 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] million. The Issue would constitute 10.05% of the fully diluted post issue paid-up capital of the Company.
- In terms of Rule 19 (2) (b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.
- The net worth of the Company was Rs. 2,092.38 million as of March 31, 2007 as per our restated unconsolidated financial statements included in this Red Herring Prospectus.
- The net asset value per Equity Share of Rs. 5 each was Rs. 10.90 as of March 31, 2007, as per our restated unconsolidated financial statements included in this Red Herring Prospectus. All numbers presented have been adjusted on post-bonus basis.
- The average cost of acquisition of our Equity Shares by our Promoter is Rs. 0.26 per Equity Share. The average cost of acquisition of Equity Shares by our Promoter has been calculated by taking the average of the amount paid by him to acquire the Equity Shares issued by us, including bonus shares.
- For details of our related party transactions, please refer to "Related Party Transactions" on page 119.
- Our Promoter, Directors and Key Managerial Personnel are interested in our Company by virtue of their shareholding, if any, in our Company. See "Capital Structure" and "Our Management" on page 19 and page 98, respectively.
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors

in any manner whatsoever. Investors may contact the BRLMs, and the Syndicate Members for any complaints pertaining to the Issue.

- Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please refer to the section titled "Basis of Allotment" on page 275.
- Investors are advised to refer to the section titled "Basis for Issue Price" on page 31.
- Our Company was incorporated as Puravankara Constructions Private Limited on June 3, 1986. The name of our Company was changed to Puravankara Projects Limited and the status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on July 10, 1992. The fresh certificate of incorporation consequent on change of name and status was granted on August 19, 1992 by the Registrar of Companies, Maharashtra, Mumbai.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Business Overview

We are one of the leading real estate development companies in India with a focus on developing residential and commercial properties. Our projects are primarily based in south India and we have a growing presence in other parts of India and have a business presence in select locations overseas. Our operations span all aspects of real estate development, from the identification and acquisition of land, to the planning and execution and marketing of our projects. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to developing high quality projects. The residential properties that we develop consist of apartment complexes, villas and townhouses. Our commercial projects include retail and office premises.

We were incorporated as Puravankara Constructions Private Limited in 1986 in Mumbai. Our operations cover Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Colombo and the United Arab Emirates ("U.A.E"). A majority of our completed projects as well as our Ongoing Projects are situated in Bangalore. We have launched projects in Kochi and Chennai. We have project offices in Coimbatore, Mysore and Hyderabad. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We also have a sales and marketing office in the United Arab Emirates, and representatives in the United Kingdom and the United States.

Our Promoter commenced operations in the real estate industry in Mumbai in 1975 and has over 31 years of experience in the property development, real estate and construction sectors in India. Our Promoter Group Entities, of which our Promoter is the Chairman, have developed 12 residential projects in Mumbai and Bangalore covering approximately 0.43 million sq. ft. of Saleable Area. For further details see "Our Promoter" on page 110. Our Company has completed 14 residential projects and one commercial project covering approximately 3.93 million sq.ft of Developable Area or approximately 3.77 million sq.ft. of Saleable Area. For further details of our completed and Ongoing projects under see 'Our Operations' in "Our Business" on page 63.

Our Land Bank may be broadly classified into lands upon which there is no present development (hereinafter our "Land Assets") and lands upon which we are currently developing projects (hereinafter our "Ongoing Projects"). 'Developable Area' refers to the total area which we develop on each project and 'Saleable Area' refers to that part of the Developable Area relating to our economic interest in such project.

We have access to an extensive Land Bank comprising of Land Assets which is the land that we and our joint venture have available for future projects and Ongoing Projects, which is the land on which we and our joint venture are currently developing 15 residential projects and one commercial project. As of July 2, 2007, our Land Bank consists of the following:

	Land Area		Developable Area		Saleable Area	
	In million sq.ft.	% of aggregate	In million sq.ft.	% of aggregate	In million sq.ft.	% of aggregate
Land Assets	32.97	86.60%	102.25	87.96%	94.60	88.58%
Ongoing Projects	5.10	13.40%	13.99	12.04%	12.20	11.42%
Total	**38.07**	**100.0%**	**116.24**	**100.0%**	**106.80**	**100.0%**

For a detailed analysis of our Land Bank by category and geographies, see "Our Business- Our Land Bank" on pages 54 to 63.

Our Land Assets aggregate approximately 94.60 million sq.ft. of Saleable Area, of which approximately 42.77 million sq.ft. of Saleable Area is owned by the Company through itself, approximately 6.50 million sq.ft. of Saleable Area is owned by the Company through its Subsidiaries and approximately 15.71 million sq.ft. of Saleable Area is owned by the Company through entities other than its Subsidiaries. Our Land Assets also comprises of land where the sole development rights over approximately 6.15 million sq.ft. of Saleable Area vest with our Company; land in relation to which we have executed memoranda of understanding and agreements to acquire approximately 9.80 million sq.ft of Saleable Area; land where we have the development rights to approximately 11.41 million sq.ft. of Saleable Area and land to which we have a proportionate right of approximately 2.26 million sq.ft. of Saleable Area through our joint venture with Keppel.

Our Ongoing Projects aggregate approximately 12.20 million sq. ft. of Saleable Area. Our Company is constructing 14 residential projects and one commercial project aggregating approximately 10.98 million sq. ft. of Saleable Area and Keppel Puravankara Development Private Limited, our joint venture with Keppel is constructing one residential project in which our interest extends to approximately 1.22 million sq.ft. of Saleable Area. For further details, see "Our Business"- "Our Land Bank" on page 54.

In 2005, we entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments in the real estate development sector in India that has taken place under the 'automatic route' in India. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns land in Bangalore and we have executed a joint venture agreement in relation to a residential project at Kolkata, in which we have 36.26% interest, cumulatively aggregating approximately 2.26 million sq.ft. of Saleable Area. These arrangements bring together Keppel's expertise and experience in developing world class integrated township projects and our local knowledge and expertise experience in India. For further information on our joint venture with Keppel, see "History and Certain Corporate Matters" on page 81.

In addition, as of July 2, 2007, we have entered into MOUs for the purchase of lands or for execution of joint development agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

We have a strong marketing network and we maintain sales and marketing offices in Bangalore, Chennai, Kochi, Mumbai and the U.A.E. and representatives in the United States and in the United Kingdom. We have built up a strong in-house team of engineers, architects and others who are professionally experienced in their respective fields. We were awarded the ISO 9001 certification by DNV (Det Norske Veritas, a worldwide registrar providing ISO ratings) in 1998 and the CRISIL DA2+ rating in 2002, 2004 and 2006 and a DA2 in 2007 which signifies our past track record for executing real estate projects as per specified quality levels and time schedules and transferring clear title, being very good..

Our revenue has increased by Rs. 746.47 million from fiscal 2004 to fiscal 2005 which representated an increase of 97.73% , by Rs. 1,293.94 million from fiscal 2005 to fiscal 2006 which representated an increase of 85.68% and by Rs. 1,364.39 million from fiscal 2006 to fiscal 2007 which representated an increase of 48.65% . Our restated profit after tax has increased by Rs. 225.81 million from fiscal 2004 to fiscal 2005 which representated an increase of 146.22% , by Rs. 354.75 million from fiscal 2005 to fiscal 2006 which representated an increase of 93.30% and by Rs. 569.03 million from fiscal 2006 to fiscal 2007 which representated an increase of 77.42% .

After the completion of the Issue, our Promoter will continue to hold approximately 90% of our Equity Shares.

Competitive Strengths

We believe that the following are our principal competitive strengths:

An established brand image and reputation

We believe we have established a reputable brand name in the Indian real estate market due to the high quality, timely execution and delivery of our projects. Our attention to quality and commitment to timely delivery of our projects has resulted in various awards which has enhanced our brand and reputation. We were awarded the CRISIL DA2+ rating in 2002, 2004 and 2006 and DA2 in 2007 in recognition of the quality of our projects and for delivering properties on time to our customers with clear title to properties. In addition, our brand recognition has evidenced itself through the numerous sales referrals from our existing customer base. We believe our brand is of significant value as we expand our business geographically throughout India.

We believe that our brand gives us a competitive advantage that allows us to achieve premium sales prices and rentals. Our brand also helps us to secure land in prime locations and attract well regarded professionals and partners to collaborate with us on our projects. In addition, after completion of a project, we continue to focus on brand management through proactive measures to ensure brand recall among our customers.

We are constantly upgrading our resources and technology to be able to maintain and strengthen our efficiency in execution. We have focussed on developing a mechanized and technological construction capability to increase the efficiency and quality of our projects. These capabilities allow us to ensure the quality of our projects, ease in maintenance and longevity of our projects. We are using technology from MIVAN, which involves the use of semi mechanized aluminum formwork system that uses aluminum in place of normal plywood and mild steel sheets, which are pre engineered and pre fabricated. This technology reduces the floor finish cycle and therefore speeds up construction.

Extensive Land Bank

We have access to an extensive Land Bank and as of July 2, 2007, our Land Bank in relation to our Ongoing Projects aggregated to approximately 5.10 million sq. ft. of Land Area representing approximately 13.99 million sq. ft. of Developable Area or approximately 12.20 million sq.ft. of Saleable Area under development. In addition, as of July 2, 2007, our Land Assets which represents the land that we and our joint venture have reserved for our future projects aggregates approximately 32.97 million sq.ft. of Land Area, representing approximately 102.25 million sq.ft. of Developable Area or 94.60 million sq.ft. of Saleable Area. We have completed several residential projects and one commercial project covering approximately 3.93 million sq.ft of Developable Area or approximately 3.77 million sq.ft. of Saleable Area. We, along with our joint venture, have 15 residential projects and one commercial project under development. As of July 2, 2007, we had entered into MOUs for the purchase of, or execution of joint developments agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

We believe that our market understanding of the real estate market dynamics, arising from the collective experience of our management team, has enabled us and will continue to enable us to seek and capitalize on land acquisition opportunities at relatively early stages of their long-term appreciation potential.

In-house development and project management capabilities

We have an experienced, dedicated and qualified team of employees. We have the technical capability to manage our construction and project management functions internally. As a result of this, we have reduced our dependence on sub-contractors and third parties and believe that this will provide us the competitive advantage in the real estate industry. We conduct regular quality assessments of our projects and contractors to ensure our high quality in ensured. We also have an in-house 'modifications and interiors division' which provides additional value added services to the customers. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to continue to take advantage of both current and future market opportunities.

Direct customer relationships

We have a customer base across India and in countries with a sizeable non-resident Indian **("NRI")** population. Our business approach includes maximizing the benefit to our customers and we endeavour to focus on the interest of our customers at every stage of our projects. We sell most of our properties directly to the customers. We have a strong marketing network and maintain sales and marketing offices in Bangalore, Chennai, Kochi and Mumbai in India. We also have a sales office in the U.A.E. and representatives in the United Kingdom and the United States. In addition, we have been participating at property exhibitions in the Middle East for the last 15 years which has helped us to access the large NRI customer base in the Middle-East.

We believe that our ability to identify emerging trends in customer requirements and developing projects to suit such requirements is our strength. We have established a dedicated 'customer care division' to offer our clients a one-point interface for any specific requirements or grievances. Our marketing and sales team is our interface with potential clients and this provides us with an insight into the customer requirement trends in terms of type, location and price of the product and guides us to plan our promotional activities.

Experienced management team with strong track record

Our Chairman, Mr. Ravi Puravankara, has over 31 years of experience in property development, real estate and construction sectors across India. Our management team consists of experienced and qualified professionals who have extensive experience in the development, sales and management of real estate. See "Our Management" on page 98 and "Our Promoter" on page 110.

We believe that by employing and retaining individuals with experienced backgrounds, we have been able to capitalize on their collective expertise in both local and international property markets. We have also designed and established a number of training programs to foster and develop our management. We have organized 31 training programs and seminars for our staff which includes training in safety in construction and its management. We have established an effective safety management system at the construction sites, critical chain project management, plumbing and sanitation, environment management system and purchasing and materials management.

Our partnership with Keppel

We have entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments ("FDI") in the housing and real estate sector in India that took place under the 'automatic route'. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns approximately 0.86 million sq.ft. of land in Bangalore representing approximately 2.71 million sq.ft. of Developable Area and our Saleable Area will be 1.32 million sq. ft. In addition we have executed a joint venture agreement in which we have 36.26% economic interest in relation to a residential project at Kolkata aggregating approximately 1.08 million sq.ft. of land where the Developable Area is 2.58 million sq. ft. and our Saleable Area will be 0.94 million sq. ft. These arrangements cumulatively aggregating approximately 2.26 million sq. ft. of Saleable Area brings together Keppel's expertise and experience in developing world class integrated township projects and our local knowledge, expertise experience in India and provides us with an ability to scale up. For further information on our joint venture with Keppel, see "History and Certain Corporate Matters" on page 81.

Presence in south Indian markets

Our development activities have been focussed primarily in Bangalore, Chennai, Kochi, Coimbatore, Hyderabad and Mysore. Of the 15 residential and one commercial project that we and our joint venture are currently developing, 78.04% are located in Bangalore, 11.57% are located in Chennai and 10.39% are located in Kochi. Of our Land Assets, aggregating approximately 32.97 million sq.ft. of Land Area, 70.66% is located in Bangalore, 12.96% in Chennai, 6.48% in Kochi, 0.50% in Hyderabad, 2.98% in Coimbatore, 2.02% in Mysore, 1.18 in Kolkata and 3.22 in Colombo, Sri Lanka. We believe that the south Indian region in general and the markets of Bangalore, Kochi, Hyderabad, Mysore and Chennai in specific present an extensive growth opportunity when compared to the rest of the country. While we intend to diversify our presence across India and overseas, we believe these regions present a vast pool of demand for our existing and planned residential and commercial developments. We believe that our experience and presence in the south Indian real estate market will provide us with a strong base to expand our operations to other regions.

Innovation in our projects and our processes

We believe that one of our key strengths is the large amount of time and resources that we dedicate towards innovation in our projects and to the execution methodology for our projects. We anticipate the changing preferences of our prospective customers in developing our real estate projects and in order to cater to the needs of such customers, we believe that we have been innovative in incorporating novel design ideas into our projects. For instance, we have been providing modern amenities such as squash courts, club houses, gyms and bowling alleys in our residential projects. We were among the first to design and develop 'theme based projects'. For instance, our 'Purva Fountainsquare' project that we are currently developing in Bangalore incorporates a 'global' theme to the project by including fountain and layered gardens modelled on those seen in Europe, and stone- scapes and architecture that are based on international designs. We recently completed our 'Purva Riviera' project which has been developed to incorporate nature and greenery in the project and has a resort based theme. The project consists of fountains and 80% of the development consists of landscaped gardens.

We were one of the first to introduce a customer loyalty programme. The 'Purva Privileges'- residents' relationship programme is a loyalty scheme that includes a referral programme and provides other value added schemes including, among other things, free concierge services and discounts at select outlets.

Simplified corporate structure and commitment to corporate governance

We are committed to employing the highest standards of corporate governance in our internal organisation and in all our business transactions and accounting practices. We believe that one of our key strengths is the simple and centralized corporate structure that we have established in our company. All the key decisions ranging from land identification and acquisition, procurement of raw materials and labour to our marketing and sales strategy are taken by a team comprising of senior management. This ensures consistency in all our business operations and facilitates efficiency and transparency in operations resulting in a positive impact on our business.

Transparency in our business dealings with customers

We believe that we are transparent in our dealings with customers. We maintain a full record of all payments made by our customers and our accounting records are updated regularly to reflect our dealing with our customers and other third-parties. We have established a transparent and efficient system for procuring materials by establishing purchasing policies which are committed to acquiring the best quality of materials at reasonable prices. We have implemented an ERP system based on Oracle software which we believe will enable us to integrate our various operations, increase our responsiveness, and also improve our efficiency and information flow with our customers.

Strategy

We are committed to building a leading Indian real estate development company with the highest standards of professionalism, quality and customer service. The key elements of our business strategy are as follows:

Increase our Land Bank in strategic locations across India

We believe that continuing to build our Land Bank is critical to our growth strategy and we intend to continue acquiring land at strategic locations across India. Our land acquisition strategy factors the need to acquire large and contiguous areas of land at low costs, thereby allowing us to undertake large projects. We focus on areas where we see value enhancement opportunities. We have identified lands in various locations which we believe are suitable for our projects and have the potential for growth and value appreciation and are in the process of acquiring the land to facilitate this. As of July 2, 2007, we had entered into MOUs for the purchase of, or for execution of joint developments agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

Continue to enhance our brand and reputation by delivering value to our customers

We intend to continue to promote and expand our brand. We will do so by continuing to focus on quality and innovation in our property projects, and providing strong after-sales support and property management services. We believe that delivering value to our customers and enhancing their overall satisfaction with our products will enable us to strengthen our brand further. At the same time, we intend to continue building market recognition of the brand through marketing initiatives such as advertising campaigns and participation in international real estate exhibitions and expansion of our customer loyalty scheme, 'Purva Privileges'.

Increase the scale of our operations

As of July 2, 2007, the Land Assets representing the land that our Company and our joint venture have reserved for future projects consists of approximately 32.97 million sq. ft. of Land Area representing approximately 102.25 million sq. ft. of Developable Area or approximately 94.60 million sq.ft. of Saleable Area. We, along with our joint venture, Keppel Puravankara Development Private Limited, intend to construct on approximately 23.30 million sq. ft. of land in Bangalore, approximately 4.27 million sq. ft. of land in Chennai, approximately 2.13 million sq. ft. of land in Kochi, approximately 0.17 million sq. ft. of land in Hyderabad, approximately 0.67 million sq. ft. of land in Mysore, approximately 0.98 million sq. ft. of land in Coimbatore, approximately 0.39 million sq.ft. of land in Kolkata and 1.06 million sq. ft. of land in Colombo. We are still in the initial stage of planning for some of these projects and we have not yet applied for or received the approvals required for certain of these projects. For more information, see "Risk Factors" on page xiii.

Pursue Property Diversification

We intend to expand our commercial projects portfolio and develop projects across key locations in India. We plan to develop a portfolio of commercial projects consisting of commercial complexes and office premises. Our Land Assets representing the land that we have reserved for our future projects consists of approximately 102.25 million sq.ft. of Developable Area or 94.60 million sq.ft. of Saleable Area, out of which we intend to develop approximately 18.0 million sq. ft. of Saleable Area representing approximately 25.0% of the Saleable Area for our future commercial projects.

There has been a substantial increase in demand for high quality accommodation across the Indian hotel sector generally and in Bangalore in particular, due largely to increased business tourism, a decline in airfares and greater business growth. We intend to develop hotels in the three star, four star, five star and super-deluxe segments. Our Land Assets includes lands in Bangalore earmarked for the development and construction of the hotels.

Foster Strategic Joint Ventures and Partnerships

We intend to enter into strategic joint ventures and partnerships where appropriate to foster growth, increase the scale of our operations and to maximize the value of existing Land Assets and our future Land Bank. We expect to share development rights through these partnerships and collaborations and also be able to gain international expertise and create new sources of revenues.

We intend to leverage our joint venture with Keppel by entering into partnership with them for new projects. Where appropriate, we will enter into partnerships with other key players in the global real estate business.

Forward integration of our business and operations

We intend to create synergies and integrate our business and operations. For instance, we have an 'interior works and modifications' division that caters to any modifications required by our customers for their apartments. We develop our apartments with standard specifications but provide our customers with the opportunity to suggest modifications that they may require. Our interior works and modification division liaises with our customers regarding their modifications. Additionally, we also offer interior decoration facilities to our customers. Our customers typically use our modifications and interior works divisions for their apartments as we are able to offer them a range of services and products in a convenient manner and at competitive prices. We expect the revenues from our interiors works division to increase with the expected completion of more of our residential projects.

Continued investment in technology

We intend to continue the process of upgrading our technology as we believe that this is our competitive strength. Even though the real estate development industry is labour intensive, we believe that there is an increasing need to mechanize the processes involved in order to minimize costs and increase efficiency. We have invested in a mechanized and technological construction capability in order to increase the scale of our operations and the quality of our products. We have also recently implemented an ERP package based on Oracle software to integrate our various operations. We intend to continue this process of investment in innovation.

Expand our overseas operations

We intend to expand our overseas operations and invest in residential and commercial projects in select foreign locations. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We have an established sales office in the U.A.E. to market our projects and we intend to use our business presence there to explore opportunities for growth in the Middle East.

Industry Overview

For an overview of our Industry see "Our Industry" on page 43.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the years ended March 31, 2007, 2006 and 2005 . These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" beginning on page 123. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 200. Indian GAAP differs in certain significant respects from US GAAP and IFRS. For more information on these differences, see the section titled "Summary of Significant Differences Between Indian GAAP, US GAAP and IFRS" on page 172.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amounts in Rupees millions)

	Particulars	As at 31 March				
		2007	***2006***	***2005***	***2004***	***2003***
(A)	**Fixed Assets**					
	Cost	443.15	211.15	99.05	81.43	45.94
	Less: Accumulated depreciation	61.21	35.98	20.07	10.95	6.45
		381.94	**175.17**	**78.98**	**70.48**	**39.49**
	Capital work in progress	7.11	-	-	-	-
	Net Book Value	**389.05**	**175.17**	**78.98**	**70.48**	**39.49**
(B)	**Investments**	**371.48**	**231.41**	**-**	**-**	**-**
(C)	**Properties held for development**	**7,007.54**	**3,067.63**	**615.86**	**234.85**	**103.95**
(D)	**Current Assets, Loans and Advances**					
	Cash and bank balances	373.66	444.18	419.54	144.77	54.66
	Inventories	159.48	191.27	-	-	-
	Trade debtors	458.82	446.42	199.81	110.99	64.45
	Properties under development	2,471.16	1,577.06	1,536.32	456.99	143.87
	Properties held for sale	515.36	200.70	195.05	220.18	225.31
	Loans and advances	2,296.12	1,185.90	465.43	164.64	86.13
		6,274.60	**4,045.53**	**2,816.15**	**1,097.57**	**574.42**
(E)	**Liabilities and Provisions**					
	Secured loans	6,761.10	1,621.95	1,006.76	704.04	236.15
	Current liabilities	4,836.70	4,641.57	1,981.21	378.01	304.66
	Provisions	216.53	140.63	5.80	49.37	14.77
	Deferred tax liability, net	10.71	1.40	1.18	-	-
		11,825.04	**6,405.55**	**2,994.95**	**1,131.42**	**555.58**
	Net Worth (A+B+C+D-E)	**2,217.63**	**1,114.19**	**516.04**	**271.48**	**162.28**
	Represented by:					
(F)	Share capital	960.09	80.00	80.00	80.00	80.00
(G)	Reserves	1,257.54	1,034.19	436.04	191.48	82.28
(H)	Minority interest	-	-	-	-	-
	Net Worth (F+G+H)	**2,217.63**	**1,114.19**	**516.04**	**271.48**	**162.28**

CONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amounts in Rupees millions)

Particulars	For the year ended 31 March				
	2007	*2006*	*2005*	*2004*	*2003*
Income					
Revenues					
- from projects	4,142.78	2,781.49	1,497.32	761.47	413.52
- Rental income	21.02	13.51	6.82	0.28	-
- Income from interiors	4.81	2.04	6.14	2.06	-
	4,168.61	2,797.04	1,510.28	763.81	413.52
Other income	-	7.18	-	-	-
Total income	**4,168.61**	**2,804.22**	**1,510.28**	**763.81**	**413.52**
Expenditure					
Cost of revenues	2,412.63	1,640.02	886.19	443.94	257.80
Selling costs	216.85	164.67	100.86	32.17	19.27
General and administrative expenses	203.55	101.41	57.59	38.61	23.85
Finance charges	12.27	72.04	61.33	84.68	21.99
Total expenditure	**2,845.30**	**1,978.14**	**1,105.97**	**599.40**	**322.91**
Profit for the year before profit/(loss) share of associates, taxes and adjustments	**1,323.31**	**826.08**	**404.31**	**164.41**	**90.61**
Profit/(loss) share of associates	140.07	10.98	-	-	(23.35)
Profit before tax and adjustments	**1,463.38**	**837.06**	**404.31**	**164.41**	**67.26**
Provision for tax					
- Current tax	150.04	70.48	32.20	12.60	7.23
- Deferred tax	9.32	0.22	1.18	-	-
- Prior years	13.03	-	-	-	1.49
	172.39	70.70	33.38	12.60	8.72
Net Profit before adjustments	**1,290.99**	**766.36**	**370.93**	**151.81**	**58.54**
Adjustments					
Increase/(decrease) in net profits					
Impact of change in method of depreciation	-	(18.34)	9.31	2.62	4.91
Provision for income-taxes	13.03	(13.03)	-	-	1.49
Total difference due to adjustments	**13.03**	**(31.37)**	**9.31**	**2.62**	**6.40**
Net profit as restated	**1,304.02**	**734.99**	**380.24**	**154.43**	**64.94**

PURAVANKARA PROJECTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW, AS RESTATED

(Amounts in Rupees millions)

Particulars	As at 31 March				
	2007	*2006*	*2005*	*2004*	*2003*
Net cash from operating activities	**(525.99)**	**1,805.70**	**625.90**	**(116.74)**	**18.60**
Net cash used in investing activities	**(4,277.22)**	**(2,233.39)**	**(406.51)**	**(167.26)**	**(44.96)**
Net cash from financing activities	**4,741.10**	**486.47**	**13.65**	**367.91**	**62.01**
Net increase in cash and cash equivalents (A + B + C)	(62.11)	58.78	233.04	83.92	35.65
Cash and cash equivalents at the beginning of the year	**427.13**	**368.35**	**135.31**	**51.40**	**15.75**
Cash and cash equivalents at the end of the year	**365.02**	**427.13**	**368.35**	**135.31**	**51.40**

THE ISSUE

Equity Shares offered:	
Issue by the Company	21,467,610 Equity Shares of face value of Rs. 5 each*
Of which	
A) Qualified Institutional Buyers (QIB) portion	At least 12,880,566 Equity Shares of face value of Rs. 5 each (***Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	644,028 Equity Shares of face value of Rs. 5 each ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	12,236,538 Equity Shares of face value of Rs. 5 each ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	Up to 2,146,761 Equity Shares of face value of Rs. 5 each ***(Allocation on a proportionate basis)***
C) Retail Portion	Up to 6,440,283 Equity Shares of face value of Rs. 5 each ***(Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	192,017,455 Equity Shares of face value of Rs. 5 each
Equity Shares outstanding after the Issue	213,485,065 Equity Shares of face value of Rs. 5 each
Use of Issue Proceeds	See the section titled "Objects of the Issue" on page 26.

* *Undersubscription, if any, in any category except the QIB category, would be met with spill-over from other categories at our sole discretion in consultation with the BRLMs. If a minimum allotment of 60% of the Issue is not made to the QIBs, the entire subscription monies shall be refunded.*

GENERAL INFORMATION

Our Company was incorporated as Puravankara Constructions Private Limited on June 3, 1986. The name of our company was changed to Puravankara Projects Limited and the status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on July 10, 1992. The fresh certificate of incorporation consequent on change of name and status was granted to our Company on August 19, 1992 by the Registrar of Companies, Maharashtra, Mumbai.

Registered Office

No. 227, S.V. Road, Bandra (West)
Mumbai 400 050, India
Tel: (91 22) 2642 9387
Fax: (91 22) 2644 1916
Registration No. 39988 of 1986
Email: investors@puravankara.com
Website: www.puravankara.com

Corporate Office

No. 130/1 Ulsoor Road,
Bangalore 560 042, India
Tel: (91 80) 2559 9000
Fax: (91 80) 2559 9350

Address of Registrar of Companies

Registrar of Companies, Mumbai, Maharashtra
100, Everest, Marine Drive
Mumbai 400 002, Maharashtra, India

Board of Directors of the Issuer

Name, Designation, Occupation	Age	Address
Mr. Ravi Puravankara Chairman and Managing Director *Business*	55	No. 182, Whitefield Main Road Whitefield Bangalore 560 066, India
Mr. Girish Puravankara Deputy Managing Director *Business*	34	C 1005, Purva Heights Bilekahalli, Bannerghatta Road Bangalore 560 076, India
Mr. Ashish Puravankara Executive Director Business	28	No. 182, Whitefield Main Road Whitefield Bangalore 560 066, India
Mr. Nani R. Choksey Executive Director Business	55	No. 93, Coffee Board Layout 10th Main, 6th Cross Hebbal, Kempapura, Bangalore 560 029, India
Mr. Ravi Ramu Executive Director *Service*	48	47, Rajdeep Cunningham Road Cross Bangalore 560 058, India

Name, Designation, Occupation	Age	Address
Mr. Anup S. Shah Independent Director *Advocate*	50	129, 6th Main, Sanjay Nagar Bangalore 560 094, India
Mr. Jaithirth Rao Independent Director *Entrepreneur*	55	No. 61, Umang Kashibai Navrang Marg, Gamdevi, Mumbai 400 007, India
Mr. R.V.S. Rao Independent Director *Consultant*	63	332/6, "Gurukripa", 14th Main Sadashivanagar Bangalore 560 080, India
Mr. Pradeep Guha Independent Director *Media*	55	701, Krishna Heights, 12th Road Khar (West) Mumbai 400 052, India
Mr. Noshir D. Talati Independent Director *Architect and Interior Designer*	65	96-D, Villa Modern Worli Seaface Mumbai 400 018, India

For further details of our Directors, see the section titled "Our Management" on page 98.

Company Secretary and Compliance Officer

Ms. Sharda Balaji
No. 130/1, Ulsoor Road,
Bangalore 560 042, India
Tel: (91 22) 2642 9387
Fax: (91 22) 2644 1916
Email: investors@puravankara.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

DSP Merrill Lynch Limited
Mafatlal Centre,
10th Floor
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 2262 1071
Fax: (91 22) 2262 1059
Email: ppl.ipo@ml.com
Website: www.dspml.com
Contact Person: Mr. N.S. Shekhar

Citigroup Global Markets India Private Limited
4th Floor, Bakhtawar
Nariman Point
Mumbai 400 021, India
Tel: (91 22) 6631 9999
Fax: (91 22) 6631 9803
Email: ppl.ipo@citibank.co.in
Website: www.citibank.co.in
Contact Person: Mr. Akhilesh Poddar

Kotak Mahindra Capital Company Limited
3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021, India
Tel: (91 22) 6634 1100
Fax: (91 22) 2284 0492
Email: ppl.ipo@kotak.com
Website: www.kotak.com
Contact Person: Mr. Chandrakanth Bhole

Syndicate Members

Kotak Securities Limited
Bakhtawar, 1st Floor
229, Nariman Point
Mumbai 400 021 India
Tel: (91 22) 6634 1100
Fax: (91 22) 6634 3927
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Mr. Umesh Gupta

Domestic Legal Advisor to the Company

Nishith Desai Associates
Prestige Loka, G01
7/1, Brunton Road
Bangalore 560 025, India
Tel: (91 80) 6693 5000
Fax: (91 80) 6693 5001

Nishith Desai Associates
93-B, Mittal Court
Nariman Point
Mumbai 400 021
Tel: (91 22) 6669 5000
Fax: (91 22) 6699 5001

Legal Advisors to the BRLMs

Legal Advisors as to Indian Law

Amarchand & Mangaldas & Suresh A. Shroff & Co.
Fifth Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013 India
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

201, Midford House
Midford Garden (Off M. G. Road)
Bangalore 560 001 India
Tel: (91 80) 2558 4870
Fax: (91 80) 2558 4266

International Legal Advisors to the BRLMs

Latham & Watkins LLP
9, Raffles Place,
42-02 Republic Plaza,
Singapore 048619
Tel: (65) 6536 1161
Fax: (65) 6536 1171

Registrar to the Issue

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 0320
Fax: (91 22) 2596 0329
Contact Person: Mr. Vishwas Attavar
Email: puravankara.ipo@intimespectrum.com

Bankers to the Issue and Escrow Collection Banks

HDFC Bank Limited
26A, Narayan Properties, off Saki Vihar Road
Chandivali, Saki Naka, Andheri (East)
Mumbai 400 072, Maharashtra, India
Tel: (91 22) 2856 9009
Fax: (9122) 2856 9256
Contact person: Mr. Viral Kothari
E-mail: viral .kothari@hdfcbank. com

Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road,
Mumbai 400 001, Maharashtra, India
Tel: (91 80) 2500 2269
Fax: (91 80) 2559 1383
Contact person: Mr. Hariharan Eshwaran
E-mail: hariharaneshwaran@,hsbc.co.in

ICICI Bank Limited
Capital Markets Division
30, Mumbai, Samachar Marg
Mumbai 400 001, Maharashtra, India
Tel: (91 22) 2262 7600
Fax: (91 22) 2261 1138
Contact person: Mr. Sidhartha Sankar Routray
E-mail: sidhartha.routray@icicibank.com

Kotak Mahindra Bank Limited
158, CST Road, Dani Corporate Park
4th Floor, Kalina, Santacruz (E)
Mumbai 400 098, Maharashtra, India
Tel: (91 22) 6759 4850
Fax:(9122)6648 2710
Contact Person: Mr. Ibrahim Shareif/Mr. Mahesh Shekdar
E-mail: Ibrahim.shareif@,kotak.com/Mahesh. shekdar@kotak.com

Standard Chartered Bank
270, D.N. Road, Fort
Mumbai 400 001, Maharashtra, India
Tel: (91 22) 2268 3965/58
Fax: (91 22) 2209 6069
Contact Person: Mr. Rajesh Malwade
Email: Raiesh.Malwade@in.standardchartered.com

CITIBANK N.A.
Global Transaction Services
6th floor; Bandra Kurla Complex
Bandra (E); Mumbai 400 051, India
Tel: (91 22) 4001 5805
Fax: (91 22) 4001 5824
Contact Person: Mr Jatin Merchant
Email: Investor
queries: CIBINCGSLISDInvestorResolution@imcnam.ssmb.com

Bankers to the Company

HDFC Bank Limited
25/1, Shankarnarayan Building, M.G. Road
Bangalore 560 001, Karnataka, India
Tel: (91 80) 6631 1085
Fax: (91 80) 4112 1485
Contact person: Ms. Nisha Nambiar
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Andhra Bank
N.R. Road,
Bangalore 560 002, Karnataka, India
Tel: (91 80) 2222 1381
Fax: (91 80) 2223 9346
Contact person: Mr. Bhaskar Roa
E-mail: bmblr392@andhrabank.com

Standard Chartered Bank
270 D.N. Road, Fort
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Tel: (91 22) 2268 3965
Fax: (91 22) 2209 6069
Contact person: Mr. Bahind Bhattacharya/
Mr. Rajesh Malwade
E-mail: Bahind.Bhattachrya@in.standardchartered.com

ICICI Bank Limited
ICICI Towers, 1 Commissariat Road
M.G. Road,
Bangalore 560 025, Karnataka India
Tel: (91 80) 4129 6000/ 4129 6202
Fax: (91 80) 4129 6235
Contact person: Mr. Jugal Joshi
E-mail: jugal.joshi@icicibank.com

Statutory Auditors

Walker, Chandiok & Co
L – 41, Connaught Circus
New Delhi 110 001, India
Tel: (91 11) 4278 7070
Fax: (91 11) 4278 7071
Contact Person: Mr. Rajesh Jain
Email: rj@wc-gt.com

Monitoring Agency

Infrastructure Development Finance Company Limited
1601, Maker Chambers V,
Nariman Point, Mumbai 400 021,
Maharashtra, India
Tel: (91 22) 6622 6000
Fax: (91 22) 6610 0170
Contact person: Mr. Debabrata Mukherjee
E-mail: information@idfc.com
Website: www.idfc.com

Inter se List of Responsibilities between the Book Running Lead Managers

The responsibilities and co-ordination for various activities in this Issue are as under:

No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with relative components and formalities etc.	CITIGROUP, DSPML, KMCC	CITIGROUP
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. (The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing)	CITIGROUP, DSPML, KMCC	DSPML
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	CITIGROUP, DSPML, KMCC	CITIGROUP
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Advertising Agency and Bankers to the Issue	CITIGROUP, DSPML, KMCC	DSPML
5.	Domestic institutions / banks/ mutual funds marketing strategy: finalise the list and division of investors for one to one meetings	CITIGROUP, DSPML, KMCC	DSPML
6.	International institutional marketing strategy: finalise the list and division of investors for one to one meetings; preparation of roadshow presentation	CITIGROUP, DSPML, KMCC	KMCC
7.	Retail / HNI marketing strategy - Finalise centers for holding conference for brokers etc. - Finalise media, marketing & PR Strategy - Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material Finalise bidding centers	CITIGROUP, DSPML, KMCC	CITIGROUP
8.	Pricing, managing the book and coordination with Stock-Exchanges for valuer report	CITIGROUP, DSPML, KMCC	CITIGROUP
9.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to bidders etc	CITIGROUP, DSPML, KMCC	KMCC
10.	The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of allotment, dispatch of refunds, demat of delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue and Bankers to the Issue. (The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company)	CITIGROUP, DSPML, KMCC	KMCC

Even if many of these activities will be handled by other intermediaries, the designated BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the Company.

Credit Rating

As this is an Issue of Equity Shares there is no credit rating for this Issue.

IPO Grading

We have not opted for IPO grading.

Trustees

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

Project Appraisal

There is no project being appraised.

Book Building Process

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The BRLMs;
3. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs; and
4. Registrar to the Issue.

In terms of Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957 (**"SCRR"**), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Please refer to the section titled "Terms of the Issue" on page 256.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the BRLMs to manage the Issue and procure subscriptions to the Issue.

While the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 40 to Rs. 44 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	44	500	16.67%
1,000	43	1,500	50.00%
1,500	42	3,000	100.00%
2,000	41	5,000	166.67%
2,500	40	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 42 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

1. Check eligibility for making a Bid (see section titled "Issue Procedure - Who Can Bid" on page 261);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Please ensure that you have mentioned your PAN and attached copies of your PAN card to the Bid cum Application Form (see the section titled "Issue Procedure -'Permanent Account Number or PAN' on page 272); and
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Withdrawal of the Issue

Our Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at any time including after the Bid/Issue Opening Date without assigning any reason therefor. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing date.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**: TUESDAY, JULY 31, 2007**
BID/ISSUE CLOSES ON	**: FRIDAY, AUGUST 03, 2007**

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepte**d only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to the filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [•].

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Details of the Underwriters	**Indicated Number of Equity Shares to be Underwritten**	**Amount Underwritten** *(Rs. In Million)*
DSP Merrill Lynch Limited Mafatlal Centre, 10th Floor Nariman Point Mumbai 400 021, India	[•]	[•]
Citigroup Global Markets India Private Limited 4th Floor, Bakhtawar Nariman Point Mumbai – 400 021, India	[•]	[•]
Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai 400 021, India	[•]	[•]
Kotak Securities Limited Bakhtawar, 1st Floor 229, Nariman Point Mumbai 400 021, India	[•]	[•]

The above-mentioned underwriting would be finalized after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [•], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to equity shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

The share capital of the Company as of the date of this Red Herring Prospectus is set forth below:

(Rs.)

	Aggregate Value at nominal value	Aggregate Value at Issue Price
A) AUTHORISED SHARE CAPITAL		
240,000,000 Equity Shares of Rs. 5 each	1200,000,000	
B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
192,017,455 Fully paid up Equity Shares of Rs. 5 each	960,087,275	
C) PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS		
21,467,610 Equity Shares of Rs. 5 each	107,338,050	[•]
D) EQUITY CAPITAL AFTER THE ISSUE		
213,485,065 Equity Shares of Rs. 5 each	1,067,425,325	[•]
E) SHARE PREMIUM ACCOUNT		
Before the Issue	9,913,043.60	
After the Issue	[•]	

The present Issue has been authorized by the Board of Directors in their meeting on December 23, 2006, and by the shareholders of our Company at an Extra Ordinary General Meeting held on December 23, 2006.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.'. The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

a) The authorized capital of Rs. 500,000 comprising 5,000 Equity Shares of Rs. 100 each was increased to Rs. 10,000,000 by the creation of 95,000 equity shares of face value Rs. 100 each pursuant to a resolution of the shareholders dated July 4, 1994.

b) The authorized share capital of Rs. 10,000,000 was increased to Rs. 50,000,000 by the creation of 4,00,000 equity shares of face value Rs. 100 each pursuant to a resolution of the shareholders dated February 25, 1997.

c) The authorized share capital of Rs. 50,000,000 was increased to Rs. 100,000,000 by the creation of 5,000,000 equity shares of face value Rs. 100 each pursuant to a resolution of the shareholders dated July 14, 2000.

d) The authorized share capital of Rs. 100,000,000 consisting of 1,000,000 shares of Rs. 100 each was reclassified into 20,000,000 shares or Rs. 5 each pursuant to a resolution of the shareholders passed at their EGM dated December 23, 2006.

e) The authorized share capital of Rs. 100,000,000 was increased to Rs. 1,200,000,000 consisting of 240,000,000 shares of Rs. 5 each pursuant to a resolution of the shareholders passed at their EGM dated December 23, 2006.

Notes to the Capital Structure

1. Equity Share Capital History:

Date of allotment of the Equity Shares	No. of Equity Shares	Cumulative No. of Equity Shares (Rs.)	Face Value (Rs.)	Issue Price (Rs.)	Nature of Payment	Reasons for allotment	Cumulative Issued Capital (Rs.)	Cumulative Share Premium (Rs.)
June 3, 1986	15	15	100	100	Cash	Allotment at subscription	1,500	Nil
April 27, 1987	85	100	100	100	Cash	Preferential Allotment[1]	10,000	Nil
June 22, 1992	4,900	5,000	100	100	Cash	Preferential Allotment[2]	500,000	Nil
March 20, 1995	45,000	50,000	100	100	Cash	Preferential Allotment to Mr. Ravi Puravanakara	5,000,000	Nil
June 23, 1995	50,000	100,000	100	100	Cash	Preferential Allotment to Mr. Ravi Puravanakara	10,000,000	Nil
March 23, 2000	400,000	500,000	100	100	Cash	Preferential Allotment to Mr. Ravi Puravanakara	50,000,000	Nil
March 29, 2001	300,000	800,000	100	Nil	Bonus Issue in ratio of 3:5	Bonus Issue	80,000,000	Nil
		16,000,000	5	Face Value per Equity Share reduced from Rs. 100 to Rs. 5 Per Equity Share[3]				
December 26, 2006	176,000,000	192,000,000	5	Nil	Bonus Issue in ratio of 1: 11	Bonus Issue	960,000,000	Nil
December 26, 2006	17,455	192,017,455	5	572.92	Cash	Preferential Allotment to Mr. Jaithirth Rao	960,087,275	9,913,043.60

1 *Preferential allotment of 75 shares to Mr. Ravi Puravankara and five shares each to Ms. Vasanti Puravanakara and Mr. Satish Puravankara.*

2 *Preferential allotment of 4,885 shares to Mr. Ravi Puravankara and five shares each to Mr. Kunhambu Nair, Ms. Vishalakshi Puravankara and Mrs. Chaula N. Choksey.*

3 *The authorized share capital of Rs. 100,000,000 was increased to Rs. 1,200,000,000 consisting of 240.000.000 shares or Rs. 5 each pursuant to a resolution of the shareholders passed at their EGM dated December 23, 2006.*

Other than as mentioned in the table above, we have not made any issue of shares during the preceding one year.

2. Promoter's Contribution and Lock-in

All Equity Shares which are being locked in are eligible for computation of Promoters' contribution and are being locked in under clauses 4.6 and 4.11.1 of the SEBI Guidelines.

a) Details of Promoters Contribution locked in for three years:

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital (including options vested under our ESOPs) of the Company held by the Promoter shall be locked-in for a period of three years from the date of Allotment in the Issue. The details of such lock-in are given below:

Name	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Allotment	Nature of Consideration (Cash, bonus, kind etc.)	No. of shares	Face Value (Rs.)	Issue Price/ Purchase Price (Rs.)	Percentage of Post-Issue paid-up capital	Lock-in Period (years)
Mr. Ravi Puravankara	December 26, 2006	Bonus Issue	Bonus	42,697,013	5	Nil	20	Three

The locked in Equity Shares held by the Promoter, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the equity shares is one of the terms of the sanction of the loan and further that the loan has been granted by such banks or financial institutions for the purpose of financing one or more objects of the issue.

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

(b) Details of share capital locked in for one year:

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-Issue Equity Share capital comprising of 149,320,442 Equity Shares of the Company shall be locked in for a period of one year from the date of allotment of Equity Shares in this Issue.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

3. Our shareholding pattern

The table below presents our shareholding pattern before and after the proposed Issue:

	Pre-Issue		**Post-Issue**	
	No. of shares	**%**	**No. of shares**	**%**
Promoter				
Mr. Ravi Puravankara	191,988,480	99.99	191,988,480	89.93
Promoter Group				
Mr. Ashish Puravankara	3,600	0.00[1]	3,600	0.00[1]
Mrs. Vishalakshi Puravankara	1,920	0.00[1]	1,920	0.00[1]
Mrs. Aarti Puravankara	1,440	0.00[1]	1,440	0.00[1]
Ms. Amanda Puravankara	1,200	0.00[1]	1,200	0.00[1]
Ms. Tanya Puravankara	1,200	0.00[1]	1,200	0.00[1]
Others *	**19,615**	**0.01**	**19,615**	**0.00[1]**
Public Issue			21,467,610	10.05
Total	**192,017,455**	**100.0**	**213,485,065**	**100.0**

* *Includes of 240 Equity Shares held by Mr. Girish Puravankara, 1,920 shares held by Mr. Nani R. Choksey, a Director and 17,455 shares held by Mr. Jaithirth Rao, an independent Director on our Board.*

[1] *Less than 0.01%.*

For details on the shareholding of our Directors, see the section titled "Management" on page 98 of this Red Herring Prospectus. The following directors of our Company hold Equity Shares:

S. No.	Name	Number of Equity Shares Held
1.	Mr. Ravi Puravankara	191,988,480
2.	Mr. Jaithirth Rao	17,455
3.	Mr. Ashish Puravankara	3,600
4.	Mr. Nani R. Choksey	1,920
5.	Mr. Girish Puravankara	240

4. (a) Our top nine shareholders as on the date of filing this Red Herring Prospectus are as follows:

S. No.	Name	No. of Equity Shares Held	Percentage
1.	Mr. Ravi Puravankara	191,988,480	100.0
2.	Mr. Jaithirth Rao	17,455	0.00[á]
3.	Mr. Ashish Puravankara	3,600	0.00[á]
4.	Mrs. Vishalakshi Puravankara	1,920	0.00[á]
5.	Mr. Nani R. Choksey	1,920	0.00[á]
6.	Mrs. Aarti Puravankara	1,440	0.00[á]
7.	Ms. Amanda Puravankara	1,200	0.00[á]
8.	Ms. Tanya Puravankara	1,200	0.00[á]
9.	Mr. Girish Puravankara	240	0.00[á]

á Less than 0.01%.

(b) Our top eight shareholders ten days prior to filing of this Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1.	Mr. Ravi Puravankara	799,952	100.0
2.	Mr. Ashish Puravankara	15	0.00[á]
3.	Mrs. Vishalakshi Puravankara	8	0.00[á]
4.	Mr. Nani R. Choksey	8	0.00[á]
5.	Mrs. Aarti Puravankara	6	0.00[á]
6.	Ms. Tanya Puravankara	5	0.00[á]
7.	Ms. Amanda Puravankara	5	0.00[á]
8.	Mr. Girish Puravankara	1	0.00[á]

á Less than 0.01%.

(c) Our top seven shareholders as of two years prior to filing this Red Herring Prospectus were as follows:

S. No.	Shareholder	No. of Equity Shares Held	Percentage
1.	Mr. Ravi Puravankara	799,952	100.0
2.	Mr. Ashish Puravankara	15	0.00[á]
3.	Mrs. Vishalakshi Puravankara	8	0.00[á]
4.	Mr. Satish Puravankara	8	0.00[á]
5.	Mr. Nani R. Choksey	8	0.00[á]
6.	Mrs. Chaula Choksey	8	0.00[á]
7.	Mr. Girish Puravankara	1	0.00[á]

á Less than 0.01%.

5. Employee stock option plans

We have one employee stock option plan in force:

2006 Employee Stock Option Scheme

Particulars	Details		
Options granted	966,000		
Exercise price of options	**Fiscal**	**No. of options granted**	**Exercise Price**
	2006	966,000	Details as provided below
Total options vested (including options exercised)	Nil		
Options exercised	Nil		
Total number of equity shares arising as a result of full exercise of options already granted	966,000		
Options forfeited/ lapsed/ cancelled	Nil		
Variations in terms of options	Nil		
Money realised by exercise of options	Nil		
Options outstanding (in force)	225,000		
Person wise details of options granted to			
i) Directors	966,000*		
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil		
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil		

Vesting schedule	**Name of Director**	**Vesting Schedule**
	Mr. Nani R. Choksey	50% vests on December 31, 2008 and 50% vests on December 31, 2010
	Mr. Ravi Ramu	50% vests on June 30, 2008 and 50% vests on June 30, 2010
Fully diluted EPS on a pre-issue basis	2.89	
Lock-in	Nil	
Impact on profits and EPS of the last three years	2.89	

* Details regarding options granted under the ESOP Plan to our Directors and our key managerial employees are set forth below:

Name of Director/ Key Managerial Personnel	No. of options granted	No. of options exercised	No. of options outstanding
Mr. Nani R. Choksey	386,400	Nil	Nil
Mr. Ravi Ramu	579,600	Nil	Nil

6. Our Directors and the Key Management Personnel who have been granted options and Equity Shares on the exercise of the options pursuant to ESOPs have confirmed to us that they do not intend to sell any shares arising from such options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell equity shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with para 15.3 (b) and 15.3 (c) of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2000.
7. The Company, the Promoter, the Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
8. At least 60% of the Issue that is 12,880,566 shares shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Up to 10% of the Issue, i.e. 2,146,761 shares shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue, that is 6,440,283 shares shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
9. Under-subscription, if any, in the Retail Portion or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company in consultation with the BRLMs.
10. Except allotment of equity shares pursuant to the bonus issue and allotment of equity shares pursuant to exercise of stock option under the ESOPs, the Directors, the Promoter, or the Promoter Group have not purchased or sold any securities of the Company, during a period of six months preceding the date of filing this Red Herring Prospectus with SEBI, other than

as disclosed below:

Date of Transaction	Name of Director/ Promoter/Member of Promoter Group	Nature of Transaction	Number of Shares	Person from whom purchased/to sold	Price at which shares purchased (Rs. Per share)*
December 23, 2006	Mr. Satish Puravankara	Sale	6	Mrs. Aarti Puravankara	Rs. 100
December 23, 2006	Mr. Satish Puravankara	Sale	2	Ms. Tanya Puravankara	Rs. 100
December 23, 2006	Mrs. Chaula Choksey	Sale	3	Ms. Tanya Puravankara	Rs. 100
December 23, 2006	Mrs. Chaula Choksey	Sale	5	Ms. Amanda Puravankara	Rs. 100

** Transfer at the par value, prior to the reclassification of share capital on December 23, 2006.*

11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
12. Except as disclosed in this Red Herring Prospectus, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
13. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
14. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares was nine.
15. We have not raised any bridge loans against the proceeds of the Issue.
16. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for the bonus equity shares issued out of free reserves.
17. Other than options granted under the ESOPs there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.
18. The Company has issued non convertible redeemable debentures each having face value of Rs.1,000,000 aggregating to Rs.250,000,000 on June 5, 2007 to LIC Mutual Fund pursuant to a debenture subscription agreement dated June 4, 2007. The debentures have a tenure of 12 months from June 5, 2007 and carry interest at the rate of 12.25% p.a. payable at maturity. The Company has appointed IL & FS Trust Company Limited as the debenture trustee. The debentures have been secured by way of a first mortgage and charge to be created over an immovable property.
19. The Equity Shares held by the Promoter are not subject to any pledge.
20. Our Promoter and members of our Promoter Group will not participate in this Issue.
21. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that we may allot further Equity Shares to our employees under our ESOPs. Additionally, we may consider using our Equity Shares as currency for acquisitions we may enter into and we may raise additional capital to fund accelerated growth.

OBJECTS OF THE ISSUE

The objects of the Issue are to (a) finance land acquisition, (b) repay certain loans of our Company, (c) fund expenditures for general corporate purposes and (d) achieve the benefits of listing on the Stock Exchanges.

The main object clause of our Memorandum of Association and objects incidental to the main objects enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We intend to utilize the proceeds of the Issue, after deducting underwriting and management fees, selling commissions and other expenses associated with the Issue ("Net Proceeds"), which is estimated at Rs. [•] for financing the growth of our business.

The details of the utilization of Net Proceeds of this Issue will be as per the table set forth below:

(In Rs. Million)

S. No.	Expenditure Items	Total cost	Estimated amount to be financed from Net Proceeds of the Issue	Estimated Net Proceeds utilization as on March 31,	
				2008	2009
1.	Land acquisition	3,513.00	3,513.00	2,253.00	1,260.00
2.	Repayment of loans of the Company	4,197.60	4,197.60	4,197.60	Nil
3.	General corporate purposes	[•]	[•]	[•]	[•]
	Total	**[•]**	**[•]**	**[•]**	**[•]**

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. If surplus funds are unavailable, the required financing will be through our internal accruals and debt.

In addition, the fund requirements are based on the current internal management estimates of our Company. We operate in a highly competitive, dynamic market condition, and may have to revise our estimates from time to time on account of new projects that we may pursue including any industry consolidation initiatives, such as potential acquisition opportunities. We may also reallocate expenditure to the acquisition of lands other than as stated herein in case of delays in acquisition, or change in conditions such as market demand. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects which are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project or land acquisition in relation to current plans, at the discretion of the management of the Company. In case of any shortfall or cost overruns, we intend to meet our estimated expenditure from our cash flow from operations and debt.

Details of the Objects

Expenditure on land acquisition

We are in the business of real estate development including residential and commercial projects, and we intend to acquire additional lands for the purposes of our Business. For details of our business, see the section titled "Our Business" on page 49.

We intend to utilize a part of the Net Proceeds of the Issue to finance land acquisition expenditure, directly or indirectly.

We propose to acquire lands in and around Chennai aggregating approximately 43.56 million sq ft. These lands are at various stages of identification and acquisition and are as set forth below:

S. No.	Location	Land Area (*in Acres*)	Land Area (*in million sq.ft.)*	Total cost of Land *(in million rupees*)	Amount Paid as on July 2, 2007* *(in million rupees*)	Amount Payable as on July 2, 2007 *(in million rupees*)	Status of acquisition
	Chennai						
1.	Kancheepuram Taluk and Sriperumbudur Taluk, Kancheepuram, Chennai, Tamil Nadu	1,000	43.56	3,635	121.00	3,513.00	Entered into an MoU[1]
	Total	**1,000**	**43.56**	**3,635**	**121.00**	**3,513.00**	

* *As per Certificate from Vishnu Daya & Co., Chartered Accountant, dated July 7, 2007*

1 *Memorandum dated November 24, 2006, with m/S. Galaxy Properties Private Limited for 43.56 million sq.ft. land area touching the Chennai Bangalore National Highway. The MOU states that Galaxy Properties Private Limited and its nominees and associates own 11.90 million sq.ft of land which amounts to 27.32% of the land area covered under the MOU. The MOU further states that the remaining 31.66 million sq.ft. of land is not owned by Galaxy Properties Private Limited and that Galaxy Properties Private Limited and its nominees and associates will facilitate the acquisition of the remaining lands in our favour. The registration of the title to the land is to be completed in four phases after Galaxy Properties Private Limited has satisfied the condition precedent of making out clear and marketable title to the lands to our satisfaction. In order to satisfy this condition precedent, Galaxy Properties Private Limited is required to produce all the documents of title of the said lands from the owners of the land, including sale deeds, patta pass books, field maps, encumbrance certificates and documents relating to the reclassification and conversion of the lands, if any, before the registration of lands in our favour. The MOU provides that the cost of making out clear and marketeable title in favour of our Company is to be borne by Galaxy Properties Private Limited. In phase I a part of Vittavedagai, Pappankulli and Athivakkam villages will be registered, followed by registration in Alappakkam village in the second phase. In the third phase of registration, Thirumalpattu village lands will be registered and in the fourth phase, a part of Singadivakkam village lands will be registered. The cost of registration and stamp duty will be borne by our Company.*

The lands mentioned above do not form part of our Land Bank nor have they been purchased from our Promoter. Acquisition of part of the above mentioned land requires specific approvals which may be denied. For further details see "Risk Factors" on page xiii.

We intend to utilize the amount earmarked for the acquisition of land during fiscal years 2007 and 2008, either directly or through subsidiaries or other forms of investment. In respect of many of our land acquisitions, we are required to pay an advance at the time of executing an agreement to purchase, with the remaining purchase price due upon completion of the acquisition. The estimated costs described in this section include such advances and deposits.

In the event that we are unable to purchase land from the "Net Proceeds of the Issue", we shall, with the approval of the shareholders of the Company deploy the funds for other business purposes, including towards the purchase of additional land parcels, construction of projects, repayment of loans, general corporate purposes, as deemed fit.

Repayment of Loans

For details, see the section titled "Financial Indebtedness" on page 218.

We intend to repay up to Rs. 4,197.60 million of our outstanding debt from the Net Proceeds of the Issue, including any loans we may borrow until the Closing Date. We propose to deploy the entire amount of up to Rs. 4,197.60 million during the Fiscal 2008.

The loans that we propose to repay along with the repayment schedule are as set forth below:

S. No.	Name of the Lender	Nature of the loan	Purpose of Loan	Date of the Loan agreement/ Sanction Letter	Sanctioned Amount *(in Rs. million)*	Amount Drawn *(in Rs. million)*	Amount repaid *(in Rs. million)*	Proposed Repayment during Fiscal 2008 *(in Rs. million)*	Amount Outstanding post utilization of Net Proceeds *(in Rs. million)*
1	Housing Development Finance Corporation Limited	Line of Credit	Development of housing projects	March 31, 2004	500.0	500.0	150.00	350.00	Nil
2.	Housing Development Finance Corporation Limited	Line of Credit	Development of housing projects	November 28, 2005	1,250.0	1,250.0	775.00	475.00	Nil
3.	Housing Development Finance Corporation Limited	Line of Credit	Development of housing projects	May 19, 2003	300.0	300.0	210.00	90.00	Nil
4.	ICICI Bank Limited	Line of Credit	Development of Purva Panorama, Purva Parkridge and Purva Grande	March 14, 2005	350.0	350.0	262.50	87.50	Nil
5.	ICICI Bank Limited	Line of Credit	Development of Purva Highland and Purva Venezia	July 14, 2006	2,000.0	2,000.0	304.90	1,695.10	Nil
6.	HSBC Bank Limited	Term Loan	Development of Purva Fountain Square	March 1, 2007	1,500.0	1,500.0	Nil	1,500.0	Nil
	TOTAL				**5,900.0**	**5,900.0**	**1,702.40**	**4,197.60**	**Nil**

* *As per Certificate from the Vishnu Daya & Co., Chartered Accountant, dated July 10, 2007.*

The total outstanding financial indebtedness of our Company is Rs. 6,681.49 million. Upon the Net Proceeds being utilized to repay the loans as aforesaid, the total outstanding indebtedness of our Company will stand at Rs. 2,483.89 million.

In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder.

General Corporate Purposes

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes towards acquisition of land, construction of projects, acquisition of fixed assets, investment in Subsidiary and associate companies, repayment of balance debt, strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds of the Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	Expenses*
Lead management fee and underwriting commissions	[•]
Advertising and Marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring agency fees, Registrars fee, legal fee, etc.)	[•]
TOTAL	[•]

* *Will be incorporated after finalisation of the Issue Price*

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Interim use of funds

Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks, for the necessary duration or for reducing overdrafts. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds of the Issue.

Schedule of Implementation

We propose to deploy the proceeds of the issue according to the following schedule:

(In Rs. Million)

S. No.	Expenditure Items	Total cost	Estimated amount to be financed from Net Proceeds of the Issue	Estimated Net Proceeds utilization as on March 31,	
				2008	2009
1.	Land acquisition	3,513.00	3,513.00	2,253.00	1,260.00
2.	Repayment of loans of the Company	4,197.60	4,197.60	4,197.60	Nil
3.	General corporate purposes	[•]	[•]	[•]	[•]
	Total	**[•]**	**[•]**	**[•]**	**[•]**

Monitoring Utilization of Funds

Our Company has appointed Infrastructure Development Finance Corporation, as the monitoring agency. For further details see "General Information" on page 11.

Our Board will monitor the utilization of the Net Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2007 and fiscal 2008 specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, our Directors, Promoter Group companies or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLMs on the basis of demand from Investors for the Equity Shares through the Book Building Process. The face value of the Equity Shares is Rs. 5 and the Issue Price is 100 times the face value at the lower end of the Price Band and 105 times the face value at the higher end of the Price Band.

Qualitative Factors

- We believe that we have an established brand name in the Indian real estate market owing to our commitment to quality and timely delivery of our projects.
- We have a strong and experienced management team, led by our Promoter.
- We also have access to an extensive land bank aggregating approximately 33.48 million square feet of land situated in various locations, including Bangalore, Chennai, Kochi and Coimbatore.
- Our partnership with Keppel Investment Mauritius Private Limited, a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government) is also another factor affecting the demand for our Equity Shares.

For further details of the qualitative factors, which form the basis for computing the price, see "Our Business" on page 49 and Risk Factors on page xiii.

Quantitative Factors

Information presented in this section is derived from the Company's consolidated summary statement of assets and liabilities and consolidated summary statement of profits and losses, as restated and consolidated cash flows, as restated, under Indian GAAP as at and for the year ended March 31, 2007 prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Earnings per Share (EPS)

Year ended	EPS based on Restated Financial Statements (Rs.)	Weight
March 31, 2005	1.98	1
March 31, 2006	3.83	2
March 31, 2007	6.79	3
Weighted Average	5.00	

Note:

- The Earning per share has been computed by dividing net profit attributable to equity shareholders as restated, by weighted average number of equity shares outstanding during the year / period
- Net profit, as restated and appearing in the summary statement of profits and losses of the Company has been considered for the purpose of computing the above ratio
- The face value of each equity share is Rs. 5/-
- Weighted average number of equity shares outstanding and EPS is calculated in accordance with Accounting Standard 20 on "Earnings per Share" issued by ICAI

2. Price Earning Ratio (P/E) in relation to the Issue Price of Rs. [•] per share of Rs. 5 each

a. P/E ratio in relation to the Floor Price : 73.64 times

b. P/E ratio in relation to the Cap Price : 77.32 times

c. P/E based on EPS for the year ended March 31, 2007 : [•] times

d. P/E based on Weighted average EPS : [•] times

e. Industry P/E*

i. Highest : 156.5

ii. Lowest : 2.0

iii. Industry Average : 26.84

** P/E based on trailing twelve month earnings for the entire construction sector*

Source: Capital Market, Volume XXII/09, July 02 – July 15, 2007

Note:

* P/E computed assuming trailing twelve month earnings and closing price as on June 25, 2007

^ Industry composite P/E is computed as the average of P/E for all industry peers.

3. Average Return on Networth (RoNW)

Year ended	RoNW (%)	Weight
March 31, 2005	73.68	1
March 31, 2006	65.97	2
March 31, 2007	58.80	3
Weighted Average	**63.67**	

Note:

- The RoNW has been computed by dividing net profit after tax as restated, by Net Worth at the end of the year / period.
- Net profit, as restated and appearing in the summary statement of profits and losses of the Company has been considered for the purpose of computing the above ratio

4. Minimum Return on Total Net Worth after issue needed to maintain Pre-Issue EPS for the year ended March 31, 2007 is [•]

5. Net Asset Value (NAV)

NAV as at March 31, 2007 : Rs. 11.55 per Equity Share

NAV after the issue : Rs. [•] per Equity Share

Issue Price : Rs. [•] per Equity Share

NAV per equity share has been calculated as net worth, as restated, at the end of the year divided by number of equity shares outstanding at the end of the year / period

The issue price of Rs. [•] per Equity Share has been determined by us in consultation with the BRLMs on the basis of the demand from investors through the book building process and is justified based on the above accounting ratios. For further details see " Risk Factors" on page no. xiii and the Financial of the Company including Profitability and return ratio, as set out in the auditor reports on page no. 123, for a more informed you.

6. Comparison with other listed companies

	Face Value (Rs.)	EPS (Rs)	P/E *	RoNW (%)	Book Value (Rs.)	Sales (Rs. In million)
Puravankara	5.0	6.8	[•]	58.8	11.5	4,169
Ansal Properties	5.0	9.4	29.9	42.8	80.5	3,207
B. L. Kashyap	10.0	43.8	35.0	21.6	237.8	4,655
Peninsula Land	10.0	57.0	8.6	NA	104.8	3,194

* P/E for peer group companies is based on trailing twelve month's earnings ending March 31, 2007. Other data for peer group companies are for fiscal 2007. EPS is for period ended March 31, 2007 for comparison purpose. Only PE is on TTM EPS

All figures for peer group are sourced from Capital Market, Volume XXII/09, July 02 – July 15, 2007 (Industry- Construction). Select companies that represent real estate developers from the construction companies group have been identified as peer group.

The issue price of Rs. [•] per Equity Share has been determined by us in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book building process and is justified based on the above accounting ratios. For further details see "Risk Factors" on page xiii and the financials of the Company including profitability and return ratios, as set out in the auditors report on page 123, for a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors,
Purvankara Project Limited
No. 130/1, Ulsoor Road,
Bangalore - 560 042

Subject: Statement of Possible Tax Benefits

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to Purvankara Project Ltd. (hereinafter referred to as 'Purvankara' or 'the Company') and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its Shareholders to derive tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, shareholders are advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current direct tax laws presently in force in India.

This report is intended solely for your information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Walker, Chandiok & Co,
Chartered Accountants

Rajesh Jain
Partner
Membership No. 81203

June 1, 2007

BENEFITS AVAILABLE UNDER INCOME TAX ACT, 1961 ('THE IT ACT')

General

The following is a summary of the material Indian tax consequences of owning and disposing equity shares purchased in this Offer by holders who are Residents and Non-Residents. The following summary is based on the current provisions of the IT Act and rules and regulations made thereunder, and applicable to the financial year ending 31 March 2008. The IT Act is amended every year by the Finance Act of the relevant year. Some or all of the tax consequences mentioned hereunder may be amended or changed by future amendments to the IT Act.

Under Section 90(2) of the IT Act, the provisions of the IT Act would apply to the extent they are more beneficial than the provisions of the Double Taxation Avoidance Agreement (**"DTAA"**) between India and the country of residence of the non-resident.

Levy of Income Tax

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year (**"Assessment Year''**). Generally, the previous year means the financial year immediately preceding the Assessment Year.

In general, in the case of a person who is "resident and ordinarily resident'' in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident'' in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident'' in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India. However, persons who are not ordinarily resident will be liable to tax in India in cases wherein the income accrues or arises outside India but the first receipt is in India. In the instant case, the income from the shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of their residential status. However, applicable DTAAs may give some relief from tax in India to non-resident shareholders.

Residence

A "Non-Resident" means a person who is not a resident in India. For the purposes of the IT Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more, if within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

A company is resident in India if it is an Indian company formed and registered under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India. A firm or other association of persons is resident in India, except where the control and management of its affairs is situated wholly outside India.

Benefits available to the Company

EXEMPTIONS AVAILABLE UNDER SECTION 10 OF THE IT ACT

The income received by the Company from distribution made by any mutual fund specified under Section 10(23D) of the IT Act, if any, in respect of which tax is paid by such mutual fund under Section 115-R of the IT Act or from the Administrator of the specified undertaking or from the specified companies referred to in Section 10(35) of the IT Act is exempt from tax in the hands of the Company.

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received by the Company from domestic companies is exempt from income tax.

INCOME FROM HOUSE PROPERTY

Under Section 24(a) of the IT Act, the Company is eligible for standard deduction of thirty percent of the annual value of the property (i.e. actual rent received or receivable on the property or any part of the property which is let out).

Under Section 24(b) of the IT Act, where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of interest payable on such capital shall be allowed as a deduction in computing the income from house property. In respect of property acquired or constructed with borrowed capital, the amount of interest payable for the period prior to the year in which the property has been acquired or constructed shall be allowed as deduction in computing the income from house property in five equal installments beginning with the year of acquisition or construction.

Under Section 32 of the IT Act, the Company is entitled to claim depreciation allowance at the prescribed rates on its tangible and intangible assets acquired and put to use for its business. However, this depreciation should not be available for the property let out.

CAPITAL GAINS

As per Section 2 of the Act, Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”. For other assets, the threshold period of holding would be 36 months.

Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

As per the provisions of Section 112 of the IT Act, long term capital gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge, if the Company’s income exceeds one crore rupees, education cess and secondary & higher education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge, if the Company’s income exceeds one crore rupees, education cess and secondary & higher education cess).

As per the provisions of MAT governed by Section 115JB of the IT Act, long term capital gains realized on sale of securities of the listed company on a recognized stock exchange in India will be taxed at the rate of 10 percent (plus applicable surcharge, if the Company’s income exceeds one crore rupees, education cess and secondary & higher education cess).

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax (“**STT**”) shall be subject to tax at a rate of 10 per cent (plus applicable surcharge, if the Company’s income exceeds one crore rupees, education cess and secondary & higher education cess).

In accordance with and subject to the conditions specified in Section 54 EC of the IT Act, the Company would be entitled to exemption from tax on long term capital gain [not covered by Section 10(36) and Section 10(38) of the IT Act] if such capital gain is invested in any of the long term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said section. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

DEDUCTION UNDER CHAPTER VIA OF THE IT ACT

In accordance with and subject to the conditions specified under Section 80-IB (10) of the IT Act, the Company is eligible for hundred percent deduction of the profits derived from development and building of housing projects approved before 31 March, 2007, by a local authority. The deduction under this section will be available if:

a. The construction begins on or after October 1, 1998 and is completed on or before March 31, 2008. However in case the approval of the local authority is obtained after April 1, 2004, the construction should be completed within four years from the end of the financial year in which the approval is granted;

b. The project should be constructed on a minimum land area of one acre;

c. In case of residential houses, the maximum built-up area should be one thousand five hundred square feet; and

d. The built-up area of the shops and other commercial establishments included in the housing project does not exceed five percent of the aggregate built-up area of the housing project or two thousand square feet, whichever is less.

However, as per Section 115JB of the IT Act, Minimum Alternate Tax (**"MAT"**) at the rate of 10 percent (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary & higher education cess) will be required to be paid by the Company irrespective of the tax benefits available under Section 80-IB (10) of the IT Act. Further, if the benefits under Section 80-IB (10) of the IT Act are not available to certain projects, the Company would be taxed at the rate of 30 percent (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary & higher education cess) on the profits derived from those projects.

Under Section 80IAB of the IT Act, 100 percent of profits are deductible for 10 consecutive years commencing from the initial assessment year in case of an undertaking which is engaged in the development of Special Economic Zones ("SEZ") notified for this purpose in accordance with any scheme framed and notified by the Central Government on or after April 1, 2005.

CREDIT FOR MAT PAID

Under Section 115JAA(2A) of the IT Act tax credit shall be allowed in respect of any MAT paid under Section 115JB of the IT Act for any Assessment Year commencing on or after 1 April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose. Here it may be noted that MAT is not applicable in case of a developer of a SEZ and neither is Dividend Distribution Tax **("DDT").**

Benefits available to Shareholders

This summary is not intended to constitute a complete analysis of the Indian tax consequences to any particular Resident and Non-Resident shareholders. Individual tax consequences of an investment in equity shares in the Company may vary for Residents and Non-Residents in various circumstances, and potential investors should therefore consult their own tax advisers as to the tax consequences of such purchase, ownership and disposition under the tax laws of India, the jurisdiction of their residence and any tax treaty between India and their country of tax residence. This summary is based on the Indian tax laws as of the date of this offer document, which may change after the date hereof.

Benefits available to resident shareholders

EXEMPTIONS AVAILABLE UNDER SECTION 10 OF THE IT ACT

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders provided the Company pays DDT at the rate of 15 percent (plus applicable surcharge, if the Company's income exceeds one crore rupees or if the Individual's income exceeds ten lakh rupees, education cess and secondary & higher education cess), as per the Finance Act, 2007.

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

CAPITAL GAINS

Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time. The indexation benefits for the shares are allowed only for residents and not for non-resident shareholders (Section 115D). For the non-residents, the foreign exchange fluctuation benefits, if any, are available.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in certain long term specified assets being bonds issued on or after April 1, 2006 and redeemable after three years by:

(a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

(b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered into on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

In terms of Section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed for such amount paid on account of STT in computing the income chargeable to tax as capital gains unless gains are taxable as business income.

Benefits available to non-resident / non-resident Indian shareholders (other than mutual funds, FIIs and Foreign Venture Capital Investors)

EXEMPTIONS AVAILABLE UNDER SECTION 10 OF THE IT ACT

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders provided the Company pays DDT at the rate of 15 percent (plus applicable surcharge, if the Company's income exceeds one crore rupees, education cess and secondary & higher education cess).

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

CAPITAL GAINS

Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time. The indexation benefits for the shares are allowed only for residents and not for non-resident shareholders (Section 115D). For the non-residents, the foreign exchange fluctuation benefits are available, if any.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in certain long term specified assets being bonds issued on or after April 1, 2006 and redeemable after three years by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered into on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

In terms of Section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed for such amount paid on account of STT in computing the income chargeable to tax as capital gains unless gains are taxable as business income.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. An individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the IT Act, which inter alia entitles them to the following benefits:

Under Section 115E, where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge, if the Individual’s income exceeds ten lakh rupees, education cess and secondary & higher education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a non-resident Indian, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.

Under Section 115F of the IT Act, long-term capital gains (in cases not covered by section 10(38) of the IT Act) arising to a non-resident Indian from transfer of shares of the company, subscribed in convertible foreign exchange (in case not covered under Section 115E of the IT Act), shall be exempt from income tax, if the entire net consideration is reinvested in specified assets/ saving certificates referred to in Section 10(4B) within 6 months of the date of transfer. Where only a part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets/saving certificates are transferred or converted into money within 3 years from the date of their acquisition.

Under Section 115G of the IT act, it shall not be necessary for a non-resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.

Under Section 115H of the IT Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent Assessment Years until such assets are converted into money.

Under Section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the foregoing provisions for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

Benefits available to mutual funds

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

Benefits available to foreign institutional investors (‘FIIs’) Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

As per the provisions of Section 115AD of the IT Act, as applicable to FIIs, any capital gains realised by a FII on the sale of listed equity shares otherwise than on a stock exchange (on which as a result no STT has been paid) would be taxed. FIIs will be taxed on the capital gains income at the rate of 10 percent for long term capital gains and at the rate of 30 percent (10 percent where the shares are sold on the floor of the stock exchange and STT is paid) for short term capital gains (excluding applicable surcharge, education cess and secondary and higher education cess) as per the provisions of Section 115AD (ii). This may be relieved if the FII has invested from a jurisdiction with which India has entered into a favourable DTAA. It is to be noted that the indexation benefits are not available to FIIs.

However, where the equity shares of the Company form a part of its stock-in-trade, any income realised in the disposition of such equity shares will be treated as business profits, taxable in accordance with the DTAAs between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined inter-alia on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases and sales and the ratio between purchases and sales and the holding. If the income realised from the disposition of equity shares is chargeable to tax in India as business income, FIIs could claim rebate from tax payable on such income with respect to STT paid on purchase/sale of equity shares of the Company under Section 88E of the IT Act. Business profits may be subject to tax at the rate of 30 / 40 percent (plus applicable surcharge, education cess and secondary & higher education cess).

In terms of Section 88E of the Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in certain long term specified assets being bonds issued on or after April 1, 2006 and redeemable after three years by:

a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year of such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Benefits available to venture capital companies/ funds

Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

Securities Transaction Tax

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares of the Company takes place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates. In case of purchase / sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the equity share/ unit, STT will be levied at the rate of 0.125 percent on both the buyer and seller of the equity share/ unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way actual delivery or transfer of the equity share/ unit, STT will be levied at the rate of 0.025 percent on the seller of the equity share/ unit. Seller of derivatives would be subjected to an STT of 0.017 percent while in case of sale of a unit of equity oriented fund to the mutual fund would attract STT at the rate of 0.25 percent. The STT can be setoff against business income tax calculated as per the provisions of the IT Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

Tax Deduction at Source

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at source by the purchaser/person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FIIs.

Capital Loss

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax for non-corporate entities, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short-term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of eight Assessment Years immediately succeeding the Assessment Year for which the loss was first determined by the tax authority and may be set off against the capital gains assessable for such subsequent Assessment Years. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

Benefits Available Under The Wealth Tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Benefits Available Under The Gift-Tax Act

Gift tax is not leviable in respect of any gifts made on or after 1 October, 1998. Therefore, any gift of shares of the Company will not attract Gift tax.

Notes:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders*.

SECTION IV: ABOUT THE COMPANY

OUR INDUSTRY

The information in this section is derived from various government publications and other industry sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

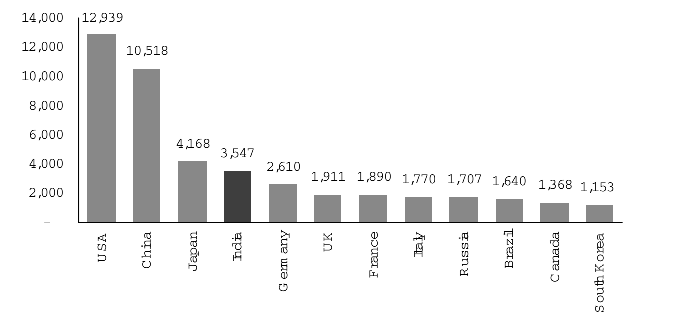
THE INDIAN ECONOMY

Economic Growth in India

India is the fourth largest economy in the world in terms of purchasing power parity GDP (Source: International Monetary Fund, 2006) and twelfth largest economy in the world in term of absolute GDP for FY2005, with GDP in nominal terms for FY2005 estimated to be US$ 731 billion (Source: World Bank, 2006).

The economy has experienced rapid growth in recent years with the GDP growth being 8.5%, 7.5%, 8.4% and 9.2% for FY2004, FY2005, FY2006 and for the second quarter of FY2007 respectively (Source: Reserve Bank of India). The economy is expected to continue growing at a rapid pace with the Reserve Bank of India projecting a GDP growth rate of 7.5-8.0% for FY2007.

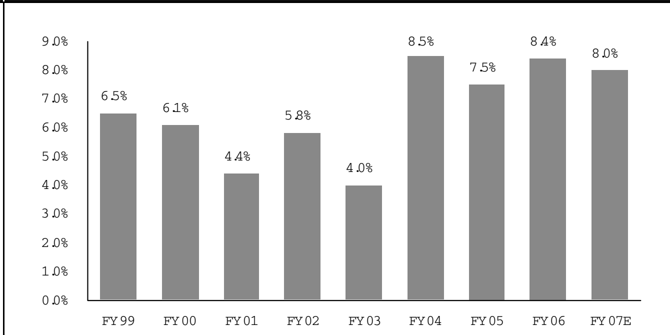
Fourth Largest Economy in the World (PPP* Adjusted GDP)



Source: International Monetary Fund, 2006

* Purchasing Power Parity

Consistent GDP Growth



Source: Economic Survey, IMF and Reserve Bank of India

Economic Liberalization & Reforms

Since 1991, successive Indian Governments have pushed through comprehensive reforms across the policy spectrum in the areas of fiscal and industrial policy, trade and finance. Some of the key reform measures are:

- ***Industrial Policy Reforms:*** Removal of capacity licensing and opening up most sectors to FDI
- ***Trade Policy Reforms:*** Lowering of import tariffs across industries, minimal restrictions on imports, etc
- ***Monetary Policy and Financial Sector Reforms:*** Lowering interest rates, relaxation of restriction on fund movements, private participation in insurance sector.

Increasing Participation from Foreign Investors

Foreign Direct Investment ("FDI") has been recognized as one of the important drivers of economic growth in the country. The Indian Government has taken a number of steps to encourage and facilitate FDI investment and FDI is allowed in many key sectors of the economy, such as manufacturing, services and infrastructure. For many sub-sectors, 100% FDI is allowed on an automatic basis i.e. without prior approval from the Government of India ("GOI"). FDI and Foreign Institutional Investor (FII) inflows have increased significantly over the recent past with total inflows increasing to USD 22.4 billion in FY06 from USD 6.8 billion in FY01. (Source: Centre for Monitoring Indian Economy, August 2006)

The Real Estate Sector in India

The real estate sector plays an important role in the overall development of the country. Real estate involves the purchase, sale and development of land, residential and non-residential buildings. Real estate sector activities also encompass activities in the housing and construction sector.

The size of the Indian real estate sector is estimated to be over US$12 billion (Source: Federation of Indian Chambers of Commerce and Industry, 2006). The contribution of the housing sector to India's GDP is a meagre 1% against 3-6% of developing countries. If the economy grows at the rate of 10%, the housing sector has the capacity to grow at 14% and generate 3.2 million new jobs over the next 10 years. (Source: Integrated Databases India Limited).

In the last 3 years, the construction activity in the real estate sector has been buoyant, after going through a recession between 1995 and 1999. High growth in the economy, growing contribution of the services sector, changing demographic profile (increasing proportion of young and working population, increasing disposable incomes and urbanisation), rising demand from the technology sector and favourable government policies are expected to drive the demand for real estate in India. The housing boom is expected to continue, despite a marginal firming up of the interest rate on housing loans.

Favourable Socio-Economic Factors

Changing demographics, lower interest rates, rising disposable incomes and fiscal incentives have spurred demand for real estate in India.

- Urban population has increased from 217 million in 1991 to 285 million in 2001 and is expected to increase to ~500 million by 2010. (Source: Centre for Monitoring Indian Economy, August 2006)
- By 2013, India is expected to add 91 million people to the working population (aged 25-44 yrs). Over the next 20 years, the working age population is projected to grow at 1.9% per annum. (Source: Ministry of Urban Affairs, Government of India)
- Favorable economic environment has led to a change in the income distribution pattern with an increasing concentration of families in the middle and higher income groups

Further, nuclearisation of Indian families has accelerated the demand for mortgages and for new housing. It is estimated that 20 million additional residential units will be needed over the next few years to meet housing demand. Rising income levels and greater job creation, particularly in sectors such as business process outsourcing and insurance is also resulting in enhanced demand for quality housing. Further, housing mortgage rates have declined from 14% to approximately 7.5-8.0% over the last five years, making it easier for the expanding middle-class to buy homes. This decrease, coupled with aggressive marketing and innovative schemes, has created greater consumer desire for mortgage financing.

Key Characteristics

The Indian real estate sector has traditionally been dominated by a number of small regional or local players with low levels of expertise. The sector has seen limited inflow of institutional capital and has used high net-worth individual (HNI) and other informal sources of financing as the major source of capital, leading to low levels of transparency. This is rapidly changing as the sector is witnessing far higher growth rates and significantly improved quality expectations as India gets better integrated with the global economy. Some of the key characteristics of the Indian real estate sector are:

- ***Highly fragmented market dominated by regional players –*** Rapid growth in the last decade has seen the emergence of larger players that have differentiated themselves through superior execution and branding. Further, these players are now able to capitalize on their early mover advantage with high market share, but remain confined to local or regional markets. While these larger players are now initiating efforts to develop a broader geographic presence, their home markets continue to generate majority of their profitability.
- ***Local know-how critical success factor in the development phase*** – One of the key reasons for emergence of local developers is the critical importance of local knowledge and relationships in ensuring successful and timely development of real estate projects. Property is a state subject in India and the rules and regulations that affect, among other things,

approval processes and transaction costs vary from state to state.

- ***High transaction costs*** – The sector has traditionally been burdened with high transaction costs as a result of stamp duty on transfers of title to property that varies state by state. Though efforts are being made at the state level to reduce the stamp duties, they continue to be as high as 11% in certain states.
- ***Enhanced role of mortgage financing*** – Over the last five years, a significant portion of new acquisitions, particularly in the larger cities in India, has been financed through banks and financial institutions. This has been aided by a sharp decline in interest rates and broad availability of financing products, due to aggressive marketing and product development by financial institutions.

Reforms in the Real Estate Sector

In recent years various reforms have been initiated at the Central as well as State level which is leading to greater organisation and transparency in the sector. These include:

- Support from the GOI for the repeal of the Urban Land Ceiling Act (introduced in 1976), with nine state governments having already repealed the Act. The law was repealed by the Central Government in 1999. However, land being a state subject, the law is still in force in some states like Andhra Pradesh, Assam, Bihar, Maharashtra and West Bengal;
- modifications in the Rent Control Act to provide greater protection to homeowners wishing to rent out their properties;
- rationalisation of property taxes in a number of states;
- the proposed computerisation of land records; and
- FDI being permitted in the real estate sector, subject to certain conditions.

The trend towards greater organisation and transparency has contributed to the development and organised investment in the real estate sector by domestic and international financial institutions and has also resulted in greater availability of financing for real estate developers. Regulatory changes permitting foreign investment are expected to increase investment further in the Indian real estate sector. These trends have been reinforced by the substantial recent growth in the Indian economy, which has stimulated demand for land and developed real estate. Additionally, the tax and other benefits applicable to SEZs are expected to result in a new source of demand.

Key Regulations

The real estate industry has been among the most highly regulated sectors in India. Dubious land records, high transaction taxes and various real estate regulations have kept a large portion of property transactions out of the formal market. Urban Land Ceiling Repeal Act and Rent Control Acts are largely responsible for the artificial scarcity of land, which has resulted in Mumbai and Delhi becoming two of the most expensive real estate markets in the world. Some of the other regulations that affect the growth in housing construction include Coastal Regulatory Zone Regulation (CRZ), Mill Land Regulations and property taxes.

The Urban Land (Ceiling and Regulation) Act, 1976 ("Urban Land Ceiling Act")

Urban Land Ceiling Act was introduced as a social equity measure to curb profiteering and hoarding of urban land and to prevent urban congestion. Urban cities were classified into A, B and C categories, and under the provisions of the Act, ceilings were imposed on the maximum permissible usage of land.

Impact and consequences

This Act failed to serve its purpose. For the total estimated 550,000 acres of vacant land in 64 cities across India, the government took only 47,550 acres under this Act. To ensure that their land is not acquired, many corporates sought recourse to certain sections of the Act. Consequently, land prices increased and supply shrank substantially. In order to release the remaining land and make it available for housing purposes, ULCRA was replaced by an Ordinance promulgated in 1999 after the state governments of Haryana and Punjab passed a resolution for the repeal of the Act. The Urban Land (Ceiling & Regulation) Repeal Act, 1999 (Repeal Act) subsequently replaced the ordinance. Initially, the repeal Act was applicable in Haryana, Punjab and all the Union Territories. Subsequently, the state governments of Uttar Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan and Orissa adopted the Repeal Act.

The Repeal Act basically emphasises the need to impose a vacant land tax on the land likely to be made available after the repeal of the Act. It also has a provision for the economically weaker sections and the low-income group houses, which is taken into consideration while sanctioning housing projects. The Repeal Act attempts to free the supply of usable urban land for housing construction, thereby lowering the impediments for large-scale development projects.

Current status

The state governments of Andhra Pradesh, Assam, Bihar, Maharashtra and West Bengal have not adopted the Repeal Act so far. The central government has stressed the need for repeal of Urban Land Ceiling Act and encouragement of land assembly activities by the private sector.

Rent Control Acts

Various states and union territories had formulated their own Rent Control Legislations, with respect to regulating chargeable rents, recovery and possession of the property and tenancy rights. These laws acted as a disincentive towards investments in housing for rental purposes. The much-required amendments in these Acts will ensure that vacant housing stock will be made available in the market for occupation.

Registration fees and stamp duties

Stamp duty needs to be paid on all documents that are registered, the rate for which varies by state. Most states charge very high registration fees and stamp duty on property transactions. The rate of stamp duty varies from 5 per cent in Andhra Pradesh to 14.7 per cent in Orissa. Some states even have double stamp incidence, first on land and then on its development. High stamp duty and registration costs lead to under-reporting of the agreement value of properties.

Key Segments in the Real Estate Industry:

Residential real estate development

The house construction activity has been on the upswing for the past 5 years, aided by population growth and urbanisation. Moreover, it has been observed that the boom is localised to the organised urban housing segment, extending to the relatively prosperous rural belts. This growth is being driven by the following factors:

- Faster growth in urban households as a result of nuclearisation and reduction of average size of household
- Easy availability of housing finance and a favourable tax regime
- Conversion from slum, kutcha or semi-pucca in urban areas to pucca non-slums (driven by income).

According to CRIS INFAC Construction Review, February 2006, housing (particularly urban housing) will continue to demonstrate robust growth over the next 5 years, helped by rising penetration of housing finance and favourable tax incentives.

Based on the analysis of the above-mentioned drivers, CRIS INFAC (February 2006) has estimated the number of housing stock in 2003-04 at 197 million. Close to 4.7 million new houses were added to this stock in 2004-05. This number is expected to grow at a CAGR of 2.4 per cent over the next 5 years to reach 5.27 million new houses in 2009-10.

The total Floor Space Area ("FSA") is estimated at 96 billion sq ft in 2003-04, with an estimated 2.5 billion sq ft added in 2004-05. The new FSA added is expected to grow at a CAGR of 4 per cent over the next 5 years to reach 3 billion sq ft by 2009-10. This would roughly translate into 14 billion sq ft to be added over a period of 5 years. During the same period, the total housing construction investment is estimated at Rs 9,176 billion.

Trend towards high-rise in urban locales

A large proportion of the above demand for houses, especially in urban centres such as Mumbai, Bangalore, Delhi (Gurgaon, Noida) and Pune, is likely to come from high-rise residential buildings. Since this is a fairly new segment, the growth of the high-rise segment will be faster as compared to the growth of the urban housing segment. The reasons for the construction of high-rise apartment buildings are the lack of space in cities such as Mumbai and proximity to offices and IT parks in places such as Gurgaon, Bangalore and Pune. The high-rise culture is gradually seeping into other cities such as Kolkata, Hyderabad and Chennai due to increasing affordability, nearness to IT/BPO parks and the township concept being embraced within close proximity to such IT/BPO parks.

Commercial real estate development

Commercial construction comprises construction of office space, hotels, hospitals, schools, stadiums etc. In India, most of the investment in this segment is driven by office space construction. Within office space construction activity, almost 70-75 per cent of the demand comes from IT/BPO/call centres. The other key demand drivers include banking and financial services, FMCG and telecom. This dependency on IT/ITES is expected to continue due to India's emergence as a preferred outsourcing destination, despite China and Russia also emerging as strong contenders.

According to CRIS INFAC Construction Review, February 2006, in the last 4 years, while the IT sector continued to grow at a healthy rate, the ITES sector stole the show with a phenomenal 48 per cent growth. Going forward, revenue from ITES is expected to grow at a CAGR of 30 per cent to reach $19.7 billion in 2009-10; and the IT service industry will clock export revenues of $28.5 billion by 2008-09, growing at a CAGR of 26 per cent.

Consequently, the growth in the sector will translate into substantially higher demand for commercial space, adding to the overall investment in construction activities.

CRIS INFAC, February 2006, believes the growth in IT/ITES is likely to translate into construction investments of Rs 148 billion (118 million sq ft) by 2007-08 as compared with investments of Rs 74 billion (61 million sq ft) in the last 3 years. The investments are based on the manpower/workspace requirement in the sector.

Knight Frank, an international property agency, estimates that the growth in the IT and ITES sectors is likely to require over 118 million square feet of additional commercial space between fiscal 2006 and 2008 ("Commercial Property Review," (3rd Quarter, 2004) Knight Frank).

Retail real estate development

Retail boom to result in construction investments of Rs 112 billion over the next 5 years (Source: CRIS INFAC Construction Review, Feb 2006)

CRIS INFAC, September 2005, estimates that retail spending in India in fiscal 2005 was Rs. 9.9 trillion, of which organised retail accounted for Rs. 349 billion, or approximately 3.5%. The organised retail segment in India is expected to grow at a rate of 25% to 30% over the next five fiscal years. The growth of organised retail is expected to be driven by demographic factors, increasing disposable incomes, changes in shopping habits, the entry of international retailers into the market and the growing number of retail malls ("CRIS INFAC Relating Annual Review," (September 2005) CRIS INFAC).

CRIS INFAC, February 2006, believes the current spark in mall construction activity across India will result in around 105 million sq ft of mall space by 2010. This would translate into construction investment of Rs 112 billion over the next 5 years. (Source: CRIS INFAC Construction Review, Feb 2006)

The increase in disposable incomes, demographic changes (such as the increasing number of working women, who spend more, the rising number of nuclear families and higher income levels within the urban population), the change in the perception of branded products, the growth in retail malls, the entry of international players and the availability of cheap finance will drive the growth in organised retail.

Mall construction: Investments over the next 5 years

Rs billion	Units	2003E	2004E	2005P	2010P
Organised retail industry	Rs billion	177	281	350	1,095
Increase in revenue	Rs billion		104	69	745
Revenue per sq. ft. (Rs per sq. ft.)	Rs per sq ft	10,000	10,000	10,000	10,000
Additional space required by 2010	mn sq ft				75
Cost of construction	Rs per sq ft				1,500
Total construction activity (Rs billion)	Rs billion				**112**

Source: CRIS INFAC Construction Review, February 2006

Movement towards smaller cities

India has four metros: Mumbai, Delhi, Kolkata and Chennai, and an equal number of mini metros: Bangalore, Hyderabad, Ahmedabad and Pune. Initially, most retail players launched their ventures in the metros and mini metros. However, of late, the retail phenomenon is spreading to smaller cities. Players are entering these cities early to gain a first-mover advantage, that is, a larger customer base and a higher share of loyal customers. Over the past few years, the share of these cities in the percentage of organised retail has been growing steadily.

Of the total malls space to be available by 2010, Mumbai, Pune, NCR (including Gurgaon, Noida, Greater Noida, Faridabad and Ghaziabad), Bangalore and Hyderabad will have a share of 74 per cent. The balance 26 per cent will be made up by cities such as Kolkata, Chennai, Ahmedabad, Jaipur, Nagpur, Lucknow, Indore, Ludhiana and Chandigarh.

Hospitality

With the increase of disposable of income in the hands of upwardly mobile Indian middle class, the propensity of spending a larger portion of their income on tours and travels are going up. This factor, coupled with the changing lifestyle of Indian population and an increase in business travel due to a growing economy, has created demand for quality hotels/resorts across this country. In addition, India is also emerging as a major destination for global tourism which in turn pushing up the demand for hotels/resorts across India. This increasing demand for hotels/resorts across India, offers yet another opportunity for real estate development.

Hospitality industry is witnessing significant changes in its dynamics with increase in tourists and business travellers to India. As per the World Travel and Tourism Council, 2006 (WTTC), India 's Travel & Tourism is expected to grow 8.4% in 2006 and by 8% per annum, in real terms, between 2007 and 2016. WTTC has also projected India as one of the emerging tourism markets having potential of earning US$24 billion annual foreign exchange through tourism by 2015. With the industry expected to grow at 8-9% in 2006, the number of business travelers to the country are also likely to increase. (Source: Central Statistical Organisation).

The majority of segments in the Indian hotel industry have shown robust recent growth in room rates as well as occupancy rates. With increased demand and limited availability of quality accommodation, the average room rates in metropolitan markets have grown at a rapid pace over the last two years. The general increase in room rates and occupancy rates is expected to contribute significantly to the demand for new hotel developments.

OUR BUSINESS

Overview

We are one of the leading real estate development companies in India with a focus on developing residential and commercial properties. Our projects are primarily based in south India and we have a growing presence in other parts of India and have a business presence in select locations overseas. Our operations span all aspects of real estate development, from the identification and acquisition of land, to the planning and execution and marketing of our projects. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to developing high quality projects. The residential properties that we develop consist of apartment complexes, villas and townhouses. Our commercial projects include retail and office premises.

We were incorporated as Puravankara Constructions Private Limited in 1986 in Mumbai. Our operations cover Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Colombo and the United Arab Emirates ("U.A.E"). A majority of our completed projects as well as our Ongoing Projects are situated in Bangalore. We have launched projects in Kochi and Chennai. We have project offices in Coimbatore, Mysore and Hyderabad. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We also have a sales and marketing office in the United Arab Emirates and representatives in the United Kingdom and the United States.

Our Promoter commenced operations in the real estate industry in Mumbai in 1975 and has over 31 years of experience in the property development, real estate and construction sectors in India. Our Promoter Group Entities, of which our Promoter is the Chairman, have developed 12 residential projects in Mumbai and Bangalore covering approximately 0.43 million sq. ft. of Saleable Area. For further details see 'Our Promoter' on page 110. Our Company has completed 14 residential projects and one commercial project covering approximately 3.93 million sq.ft of of Developable Area or approximately 3.77 million sq.ft of Saleable Area. For further details of our completed projects see 'Our Operations' in "Our Business" on page 63.

Our Land Bank may be broadly classified into lands upon which there is no present development (hereinafter our "Land Assets") and lands upon which we are currently developing projects (hereinafter our "Ongoing Projects"). 'Developable Area' refers to the total area which we develop on each project and 'Saleable Area' refers to that part of the Developable Area relating to our economic interest in such project.

We have access to an extensive Land Bank comprising of Land Assets which is the land that we and our joint venture have available for our future projects and; Ongoing Projects, which is the land on which we and our joint venture are currently developing 15 residential projects and one commercial project. As of July 2, 2007, our Land Bank consists of the following:

	Land Area		**Developable Area**		**Saleable Area**	
	In million sq.ft.	*% of aggregate*	*In million sq.ft.*	*% of aggregate*	*In million sq.ft.*	*% of aggregate*
Land Assets	32.97	86.60%	102.25	87.96%	94.60	88.58%
Ongoing Projects	5.10	13.40%	13.99	12.04%	12.20	11.42%
Total	**38.07**	**100.0%**	**116.24**	**100.0%**	**106.80**	**100.0%**

For a detailed analysis of our Land Bank by category and geographies, see "Our Business- Our Land Bank" on pages 54 to 63.

Our Land Assets aggregate approximately 94.60 million sq.ft. of Saleable Area, of which approximately 42.77 million sq.ft. of Saleable Area is owned by the Company through itself, approximately 6.50 million sq.ft. of Saleable Area is owned by the Company through its Subsidiaries and approximately 15.71 million sq.ft. of Saleable Area is owned by the Company through entities other than its Subsidiaries. Our Land Assets also comprises of land where the sole development rights over approximately 6.15 million sq.ft. of Saleable Area vest with our Company; land in relation to which we have executed memoranda of understanding and agreements to acquire approximately 9.80 million sq.ft of Saleable Area; land where we have the development rights to approximately 11.41 million sq.ft. of Saleable Area and land to which we have a proportionate right of approximately 2.26 million sq.ft. of Saleable Area through our joint venture with Keppel.

Our Ongoing Projects aggregate approximately 12.20 million sq. ft. of Saleable Area. Our Company is constructing 14 residential projects and one commercial project on approximately 10.98 million sq. ft. of Saleable Area and Keppel Puravankara Development Private Limited, our joint venture with Keppel is constructing one residential project in which our interest extends to approximately 1.22 million sq.ft. of Saleable Area. For further details, see "Our Business"- "Our Land Bank" on page 54.

In 2005, we entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments in the real estate development sector in India that has taken place under the 'automatic route' in India. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns land in Bangalore and we have executed a joint venture agreement in relation to a residential project at Kolkata in which we have 36.26% interest, cumulatively aggregating approximately 2.26 million sq.ft. of Saleable Area. These arrangements bring together Keppel's expertise and experience in developing world class integrated township projects and our local knowledge and expertise experience in India. For further information on our joint venture with Keppel, see "History and Certain Corporate Matters" on page 81.

In addition, as of July 2, 2007, we have entered into MOUs for the purchase of lands or for execution of joint development agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

We have a strong marketing network and we maintain sales and marketing offices in Bangalore, Chennai, Kochi, Mumbai and the U.A.E. and representatives in the United States and in the United Kingdom. We have built up a strong in-house team of engineers, architects and others who are professionally experienced in their respective fields. We were awarded the ISO 9001 certification by DNV (Det Norkse Veritas, a worldwide registrar providing ISO ratings) in 1998 and the CRISIL DA2+ rating in 2002, 2004 and 2006 and DA2 for 2007, which signifies our past track record for executing real estate projects as per specified quality levels and time schedules and transferring clear title, being very good.

Our revenue has increased by Rs. 746.47 million from fiscal 2004 to fiscal 2005 which representated an increase of 97.73% , by Rs. 1,293.94 million from fiscal 2005 to fiscal 2006 which representated an increase of 85.68% and by Rs. 1,364.39 million from fiscal 2006 to fiscal 2007 which representated an increase of 48.65% . Our restated profit after tax has increased by Rs. 225.81 million from fiscal 2004 to fiscal 2005 which representated an increase of 146.22% , by Rs. 354.75 million from fiscal 2005 to fiscal 2006 which representated an increase of 93.30% and by Rs. 569.03 million from fiscal 2006 to fiscal 2007 which representated an increase of 77.42% .

After the completion of the Issue, our Promoter will continue to hold approximately 90% of our Equity Shares.

Competitive Strengths

We believe that the following are our principal competitive strengths:

An established brand image and reputation

We believe we have established a reputable brand name in the Indian real estate market due to the high quality, timely execution and delivery of our projects. Our attention to quality and commitment to timely delivery of our projects has resulted in various awards which has enhanced our brand and reputation. We were awarded the CRISIL DA2+ rating in 2002, 2004 and 2006 and DA2 in 2007 in recognition of the quality of our projects and for delivering properties on time to our customers with clear title to properties. In addition, our brand recognition has evidenced itself through the numerous sales referrals from our existing customer base. We believe our brand is of significant value as we expand our business geographically throughout India.

We believe that our brand gives us a competitive advantage that allows us to achieve premium sales prices and rentals. Our brand also helps us to secure land in prime locations and attract well regarded professionals and partners to collaborate with us on our projects. In addition, after completion of a project, we continue to focus on brand management through proactive measures to ensure brand recall among our customers.

We are constantly upgrading our resources and technology to be able to maintain and strengthen our efficiency in execution. We have focussed on developing a mechanized and technological construction capability to increase the efficiency and quality of our projects. These capabilities allow us to ensure the quality of our projects, ease in maintenance and longevity of our projects. We are using technology from MIVAN, which involves the use of semi mechanized aluminum formwork system that uses aluminum in place of normal plywood and mild steel sheets, which are pre engineered and pre fabricated. This technology reduces the floor finish cycle and therefore speeds up construction.

Extensive Land Bank

We have access to an extensive Land Bank and as of July 2, 2007, our Land Bank in relation to our Ongoing Projects aggregated to approximately 5.10 million sq. ft. of Land Area representing approximately 13.99 million sq. ft. of Developable Area or approximately 12.20 million sq.ft. of Saleable Area under development. In addition, as of July 2, 2007, our Land Assets, which represents the land that we and our joint venture have reserved for our future projects aggregates approximately 32.97 million sq.ft. of Land Area, representing approximately 102.25 million sq.ft. of Developable Area or 94.60 million sq.ft. of Saleable Area. We have completed several residential projects and one commercial project covering approximately 3.93 million sq.ft of Developable Area or approximately 3.77 million sq.ft. of Saleable Area. We, along with our joint venture, currently have 15 residential projects and one commercial project under development. As of July 2, 2007, we had entered into MOUs for the purchase of, or execution of joint developments agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

We believe that our market understanding of the real estate market dynamics, arising from the collective experience of our management team, has enabled us and will continue to enable us to seek and capitalize on land acquisition opportunities at relatively early stages of their long-term appreciation potential.

In-house development and project management capabilities

We have an experienced, dedicated and qualified team of employees. We have the technical capability to manage our construction and project management functions internally. As a result of this, we have reduced our dependence on sub-contractors and third parties and believe that this will provide us the competitive advantage in the real estate industry. We conduct regular quality assessments of our projects and contractors to ensure our high quality in ensured. We also have an in-house 'modifications and interiors division' which provides additional value added services to the customers. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to continue to take advantage of both current and future market opportunities.

Direct customer relationships

We have a customer base across India and in countries with a sizeable non-resident Indian **("NRI")** population. Our business approach includes maximizing the benefit to our customers and we endeavour to focus on the interest of our customers at every stage of our projects. We sell most of our properties directly to the customers. We have a strong marketing network and maintain sales and marketing offices in Bangalore, Chennai, Kochi and Mumbai in India. We also have a sales office in the U.A.E. and representatives in the United Kingdom and the United States. In addition, we have been participating at property exhibitions in the Middle East for the last 15 years which has helped us to access the large NRI customer base in the Middle-East.

We believe that our ability to identify emerging trends in customer requirements and developing projects to suit such requirements is our strength. We have established a dedicated 'customer care division' to offer our clients a one-point interface for any specific requirements or grievances. Our marketing and sales team is our interface with potential clients and this provides us with an insight into the customer requirement trends in terms of type, location and price of the product and guides us to plan our promotional activities.

Experienced management team with strong track record

Our Chairman, Mr. Ravi Puravankara, has over 31 years of experience in property development, real estate and construction sectors across India. Our management team consists of experienced and qualified professionals who have extensive experience in the development, sales and management of real estate. See "Our Management" on page 98 and "Our Promoter" on page 110.

We believe that by employing and retaining individuals with experienced backgrounds, we have been able to capitalize on their collective expertise in both local and international property markets. We have also designed and established a number of training programs to foster and develop our management. We have organized 31 training programs and seminars for our staff which includes training in safety in construction and its management. We have established an effective safety management system at the construction sites, critical chain project management, plumbing and sanitation, environment management system and purchasing and materials management.

Our partnership with Keppel

We have entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments ("FDI") in the housing and real estate sector in India that took place under the 'automatic route'. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns approximately 0.86 million sq.ft. of land in Bangalore representing approximately 2.71 million sq.ft. of Developable Area and our share in the Saleable Area aggregates approximately 1.32 million sq. ft. In addition we have executed a joint venture agreement in which we have 36.26% economic interest in relation to a residential project at Kolkata aggregating approximately 1.08 million sq.ft. of land where the Developable Area is 2.58 million sq. ft. and our shares in the Saleable Area aggregates 0.94 million sq. ft. These arrangements cumulatively aggregates approximately 2.26 million sq. ft. of Saleable Area brings together Keppel's expertise and experience in developing world class integrated township projects and our local knowledge, expertise experience in India and provides us with an ability to scale up. For further information on our joint venture with Keppel, see "History and Certain Corporate Matters" on page 81.

Presence in south Indian markets

Our development activities have been focussed primarily in Bangalore, Chennai, Kochi, Coimbatore, Hyderabad and Mysore. Of the 15 residential and one commercial project that we and our joint venture are currently developing, 78.04% are located in Bangalore, 11.57% are located in Chennai and 10.39% are located in Kochi. Of our Land Assets, aggregating approximately 32.97 million sq.ft. of Land Area, 70.66% is located in Bangalore, 12.96% in Chennai, 6.48% in Kochi, 0.50% in Hyderabad, 2.98% in Coimbatore, 2.02% in Mysore, 1.18% in Kolkata and 3.22% in Colombo, Sri Lanka. We believe that the south Indian region in general and the markets of Bangalore, Kochi, Hyderabad, Mysore and Chennai in specific present an extensive growth opportunity when compared to the rest of the country. While we intend to diversify our presence across India and overseas, we believe these regions present a vast pool of demand for our existing and planned residential and commercial developments. We believe that our experience and presence in the south Indian real estate market will provide us with a strong base to expand our operations to other regions.

Innovation in our projects and our processes

We believe that one of our key strengths is the large amount of time and resources that we dedicate towards innovation in our projects and to the execution methodology for our projects. We anticipate the changing preferences of our prospective customers in developing our real estate projects and in order to cater to the needs of such customers, we believe that we have been innovative in incorporating novel design ideas into our projects. For instance, we have been providing modern amenities such as squash courts, club houses, gyms and bowling alleys in our residential projects. We were among the first to design and develop 'theme based projects'. For instance, our 'Purva Fountainsquare' project that we are currently developing in Bangalore incorporates a 'global' theme to the project by including fountain and layered gardens modelled on those seen in Europe, and stone- scapes and architecture that are based on international designs. We recently completed our 'Purva Riviera' project which has been developed to incorporate nature and greenery in the project and has a resort based theme. The project consists of fountains and 80% of the development consists of landscaped gardens.

We were one of the first to introduce a customer loyalty programme. The 'Purva Privileges'- residents' relationship programme is a loyalty scheme that includes a referral programme and provides other value added schemes including, among other things, free concierge services and discounts at select outlets.

Simplified corporate structure and commitment to corporate governance

We are committed to employing the highest standards of corporate governance in our internal organisation and in all our business transactions and accounting practices. We believe that one of our key strengths is the simple and centralized corporate structure that we have established in our company. All the key decisions ranging from land identification and acquisition, procurement of raw materials and labour to our marketing and sales strategy are taken by a team comprising of senior management. This ensures consistency in all our business operations and facilitates efficiency and transparency in operations resulting in a positive impact on our business.

Transparency in our business dealings with customers

We believe that we are transparent in our dealings with customers. We maintain a full record of all payments made by our customers and our accounting records are updated regularly to reflect our dealing with our customers and other third-parties. We have established a transparent and efficient system for procuring materials by establishing purchasing policies which are committed to acquiring the best quality of materials at reasonable prices. We have implemented an ERP system based on Oracle software which we believe will enable us to integrate our various operations, increase our responsiveness, and also improve our efficiency and information flow with our customers.

Strategy

We are committed to building a leading Indian real estate development company with the highest standards of professionalism, quality and customer service. The key elements of our business strategy are as follows:

Increase our Land Bank in strategic locations across India

We believe that continuing to build our Land Bank is critical to our growth strategy and we intend to continue acquiring land at strategic locations across India. Our land acquisition strategy factors the need to acquire large and contiguous areas of land at low costs, thereby allowing us to undertake large projects. We focus on areas where we see value enhancement opportunities. We have identified lands in various locations which we believe are suitable for our projects and have the potential for growth and value appreciation and are in the process of acquiring the land to facilitate this. As of July 2, 2007, we had entered into MOUs for the purchase of, or for execution of joint developments agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see "Objects of the Issue" on page 26.

Continue to enhance our brand and reputation by delivering value to our customers

We intend to continue to promote and expand our brand. We will do so by continuing to focus on quality and innovation in our property projects, and providing strong after-sales support and property management services. We believe that delivering value to our customers and enhancing their overall satisfaction with our products will enable us to strengthen our brand further. At the same time, we intend to continue building market recognition of the brand through marketing initiatives such as advertising campaigns and participation in international real estate exhibitions and expansion of our customer loyalty scheme, 'Purva Privileges'.

Increase the scale of our operations

As of July 2, 2007, the Land Assets representing the land that our Company and our joint venture have reserved for future projects consists of approximately 32.97 million sq. ft. of Land Area representing approximately 102.25 million sq. ft. of Developable Area or approximately 94.60 million sq.ft. of Saleable Area. We, along with our joint venture, Keppel Puravankara Development Private Limited, intend to construct on approximately 23.30 million sq. ft. of land in Bangalore, approximately 4.27 million sq. ft. of land in Chennai, approximately 2.13 million sq. ft. of land in Kochi, approximately 0.17 million sq. ft. of land in Hyderabad, approximately 0.67 million sq. ft. of land in Mysore, approximately 0.98 million sq. ft. of land in Coimbatore, approximately 0.39 million sq.ft. of land in Kolkata and approximately 1.06 million sq. ft. of land in Colombo. We are still in the initial stage of planning for some of these projects and we have not yet applied for or received the approvals required for certain of these projects. For more information, see "Risk Factors" on page xiii.

Pursue Property Diversification

We intend to expand our commercial projects portfolio and develop projects across key locations in India. We plan to develop a portfolio of commercial projects consisting of commercial complexes and office premises. Our Land Assets representing the land that our Company and our joint venture have reserved for our future projects consists of approximately 102.25 million sq.ft. of Developable Area or 94.60 million sq.ft. of Saleable Area, out of which we intend to develop approximately 18.0 million sq. ft. of Saleable Area representing approximately 25.0% of the Saleable Area for our future commercial projects.

There has been a substantial increase in demand for high quality accommodation across the Indian hotel sector generally and in Bangalore in particular, due largely to increased business tourism, a decline in airfares and greater business growth. We intend to develop hotels in the three star, four star, five star and super-deluxe segments. Our Land Assets includes lands in Bangalore earmarked for the development and construction of the hotels.

Foster Strategic Joint Ventures and Partnerships

We intend to enter into strategic joint ventures and partnerships where appropriate to foster growth, increase the scale of our operations and to maximize the value of existing Land Assets and our future Land Bank. We expect to share development rights through these partnerships and collaborations and also be able to gain international expertise and create new sources of revenues.

We intend to leverage our joint venture with Keppel by entering into partnership with them for new projects. Where appropriate, we will enter into partnerships with other key players in the global real estate business.

Forward integration of our business and operations

We intend to create synergies and integrate our business and operations. For instance, we have an 'interior works and modifications' division that caters to any modifications required by our customers for their apartments. We develop our apartments with standard specifications but provide our customers with the opportunity to suggest modifications that they may require. Our interior works and modification division liaises with our customers regarding their modifications. Additionally, we also offer interior decoration facilities to our customers. Our customers typically use our modifications and interior works divisions for their apartments as we are able to offer them a range of services and products in a convenient manner and at competitive prices. We expect the revenues from our interiors works division to increase with the expected completion of more of our residential projects.

Continued investment in technology

We intend to continue the process of upgrading our technology as we believe that this is our competitive strength. Even though the real estate development industry is labour intensive, we believe that there is an increasing need to mechanize the processes involved in order to minimize costs and increase efficiency. We have invested in a mechanized and technological construction capability in order to increase the scale of our operations and the quality of our products. We have also recently implemented an ERP package based on Oracle software to integrate our various operations. We intend to continue this process of investment in innovation.

Expand our overseas operations

We intend to expand our overseas operations and invest in residential and commercial projects in select foreign locations. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We have an established sales office in the U.A.E. to market our projects and we intend to use our business presence there to explore opportunities for growth in the Middle East.

Our Land Bank

Land is an important resource and is a key factor contributing to our ability to develop real estate. Our Land Bank include lands to which our Company or our Subsidiaries have title, lands which are held on behalf of our Company by various individuals and lands in relation to which our Company has executed joint development agreements or agreements to sell. Our Land Bank may be broadly classified into lands upon which there is no present development undertaken by our Company or our joint venture (hereinafter our "Land Assets") and lands upon which we and our joint venture are currently developing 15 residential projects and one commercial project (hereinafter our "Ongoing Projects"). We consider our existing Land Bank as a significant strength and actively attempt to enhance our existing Land Bank by identifying and acquiring land in areas and locations which we believe will see increased demand for primarily residential or commercial construction.

The Bangalore Development Authority **("BDA")** has, pursuant to its mandate under the Karnataka Town and Country Planning Act, 1961, formulated the Revised Master Plan 2015, which has been notified by the Government of Karnataka on June 25, 2007. The Revised Master Plan 2015 covers a total planning area of 1,307 square kilometres. Under the Revised Master Plan

2015, there has been an enhancement of the FAR to a maximum of 3 and depending on the width of the road, up to 4 and an enhancement of FAR to a maximum of 4 around proposed metro stations. Our developable area has increased by 17.30 mm.sq.ft. and saleable area has increased by 16.04 mm.sq.ft. as a result of this increased FAR.

Given below is a summary of our Land Assets and Ongoing Projects providing the details of lands held in each city and projects being developed in each city as on July 2, 2007:

City	Land Area		Developable Area		Saleable Area	
	In million sq.ft.	*% of aggregate*	*In million sq.ft.*	*% of aggregate*	*In million sq.ft.*	*% of aggregate*
Land Assets						
Bangalore	23.30[1]	70.66%	74.08[2]	72.45%	69.23[3]	73.18%
Chennai	4.27	12.96%	8.27	8.09%	7.74	8.18%
Kochi	2.13	6.48%	11.32	11.07%	11.26	11.90%
Hyderabad	0.17	0.50%	0.79	0.78%	0.40	0.42%
Mysore	0.67	2.02%	1.47	1.44%	1.30	1.37%
Coimbatore	0.98	2.98%	2.36	2.31%	2.35	2.49%
Kolkata	0.39[1]	1.18%	2.58[2]	2.53%	0.94[3]	0.99%
Colombo	1.06	3.22%	1.38	1.35%	1.38	1.46%
Total (A)	**32.97**	**100.0%**	**102.25**	**100.0%**	**94.60**	**100.0%**
Ongoing Projects						
Bangalore	3.98[4]	78.04%	10.86[2]	77.62%	9.07[3]	74.35%
Chennai	0.59	11.57%	1.27	9.08%	1.27	10.41%
Kochi	0.53	10.39%	1.86	13.30%	1.86	15.24%
Total (B)	**5.10**	**100.0%**	**13.99**	**100.0%**	**12.20**	**100.0%**
Total (A) + (B)	**38.07**		**116.24**		**106.80**	

1 *This includes our proportionate interest in land held by our joint venture, Keppel Puravankara Development Private Limited.*

2 *This includes the Developable Area held by our joint venture, Keppel Puravankara Development Private Limited.*

3 *This includes the Saleable Area held by our joint venture, Keppel Puravankara Development Private Limited.*

4 *This includes our proportionate interest in the land on which one residential project is being developed by our joint venture, Keppel Puravankara Development Private Limited.*

The Land Assets mentioned above may be categorized into 5 categories, namely, lands owned by the Company through itself, its Subsidiaries or through entities other than its Subsidiaries; land over which the Company has sole development rights; memorandum of understanding/ agreement to acquire/ letters of acceptance to which the Company and/or its Subsidiaries and/ or its group companies are parties; lands for which joint development agreements have been entered into by the Company or through its Subsidiaries or through entities other than its Subsidiaries and proportionate interest in lands owned by the Company through joint ventures.

Given below is a summary of our Land Assets and Ongoing Projects providing details of land held in each category:

S. No.	Category	Land Assets		Developable Area		Saleable Area	
		In million sq.ft.	*% of aggregate*	*In million sq.ft.*	*% of aggregate*	*In million sq.ft.*	*% of aggregate*
Land Assets							
(1)	Lands owned by the Company:						
	1. By itself	14.22	43.13%	42.77	41.83%	42.77	45.21%
	2. Through its subsidiaries[1]	1.92	5.79%	6.50	6.36%	6.50	6.87%
	3. Through entities other than (1) and (2) above	5.12	15.53%	15.71	15.37%	15.71	15.43%
(2)	Land over which the Company has sole development rights:						
	1. By itself	1.80	5.46%	6.15	6.01%	6.15	6.50%
	2. Through its subsidiaries	-	-	-	-	-	-
	3. Through entities other than (1) and (2) above	-	-	-	-	-	-
(3)	Memorandum of Understanding/ Agreements to acquire/letters of acceptance to which the Company and/or its Subsidiaries and/or its group companies are parties, of which:						
	1. Land subject to government allocation	0.33	1.00%	0.78	0.77%	0.78	0.83%
	2. Land subject to private acquisition	3.48	10.56%	9.02	8.82%	9.02	9.53%
	Sub Total (1) + (2) + (3)	**26.86**	**81.47%**	**80.93**	**79.15%**	**80.93**	**85.55%**
(4)	Lands for which joint development Agreements have been entered into by:						
	1. By itself	5.10	15.47%	15.52	15.17%	11.03	11.66%
	2. Through its subsidiaries[2]	0.20	0.61%	0.51	0.50%	0.38	0.40%
	3. Through entities other than (1) and (2) above	-	-	-	-	-	-
(5)	Proportionate interest in lands owned by the Company through joint ventures	0.81[3]	2.46%	5.29[4]	5.18%	2.26[5]	2.39%
	Sub total (4) + (5)	**6.11**	**18.53%**	**21.32**	**20.85%**	**13.67**	**14.45%**
A.	***Total (1) + (2) + (3) + (4) + (5)***	**32.97**	**100.0%**	**102.25**	**100.0%**	**94.60**	**100.0%**

S. No.	Category	Land Assets		Developable Area		Saleable Area	
		In million sq.ft.	*% of aggregate*	*In million sq.ft.*	*% of aggregate*	*In million sq.ft.*	*% of aggregate*
Ongoing Projects							
(1)	Developed on lands owned by the Company by itself	3.58	70.20%	9.54	68.19%	9.54	78.20%
(2)	Projects being developed on joint development basis by our Company	1.01	19.80%	1.95	13.94%	1.44	11.80%
(3)	Proportionate interest in a project being developed by our joint venture	0.51[3]	10.00%	2.50[4]	17.87%	1.22[5]	10.00%
B.	***Total***	**5.10**	**100.0%**	**13.99**	**100.0%**	**12.20**	**100.0%**
	TOTAL (A) + (B)	**38.07**		**116.24**		**106.80**	

[1] *The Subsidiaries which own land are Melmont Constructions Private Limited, Purva Realities Private Limited and Puravankara Projects Lanka Private Limited.*

[2] *The Subsidiary which has entered into a joint development agreement is Prudential Housing and Constructions Private Limited.*

[3] *This area represents our proportionate interest in the land to the extent of 49% with respect to the lands owned in Bangalore and 36.26% with respect to the lands owned in Kolkata owned by Keppel Puravankara Development Private Limited.*

[4] *This area represents the total Developable Area that is being developed by Keppel Puravankara Development Private Limited.*

[5] *This area represents our proportionate interest to the extent of 49% in the Saleable Area of Keppel Puravankara Development Private Limited.*

The following is a summary of payments made and payments outstanding with respect to our Land Assets, excluding the land held by our joint venture, as on July 2, 2007:

City	Amounts representing non refundable deposits/ consideration		Amounts representing refundable deposits *(in Rs. Million)*	
	Amounts Paid *(in Rs. Million)*	**Amounts payable *(in Rs. Million)***	**Amounts Paid**	**Amounts payable**
Bangalore	2,456.73	926.31	241.79	180.59
Chennai	1,417.26	2.78	15.00	57.50
Kochi	2,462.91	Nil	Nil	Nil
Hyderabad	20.00	Nil	50.00	Nil
Mysore	9.60	2.40	2.00	1.00
Coimbatore	607.13	Nil	Nil	Nil
Colombo	48.27	Nil	Nil	Nil
Kolkata	Nil*	Nil	Nil	Nil
Total	**7,021.90**	**931.49**	**308.79**	**239.09**

* *We have paid certain amounts towards subscription of the shares of Magus Bengal Developers Private Limited, a joint venture in which we have an interest to the extent of 36.26% which represents our proportionate interest in the lands acquired in Kolkata.*

Land Assets

The aforementioned lands can be categorized into five types as described below:

(i) Lands owned by the Company

Our Company, certain of our Subsidiaries and certain other persons (Mrs. Geeta Vhatkar, our Promoter's sister, Mr. Nagananda, a Key Managerial Personnel, Mr. D.S. Nagraj and Mr. Basava Reddy, both of whom are independent third parties) on our behalf have acquired land in various locations in India and Sri Lanka. Our Company or our Subsidiaries hold title to lands under this category, and all such lands have been registered in either our name or in the names of our Subsidiary. We and our Subsidiaries acquired land pursuant to various sale deeds. All amounts required to be paid for the acquisition of all land under this category have been paid by us.

For risks in relation to the land acquired by us, please refer to "Risk Factor No. 2" on page xiii and Risk Factor No. 3 on page xiv. Our expansion into new geographies also exposes us to additional risks associated with such diversification arising due to low level of familiarity with the local regulations, development, ownership and management of properties in the new geographies. This could affect our profitability and our financial condition. For further details, see "Risk Factor No. 7" on page xv.

Under this category, our Company and our Subsidiaries own land in the following areas:

City	Lands held by us *(Land Area in million sq.ft.)*	Lands held by Melmont Constructions Private Limited *(Land Area in million sq.ft.)*	Lands held by Purva Realities Private Limited *(Land Area in million sq.ft.)*	Lands held by Puravankara Projects Lanka Private Limited *(Land Area in million sq.ft.)*
Bangalore	8.67[1]	Nil	Nil	Nil
Chennai	3.34	Nil	Nil	Nil
Kochi	1.23	0.54	0.31	Nil
Coimbatore	0.98	Nil	Nil	Nil
Colombo	Nil	Nil	Nil	1.06
Total	**14.22**	**0.54**	**0.31**	**1.06**

[1] *There are various litigation on land under this category aggregating approximately 0.26 million sq.ft. These litigations have been compromised and sale deeds have been executed in favour of our Company. The various litigation in the respective fora is pending withdrawal. Our Company has initiated litigation on various lands under this category aggregating approximately 5.08 million sq.ft. in various fora pursuant to documents under which we claim title to these properties. For details see "Outstanding Litigation and Material Developments" on page 222.*

Our Company also owns certain lands in Karnataka through entities other than our Subsidiaries. These lands have been acquired by Mrs. Geeta Vhatkar, our Promoter's sister, Mr. Nagananda, a Key Managerial Personnel, Mr. D.S. Nagraj and Mr. Basava Reddy, both of whom are independent third parties. We have entered into agreements to sell in our favour with each of these individuals under which the title to the lands will be transferred to us. Under the said agreements sale consideration have been paid by us to these individuals. These individuals have also executed powers of attorney in favour of our Company to apply for several permissions from the appropriate authorities.

Mr. Nagananda has entered into several agreements to sell with the owners of certain parcels of land situated in and around Bangalore. He has executed several agreements in favour of our Company under which he will assign all the rights under the agreements to sell at the option of our Company upon obtaining statutory clearances. Such lands aggregate approximately 0.1 million sq.ft. For details of the risk associated with the acquisition of land through entities other than Subsidiaries, see "Risk Factor No. 16" on page xviii.

The lands held by the above persons are held as follows:

	Land held *(Land Area in million sq.ft.)*
Mrs. Geeta Vhatkar	2.86
Mr. Nagananda	1.66*
Mr. D.S. Nagraj	0.57
Mr. Basava Reddy	0.03
Total	**5.12**

(ii) Land over which the Company has sole development rights

Our Company has sole development rights over a parcel of land measuring approximately 1.80 million sq.ft. situated in Bangalore. The land is owned by Puravankara Constructions, a Promoter Group Entity and we have full rights of development over the said land pursuant to an agreement to develop the land. The said lands being the only land in this category, the same is disclosed as a material agreement. The materiality of the agreements in relation to land has been considered on the basis of 10% or more of the aggregate agreement value of lands under each category. The amounts under this material agreement have been paid from internal accruals.

S. No.	**Location of Land**	**Date of Agreement/ Validity Period**	**Parties to the Agreement**	**Agreement Value (in Rs.)**	**Amount Paid (in Rs.)[1]**	**Deposit Paid (as a % of Agreement Value)**
1.	Camelot Hills	April 5, 1995 Validity Period – N.A	Puravankara Constructions and the Company	16,000,000	16,000,000	100
	Aggregate for other non-material agreements in this category			-	-	-
	TOTAL			**16,000,000**	**16,000,000**	**100**

[1] *This amount has been paid by way of non refundable deposit.*

(iii) Memorandum of Understanding/ Agreements to acquire/ letters of acceptance to which the Company or its Subsidiaries and/or its group companies are parties

Our Company has entered into various contractual arrangements in the nature of Memoranda of Understanding for the purchase of lands or for execution of joint developments agreements in future with the owners of such land. Our company has made partial payments towards the acquisition of such lands. We currently do not have any title to the lands falling under this category as lands under the aforesaid Memoranda of Understanding are in the process of being acquired by us. The transfer of title in these lands to our Company is subject to the execution and registration of valid conveyance deeds or joint development agreements with the owners of such lands and the completion of various other legal formalities. For risks in relation to such contractual arrangements see "Risk Factor No. 5" on page xiv.

As on July 2, 2007, lands under this category are as follows:

City	Land Held *(Land Area in million sq.ft.)*	Amount paid *(in Rs. Million)*	Amount to be paid *(in Rs. Million)*
Bangalore	3.45*	398.01	722.55
Chennai	0.03	9.60	2.40
Mysore	0.33	21.06	2.78
Total	**3.81**	**428.67**	**727.73**

* *Our Company has initiated litigation on various lands under this category aggregating approximately 0.05 million sq.ft. in various fora seeking specific performance of memoranda of understanding with the owners of these lands.*

The materiality of the agreements in relation to land has been considered on the basis of 10% or more of the aggregate agreement value of lands under each category. The amounts in relation to the lands have been funded from internal accruals.

The material agreements in this category are as follows:

S. No.	Location of Land	Date of Agreement/ Validity Period	Parties to the Agreement	Agreement Value (in Rs.)	Amount Paid (in Rs.)	Deposit Paid (as a % of Agreement Value)
1.	Kudlu Village	March 01, 2007 Validity Period – N.A	N. Babu Raj, Vijay (confirming party) and the Company	133,961,899	133,961,899	-
2.	Kudlu Village	March 01, 2007 Validity Period – N.A	N. Babu Raj, Kiran (confirming party) and the Company	263,648,050	263,648,050	-
3.	Kudlu Village	November 24, 2006 Validity Period – N.A.	Kiran, V. Vijay, P. Rama Reddy, A. Rama Reddy and the Company	660,448,875	-	-
	Aggregate for other non-material agreements in this category			98,344,156	31,064,156	-
	TOTAL			**1,156,402,980**	**428,674,105**	

(iv) Lands for which joint development Agreements have been entered into

In certain instances we and our Subsidiary, Centurions Housing and Constructions Private Limited, develop land under joint development agreements entered into between our Company or our Subsidiary, as the case may be and owners of the land being developed.

Under the joint development mechanism, the owner of the property being developed grants our Company or our Subsidiary the permission to develop the plot of land which is being jointly developed and built up area in the developed property is apportioned to the share of each of the parties to the joint development mechanism. The terms of these joint development agreements do not convey any title in the land with respect to which the joint development agreement is being executed pending the completion of construction thereon. We are further required to make monetary payments by way of non refundable security deposits to the land owners under these agreements. This includes land where we have entered into joint development agreements where our economic interest typically ranges from 60% to 77.5%. Development by means of the joint development mechanism is subject to certain specific risks which are detailed in "Risk Factor No. 2" on page xiii.

As on July 2, 2007, our Company and our Subsidiary have rights to the following areas of land:

City	Land to which we have rights *(Land Area in million sq.ft.)*	Land to which Centurions Housing and Constructions Private Limited has rights *(Land Area in million sq.ft.)*
Bangalore	3.64	0.20
Chennai	0.90	Nil
Kochi	0.05	Nil
Hyderabad	0.17	Nil
Mysore	0.34	Nil
Total	**5.10**	**0.20**

The materiality of the agreements in relation to land has been considered on the basis of 10% or more of the aggregate agreement value of lands under each category. The amounts in relation to the lands have been funded from internal accruals. The material agreements in this category are as follows:

S. No.	Location of Land	Date of Agreement/ Validity Period	Parties to the Agreement	Agreement Value (in Rs.)	Amount Paid (in Rs.)	Deposit Paid (as a % of Agreement Value)
1.	Begur Hobli	November 24, 2006 Validity Period – N.A	Chamundi Industries, Mahendra Kumar Gupta, A. Rama Reddy, H.P Rama Reddy, Kiran V, Praneet P, R. Babu Reddy, Mrs. Sarwan Kumari, Usha Gupta, Pavan Kumar Gupta, Sabita Jain and Company	208,375,000	104,187,500	50.00
2.	Benninganahalli Village	April 10, 2005 Validity Period – N.A	Rustamji Developers, Mr. C. Lakshmana and the Company	100,125,000	100,125,000	100
3.	Yelahanka Village	March 05, 2005 Validity Period – N.A	Dayanand Pai and Company	115,000,000	50,000,000	43.48
	Aggregate for other non-material agreements in this category			363,125,000	188,625,000	51.94
	TOTAL			**796,625,000**	**442,937,500**	

(v) Proportionate interest in lands owned indirectly

We entered into a joint venture with Keppel Investment Mauritius Private Limited, which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns land in Bangalore. We have executed a joint venture agreement in relation to a residential project at Kolkata, in which we have 36.26% interest. For risk factors associated with lands owned by the Company, see "Risk Factor No. 15" on page xvii.

As on July 2, 2007, the land owned by our joint venture, to which we have proportionate rights is as follows:

City	Land to which we have proportionate rights (Land Area in million sq.ft.)
Bangalore	0.42
Kolkata	0.39
Total	**0.81**

The materiality of the agreements in relation to land has been considered on the basis of 10% or more of the aggregate agreement value of lands under each category. The material agreements in this category are as follows:

S. No.	Location of Land	Date of Agreement/ Validity Period	Parties to the Agreement	Agreement Value (in Rs.)	Amount Paid (in Rs.)	Deposit Paid (as a % of Agreement Value)
1.	Rajarhat District, Kolkata.	February 22, 2007 Validity Period – N.A	West Bengal Housing Infrastructure Development Corporation Limited and Magus Bengal Developers Private Limited	363,647,352	363,647,352	NA
2.	Rajarhat District, Kolkata.	March 20, 2007 Validity Period – N.A	West Bengal Housing Infrastructure Development Corporation Limited and Magus Bengal Developers Private Limited	384,887,266	384,887,266	NA
	Aggregate for other non-material agreements in this category			223,731,867	223,731,867	-
	TOTAL			**972,266,485**	**972,266,485**	

Ongoing Projects

Our Ongoing Projects are located in and around Bangalore, Chennai and Kochi and may be classified into two categories of land. Our Ongoing Projects are developed on land to which we have title in our own name or in relation to which we have executed joint development agreements with the land owners. We do not develop our Ongoing Projects on lands in relation to which we have executed contractual agreements or lands owned by third parties for which memorandum of understanding or agreement for sale has been entered into. Hence, there are no lands in categories (ii), (iii) and (v) on which our Ongoing Projects are situated.

(i) Land owned by the Company

The Ongoing Projects in relation to which we retain title in our own name measures 2.46 million sq.ft. of Land Area in and around Bangalore, 0.53 million sq.ft. of Land Area in and around Kochi and 0.59 million sq.ft. of Land Area in Chennai which covers nine residential projects and one commercial project, all currently under development.

(ii) Land for which joint development Agreements have been entered into

In certain instances we develop land under joint development agreements entered into between us and owners of the land being developed.

Under the joint development mechanism, the owner of the property being developed grants our company the permission to develop the plot of land which is being jointly developed and built up area in the developed property is apportioned to the share of each of the parties to the joint development mechanism. The terms of these joint development agreements do not convey any title in the land with respect to which the joint development agreement is being executed pending the completion of construction thereon. Development by means of the joint development mechanism is subject to certain specific risks which are detailed in "Risk Factors" on page xiii.

As of July 2, 2007 of our 14 residential projects, 5 are being developed on a joint development basis with the remaining projects being developed on an absolute sale basis. The total Ongoing Projects which are currently being developed under joint development mechanisms admeasures approximately 1.01 million sq.ft. of Land Area and is located in and around Bangalore. For further details on our projects, see 'Our Operations' on page 63.

(iii) Project being developed by our joint venture

Our joint venture, Keppel Puravankara Development Private Limited is developing one residential project in Bangalore on land admeasuring approximately 1.04 million sq.ft of Land Area representing approximately 2.50 million sq.ft. of Developable Area, of which we have a proportionate interest of 49% aggregating approximately 1.22 million sq.ft. of Saleable Area.

Our Operations

Our operations, currently cover Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Colombo and the United Arab Emirates ("U.A.E"). A majority of our completed projects as well as our Ongoing Projects are situated in Bangalore. We have launched projects in Kochi and Chennai. We have project offices in Coimbatore, Mysore and Hyderabad. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We also have a sales and marketing office in the United Arab Emirates and representatives in the United Kingdom and the United States.

Our business is currently focussed on developing real estate projects but we also intend to develop commercial projects.

The following table presents, as of July 2, 2007, the approximate Developable and Saleable Area of our completed residential and commercial projects and Ongoing Projects.

	Developable Area for Completed Projects *(in million sq.ft.)*	**Saleable Area Completed Projects** *(in million sq.ft.)*	**Developable Area for Ongoing Projects** *(in million sq.ft.)*	**Saleable Area for Ongoing Projects** *(in million sq.ft.)*
Residential projects undertaken by our Company	3.75	3.59	11.14	10.63
Residential project undertaken by our joint venture	-	-	2.50	1.22
Total	**3.75**	**3.59**	**13.64**	**11.85**
Commercial projects undertaken by our Company	0.18	0.18	0.35	0.35
Total	**3.93**	**3.77**	**13.99**	**12.20**

Our Residential Projects

Our residential projects are focussed on mainly developing apartment and condominium-type housing and independent villas and townhouses. We and our joint venture, are currently in the process of developing 15 such residential projects in Bangalore, Chennai and Kochi on approximately 5.10 million sq.ft. of Land Area that represents 13.64 million sq. ft. of Developable Area or 11.85 million sq.ft. Saleable Area. In order to decide on the location, design and specification for these projects, we analyse various qualitative and quantitative data obtained through extensive market research undertaken by an internal development team which considers a number of factors, including target population in the catchments areas and economic standards in the general urban area. The composition of the development is determined accordingly. We develop stand alone dwellings, apartments and row houses that are generally incorporated into a larger development and generally include additional amenities such as gymnasiums, club houses, bowling alleys, gardens, pools and recreational areas.

We create architectural variety within our projects by offering numerous models, floor plans, and exterior styles in an effort to enhance home values by creating diversified neighbourhood looks within our projects. Generally, we select the exterior and interior finishes of our residential units. Our residential real estate projects are focused on development of mid income and upper income to luxury and super luxury residential accommodation.

We have implemented innovative approaches to the development and marketing of our residential projects and we believe that our key strength is to be able to develop and deliver theme-based projects. We see the leisure facilities associated with our residential accommodation as a marketing tool.

Our completed residential projects:

Our major projects have been within Bangalore, India. Many of our residential projects provide high quality amenities, including security systems, power generation, air conditioning, sports and recreational facilities, as well as valet parking.

The table below provides information as of July 2, 2007 relating to our 14 completed and sold residential projects in Bangalore and one in Mumbai, namely Uran Park.

Project Name	**Started**	**Completed**	**Total Saleable Area** (*in million sq.ft*)
Uran Park	1986	1988	0.02
Purva Park	1994	1999	0.50
Castlemaine	1995	1997	0.02
Purva Nest	1996	2000	0.01
Purva Graces	1999	2003	0.17
Purva Iris	1999	2002	0.06
Purva Heights	2000	2003	0.35
Purva Paradise	2001	2002	0.05
Purva Fairmont	2002	2004	0.41
Purva Pavilion	2003	2004	0.24
Purva Parkridge	2003	2007	0.35
Purva Carnation	2004	2005	0.08
Whitefield Bouganvilla	2004	2006	0.07
Purva Riviera	2004	2006	1.26
Total			**3.59**

Our Ongoing residential projects:

The table below provides information as of July 2, 2007 relating to our Ongoing residential Projects:

Name / Place	Location	Land Area *(in million sq.ft.)*	Developable Area *(in million sq.ft.)*	Saleable Area *(in million sq.ft.)*	Start Date
Projects undertaken on land owned by us					
Purva Grande	Lavelle Road, Bangalore	0.02	0.04	0.04	February 7, 2005
Purva Fountainsquare	Marathalli Junction, Bangalore	0.69	1.74	1.74	February 27, 2005
Purva Grand Bay	Marine Drive, Kochi	0.23	0.51	0.51	December 17, 2005
Purva Venezia	Yelahanka, Bangalore	1.15	2.09	2.09	January 20, 2006
Purva Eternity	Kakkanad, Kochi	0.23	0.96	0.96	April 21, 2006
Purva Highlands	Kanakapura Road, Bangalore	0.60	2.54	2.54	August 18, 2006
Purva Swanlake	Old Mahabalipuram Road, Chennai	0.45	0.83	0.83	April 14, 2007
Purva Jade	Arcot Road, Chennai	0.05	0.09	0.09	May 18, 2007
Purva MoonReach	Airport Seaport Road, Kakkanad, Kochi	0.07	0.39	0.39	June 1, 2007
Total		**3.49**	**9.19**	**9.19**	
Projects Undertaken on joint development basis					
Purva Sunshine	Sarjapura Road, Bangalore	0.12	0.30	0.23	September 4, 2004
Purva Panorama	Banerghetta Road, Bangalore	0.50	0.97	0.75	November 19, 2004
Purva Belmont	J.P. Nagar, Bangalore	0.12	0.29	0.20	January 20, 2005
Purva Atria- Phase I	R.M.V. Extension, Bangalore	0.21	0.26	0.16	January 14, 2006
Purva Vantage	H.S.R. Road, Bangalore	0.06	0.13	0.10	June 10, 2005
Total		**1.01**	**1.95**	**1.44**	
Projects being developed by Keppel Puravankara Projects Private Limited					
Elita Promenade	J.P. Nagar, Bangalore	0.51	2.50	1.22	July 23, 2005
Total		**0.51**	**2.50**	**1.22**	
Grand Total		**5.10**	**13.64**	**11.85**	

Our Commercial Projects

Our commercial development was also a mall in Bangalore, “The Pavilion”, which opened in 2003. It provides leased commercial space to a number of multinational corporations. We are currently developing one commercial project in Chennai on approximately 0.09 million sq.ft. of land representing 0.35 million sq.ft. of Developable Area or Saleable Area.

We plan to develop a portfolio of commercial projects consisting of shopping malls, commercial complexes and office premises. Our Land Assets representing the land that we have reserved for our future projects consists of approximately 102.25 million sq.ft. of Developable Area or 94.60 million sq.ft. of Saleable Area, out of which we intend to develop approximately 18 million sq. ft. of Saleable Area representing approximately 25% of the Saleable Area for our future commercial projects.

Joint Ventures

In 2005, we entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments in the real estate development sector in India that has taken place under the 'automatic route' in India. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns approximately 0.86 million sq.ft. of land in Bangalore representing approximately 2.71 million sq.ft. of Developable Area and our share in the Saleable Area aggregates approximately 1.32 million sq. ft. In addition we have executed a joint venture agreement in which we have 36.26% economic interest in relation to a residential project at Kolkata aggregating approximately 1.08 million sq.ft. of land where the Developable Area is 2.58 million sq. ft. and our share in the Saleable Area aggregates approximately 0.94 million sq. ft.

We believe that these arrangements cumulatively aggregating approximately 2.26 million sq. ft. of Saleable Area will create opportunities to exploit new sources of revenue, as well as enable our management to focus on the expansion of our core business area. For more information on these joint venture agreements, see "Our History and Certain Corporate Matters" on page 81.

Our Project Development Methodology

The execution methodology that we employ for our projects can be divided into the following distinct activities:

Identification of potential areas of development:

One of the key factors in the real estate development sector is the ability to assess the potential of a location after evaluating its demographic trends. We rely on our experience and ability of our senior management to identify and evaluate potential locations. We also use our experience to evaluate locations where we can gain the early mover advantage. We have commenced real estate development projects in Bangalore and Kochi and have acquired lands for development in Chennai, Hyderabad, Mysore, Coimbatore and Kolkata.

The process of land identification starts from the stage of selecting an appropriate area which has growth potential. This is done by our projects research team which gathers market data on possible prospects while selecting an area for development which is verified with the information that we have already collated. We also obtain a title opinion of the proposed lands. We also consult the local real estate marketing professionals. Thereafter, a survey is conducted at the proposed site and a preliminary feasibility report is prepared. The report is based on an analysis of the certain criteria, including, among other things (a) the standard of living and disposable income of the population of the location, (b) the growth prospects of the towns in terms of trade and industry, (c) financial viability of the project and (d) the available or planned infrastructure surrounding the land that we have identified for our project. The next step, after area identification, involves identifying the type of project to be undertaken in that particular area and deciding the scale of the project. Typically, decisions at this stage involve examining the viability of developing townships or commercial complexes or residential towers on the identified project site. The final decision on the location, nature, financial feasibility and scale of each project is taken by our senior management.

Evaluation of applicable laws and obtaining requisite approvals:

While evaluating the feasibility of an area for the implementation of a project, it is imperative to understand the legal regime governing land development in location, which varies from state to state and intra-state locations. We also evaluate the factors which affect the obtaining of the approvals required for the implementation of the project. The approvals generally required for a real estate development project include approvals for building plans, for the conversion of agricultural lands to non-agricultural lands, where applicable, the approval of lay outs and approvals related to certain infrastructure facilities such as power and water. Similarly, approvals from various government authorities, including from the relevant environmental authorities, airport authorities and fire authorities are required for buildings above a certain stipulated height. Building completion certificates are obtained from the appropriate authorities after the projects have been completed in accordance with applicable law. For salient features of the legal requirements applicable to us, see the section titled 'Regulations and Policies' on page 70.

Acquisition of title and/or development rights of land:

Rights for purchase of land primarily depend upon the laws and regulations governing the location of the proposed real estate development project. Our existing Land Bank and Ongoing Projects have been acquired by us and are held by us under various mechanisms. For details of the above, please refer to "Our Business – Our Land Bank" on page 54.

Designing and Construction:

The design and planning of our projects is either completed by our in-house planning department or by external architects and structural consultants appointed by us. The majority of architects and structural consultants engaged by us are specific to a particular project and are drawn from a pool of designers and architects. The planning department and/or the architect appointed by us provide us with the structural design of the project as well as the estimates of the requirements for manpower, materials, machinery. The external consultants may continue to advise us during the course of the project.

Once the design and the estimates for the project have been finalized, we set up a project team under the supervision of a site engineer who is the central co-coordinating person who reports to the senior management of our Company. We have the state of art machinery which we use for the construction of our projects and have invested in mechanizing our construction processes.

The purchase of materials is centralized and is based on the estimates given by the planning division or the architect, as the case may be. We are not dependent on any single contractor/builder/supplier for our construction activities. The orders are placed by us on the basis of one-to-one negotiations and we do not have any tender or bidding process.

We ensure that the raw material requirements of each project are satisfied in a timely and cost effective manner. We ensure that raw materials and other goods and services sourced from third party vendors are delivered in a timely manner, payment is made to suppliers in a timely manner and scrap on project sites is effectively disposed off.

We conduct regular site visits and have developed a system of internal reporting for monitoring of the status and stage of all the projects being developed by us at any given point of time through a monthly information system.

This minimizes time and cost overruns. We deploy representatives of our head office at the sites of our projects to deal with issues related to manpower planning, including welfare of the workers, as well as security and administration of the site. These representatives travel from site to site in order to oversee such issues.

Additionally, one representative from our human resources department visits each site on a fortnightly basis to address issues related to statutory compliances and other general issues related to the workers.

Sales and Marketing

We maintain a data base consisting of our existing customers and undertake direct sales efforts through a combination of telephonic marketing and electronic marketing either centrally from our head office or through our local offices located in four cities in India and one in the U.A.E. and through our business or representatives located in the United Kingdom and in the United States. We conduct our indirect marketing through our external network of sales associates across India. We also have sales associates who market our projects to the NRI population in the United States, United Kingdom, Canada and the Middle East. We actively participate in real estate exhibitions that are attended by NRIs abroad and Indian local population in India.

We have a loyal customer base and encourage the participation of former buyers or tenants in our new product launches. We employ various marketing approaches depending on whether the project is residential or commercial. These include launch events, corporate presentations, web marketing, direct and indirect marketing, as well as newspaper and outdoor advertising. We prefer to market our projects directly to our customers and only a small portion of our sales are made through brokers. Most of the sale bookings are performed at project sites, although sales are also made at our corporate offices. Our sales teams have incentives tied to their sales performance. A client servicing team services the customer from after the booking process, through to the transfer of property to the new owner. We liaise with various banks and housing finance companies to provide our customers with convenient access to finance in order to purchase their apartments.

Completion and handover of the project

We transfer the title or lease hold rights as the case may be to the customer. We ensure that the entire consideration is paid to us prior to the transfer of title or before possession is handed over, whichever is earlier.

Employees

As of July 2, 2007, we had approximately 701 employees consisting of our technical, non-technical staff and our trainees. We do not count any manpower employed by our sub-contractors as our employee. We expect that with the growth of our business, human resources and employee recruitment activities will increase.

We believe that our employees are key contributors to our business success. To achieve this, we focus on hiring and retaining the best talents in the industry. We make serious efforts to impart training and development to newly hired professionals and view this process as a necessary tool to maximizing performance of employees. Our work force consists of (i) our permanent employees, (ii) consultants who are engaged by us on a contractual basis to assist in the architectural and structural design of our projects and, (iii) contractors who are engaged by us on a contractual basis and who employ labourers to work at project sites. In order to engage contract labourers for projects sites we are required to be registered under certain regulations. For further information see "Risk Factors" on page xiii. The table below sets out the number of our employees, as of March 31, 2007 and during the fiscal years in 2007, 2006, 2005, 2004 and 2003 respectively.

	Three months ended	Fiscal				
	June 30, 2007	2007	2006	2005	2004	2003
Non Technical	269	201	151	126	93	70
Technical	404	378	165	152	128	73
Trainees	28	94	40	22	47	27
Total	**701**	**673**	**356**	**300**	**268**	**170**

Insurance

Our operations are subject to hazards inherent in the construction industry, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage. We have obtained standard and special perils insurance from the ICICI Lombard Insurance Company for three of our ongoing projects (Purva Fountain Square, Purva Vantage and Purva Grandbay) covering fire, lighting, explosion, implosion, aircraft damage, riot, strike and malicious damage which are in force until February, 2008 We also maintain automobile policies and workmen's compensation policies for some our permanent employees.

We do not have any insurance for the remaining 12 of our current projects. We have not insured the premises on which our corporate and registered offices or other offices are located. In addition, we do not have insurance policies for our stock or construction material at any project site, towards cash in transit, cash in safe, head office assets or other third party accidents insurance policy. We may also be subject to claims resulting from defects arising from engineering, procurement or construction services provided by us within the warranty periods extended by us, which can range up to 12 months from the date of their delivery to the client.

Competition

The real estate development industry in India, while fragmented, is highly competitive. We expect to face competition from large domestic as well as international property development and construction companies as a consequence of, among other things, the relaxation of the FDI policy for the real estate sector, rising government expenditures on infrastructure and various other policy initiatives.

Intellectual Property

We already own the registered trademarks for the word "Purva", "Puravankara" and "Puravankara Projects Limited" and our old and new corporate logo and corporate slogan and various combinations thereof in various classes.

Information Technology

We have incorporated current software systems in our businesses and operations. In addition to standard software systems for word processing, providing secure access to applications and content from other clients and other systems used by our employees, we have recently implemented an ERP package based on Oracle software to integrate and effectively manage our financial and procurement systems. We also maintain a website www.puravankara.com, the contents of which are not included in this Red Herring Prospectus.

Corporate Social Responsibility

We are a socially responsible company and we believe that great emphasis should be placed on social and community service. We have undertaken various non-profit initiatives and believe in utilizing our capability and resources in undertaking developments that will benefit the community. We have landscaped and are maintaining traffic islands in Domlur, Trinity Circle and near the Brigade Road and other areas in Bangalore. We have also contributed amounts to the SOS Childrens's Village towards an educational program on educating a family for one year. We have undertaken to develop the double road connecting Doddaballalpura Road to Yeshwantpura Road in association with the Government of Karnataka, Urban Development Department. We are also associated with doing up the existing road connecting Kanakapura Road to the Peripheral Road through Vajarahalli Village.

Office Properties

Our registered office is located at No. 227, S.V. Road, Bandra (W), Mumbai 400 050, which we have leased from Dealwel, a Promoter Group Entity. This property has been leased for a period of eleven months at a rate of 0.15 million per month. The lease is optionally extendable by a mutual consent.

Our corporate office is located at No. 130/1 and 130/2, Ulsoor Road, Bangalore, which we have leased from a third party and Puravankara Constructions, a Promoter Group Entity, respectively. Property located at located at No. 130/1 has been leased for a period of five years from September 1, 2003 at a rate of Rs. 0.07 million per month till August 31, 2006 and Rs. 0.08 million per month from September 1, 2006 to August 31, 2008. Our Company has the sole option to renew the lease for a further period of one year at the same amount of rent payable at the end of August 31, 2008. Property located at No. 130/2 have been leased for a period of eleven months at a rate of Rs. 0.45 million per month. The lease is optionally extendable by a mutual consent. Property located at No. 5/13 I Main Road, Vasanthnagar, Bangalore 560 052 has been leased for a period of eleven months at the rate of Rs. 0.77 million per month. The lease is optionally extendable by mutual consent.

Additionally, we conduct our business from several premises which we either own or lease, including our office located at Office No. 1408, H.H Shaikh Ahmed Bin Saeed Al Maktoum- Towe, United Arab Emirates. We have leased this office space measuring approximately 1,900 sq.ft. for a period of one year, which can be renewed by us at our option.

REGULATIONS AND POLICIES

The Government of India, the Government of Karnataka, Government of Andhra Pradesh and other State Governments and the respective local bodies have framed various regulations and policies all of which apply to our Company. A summary of these regulations and policies is detailed below. The following information has been obtained from the various local legislations and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below are not exhaustive, and are only intended to provide general information to Bidders and is neither designed nor intended to be a substitute for professional legal advice.

Several legislations, framed by the Central and the respective State Governments, govern the real estate and construction sector in India. These legislations regulate, among others, the substantive and procedural aspects of acquisition and transfer of land and construction of housing and commercial establishments.

As is described in further detail below, each State in India is competent to prescribe its own rules and regulations to govern the real estate and construction industry. This leads to numerous fragmented legislations. The present discussion is restricted to laws and regulations, which are currently applicable to our Company for carrying on our business in the State of Karnataka. Investors are advised to undertake their independent study in relation to the regulations applicable to our Company, for carrying out our business in the other States in India. Laws governing the acquisition of the land, its registration, payments of stamp duty, local legislation providing for the regulation and supervision of building and residential premises and certain other state specific laws are applicable to us.

The Constitution of India

The authority to enact laws is contained in Schedule VII to the Constitution of India. It demarcates the various fields of legislation that the Union, the States and the Centre and the States jointly may make laws. While, the fields of legislation specified in the Union list (List I) allow the Union of India to make the laws, the entries in the State list (List II) allow the respective States to make the laws in relation to the same. The entries in the Concurrent list (List III) permit both the centre and the states to make laws.

The Union Government legislates on taxes on the capital value of the assets and estate duty on property, except agricultural land. The State Government is given the authority to enact legislations imposing taxes on agricultural land. There are no entries in the Concurrent list dealing with land or real estate. However, as is clear from the separation of legislative powers, that both the Central and State Governments can enact legislations pertaining to land generally and specifically in relation to real estate development.

Property Related Laws enacted by the Union of India

The Land Acquisition Act, 1894 ("Land Acquisition Act")

The Land Acquisition Act provides for the compulsory acquisition of land by the appropriate government (which may be Central or the State Government as the case may be) for public purposes, which includes planned development and town and rural planning. The provisions of this Act apply to various land holdings. The Act also provides that such acquisitions by the appropriate government are not absolute and any person with an interest in the acquired land is entitled to object and claim the right to compensation.

The Urban Land (Ceiling & Regulation) Act, 1976 ("Urban Land Ceiling Act")

The Urban Land Ceiling Act was enacted to impose a ceiling limit on vacant land in urban areas. Accordingly, an entity may only acquire land in the urban areas within the prescribed limits imposed. However some States and Union Territories have repealed these Urban Land Ceiling Acts under the Urban Land (Ceiling and Regulation) Repeal Act, 1999.

While the State of Karnataka has repealed the Urban Land Ceiling Act, it has enacted the Karnataka Land (Restriction on Transfer) Act, 1991 to implement the Land Acquisition Act by prohibiting the transfer of lands that have been so acquired.

Transfer of Property Act, 1882 ("T.P. Act")

There are various modes for the transfer of immovable property between individuals, firms and companies such as sale, gift and exchange. Similarly, an interest in the property can be transferred by way of a 'lease' or 'mortgage'. All transfers of property in its various modes, including transfer of immovable property or any interest in relation to that property, is governed by the T.P. Act. Thus, the T.P. Act governs transfers between persons as distinct from the transfer of property or interest by the operation of law.

Further, the T.P. Act also provides the general principles relating to the transfer of property, the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908 ("Registration Act")

The primary objective behind the enactment of the Registration Act is to provide public notice of the execution of documents affecting a transfer of any interest in any immovable property. Other objectives include the conservation of evidence, assurances, title, publication of documents and prevention of fraud. The Registration Act provides a list of instruments that require to be mandatorily registered. Some of the instruments which find mention in this list are any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of one hundred rupees or more, a gift of immovable property and a lease of immovable property for a term longer than eleven months or reserving a yearly rent. It further contains provisions detailing the formalities for registering an instrument.

As per Section 49 of the Registration Act, neither the transfer of immoveable property contemplated in an unregistered document will be affected nor will the documents itself be admissible in a court of law as evidence of any transaction affecting such immoveable property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or evidence of any collateral transaction), unless it has been registered. The amount charged as fees for registration is not uniform and each State has the authority to fix these amounts.

The Indian Stamp Act, 1899 ("Stamp Act")

Stamp duty is required to be paid on all documents that are registered. A central legislation, the Indian Stamp Act governs the stamp duty payable in relation to certain categories of instruments specified under Entry 91 of the Union list contained in Schedule VII to the Constitution of India. The Schedule to the Stamp Act provides for stamp duty at the specified rates on specified instruments. Each State Government is free to determine the rates in respect of all other instruments that required to be stamped, other than those mentioned in the Union list. While some states have amended the Indian Stamp Act to make their respective rates applicable in that State, other States have enacted their own legislation in relation to stamp duty.

Each State Government is competent to prescribe the stamp duty payable in relation to the lease or conveyancing of any immovable property if the land in question is situated in that State. Instruments which are not stamped or are insufficiently stamped are precluded from being admitted in a court of law as evidence of the transaction contained therein. Each State Government also has the power to impound insufficiently stamped documents.

The Karnataka Stamp Act, 1957 **("KSA")** prescribes the stamp duty payable on instruments in the State of Karnataka. Some of the instruments on which the KSA levies stamp duty include instruments of a conveyance of land, lease of immoveable property, etc. The stamp duty payable on conveyance in the State of Karnataka is eight and a half percent, plus any other prevailing interest/cess at present and is subject to revision by the government from time to time.

The Easements Act, 1882 ("Easements Act")

The right of easement is derived from the ownership of property and is governed by the Easements Act. The Easements Act defines the right of easement to mean a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done in respect of certain other land not his own. The "dominant owner" i.e., the owner of immovable property, or on his behalf, the person in possession of the property, may acquire an easement. Such a right may also arise out of necessity or by virtue of a local custom.

Property Related Laws enacted by the State of Karnataka

Laws applicable to the housing and the real estate sector in the State of Karnataka are also applicable to us. There are various legislations that we have to comply with at different stages of the project, for instance, in relation to the availability of the land, obtaining the no objection certificates prior to the commencement of construction, to obtaining approvals required during and after the construction and finally obtaining the completion and occupancy certificate.

Some of the important legislations enacted by the State of Karnataka are provided below:

Comprehensive Development Plan ("CDP")

In order to promote public health and safety and to ensure economic and healthy development of Bangalore, the city is divided into a number of use zones, such as residential, commercial, industrial, public and semi-public. In addition, the Karnataka Government has imposed limitations on the use of land and buildings.

Prior to the revised approval in 1995 by the Bangalore Development Authority **("BDA")**, the CDP for Bangalore was earlier approved by the Government of Karnataka in the year 1984. As per Section 25 of the Karnataka Town and Country Planning Act, 1961 **("KTCP Act")**, the BDA is the Planning Authority for the Metropolitan area of Bangalore. It serves as the foundation for developing strategic plans and local area plans, and finally, designing neighbourhoods. The CDP tends to be revised at least once every ten years.

Clause (iii) sub section 2 of Section 12 of the KTCP Act provides for regulation of the Bangalore Local Planning Area. According to section 12 of the KTCP Act, the master plan should consist of a series of maps and documents and must indicate the manner in which the development and improvement of the entire planning area within the planning authority is carried out. For the purpose of the KTCP Act, a planning authority includes the BDA and any such other local planning authority that is constituted under the KTCP Act.

The BDA has revised the CDP of 1995. The Revised Master Plan 2015 which has been notified by the Government of Karnataka on June 25, 2007 covers a total planning area of 1,307 square kilometres. The Revised Master Plan 2015 contains a master plan vision document, existing and proposed land use maps, land use zoning regulations and planning district reports. Under the Revised Master Plan 2015, there has been an enhancement of the FAR to a maximum of 3 and depending on the width of the road, up to 4 and an enhancement of FAR to a maximum of 4 around proposed metro stations.

The land requirement for different uses like residential, commercial, industrial, public and semi-public, traffic and transportation, parks and open spaces have been worked out. The CDP lays down the policies and programmes for the overall development of the area within its ambit taking into consideration the long term requirements of the city. In each use / zone, certain uses are normally permitted and certain other uses may be permitted by the BDA under special circumstances.

Karnataka Land Revenue Act, 1964 ("KLR Act")

Though the KLR Act was enacted in order to consolidate and amend the laws relating to land and the revenue administration in the State of Karnataka, the KLR Act regulates the use of agricultural land for non agricultural purposes. Under the KLR Act, permission of the relevant Deputy Commissioner should be obtained by the owner of any agricultural land in order to convert the use of such land for any other purpose. Approval for conversion must be granted by the Deputy Commissioner if the agricultural lands fall within the CDP. In the "green belt areas", prior consent of the relevant authority is needed if the activity sought to be carried out is other than certain permitted activities such as construction of places of worship, hospitals, libraries, sports clubs and cultural buildings.

Karnataka Town and Country Planning Act, 1961 ("KTCP Act")

The main objective of the KTCP Act is to regulate planned growth of land use and to develop and execute town planning schemes in the State of Karnataka. The KTCP Act operates through a planning authority constituted under the KTCP Act for every local planning area and such areas are to be governed by its own local bye laws, rules and/or regulations. Every local planning authority is required to create a master plan and to ensure that all activities carried out are done in accordance with the master plan.

Bangalore Development Authority Act, 1976 ("BDA Act")

The BDA Act was enacted for the establishment of a development authority to provide for the development of the city of Bangalore (as defined in the BDA Act) and areas adjacent to it. The BDA is established as the local planning authority for the local planning area for the city of Bangalore.

Bangalore Metropolitan Region Development Authority Act, 1985 ("BMRDA Act")

The BMRDA Act was enacted for the purpose of establishing the Bangalore Metropolitan Region Development Authority **("BMRDA")** to plan, co-ordinate and supervise the proper and orderly development of the "Bangalore Metropolitan Region" (as defined in the BMRDA Act). Any development in the Bangalore district and the Bangalore rural district shall require the prior permission of the BMRDA.

Karnataka Municipal Corporation Act, 1976 ("KMC Act")

The KMC Act was established to consolidate and amend the laws, relating to the establishment of 'Municipal Corporations' in the State of Karnataka. Chapter II of the KMC Act provides that a "Corporation" is established based on certain criteria, which include the population of the area, the density of the population and certain other factors.

Under the KMC Act, the construction industry is regulated by the Municipal Corporations which impose mandatory requirements such as approvals, building bye-laws, regulation of future constructions, etc. Pursuant to the provisions contained in Chapter XV of the KMC Act, the Municipal Corporations have been given the powers to regulate buildings and other related activity. Further, the KMC Act under Section 295 empowers a Municipal Corporation to make bye laws for the use of sites and buildings. The Municipal Corporation shall have the power to make bye laws, for the regulation of or restriction on for the use of sites or buildings and for all matters that are required or allowed to be carried on under this Act.

Bangalore Mahanagara Palike Building Bye Laws - 2003 ("BMP Bye Laws")

All land use and real estate development within the jurisdiction of the Bangalore Mahanagara Pallike **("Authority")** requires compliance with the BMP Bye Laws. The Authority means a Corporation under the BMP Bye Laws. There are totally about 100 wards in Bangalore to which the BMP Bye Laws are applicable at present.

Land use classification is provided for in Schedule 1 of the BMP Bye Laws. Land use under the schedule is classified as (i) Residential (ii) Commercial (retail and wholesale business) (iii) Industrial (iv) public and semi public use (v) parks, open spaces and playgrounds (vi) transport and communication (vii) utilities and services (viii) agricultural zone. The construction of residential buildings is permitted in the Commercial (retail business) zone.

Every person who intends to erect or re-erect a building or make material alterations is required to obtain a license from the Commissioner of the Authority under Part II of the BMP Bye Laws. Compliance with various details under the BMP Bye Laws is necessary in order to carry out any construction activity within its jurisdiction.

Under clause 3 of the BMP Bye Laws, several other documents are required to be submitted with the plans and documents at the time of submission of an application by any person to the Authority to erect a building or such other construction activity. These documents include :

- Title deeds or the possession issued by a competent authority
- Property card and the sketch issued by the Department of Survey and Settlement and Land records and the latest assessment book extract issued by the Corporation
- Receipt of the property tax paid to the Corporation
- Attested copy of any previously sanctioned plan
- Drawing, key plan, site plan (which is drawn to a scale of 1:500) for sites up to an area of one hectare and building plan (which is drawn to a scale of 1:500). Particulars such as floor plans of all the floors, use or occupancy of all parts of the building, sectional drawings of thickness of the walls, spacing of the column and such other details are also required to be included in the building plan

In addition to the above, the following certificates have to be submitted along with the application to erect a building:

- Certificate from the BDA in the event any of the conditions as specified are satisfied
- No Objection Certificate **("NOC')** from The Bangalore Water Supply and Sewerage Board, Bangalore Electricity Supply Company, Fire Services Department, Airport Authority of India in case of a high rise building. In the event that the high rise building is above seven floors, such an NOC shall also have to be obtained from the Telecommunication Department

According to Clause 2.46 of the BMP Bye Laws, a high rise building means a building with ground floor plus four or more floors above the ground floor.

Compliance with the approved plan and specifications is necessary on the grant of the license by the Authority. The construction of the building must commence within a period of two years after the grant of the license. The Authority shall then issue an occupancy certificate after the physical inspection of the building.

Technical Requirements: Requirements specified in the BMP Bye Laws must be complied with in respect of the building proposed to be constructed. In relation to the construction of any building, the Floor Area Ratio **("FAR")** shall means the *'quotient obtained by dividing the total covered area of all the floors by the area of the plot'.* The *"set back line"* means *'a line prescribed beyond which nothing can be constructed towards the plot boundary except those not included under the definition of coverage.'*

Details in relation to the set backs required on all sides of the buildings, the maximum plot coverage, the maximum FAR, the maximum number of floors, maximum height of the building, that are permissible for different dimensioned sites and width are specified in tables four to six referred to in clause 9.2 of the BMP Bye Laws. Table four deals with details regarding exterior open spaces and the setback in metres for all buildings including residential, commercial, public and semi-public buildings up to a height of 9.5 metres. Table five provides the relevant details for all buildings above 9.5 metres. Table 6 provides the coverage and the FAR for all buildings including residential, commercial, public and semi-public. All high rise buildings shall have to comply with the requirements specified in table 5. Further, the minimum depth or width of a site for high rise building shall be 21 metres. Further, the minimum road width facing a high rise building shall be 12 metres.

All buildings with ground floor and three floors and above (or height of 15 metres and above), shall also require the clearance from the Director of Fire Services, regarding the Fire Protection Provision in the building.

Bangalore Mysore Infrastructure Corridor Area Planning Authority ("BMICAPA") and Bangalore International Airport Area Planning Authority ("BIAAPA")

The Bangalore Mysore Infrastructure Corridor Project consists of tolled four lane express highways (including their peripheral and link roads) and the five new townships, along this corridor. The Bangalore International Airport Planning Authority regulates the lands coming within its jurisdiction.

Pursuant to the objectives of the KTCP Act, the BMICAPA and the BIAAPA have been constituted as local planning Authorities. The BMICAPA and the BIAAPA constitute independent planning authorities and are authorized under the provisions of the KTCP Act to frame its own rules and regulations, which shall govern the area within its jurisdiction. In the event that any land of our Company is situated in their jurisdiction, the BMICAPA and the BIAAPA constitute independent planning authorities and pursuant to the authority vested in them under the KTCP Act, have the powers to govern such areas.

BMICAPA

Any person intending to carry out any development activity in the jurisdiction of Bangalore Mysore Infrastructure Corridor Area **("BMICA")** shall be required to make an application in the prescribed form as specified in Section 14 of the KTCP Act, with the following documents:

- key plan
- site plan
- building plan
- ownership title
- latest up to date tax paid receipt
- khatha certificate.
- NOCs if the building is a high rise construction

The permitted land use in the BMICAPA includes land to be used for commercial use wherein residential buildings are included. Any person undertaking any construction activity must comply with the BMICAPA Regulations which are similar to the BMP

Bye Laws in relation to the requirements to be complied with. For example, the BMICAPA Regulations also provide for certain requirements in relation to the set back. For instance, in table 5.1, the minimum set back required on all sides of a building up to 10.00 metres in height is provided, while table 5.2 provides the details of the exterior vacant spaces for the buildings above 10 metres in height. Further table 5.3 provides the details in relation to the coverage and FAR for the residential, commercial, public and semi-public, traffic and transportation and public utility buildings. These BMICAPA Regulations also specify the requirements in relation to various aspects including the number of floors that can be constructed, percentage of plots coverage, FAR, height of the building for different plot size. However, the two sets of regulations differ in significant aspects. For example, in the BMICA a high rise building means '*a building of a height of 18 metres or more above the average surrounding ground level*', while the definition of the FAR is similar to what has been provided for in the BMP Bye Laws.

BIAAPA

Rules and regulations as framed by the BIAAPA determine the extent of the territorial jurisdiction of the Bangalore International Airport Area **("BIAA")**. All applications for carrying out any construction in these areas shall be made to the BIAAPA.

Karnataka Apartment Ownership Act, 1972 ("KAO Act")

Every owner of an apartment in the State of Karnataka is required to execute a declaration to adhere to the provisions of the KAO Act. The KAO Act states that the administration of every property, shall be bound by its own bye laws.

Karnataka Rent Control Act, 2001 ("Rent Act")

The earlier legislation, the Karnataka Rent Control Act, 1961 was replaced by the Rent Act in order to encourage further construction and balance the interests of the landlord and the tenant. Under the Rent Act, the "Standard rent" in relation to any premises is calculated on the basis of 10% per annum of the aggregate amount of the cost of construction and the market price of the land comprised in the premises on the date of commencement of the construction subject to other charges payable as specified in Sections 7, 8 and 9 of the Rent Act.

Laws specific to the state of Andhra Pradesh

Andhra Pradesh Urban Areas (Development) Act, 1975 ("APUDA")

The urban land development in Andhra Pradesh is regulated by the provisions of the APUDA. The act provides for the constitution of the Hyderabad Urban Development Authority **("HUDA")** which consists of 10 municipalities and vast areas of gram panchayats. The HUDA has developed two master plans and 20 zonal plans for this area of which all are in force at the moment. The HUDA's jurisdiction extends over an area of 1,348 square kilometers covering the entire district of Hyderabad and parts of Ranga Reddy and the Medak district. The objects and powers of the HUDA are to promote and secure the development of all or any of the areas comprised in the development area according to the plan.

No person is allowed to undertake or carry out development of any land in contravention with the master plan or zonal development plan or without permission or approval or sanction. An order of demolition of building can also be issued by HUDA where development has commenced or is being carried out or has been complete in contravention of the master plan or zonal plan.

The master plan defines the various zones into which development areas may be divided for the purposes of development and indicate the manner in which the land in each zone is proposed to be used. It provides the frame work for development within the zonal development plans.

The APUDA does not apply to certain development networks including as maintenance or improvement to buildings and inspecting and repairing any buildings. The APUDA empowers the government, with the power to compulsorily acquire land. If the Government considers it necessary that land is required for the purposes of development, then the Government may acquire such land under the relevant provisions of the Land Acquisition Act, 1984.

Every person desiring to obtain the permission for carrying out any development activity is required to make an application in writing to HUDA. No person shall use any land or buildings other than in conformity with such plan. Copy of ownership documents and Urban Land Ceiling Clearance Certificate or Affidavit where applicable and one link document copy of ownership is to be submitted along with the application. All copies of documents are to be attested by a gazetted officer. Applications for the change in land use are to be submitted in the prescribed format. For residential apartment complexes (up to stilt till five floors), multi-storeyed buildings, commercial /shopping complexes and other buildings like educational, institutional and industrial buildings, all applications in relation to the change in land use are also to be made to the HUDA.

In relation to residential buildings, there are certain prescribed conditions to be followed. The same needs to be complied with prior to the construction of the building. There are various set back requirements that are prescribed which need to be complied with while the construction is to be carried out. There are separate building set back requirements, for different kinds of buildings.

Andhra Pradesh Fire Services Act, 1999 ("Fire Services Act")

The maintenance of fire services in the state of Andhra Pradesh is regulated by the provisions of the Fire Services Act. The act provides for the establishment and maintenance of fire services by the Andhra Pradesh Fire Service ("APFS"). Any person proposing to construct a high raised building or a building proposed to be used for any other purpose other than residential purpose, should apply to the director general to approve under the relevant law for a no objection certificate. The owner of property shall make an application for license to the APFS within 30 days from the date of notification of construction plans. The authorized officer so approached should within a period of 60 days decide whether to grant the license or not and if the license is denied, he must also record his reasons for rejecting the same. Every license granted shall be valid for a period of three years, or for such lesser period of three years as specified in the license and may be specified in the renewed license and may be cancelled for reasons to be recorded in writing.

Hyderabad Revised Building Rules, 2006 ("Building Rules")

The Hyderabad Revised Building Rules, 2006 ("Building Rules") (came into effect pursuant to a government order No. 86 dated March 3, 2006) prescribes the rules applicable to Municipal Corporation of Hyderabad and other areas covered by Urban Development Authorities, viz. Hyderabad Urban Development Authority, Hyderabad Airport Development Authority, Cyberabad Development Authority and Buddha Purnima Project Authority. These rules shall apply to all building activity. There shall be restriction on the minimum building plot size along the abutting roads in all new developments areas and layouts.

Under these rules, no building/ development activity shall be allowed in the bed of water bodies like river, or nala, and in the Full Tank Level (FTL) of any lake, pond, cheruvu or kunta / shikam lands. The above water bodies and courses shall be maintained as recreational/Green buffer zone, and no building activity other than recreational use shall be carried out within the areas specified in the Building Rules. The set back in relation to various construction are also specified in these rules.

In relation to high rise buildings, located in vicinity of airports as given in the National Building Code, the maximum height of such building shall be decided in consultation with the Airport Authority and shall be regulated by their rules/requirements. Interstitial sites in the area which are away from the direction of the Airport Funnel zone and already permitted with heights cleared by the Airport Authority, shall be permitted without referring such cases to the Airport Authority.

Every application to construct or reconstruct or alteration to existing high rise buildings shall be made in the prescribed form and accompanied by detailed plans floor plans of all floors, complete set of structural drawings and detail specifications duly certified by a qualified structural engineer. Necessary prior 'No Objection' certificate shall be submitted from the Airport Authority(if applicable), Directorate of Fire services, along with the application.

These rules, also prescribe that an Occupancy Certificate shall be mandatory for all buildings. No person shall occupy or allow any other person to occupy any building or part of a building for any purpose unless such building has been granted an Occupancy Certificate by the Sanctioning Authority.

Andhra Pradesh Municipalities Act, 1965 ("Municipalities Act")

The state of Andhra Pradesh is divided into municipalities for better administration. The state of Andhra Pradesh may issue a notification specifying an area as a smaller urban area and constitute a municipality for such an area. Each municipality would be governed by a set of municipal authorities to be constituted/ elected as per the provisions of the Municipalities Act. The Municipalities Act provides that all vacant lands, belonging to or under the control of the state of Andhra Pradesh, situated within the local limits of a municipality would be deemed to be in the possession/ control of the municipal authorities governing such municipality. It is provided that the municipal authority shall not (i) construct or permit the construction of any building or other structure on such vacant land; (ii) use or permit the use of such vacant land for any permanent purpose; (iii) alienate such vacant land to any third party; unless prior permission is obtained by the municipal authority from the state of Andhra Pradesh. The municipal authority is also authorised to levy property tax on all the buildings and lands within its municipal limits. The municipal authority is also responsible for water supply, public street lighting, maintenance of public and private drains, maintenance and repair of streets etc within its municipal limits.

The Municipalities Act provides that any person intending to construct or reconstruct a building shall make an application in writing for the approval of the site, together with the site plan. No such construction shall begun made unless the commissioner grants the permission for execution of the work. Within 60 days of making the application, the commissioner shall by a written order either approve or reject the site/ execution of any work. if the commissioner fails to do so within 60 days, such permission is deemed to have been granted and the applicant may proceed to execute the work.

The Municipalities Act provides that if the owner of any agricultural land intends to utilise or sell such land for building purposes, he shall pay to the municipal authority such conversion fee not being less than 25 paise and not more than one rupee per square meter. It is provided that the owner of any land shall, before he utilises, sells or otherwise disposes such land as site for construction of buildings, make a layout plan and construct roads giving access to the sites and connecting them with an existing public or private street. The owner is also required to set apart in the lay out adequate area for a play-ground, park, educational institution or for any other public purpose. If the owner fails to comply with the said conditions, he will not be entitled to utilise, sell or otherwise dispose such land for the construction of buildings. The Municipalities Act provides that no permission for the construction of the buildings on such land shall be granted unless the layouts are approved by the municipal authorities. Any person intending to make such a lay-out is required to make a written application to the municipal authorities with the particulars provided in the Municipalities Act. In addition to the particulars specified, such person is required to furnish a conversion certificate (in case of conversion of agricultural land) and pay such amount as security deposit in favour of the municipality. The commissioner shall, within 15 days of receipt of such an application, call for such additional particulars (if required) or forward the same to the Director of Town Planning. The Director of Town Planning is required to forward his recommendations to the Municipality within 60 days of receipt of the layout plan in his office. The Council, may, within 60 days of receipt of the recommendations from the Director of Town Planning, either sanction the lay out or refuse to do so by recording its reasons in writing.

Hyderabad Municipal Corporation Act, 1955 ("HMCA")

HMCA is applicable to the cities of Hyderabad and Secunderabad. The Municipal Corporation of Hyderabad ("MCH") has been set up under the HMCA. The MCH is responsible for the administration and maintenance of Hyderabad and Secunderabad including (i) defining city limits, (ii) watering, scavenging and cleaning of all public streets and places, (iii) collection, removals, treatment, disposal of sewage; (iv) construction and maintenance of drains and drainage works, (v) lighting of public buildings and public streets, (vi) maintenance of public monuments and open spaces and other property vesting in MCH, (vii) naming and numbering of streets, (viii) public vaccination, (ix) registration of births and deaths, (x) construction and maintenance of streets, bridges, (xi) improvement of the city etc.

The HMCA provides that any person intending to develop a land/ use it for building purposes, is required to give written notice of his intention to the commissioner and submit plans and sections, showing the situation and boundaries of such building, land, private street etc. The commissioner may call for further particulars within 30 days after receipt of such notice. All plans submitted to the commissioner must be prepared by or under the supervision of a surveyor. If the commissioner does not indicate his approval or disapproval within 60 days of receipt of the notice, then such proposal shall be deemed to have been approved. The HMCA provides that no person shall use or permit the use of any land whether undeveloped or partly developed for building or divide such land into building plots or make or layout any private street, unless such person gives a written notice as provided. In case of any contravention, the commissioner may give a show cause notice to such person as to why such building, layout should not be altered to the satisfaction of the commissioner or why such street or building should not be demolished.

The HMCA further provides that any person intending to erect or alter a building shall give notice to the commissioner of his intention in the specified form. At any time within 30 days after receipt of such notice, the commissioner may, by written notice, to furnish additional documents. If within 30 days, the commissioner fails to intimate his approval or disapproval in writing, the person may, any time within one year from the date of delivery of notice, proceed with the building in accordance with his intention as described in the notice. If the commissioner disapproves any building or work, he may give a notice of disapproval with reasons for the same and specified terms subject to which the building or work may be deemed to be approved by him. The person giving notice may proceed with the building or work, subject to the terms specified by the commissioner, any time within one year from the date of receiving the notice of disapproval from the commissioner. After the expiry of the one year, the person will need to give fresh notice of his intention to erect or re-erect a building or execute such work.

The HMCA further provides for specifications with respect to the foundation of the building, plinth area, ventilation, height of the rooms, material used for roofs and external walls, maximum height of the buildings etc.

Property Related Laws enacted by the other States

Several other States have enacted land reforms legislations, restricting the extent of land that can be held by any one entity. Under Section 82 (1) of the Kerala Land Reforms Act, 1963, a ceiling of land area was fixed for individuals and joint families. Individuals were prevented from owning, holding or possessing land in excess of the ceiling area with effect from first January 1970. The leasing of land to any other individual or company in violation of these ceiling provisions was similarly prohibited. Similarly, Tamil Nadu has enacted the Tamil Nadu Land Reform (Fixation of Ceiling on Land) Act, 1961. Under Section 37 A of the same provides for a ceiling on the holding of land by individuals and corporate.

Labour Related Legislation

We are subject to the laws, rules and regulations in relation to hiring and employment of labour. Some of these legislations are discussed below.

A social welfare legislation, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, aims to provide certain benefits as enumerated in the said Act to the workers engaged in establishments that use manual labour for purposes of construction activities. All establishments involved in construction, are required to be registered under the said Act. The said Act establishes “Boards” at the Central and the State level to regulate the functioning of the said Act.

Minimum wages for workers involved in the various industries specified in the schedule are fixed by the Appropriate Government under the Minimum Wages Act, 1948. The construction industry is brought within the ambit of this Act by the inclusion of ‘employment on the construction’ or ‘maintenance of roads or in building operations’ in the schedule.

The Payment of Wages Act, 1936 aims to ensure the regular and timely payment of wages to certain classes of employed persons. Pursuant to the insertion of Section 2(g) of the Act, it also applies to the construction industry. Implementation of the objects of the Act is ensured through the regulatory regime it establishes.

The Payment of Bonus Act, 1965 prescribes the compulsory payment to the employees covered by the Act, a minimum bonus of 8.33% of the salary or wages earned by the employee during the accounting year or one hundred rupees, whichever is higher to the establishments covered by the Act not expressly excluded by the statute.

The Payment of Gratuity Act, 1972 provides for the payment of gratuity to employees in the prescribed establishments. All employees who have been in “continuous service” (as defined in the Act) for not less than five years are entitled to gratuity on his superannuation, on his retirement or resignation or on his death or disablement due to accident. Further, under the Karnataka Labour Welfare Act, 1965, an establishment must make a contribution every year to the Welfare Fund constituted by the State Government. This is similar to the nature of obligation imposed on the employer by the Employee’s State Insurance Act, 1948. Under this act, the employer, along with the employee and the state must make a contribution to the Employee State Insurance Corporation as a social welfare measure.

The Indian Workmen’s Compensation Act, 1923 provides for the payment of compensation by the employer to his employees or for their dependents in the event of fatal accidents if personal injury or death is caused to them by accidents arising out of and in the course of their employment.

In the event that any aspect of the activity is outsourced and is carried by labourers hired through contractors, then compliance with the Contract Labour (Regulation and Abolition) Act, 1970 is also required. The establishment hiring contract labourers and the contractor who provides the contract labour are required to register with the relevant authority before hiring such contract labour.

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 becomes applicable if the establishment or contractor employs more than five inter-state migrant workers.

Other Applicable Laws

We are also required to obtain the consent of various local bodies including the Ministry of Environment and Forests and/or State Pollution Control Board, Fire Force Department, Bangalore Electricity Supply Company Limited **("BESCOM")**, Bangalore Water Supply and Sewerage Board **("BWSSB")**, Telecom Department, Airport Authority of India **("AAI")**, Survey of India before we undertake construction activities.

Foreign Investment in the Real Estate Sector

Foreign investment in the real estate sector is regulated by the relevant provisions of the FDI Manual dated November 2005 **("FDI Manual")**, the Foreign Exchange Management (Transfer of Issue of Security by a person Resident Outside India) Regulations, 2000 **("FEMA Regulations")**, and the relevant Press notes issued by the Secretariat for Industrial Assistance, GoI.

FDI Manual

Item No. 9 of Annexure II to the said FDI Manual outlines the sectoral caps in relation to 'Housing and Real Estate'. The said annexure specifies the following as activities under the automatic route in which Investment are permitted only by NRI's:

a. Development of serviced plots and construction of built up residential premises
b. Investment in real estate covering construction of residential and commercial premises including business centres and offices
c. Development of townships
d. City and regional level urban infrastructure facilities, including both roads and bridges
e. Investment in manufacture of building materials, which is also open to FDI
f. Investment in participatory ventures in (a) to (e) above
g. Investment in housing finance institutions, which is also open to FDI as an NBFC

FEMA Regulations

The FEMA Regulations permit investment in activities in the 'Housing and Real Estate' sector to the extent of 100%, only by NRIs, in the following specified areas:

1. Development of serviced plots and construction of built up residential premises
2. Investment in real estate covering construction of residential and commercial premises including business centres and offices
3. Development of townships
4. City and regional level urban infrastructure facilities, including both roads and bridges
5. Investment in manufacture of building materials, which is also open to FDI
6. Investment in participatory ventures in (a) to (c) above
7. Investment in housing finance institutions, which is also open to FDI as an NBFC.

All other forms of FDI are prohibited in relation to Housing and Real Estate Business.

Press Note 2 of 2005

The law in relation to investment in the real estate sector has further been liberalised vide Press note 2 of 2005, bearing No. 5(6)/2000-FC dated March 3, 2005. The said Press note has also amended certain Press notes which have been issued earlier, in the same field.

Under the said Press note 2, FDI up to 100% under the automatic route is allowed in 'townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)', subject to the compliance with the following requirements.

a. Minimum area to be developed under each project is as under
   1. In case of development of serviced housing plots, a minimum land area of 10 hectares.
   2. In case of construction-development projects, a minimum built up area of 50,000 square meters
   3. In case of a combination project, anyone of the above two conditions would suffice
b. Minimum capitalization of US$ ten million for wholly owned subsidiaries and US$ five million for joint ventures with Indian partners. The funds are to be brought in within six months of commencement of business of the Company.
c. Original investment is not to be repatriated before a period of three years from completion of minimum capitalization. The investor is to be permitted to exit earlier with prior approval of the Government through the FIPB. At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor would not be permitted to sell undeveloped plots.

Therefore, applicable law only permits investment by an NRI under the automatic route in the 'Housing and Real Estate' sector up to 100% in relation to townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) and additionally permits upto 100% FDI in the 'Housing and Real Estate' subject to compliance with the terms provided in press note 2 of 2005.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.' The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

Note:

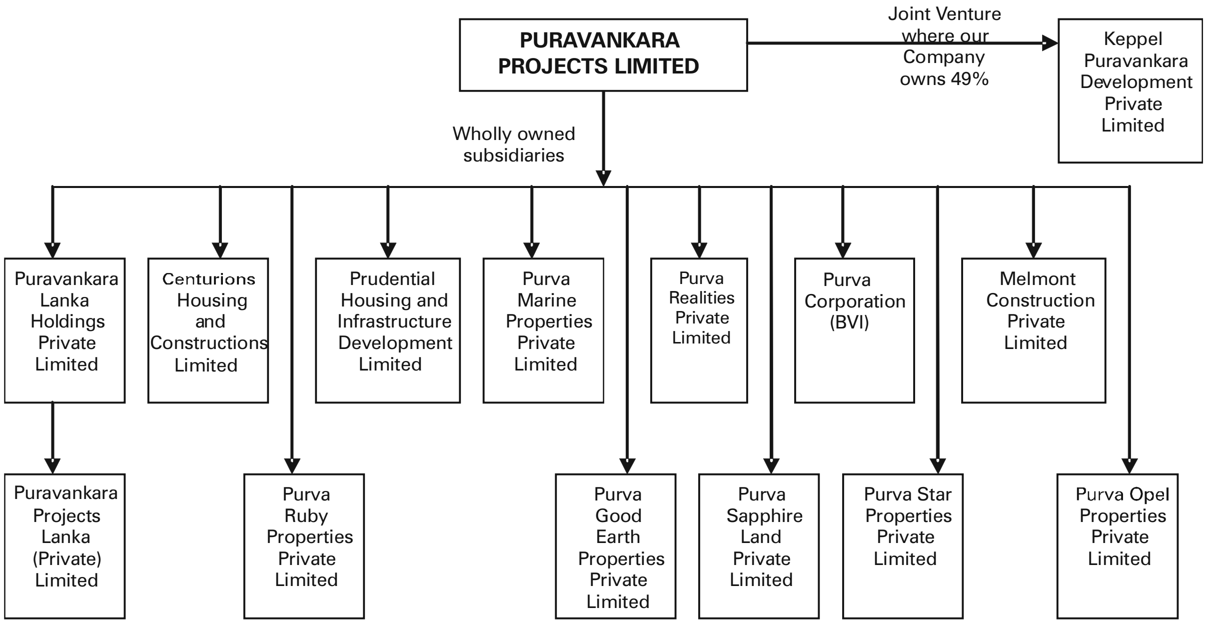
As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue.

HISTORY AND CERTAIN CORPORATE MATTERS

Our History

We were incorporated as Puravankara Constructions Private Limited in 1986 in Mumbai. Our operations cover Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Colombo and the United Arab Emirates ("U.A.E"). We also have representatives in the United Kingdom and the United States. Our Promoter commenced operations in the real estate industry in Mumbai in 1975 and has over 31 years of experience in the property development, real estate and construction sectors in India. Our Promoter Group Entities, of which our Promoter is the Chairman, have developed 12 residential projects in Mumbai and Bangalore covering approximately 0.43 million sq. ft. of Saleable Area. For further details see 'Our Promoter' on page 110. Our corporate structure is as follows:



Awards and Accreditations

Our Company was certified as an ISO 9001 compliant company by DNV in 1998. We were awarded the CRISIL DA2+ rating in 2002, 2004 and 2006 in recognition of the quality of our projects and for delivering properties on time to our customers with clear title to properties.

Change of Name and Status

The name of our company was changed to Puravankara Projects Limited and the status of our Company was changed to a public limited company by a special resolution of the members passed at an extraordinary general meeting held on July 10, 1992. The fresh certificate of incorporation consequent on change of name and status was granted to our Company on August 19, 1992 by the Registrar of Companies, Mumbai, Maharashtra.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
1986	First project in Mumbai launched by our Company
1990	Our Company commences its operations in Bangalore
1990	First residential project in Bangalore launched

Year	Key Events, Milestones and Achievements
1998	One of our residential project, Purva Park was nominated as a finalist in the International Prix d' Excellence awarded by the FIABCI, Paris
1998	Our Company obtains ISO 9001 certification from DNV
2002	Our Company obtains the CRISIL DA2+ rating
2002	Our Company sets up its office in U.A.E.
2004	Our Company sets up its operations in Chennai
2005	Our Company enters into a joint venture with the Keppel Investment Mauritius Private Limited
2005	Our Company sets up its operations in Kochi
2005	Obtained approval from the Board of Investment in Sri Lanka
2007	Our Company obtains the CRISIL DA2 rating

Main Objects

Our main objects enable us to carry on our current business and also the business proposed to be carried on by us as contained in our Memorandum of Association and are as follows:

1. To undertake the work of construction of buildings, houses, garages, halls, flats, office premises, shops, residential accommodation, godowns, warehouses, mills, factories, chawls, dwelling houses, roads, bridges, culverts, docks, harbour piers, wharves, canals, reservoirs, dams, embankments, irrigation works, reclamation, improvements, sewage treatment and disposal works, drainage, sanitation, water gas, electric light, telephonic, telegraphic and power supply works, hotels, markets, and all other works.
2. To carry on the business of promoting, forming and registering co operative societies, limited companies, other incorporated bodies or associations of purchasers of allottes of flats, garages or other tentaments on ownership basis and to pay out of the funds of the Company all expenses with respect to the promotion formation and registration of such societies, limited companies, incorporated bodies or association and to buy, sell, deal, lease, construct, exchange, remove, repair, alter, manage, improve, pull down, decorate, maintain and office premises, shops, residential accommodation, godowns, warehouses etc, and on behalf of the Co-operative Societies, Limited Companies, incorporated bodies or other associations.

Amendments to our Memorandum of Association

Date	Nature of Amendment
July 10, 1992	Change in the name of our Company from Puravankara Constructions Private Limited to Puravankara Projects Limited and change of status of our Company from a private limited company to a public limited company and consequent adoption of fresh Articles of Association. The approval for the above changes and the revised certificate of incorporation was received from the ROC, Maharashtra, Mumbai on August 19, 1992.
July 4, 1994	Enhancement of the authorized share capital of our company from Rs. 500,000 to Rs. 10,000,000 by the creation of 95,000 equity shares of face value Rs. 100 each.
February 25, 1997	Enhancement of the authorized share capital of our company from Rs. 10,000,000 to Rs. 50,000,000 by the creation of 4,00,000 equity shares of face value Rs. 100 each.
July 15, 2000	Enhancement of the authorized share capital of our company from Rs. 50,000,000 to Rs. 100,000,000 by the creation of 5,000,000 equity shares of face value Rs. 100 each.

Date	Nature of Amendment
March 5, 2002	Addition of the following new clause number 44 in part B of the Memorandum of Association: *" To borrow or raise money for the purpose of company, as the company shall think fit and in particular either by creating a charge on the property of the company (both movable and immovable) or by raising debentures charged upon all or any of the company's property, both present and future including its uncalled capital and to redeem or pay off such liabilities*."
December 23, 2006	Sub division of authorized share capital of Rs. 100,000,000 consisting of 1,000,000 shares of Rs. 100 each into 20,000,000 shares or Rs. 5 each pursuant to a resolution of the shareholders passed at their EGM dated December 23, 2006.
December 23, 2006	Enhancement of authorized share capital of Rs. 100,000,000 to Rs. 1,200,000,000 consisting of 240,000,000 shares of Rs. 5 each pursuant to a resolution of the shareholders passed at their EGM dated December 23, 2006.

Details of our Subsidiaries

Prudential Housing and Infrastructure Development Limited

Prudential Housing and Infrastructure Development Limited was incorporated on November 3, 1999 and has its registered office at New Jagruti, No.227, S.V. Road, Bandra (West), Mumbai 400 050, India. Prudential Housing and Infrastructure Development Limited is engaged in the business of real estate development.

Main Objects of Prudential Housing and Infrastructure Development Limited

1. To carry on the business of housing and infrastructure development. And to act as builder, developer, contractors, engineers and constructors.
2. To carry on the business of designing, equipping, construction, erecting, developing, maintaining, improving, pulling down, rebuilding, operating of all kinds of infrastructure projects including road, bridges, airports, ports, waterways, rail systems, water supply projects, irrigation projects, sanitation and sewerage systems, industrial economic housing projects, sanitation and sewerage systems, industrial parks, development and construction of housing including low cost and economic housing projects, electricity and power supply projects, plants, works, machines, factories, mills, work sidings, constructions, buildings, canals and all other types of infrastructure and real estate developments.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Prudential Housing and Infrastructure Development Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	49,300	100.0%
2.	Mr. Ravi Puravankara	100	0.00% [á]
3.	Mr. Girish Puravankara	100	0.00% [á]
4.	Mr. Ashish Puravankara	100	0.00% [á]
5.	Mr. Nani R. Choksey	100	0.00% [á]
6.	Mr. Satish Puravankara	100	0.00% [á]
7.	Mrs. Aarti Puravankara	100	0.00% [á]
8.	Ms. Deborah Ann Shea	100	0.00%
	TOTAL	**50,000**	**100.0%**

[á] *Less than 0.01%*

Directors as of July 2, 2007

The board of directors of Prudential Housing and Infrastructure Development Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara and Mr. Nani R. Choksey.

Financial performance

(In Rs. except share data)

	Fiscal Year ended March 31, 2007	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2005
Income from Sales	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Profit/Loss after tax	(163,585)	(2,790)	(6,500)
Reserves and Surplus	(184,875)	(21,290)	(18,500)
Equity capital (par value Rs. 10)	500,000	500,000	500,000
Earnings per share (Rs)	(3.27)	(0.06)	(0.13)
Book value per share	6.30	9.57	9.63

Prudential Housing and Infrastructure Development Limited has received a show cause from the Registrar of Companies, Maharashtra, Mumbai for allotment of shares without filing a statement *in lieu* of prospectus. The company has compounded the said offence by way of an application under Section 621(A) of the Act on March 3, 2004 and the Regional Director, Ministry of Company Affairs, Mumbai has permitted the compounding of the offence after the payment of a fine of Rs. 4,000 each by Prudential Housing and Infrastructure Development Limited, Mr. Ravi Puravankara, Mr. Nani R. Choksey and Mr. Satish Puravankara.

Purva Marine Properties Private Limited

Purva Marine Properties Private Limited was incorporated on February 2, 2006 and has its registered office at No.130/1, Ulsoor Road, Bangalore 560 042, Karnataka, India. Purva Marine Properties Private Limited is engaged in the business of real estate development.

Main Objects of Purva Marine Properties Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist in all types of constructions & developmental work for all sorts of lands & buildings.

2. To act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, buildings, structures, drainage and sewage works, water distribution and filteration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works power stations, hotels, hospitals, dharmashalas, multistories, colonies, complexes, housing projects and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of lands buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, part tools, fittings, articles, materials and facilities of whatsoever nature and do all incidental acts and things necessary for the attainment of the foregoing objects.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Marine Properties Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	14,990	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	10	0.00% [a]
	TOTAL	**15,000**	**100.0%**

á Less than 0.01%.

Directors as of July 2, 2007

The board of directors of Purva Marine Properties Private Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Ashish Puravankara and Mr. Nani R. Choksey.

Financial performance

(In Rs. except share data)

	Year ended March 31, 2007
Income from Sales	Nil
Other Income	Nil
Profit/Loss after tax	(64,822)
Reserves and Surplus	(64,822)
Equity capital (par value Rs. 10)	150,000
Earnings per share (Rs)	(4.32)
Book value per share	5.68

Centurions Housing and Constructions Private Limited

Centurions Housing and Constructions Private Limited was incorporated on June 13, 1996 and has its registered office at No. 7, Sheshadri Road, Ground Floor, LVR Centre, Alwarpet, Chennai 600 018, Tamil Nadu. Centurions Housing and Constructions Private Limited is engaged in the business of real estate development.

Main Objects of Centurions Housing and Constructions Private Limited

1. To engage in the business of real estate and in particular purchase and sale of land and/or building and owing buying, selling, hiring, letting, sub-letting, maintaining, allotting, transferring, allotment, administering, exchanging mortgaging, accepting, lease, tenancy, or sub-tenancy, and constructing, reconstructing, extending, altering or demolishing, buildings or tenements, block, flats, shops, godowns, garages, through its own agency or through contractors and purchasing, holding in stock or selling materials incidental to constructions, repair, overhaul or maintenance of land and buildings, to fix and collect rents.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Centurions Housing and Constructions Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	99.99%
2.	Mr. Ravi Puravankara (on behalf of Puravankara Projects Limited)	1	0.01%
	TOTAL	**10,000**	**100%**

Directors as of July 2, 2007

The board of directors of Centurions Housing and Constructions Private Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Ashish Puravankara and Mr. Nani R. Choksey.

Financial performance

(In Rs. except share data)

	Fiscal Year ended March 31, 2007	Fiscal Year ended March 31, 2006*	Fiscal Year ended March 31, 2005*
Income from Sales	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Profit/Loss after tax	(816,765)	(29,949)	(364,131)
Reserves and Surplus	(816,765)	Nil	Nil
Equity capital (par value Rs. 10)	100,000	100,000	100,000
Earnings per share (Rs)	(81.68)	(2.99)	(36.41)
Book value per share	(71.68)	(46.95)	(43.95)

* *The Company has not prepared the profit and loss account for these periods since the company has not carried on any commercial activities during the above accounting periods.*

Purva Realities Private Limited

Purva Realities Private Limited was incorporated on May 10, 2006 and has its registered office at 130/1 Ulsoor Road, Bangalore 560 042, Karnataka, India. It carries on the business of real estate development.

Main Objects of Purva Realities Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions & developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage & sewage works, water distribution & filteration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospital, dharmashalas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of lands & buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing objects.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Realities Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,990	99.90%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	10	0.10%
	Total	**10,000**	**100.0%**

Our Company and Mr. Ashish Puravankara have pledged the shares of Purva Realities Private Limited to HDFC Limited pursuant to a term loan availed of from HDFC Limited.

Directors as of July 2, 2007

The board of directors of Purva Realities Private Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Ashish Puravankara and Mr. Nani R. Choksey.

Financial performance

	Year ended March 31, 2007
Income from Sales	Nil
Other Income	Nil
Profit/Loss after tax	(16,511)
Reserves and Surplus	(16,511)
Equity capital (par value Rs. 10)	100,000
Earnings per share (Rs)	(1.65)
Book value per share	8.35

Purva Corporation

Purva Corporation was incorporated under the International Business Companies Act of the British Virgin Islands on June 2, 2005 as a International Business Company and has its registered office at C/o Offices of Amicorp B.V.I. Limited, Marcy Building, 2nd Floor, Purcell Estate, P.O. Box No. 2416, Road Town, Tortola, British Virgin Islands.

Main Objects of Purva Corporation

1. To buy, sell, underwrite, invest in, exchange or otherwise acquire, and to hold, manage, develop, deal with and turn to account any bonds, debentures, shares (whether fully paid or not), stocks, options, commodities, futures, forward contracts, notes, or securities of governments, states, municipalities, public authorities or public or private limited or unlimited companies in any part of the world, precious metals, gems, works of art and other articles of value and whether on a cash or margin basis and including short sales, to lend money against the security of any of the aforementioned property.
2. To buy, own, hold, subdivide, lease, sell, rent, prepare building sites, construct, reconstruct, alter, improve, decorate, furnish, operate maintain, reclaim or otherwise deal with and/or develop land and buildings and otherwise deal in real estate in all its branches, to make advances upon the security of land or houses or other property or any interest therein, and whether erected or in course of erection and whether on first mortgage or charge or subject to a prior mortgage or mortgages or charge or charges, and to develop land and buildings as may seem expedient but without prejudice to the generality of the foregoing.
3. To borrow or raise money and to guarantee or otherwise secures the debts, liabilities or obligations of any third party (irrespective of the consideration or benefits accruing to the Company) pursuant to such terms as the Company's members or directors deem fit.
4. To mortgage, pledge or charge its assets and other property (or any part thereof) as collateral security for the Company's debts, liabilities or obligations or in connection with the Company's guarantee or grant of other security for any third party, such mortgage pledge or charge being on such terms the Company's members or directors deem fit.
5. To engage in any other business or businesses whatsoever or in any act or activity which are not prohibited under any law for the time being in force in the British Virgin Islands.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Corporation is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravanakara Projects Limited	10,000	100.0%
	TOTAL	**10,000**	**100.0%**

Directors as of July 2, 2007

The board of directors of Purva Corporation comprises of Mr. Ravi Puravankara and Mr. Ashish Puravankara.

Financial performance

(In USD except share data)

	Period Year ended December 31, 2006	Period ended March 31, 2006
Income from Sales	Nil	Nil
Other Income	591	Nil
Profit/Loss after tax	(4,561)	(3,595)
Reserves and Surplus	(4,561)	(3,595)
Equity capital (par value USD 1)	10,000	10,000
Earnings per share (Rs)	(0.46)	(0.36)
Book value per share	0.54	0.64

Melmont Construction Private Limited

Melmont Construction Private Limited was incorporated on October 4, 2004 and has its registered office at 130/1 Ulsoor Road, Bangalore 560 042, Karnataka, India. Melmont Construction Private Limited is engaged in the business of real estate development.

Main Objects of Melmont Construction Private Limited

1. To carry on in India or elsewhere the business of contractors, designers, architects, decorators, developers, consultants, contractors and brokers of all types of buildings and structures including houses, flats, apartments, offices, godowns, warehouses, shops, factories, sheds, hospitals, hotels, holiday resorts, shopping cum residential complexes and to develop, erect install, alter, improve, add, establish, renovate, recondition, protect, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialize, turn to account, fabricate, handle and control, all such buildings and structures, and to purchase, sale or deal in all types of immoveable or moveable properties for the development, investment, or for resale and to act as buyer, seller, importer, exporter, stockists, or otherwise deal in all types of raw materials, goods, fittings, parts, accessories, know-how, consumables, plants, and machineries, tools and tackles used for the foregoing purpose and to all incidental acts and things necessary for the attainment of the above objects.
2. To buy lands and to sub divide and layout the same into plots, erect buildings and to sell such land and plots and/or buildings either as a whole or on flat system or on ownership bases or to let out the same on lease or mortgage or otherwise for residential/non residential/ commercial or industrial purposes, and generally sell, purchase and deal in immoveable properties and to carry on the business of promoters, builders, contractors and developers of multi-storeyed buildings, residential flats, ownership apartments, commercial complexes.
3. To undertake and carry on the business of consultants, designers and building contractors in pre-stressed concrete, reinforced concrete, structural ferrous and non ferrous metals and all other building materials used for the construction of buildings of industrial, public, private utility, roads, railways, bridges, dams, water storage supply and drainage projects, irrigation and hydraulic projects, marine structural and all other civil engineering works.

4. To carry on the business of acting as property/real estate consultants, advisors, agents, representatives, brokers, and/or to deal in all types of properties, including commercial, industrial, residential and agricultural properties, both immoveable and moveable; and/or to carry on all other allied activities.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Melmont Construction Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,990	99.90%
2.	Mr. Nani R. Choksey (on behalf of Puravankara Projects Limited)	10	0.10%
	Total	**10,000**	**100.0%**

Our Company and Mr. Nani R. Choksey have pledged the shares of Melmont Construction Private Limited to HDFC Limited pursuant to a term loan availed of from HDFC Limited.

Directors as of July 2, 2007

The board of directors of Melmont Construction Private Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara and Mr. Nani R. Choksey.

Financial performance

(In Rs. except share data)

	Fiscal Year ended March 31, 2007	Fiscal year ended March 31, 2006
Interest Received	Nil	6,228,333*
Other Income	44,975	Nil
Profit/Loss After Tax	(19,887)	(131,527)
Reserves and Surplus	(151,414)	(131,527)
Equity capital (par value Rs. 10)	100,000	100,000
Earnings per share (Rs)	(1.99)	(7.87)
Book value per share	(5.14)	(3.15)

* *Melmont Construction Private Limited had deposited an amount of Rs. 1,800.0 million as earnst money deposit towards a bid for the lands situated in Karnataka owned by New Government Electric Factory. Subsequently, the Government of Karnataka decided to revive the New Government Electric Factory and cancelled all bids for the land. New Government Electric Factory was therefore required to return the earnst money deposited. This led to a litigation in the High Court of Karnataka for refund of the earnst money deposited along with interest payable. The High Court of Karnataka ordered that the earnst money be refunded with interest payable. Rs. 6,228,333 represents the interest earned on the earnst money deposited pursuant to the order of the High Court of Karnataka..*

Puravankara Lanka Holding Private Limited

Puravankara Lanka Holding Private Limited was incorporated on December 1, 2006 under the Companies Act, 1982 of the Democratic Socialist Republic of Sri Lanka and has its registered office at Level 14, West Tower, World Trade Centre, Echelon Square, Colombo- 01.

Primary Objects of Puravankara Lanka Holding Private Limited

1. To carry on the business of an investment company by buying shares in companies incorporated in Sri Lanka.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Puravankara Lanka Holding Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravanakara Projects Limited	12,499,999	99.99%
2.	Mr. Ravi Puravankara (on behalf of Puravankara Projects Limited)	1	0.00%[á]
	TOTAL	**12,500,000**	**100**

á Less than 0.01%.

Directors as of July 2, 2007

The Board of Directors of Puravankara Lanka Holding Private Limited comprises of Mr. Ravi Puravankara and Mr. Ashish Puravankara.

Financial performance

	Fiscal Year ended March 31, 2007
Income from Sales	Nil
Other Income	Nil
Loss After Tax	(1,675,021)
Reserves and Surplus	(1,675,021)
Equity capital (par value Rs. 10)	125,000,000
Earnings per share (Rs)	(0.13)
Book value per share	9.87

Puravankara Projects Lanka (Private) Limited

Puravankara Projects Lanka (Private) Limited was incorporated on December 6, 2005 under the Companies Act, 1982 of the Democratic Socialist Republic of Sri Lanka and has its registered office at C/o Varners, Level 14, West Tower, World Trade Centre, Colombo 00100, Sri Lanka.

Primary Objects of Puravankara Projects Lanka (Private) Limited

1. To erect, construct, maintain, improve and develop houses, flats, luxury apartments and buildings and structures of all kinds for residential purposes and to sell on outright sale or under instalment schemes, let, exchange, dispose of or lease out of same.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Puravankara Projects Lanka (Private) Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravanakara Lanka Holding Private Limited	12,499,999	99%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Lanka Holding Private Limited)	1	1%
	TOTAL	**12,500,000**	**100.0%**

Directors as of July 2, 2007

The board of directors of Puravankara Projects Lanka (Private) Limited comprises of Mr. Ravi Puravankara and Mr. Ashish Puravankara.

Financial performance

	Fiscal Year ended March 31, 2007
Income from Sales	Nil
Other Income	Nil
Loss After Tax	(797,355)
Reserves and Surplus	(797,355)
Equity capital (par value Rs. 10)	125,000,000
Earnings per share (Rs)	(0.06)
Book value per share	9.94

Puravankara Projects Lanka (Private) Limited has entered into an agreement with the Board of Investment of Sri Lanka dated December 22, 2005 whereby the Board has approved our Company's application for the construction of a residential apartment complex on a land situated at Assessment No. 254, 264, Union Place, Colombo 02 measuring approximately 0.03 million sq.ft. Under the agreement, Puravankara Projects Lanka (Private) Limited is required to pay Rs. 510,000 being the rupee equivalent of USD 5,000 annually during the project implementation period of 24 months. If this amount remains unpaid for a period of 6 months after it has become due, then this agreement stands automatically terminated. Puravankara Projects Lanka (Private) Limited cannot assign and transfer the project without the prior written consent of the Board of Investment of Sri Lanka. Puravankara Projects Lanka (Private) Limited is entitled to concessions, including tax concessions so long as the initial investment committed to the project within the 24 month period is at least USD 5,000 and a minimum of 25 housing units shall be constructed within a maximum of 4 locations. Puravankara Projects Lanka (Private) Limited is required to only employ citizens of Sri Lanka and require the prior approval of the Board of Investment for Sri Lanka for employing foreign nationals.

Purva Opel Properties Private Limited

Purva Opel Properties Private Limited was incorporated on April 10, 2007 and has its registered office at No. 130/1, Ulsoor Road, Bangalore 560 042. Purva Opel Properties Private Limited is engaged in the business of real estate development.

Main Objects of Purva Opel Properties Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to contruct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sweage works, water distribution and filteration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospitals, dharmsalaas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of land and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Opel Properties Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	1	0.00% [á]
	TOTAL	**10,000**	**100.0%**

á *Less than 0.01%*

Directors as of July 2, 2007

The board of directors of Purva Opel Properties Private Limited comprises of Mr. Girish Puravankara and Mr. Ashish Puravankara.

Financial performance

No accounts have been prepared for this company as of date as it was incorporated in April 2007.

Purva Ruby Properties Private Limited

Purva Ruby Properties Private Limited was incorporated on April 10, 2007 and has its registered office at No. 130/1, Ulsoor Road, Bangalore 560 042. Purva Ruby Properties Private Limited is engaged in the business of real estate development.

Main Objects of Purva Ruby Properties Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sweage works, water distribution and filtration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospital, dharmsalaas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of land and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Ruby Properties Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	1	0.00% [á]
	TOTAL	**10,000**	**100.0%**

á *Less than 0.01%*

Directors as of July 2, 2007

The board of directors of Purva Ruby Properties Private Limited comprises of Mr. Girish Puravankara and Mr. Ashish Puravankara.

Financial performance

No accounts have been prepared for this company as of date as it was incorporated in April 2007.

Purva Star Properties Private Limited

Purva Star Properties Private Limited was incorporated on April 13, 2007 and has its registered office at No. 130/1, Ulsoor Road, Bangalore 560 042. Purva Star Properties Private Limited is engaged in the business of real estate development.

Main Objects of Purva Star Properties Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sweage works, water distribution and filtration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospital, dharmsalaas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of land and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Star Properties Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	1	0.00% [á]
	TOTAL	**10,000**	**100.0%**

á Less than 0.01%

Directors as of July 2, 2007

The board of directors of Purva Star Properties Private Limited comprises of Mr. Girish Puravankara and Mr. Ashish Puravankara.

Financial performance

No accounts have been prepared for this company as of date as it was incorporated in April 2007.

Purva Good Earth Properties Private Limited

Purva Good Earth Properties Private Limited was incorporated on April 10, 2007 and has its registered office at No. 130/1, Ulsoor Road, Bangalore 560 042. Purva Good Earth Properties Private Limited is engaged in the business of real estate development.

Main Objects of Purva Good Earth Properties Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sweage works, water distribution and filtration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospital, dharmsalaas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of land and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Good Earth Properties Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	1	0.00% [á]
	TOTAL	**10,000**	**100.0%**

á *Less than 0.01%*

Directors as of July 2, 2007

The board of directors of Purva Good Earth Properties Private Limited comprises of Mr. Girish Puravankara and Mr. Ashish Puravankara.

Financial performance

No accounts have been prepared for this company as of date as it was incorporated in April 2007.

Purva Sapphire Land Private Limited

Purva Sapphire Land Private Limited was incorporated on April 10, 2007 and has its registered office at No. 130/1, Ulsoor Road, Bangalore 560 042. Purva Sapphire Land Private Limited is engaged in the business of real estate development.

Main Objects of Purva Sapphire Land Private Limited

1. To carry on in India or elsewhere, either alone or jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, taste, inspect, locate, modify, own, operate, protect, provide, participate, reconstruct, grout, big, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contractor and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, factories, buildings, structures, drainage and sweage works, water distribution and filtration systems, docks, harbours, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, hospital, dharmsalaas, multistories, colonies, complexes, housing projects, and other similar works and for the purpose to acquire,

handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of land and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, parts, tools, fittings, articles, materials and facilities of whatsoever nature and to do all incidental acts and things necessary for the attainment of foregoing.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Purva Sapphire Land Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	9,999	100.0%
2.	Mr. Ashish Puravankara (on behalf of Puravankara Projects Limited)	1	0.00% [á]
	TOTAL	**10,000**	**100.0%**

á Less than 0.01%

Directors as of July 2, 2007

The board of directors of Purva Sapphire Land Private Limited comprises of Mr. Girish Puravankara and Mr. Ashish Puravankara.

Financial performance

No accounts have been prepared for this company as of date as it was incorporated in April 2007.

Joint Ventures and Partnerships

Keppel Puravankara Development Private Limited

Agreements with Keppel Investment (Mauritius) Private Limited

Our Company executed a collaboration agreement dated July 20, 2004 with Keppel Investment (Mauritius) Private Limited. Under the agreement, our Company and Keppel Investment (Mauritius) Private Limited agreed to collaborate with each other on an exclusive basis to acquire certain lands. Under the said agreement, our Company and Keppel Investment (Mauritius) Private Limited agreed to enter into a Joint Venture agreement subject to the satisfaction of certain conditions precedent. This agreement terminated upon the execution of a joint venture agreement between our Company and Keppel Investment (Mauritius) Private Limited.

Keppel Puravankara Development Private Limited was incorporated as G.P. Constructions Private Limited on June 22, 2004 and a fresh certificate of incorporation was issued on June 9, 2005 consequent upon the change in name from GP Constructions Private Limited to Keppel Puravankara Development Private Limited. It has its registered office at 130, Ulsoor Road, Bangalore 560 042, Karnataka, India.

Subsequently a non exclusive Joint Venture and Subscription Agreement was executed between Keppel Investment (Mauritius) Private Limited, Puravankara Projects Limited and Keppel Puravankara Development Private Limited on June 16, 2005.

Under the above joint venture agreement, the authorized share capital of Keppel Puravankara Development Private Limited is to be increased from Rs. 50,000,000 to Rs. 500,000,000 divided into 10,000,000 ordinary shares and 40,000,000 preference shares. Keppel Investment (Mauritius) Private Limited is to apply for 4,590,000 ordinary shares and 18,360,000 preference shares and our Company is required to subscribe to additional 4,380,000 ordinary shares and 17,640,000 preference shares of Keppel Puravankara Development Private Limited. The preference shares so issued are convertible within 20 years from the issue date and are convertible into such number of ordinary shares equal to the quotient obtained by dividing the issue price and any outstanding accumulated dividends by the fair market value, which is to be determined.

Under the Joint Venture and Subscription Agreement, Keppel Puravankara Development Private Limited is to engage in the business of investment holding, development, management, leasing and sale of real estate property in India. Keppel will contribute its international property development expertise in project conceptualization and planning, marketing and property management and our Company will contribute its expertise and understanding of the local property development market and facilitating investigations on the legal title of any land to be acquired by the Company and assisting the Company to obtain clear and unencumbered title to such land.

All transfers of shares in the Company require the prior written consent of the other shareholder in Keppel Puravankara Development Private Limited and the non selling shareholder has a right to buy out the entire shareholding of the selling shareholder. However, transfers to related entities is permitted.

Main Objects of Keppel Puravankara Development Private Limited

1. To carry on in India or elsewhere the business of builders, contractors, designers, architects, decorators, land/site developers, furniture consultants, constructors and brokers of all types of buildings and structures including house flats, apartments, offices, godowns, warehouses, shops, factory buildings, sheds, hospitals, hotels, holiday resorts, shopping cum residential complexes and to develop, erect, install, alter, improve, add, establish, renovate recondition, project, participate, enlarge, repair, demolish, remove, replace, maintain, manage, buy, sell, lease, let on hire, commercialize, turn to account, fabricate, handle and control, all such buildings, and structures and to purchase, sale, or deal in all types of moveable or immoveable properties for development, investment, or for resale and to act as buyer, seller, importer, exporter, agent, distributor, stockists, or otherwise to deal in all types of raw materials, goods, fittings, parts, accessories, know how, consumables, plants and machineries, tools and tackles used for the foregoing purpose.
2. To carry on in India or elsewhere, either alone of jointly with one or more person, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, locate, modify, own, operate, protect, promote, provide, participate, reconstruct, grout, dig, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist, and to act as civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, subcontractor, turnkey contract and manager of all types of constructions and developmental work in all its branches such as roads, ways, culverts, dams, bridges, railways, tramways, water tanks, reservoirs, canals, wharves, warehouses, buildings, structures, drainage and sewage works, water irrigation works, foundation works, flyovers, airports, runways, rock drilling, acquaducts, stadiums, hydraulic units, sanitary work, power supply works power stations, hotels, hospitals, dharmashalas, multistoried, colonies, complexes, housing projects and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise to deal in all sorts of lands and buildings and to carry on all or any of the foregoing activities for building materials, goods, plants, machineries, equipments, accessories, part tools, fittings, articles, materials and facilities of whatsoever nature.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Keppel Puravankara Development Private Limited is as follows:

S.No.	Shareholder	Number of Equity Shares	Number of Preference Shares	Percentage
1.	Puravankara Projects Limited	4,410,000	17,640,000	49.0%
2.	Keppel Investment (Mauritius) Private Ltd	4,590,000	18,360,000	51.0%
	TOTAL	**9,000,000**	**36,000,000**	**100.0%**

Directors as of July 2, 2007

The board of directors of Keppel Puravankara Development Private Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Ang Wee Gee, Mr. Choo Chin Teck, Mr. Sam Moon Thong, Mr. Mohamed Rosli Bin Mohamed Salleh (alternate director for Mr. Choo Chin Teck), Leong Tak Fatt (alternate director for Mr. Ang Wee Gee).

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005[1]
Income from Sales	160,941,729	Nil
Other Income	Nil	Nil
Profit/Loss after tax	23,103,929	Nil
Reserves and Surplus	23,103,929	Nil
Equity capital (par value Rs. 10)	450,000,000	300,000
Earnings per share (Rs)	2.57	Nil
Book value per share	52.57	10.00

[1] *Keppel Puravankara Development Private Limited has not prepared the Profit and Loss Account as it has not carried on any commercial activities during the relevant period.*

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have not less than three directors and not more than twelve directors. We currently have ten directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Red Herring Prospectus:

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Ravi Puravankara S/o Mr. Kunhambu Puravankara No. 182, Whitefield Main Road Whitefield Bangalore 560 066, India Chairman and Managing Director *Business* Liable to retire by rotation	Indian	55	1. Prudential Housing and Infrastructure Development Limited 2. Centurions Housing and Constructions Private Limited 3. Melmont Constructions Private Limited 4. Propmart Technologies Limited 5. Keppel Puravankara Development Private Limited 6. Dealwel Estates Private Limited 7. Purva Realities Private Limited 8. Purva Marine Properties Private Limited **Partnerships** 9. Unique Constructions 10. Purva Developments 11. Welworth **Proprietary Concerns** 12. Puravankara Constructions 13. Dealwel **Foreign Companies** 14. Puravankara Projects Lanka (Private) Limited 15. Purva Corporation 16. Puravankara Lanka Holding Private Limited
Mr. Girish Puravankara S/o Mr. Gangadhara Puravankara C 1005, Purva Heights Bilekahalli, Bannerghatta Road Bangalore 560 076, India Deputy Managing Director *Business* Liable to retire by rotation	Indian	34	1. Purva Realities Private Limited 2. Centurions Housing and Constructions Private Limited 3. Propmart Technologies Limited 4. Purva Marine Properties Private Limited 5. Keppel Puravanakara Development Private Limited 6. Melmont Constructions Private Limited 7. Handiman Services Limited 8. Prudential Housing and Infrastructure Development Limited 9. Purva Opel Properties Private Limited 10. Purva Ruby Properties Private Limited 11. Purva Star Properties Private Limited 12. Purva Good Earth Properties Private Limited 13. Purva Sapphire Land Private Limited

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Ashish Puravankara S/o Mr. Ravi Puravankara No. 182, Whitefield Main Road Whitefield Bangalore 560 066, India Executive Director *Business* Liable to retire by rotation	Indian	28	1. Purva Realities Private Limited 2. Centurions Housing and Constructions Private Limited 3. Purva Marine Properties Private Limited 4. Handiman Services Limited 5. Purva Opel Properties Private Limited 6. Purva Ruby Properties Private Limited 7. Purva Star Properties Private Limtied 8. Purva Good Earth Properties Private Limited 9. Purva Sapphire Land Private Limited **Partnerships** 10. Purva Developments. 11. Unique Constructions **Foreign Companies** 12. Purva Corporation 13. Puravankara Projects Lanka (Private) Limited 14. Puravankara Lanka Holding Private Limited
Mr. Nani R. Choksey S/o Mr. Rusi Choksey No. 93, Coffee Board Layout 10th Main, 6th Cross Hebbal, Kempapura, Bangalore 560 029, India Executive Director *Business* Liable to retire by rotation	Indian	55	1. Prudential Housing and Infrastructure Development Limited 2. Centurions Housing and Constructions Private Limited 3. Melmont Constructions Private Limited 4. Propmart Technologies Limited 5. Handiman Services Limited 6. Dealwel Estates Private Limited 7. Unique Park Constructions Limited 8. Purva Realities Private Limited 9. Purva Marine Properties Private Limited
Mr. Ravi Ramu S/o Mr. B. Ramu 47, Rajdeep, Cunningham Road Cross Bangalore 560 052, India Executive Director *Service* Liable to retire by rotation	Indian	48	1. Nil

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Anup S. Shah S/o Mr. S. M. Shah 129, 6th Main, Sanjay Nagar Bangalore 560 094, India Independent Director *Advocate* Liable to retire by rotation	Indian	50	1. Sobha Developers Limited **Foreign Companies** 2. Dynasty Business Park Sdn. Bhd. 3. MKN Embassy Development Sdn. Bhd.
Mr. Jaithirth Rao S/o Mr. Raghavendra Pandu Ranga No. 61, Umang, Kashibai Navrange Marg Gamdevi, Mumbai 400 007, India Independent Director *Entrepreneur* Liable to retire by rotation	Indian	55	1. Mphasis Limited 2. IDFC Private Equity Company Limited 3. Gabriel India Limited 4. Royal Orchid Hotels Limited 5. Rao Properties Private Limited 6. Bangalore Review and Magazines Company Private Limited 7. VA Tech Wabag Limited 8. Sanvijay Tourist Services Private Limited 9. Juris Investment Private Limited 10. Jurimatrix Services India Private Limited 11. Lotus India Asset Management Company Private Limited **Other Corporates** 12. NASSCOM Foundation 13. Sujaya Foundation 14. India Foundation for the Arts 15. Mathematical Sciences Foundation 16. IIMA Alumni Association Trust India
Mr. R.V.S. Rao S/o Mr. Ramachandra Rao 332/6, "Gurukripa", 14th Main Sadashivanagar Bangalore 560 080, India Independent Director *Consultant* Liable to retire by rotation	Indian	63	1. Royal Orchid Hotels 2. Icon Hospitality Limited 3. Sobha Developers Limited 4. Nilgiris Diaries Private Limited 5. Ptarmigan Capital Investment Advisors Private Limited

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
Mr. Pradeep Guha S/o Late Mr. K.P. Guha 701, Krishna Heights, 12th Road Khar (West) Mumbai 400 052, India Independent Director *Media* Liable to retire by rotation	Indian	55	1. Mukta Arts Limited 2. Whistling Woods International Limited 3. Diligent Media Corporation Limited 4. Zee Turner Limited 5. Culture Company (I) Private Limited **Institutions** 6. Standing Committee on Advertising 7. CII National Committee on Media 8. Biguine, India 9. Institute of Intellectual Property Studies 10. The Indian Newspaper Society 11. India Chapter of International Advertising Association 12. South Indian Education Society
Mr. Noshir D. Talati S/o Darabshaw Talati 96-D/Villa Modern Worli Seaface Mumbai 400 018, India Independent Director *Architect and Interior Designer* Liable to retire by rotation	Indian	65	1. Talati and Panthakay Associated Private Limited 2. Aconite Properties Private Limited 3. Anetheol Securities Private Limited 4. Calcar Properties Developers Private Limited 5. Clovis Builders and Developers Private Limited 6. Floreece Real Estates Private Limited 7. Glomeral Securities Private Limited 8. Kamran Finance Private Limited 9. Kamran Constructions Private Limited 10. Kamaran Constructions and Developers Private Limited 11. Karnal Builders and Developers Private Limited 12. Lalana Leasing and Finance Private Limited 13. Luton Finance and Investment Private Limited 14. Maikal Impex Private Limited 15. Malvika Finance Private Limited 16. Mempris Overseas Private Limited 17. Neelima Investments Private Limited 18. Saida Properties Private Limited 19. Sammohan Holding and Leasing Private Limited 20. Starplus Mercantile Private Limited 21. Talati Panthaky and Associates Architects Private Limited 22. Topworth Properties Private Limited 23. Venice Marketing and Finance Private Limited 24. Vibhavan Finance and Investments Private Limited 25. Vigyanand Investments Private Limited 26. Wavy Construction Private Limited 27. Zenriba Estates and Investments Private Limited 28. Zara Builders Private Limited

Name, Father's/Husband's Name, Address, Designation, Occupation and Term	Nationality	Age	Other Directorships
			29. Arcadia Estates and Developments Private Limited 30. Frasho Property Management Limited **Partnerships** 31. Talati Panthaky and Associates Architects

Brief Biographies of our Directors

Mr. Ravi Puravankara is the founder, Chairman and Managing Director of our Company. Mr. Puravankara has been associated with the real estate sector since 1975 and has been involved in several real estate ventures. Mr. Puravankara was the former president of the International Real Estate Federation (FIABCI), Indian Chapter, Paris. He is the driving force behind the Company's initiatives in the geographies in which it operates. He has over 32 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. He has been directly involved and is responsible in the day to day operations of our Company, including the detailed project conceptualization and design. He is actively involved in all our projects at Bangalore, Chennai, Kochi, Coimbatore, Hyderabad and Colombo, including Purva Highlands, Purva Riviera, Purva Eternity, etc.

Mr. Girish Puravankara is our Deputy Managing Director. He graduated with a bachelor's degree in Mechanical Engineering from Mysore University. He also holds a Master's Degree in Business Administration from Pune University. He has over eight years of experience in the real estate sector and has been associated with our company since 1998. He has been actively involved in the identification of opportunities for the acquisition of lands in emerging markets and in the negotiation and documentation of the acquisition of land. He has also been associated with the implementation and execution of several projects of our Company such as Purva Carnation, Purva Iris and Purva Riviera to name a few and continues to be so involved in our Ongoing Projects.

Mr. Ashish Puravankara is a director on our Board. He holds a Bachelors degree in Business Administration Degree in Business from Virginia State University and a Master's Degree in Business Administration from Willamette University in Salen, Oregon. He has been a director on our Board since July 15, 2000 and currently heads our operations in Chennai. He has over 6 years of experience in the field of real estate. He has been responsible for the identification of opportunities for our Company in Chennai, where we have recently launched several projects and has also been instrumental in implementing best construction practices of our Company by the acquisition of new materials and focusing on technology as a means to achieve quality construction. He is also actively involved in our current projects in Chennai, i.e. Purva Swanlake and Purva Jade.

Mr. Nani R. Choksey is a director on our Board. He has over 31 years of experience in the real estate development, construction and finance sectors. He has been associated with our Promoter since 1975 and has been responsible for the execution of projects by us and by our Promoter. He has been associated with our Company since its inception and is also responsible for the finance and construction functions. He has been actively involved in all projects of our Company namely, Purva Venezia, Purva Park, Purva Fairmont, Purva Riviera, Purva Parkridge, Purva Pavilion and Purva Carnation to name a few. He is also actively involved in our current projects in Bangalore and Kochi.

Mr. Ravi Ramu is a director on our Board. He graduated with a Bachelors degree in Commerce from Madras University. He is a member of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants, India. Mr. Ramu has served as the Group Chief Financial Officer and Director of Strategic Initiatives of Mphasis BFL Limited and as the Senior Partner and Head of the Information, Communication and Entertainment practice at KPMG India during which time he was involved extensively with US GAAP assignments as well as with US initial public offering of shares of leading technology companies, such as Infosys Technologies Limited, Wipro Limited and Satyam Infoway Limited. He has also worked with KPMG in Holland and has been associated with the Emirates Bank Group in Dubai, UAE, in Financial Control and Planning. He has over 28 years of experience in the areas of finance, systems and procedures and currently oversees our finance and accounting function. He has been a director on our Board since October 1, 2006.

Mr. Anup Shah is an independent director on our board. He 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 25 years of experience in the legal field and is practising in the name and style of Anup S Shah law firm and Aamstal Law Associate as the sole proprietor thereof duly assisted by four senior associates and eight associates. His areas of expertise include commercial and property documentation, 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, Bangalore. He has been a director on our Board since June 1, 2005.

Mr. Jaithirth Rao is an independent director on our Board. He holds a Bachelor's degree in Chemistry from Chennai University and two masters degrees in management from the Indian Institute of Management at Ahmedabad and from the University of Chicago. He is currently the Chairman of Electronic Data Systems Corporation. Mr. Rao has served as Head of the Development Division of Citicorp and Chairman of and CEO of Transaction Technologies Inc. based in California. He has over 20 years experience in management and is a former Chairman of the National Association of Software and Service Companies. His areas of interest include technology strategy, financial services and the internet. He has been a director on our Board since December 26, 2006.

Mr. R. V. S. Rao, is an independent director on our Board. He has a Bachelor's degree in Commerce from Mysore university and a bachelor's degree in law from Bangalore university. He has completed the Master Class for Directors conducted in association with World Council for Corporate Governance, London, UK. He has over 36 years of experience in the areas of banking and finance and has been a member of the board of directors of Housing Development Finance Corporation Limited. As a USAID Consultant, he was the team leader that reviewed operation and made recommendations for Housing Finance Company, Ghana, Africa. 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. Mr. Rao is a Associate of Indian Institute of Bankers, Bombay, a Life Member of All India Management Association, New Delhi, was an Executive Committee Member of Bangalore Management Association and Greater Mysore Chamber of Industry. He has been a director on our Board since December 26, 2006.

Mr. Pradeep Guha is an independent director on our Board. He holds a Bachelor's degree in Arts from Mumbai university and a Management Diploma from Asian Institute of Management, Manila. He is currently the Chief Executive Officer of Zee Telefilms Limited. He was previously the President of the Times of India Group for 29 years. He has over 32 years experience in the field of marketing and advertising. His areas of interest include entertainment and the arts. He was the President of The Indian Newspaper Society, The Advertising Club Bombay and is currently of the India Chapter of International Advertising Association. He has been a director on our Board since December 26, 2006.

Mr. Noshir D. Talati, is an independent director on our Board. He has a Bachelor's degree in architecture from Mumbai University and a Masters degree in architecture from the University of Michigan. He is the Chairman of Talati and Panthaky Associated Private Limited. He has designed and handled various commercial, residential, industrial, educational and medical establishments and complexes. He has over 36 years experience in the fields of architecture and interior designing. He has been a director on our Board since December 26, 2006.

Borrowing powers of the Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Our Members, have pursuant to a resolution passed at the EGM dated December 23, 2006 authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding rupees twenty five billion at any time.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to broad basing of our board, constitution of committees. The Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our board has ten Directors, of which the Chairman of the Board is an executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have five executive Directors and five independent directors on our Board.

Audit Committee

The Audit Committee was reconstituted by our Directors at their Board meeting held on December 26, 2006. The audit committee consists of Mr. Jaithirth Rao (Chairman), Mr. R.V.S. Rao and Mr. Ravi Puravankara.

The terms of reference of the audit committee are as follows:

1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2) Recommending to the Board regarding the appointment, re-appointment and, if required, the replacement or removal of statutory auditor and the fixation of audit fees.
3) Approval of payment to statutory auditors for any other services rendered by statutory auditors.
4) Reviewing, with the management, the annual financial statements before submission to the Board of Directors for approval, with particular reference to:
   - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
   - Changes, if any, in accounting policies and practices and reasons for the same.
   - Major accounting entries involving estimates based on the exercise of judgment by management.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - Compliance with listing and other legal requirements relating to financial statements.
   - Disclosure of any related party transactions.
   - Qualifications in the draft audit report.
5) Reviewing, with the management, the quarterly financial statements before submission to the Board of Directors for approval.
6) Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control system.
7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8) Discussion with internal auditors any significant findings and follow up thereon.
9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of no-payment of declared dividends) and creditors.
12) To review the functioning of the Whistle Blower mechanism, in case the same is existing; and
13) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Compensation Committee

The Compensation Committee was reconstituted by our Directors at their Board meeting held on December 26, 2006. The Compensation Committee consists of Mr. Ravi Puravankara (Chairman), Mr. R.V.S. Rao and Mr. Pradeep Guha.

The terms of reference of the Compensation Committee are as follows:

1) The options to be granted – the quantum, date of grant and the criteria and eligibility for the grant of options;
2) Fixing the exercise price;
3) 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;
4) Exercise period and conditions for lapse of vested options;
5) Adjustments of Options and exercise price in case of corporate actions including, rights issues, bonus issues, merger, etc.;
6) 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; and
7) 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 the SEBI Guidelines.

Investor Grievance Committee

The Investor Grievance Committee was constituted by our Directors at their Board meeting held on December 26, 2006. This Committee is responsible for the redressal of shareholder grievances. The Investor Grievance Committee consists of Mr. R.V.S. Rao (Chairman), Mr. Girish Puravankara and Mr. Ashish Puravankara.

The terms of reference of the Investor Grievance Committee are to specifically look into the redressal of shareholder and investors complaints including issues pertaining to transfer of shares, non-receipt of balance sheet, non receipt of dividend declarations etc. that may arise during the course of or pursuant to the proposed public offer by the Company and that the said Committee shall assume such other responsibilities and powers as may be necessary in accordance with applicable laws and terms of reference provided by the Board of Directors from time to time.

Shareholding of our Directors in the Company

S. No.	Name	Number of Equity Shares Held
1.	Mr. Ravi Puravankara	191,988,480
2.	Mr. Jaithirth Rao	17,455
3.	Mr. Ashish Puravankara	3,600
4.	Mr. Nani R. Choksey	1,920
5.	Mr. Girish Puravankara	240

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles of Association, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Ravi Ramu, Mr. Nani R. Choksey, Mr. Ashish Puravankara and Mr. Anup Shah are entitled to receive remuneration from us. Our Company avails of legal advice from the firm Anup Shah Law Firm, in which one of our Directors Mr. Anup Shah is interested.

Except as stated in the section titled "Related Party Transactions" on page 119, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors and Promoter have no interest in any property acquired by our Company within two years of the date of this Red Herring Prospectus, except land aggregating approximately 0.11 million sq.ft. situated at Whitefield, Bangalore which we acquired from Puravankara Constructions, a Promoter Group Entity, for which we have paid Rs. 211.80 million by virtue of sale deed dated March 7, 2006.

Guarantees given by our Promoter

Our Promoter has given certain personal guarantees in relation to any of the debt obligations of our Company. For further details of the same refer to "Financial Indebtedness" on page 218 and "Risk Factors" on page xiii.

Remuneration of our Directors

Mr. Ravi Puravankara

Mr. Ravi Puravankara was appointed as the Managing Director of our Company for a period of five years with effect from April 1, 2006, pursuant to a resolution of our shareholders dated July 12, 2006 on a remuneration not exceeding Rs. 34.00 million per annum.

Mr. Girish Puravankara

Mr. Girish Puravankara was appointed as the Deputy Managing Director of our Company for a period of five years with effect from April 1, 2006, pursuant to a resolution of our shareholders dated July 12, 2006. His remuneration was fixed at an amount not exceeding Rs. 15.00 million per annum by a resolution of our shareholders dated July 2, 2007.

Mr. Ashish Puravankara

Mr. Ashish Puravankara was appointed as a Whole Time Director of our Company for a period of five years with effect from April 1, 2006, pursuant to a resolution of our shareholders dated July 12, 2006 on a remuneration not exceeding Rs. 7.00 million per annum.

Mr. Nani R. Choksey

Mr. Nani R. Choksey was appointed as a Whole Time Director of our Company for a period of five years with effect from April 1, 2006, pursuant to a resolution of our shareholders dated July 12, 2006 on a remuneration not exceeding Rs. 7.00 million per annum.

Mr. Ravi Ramu

Mr. Ravi Ramu was appointed as an additional director of our Company until the next annual general meeting with effect from October 1, 2006; and pursuant to a resolution of our Board of Directors dated October 11, 2006 and his appointment as a Whole Time Director of our Company for a period of five years with effect from October 1, 2006, was ratified by a resolution of our shareholders dated July 2, 2007 on a remuneration not exceeding Rs. 20.00 million per annum.

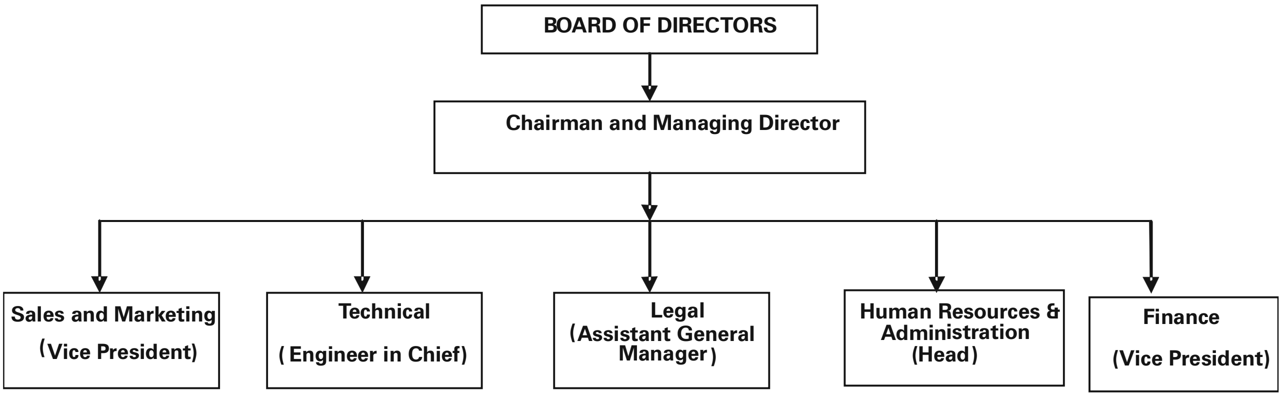
Mr. Anup S. Shah

Mr. Anup S. Shah was appointed as a Director of our Company with effect from June 1, 2005; and pursuant to a resolution of our shareholders dated July 12, 2006 his remuneration was fixed at not exceeding Rs.1.00 million per annum.

Changes in Our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason for Cessation
Mr. Anup Shah	June 1, 2005	-	-
Mr. Ravi Ramu	October 1, 2006	-	-
Mr. Jaithirth Rao	December 26, 2006	-	-
Mr. Pradeep Guha	December 26, 2006	-	-
Mr. R.V.S. Rao	December 26, 2006	-	-
Mr. Noshir D. Talati	December 26, 2006	-	-

Managerial Organizational Structure



Key Managerial Personnel

The details regarding our key managerial personnel are as follows:

Mr. Suhas Kulkarni, 49 years, Engineer in Chief, holds a Bachelors Degree in Civil Engineering from Pune University and a Masters Degree in Civil Engineering from Pune University. Prior to joining our Company in May 2002, he worked with Indian Builders Corporation as President, Projects, Asian Health Services as Vice President Projects and with Prestige Developers as Chief Engineer. He has over 28 years of experience in the field of engineering and construction. He heads the technical function in our Company. The remuneration paid to him for the fiscal year 2006 was Rs. 4.00 million.

Ms. Naina Cariappa, 33 years, Vice President - Sales and Marketing, holds a Masters degree in Business Administration from Leeds University Business School and a Bachelors Degree in Arts from Bangalore University and a Post Graduate Diploma in Personnel Management from Bangalore University. Prior to joining our Company in July 2005, she worked with Quest Partners as a consultant and previously worked with our company for a period of eight years as a marketing executive and sales manager. She heads our sales and marketing function. The remuneration paid to her for the fiscal year 2006 was Rs. 1.75 million.

Mr. Vijayendra Kumar, 45 years, Head, Human Resources and Administration, holds a Masters Degree in Social Work from Mangalore university. Prior to joining our Company in November 2002, he has worked with Questech India Limited as Head, Human Resources and Administration and VXL Instruments as Manager, Human Resources. He has over 20 years of experience in the field of human resources and administration. His heads our Human Resources and Administration functions. The remuneration paid to him for the fiscal year 2006 was Rs. 1.13 million.

Mr. Nagananda, 37 years, Assistant General Manager – Legal, holds a Bachelor's Degree in Law from Mysore University. Prior to joining our Company in February 2002, he worked with Sobha Developers Limited as the Legal Officer. He has been in the real estate industry for a period of 11 years having and has been exposed to all facets of legal function. He heads our legal function. The remuneration paid to him for the fiscal year 2006 was Rs. 1.13 million.

Mr. Krishna Kumar, 40 years, General Manager, Chennai, holds a Bachelor's degree in Public administration and sociology from Osmania University and a Masters degree in management (International Business) from Pacific States University. Prior to joining our Company in September 2004, Mr. Kumar worked with Integrated Property Management Services Limited as an Area Manager (Chennai) and Colliers Jardin as Branch Manager (Chennai). He has 17 years of experience in the field of management. He heads our Chennai operations. The remuneration paid to him for the fiscal year 2006 was Rs. 1.06 million.

Mr. Vasanth Kumar, 47 years, Vice President- Technical holds a Bachelor's degree in Civil Engineer from Mysore University. Prior to joining our Company in October 2006, Mr. Vasanth Kumar served as the Project Manager in Gammon and Billimoria and as the Project Manager in Bader Al Mulla and Bros. Co. W.L.L. Kuwait. His responsibilities include management of the project, both on and off site and construction management. The remuneration paid to him for the fiscal year 2006 was Rs.2.39 million.

Mr. Bopanna Madayya, 40 years, General Manager, International Marketing, holds a Bachelor's degree from Osmania University. Prior to joining our Company in October 2006, Mr. Madayya served as the Regional manager at ICICI Bank Limited and as the Channel Manager at Satyam Infoway Limited. He heads our international marketing division. The remuneration paid to him for the fiscal year 2006 was Dirhams 0.12 million.

Mr. Ranjit Thomas, 47 years, General Manager, Operations holds a Bachelor's degree in civil engineering from Kerala University. Prior to joining our Company in September 2004, Mr. Thomas served as the General Manager (Projects) in Link India Group of Companies and as Senior Project Engineer in Choice Estates and Constructions Limited. He heads our Kochi operations. The remuneration paid to him for the fiscal year 2006 was Rs.1.01 million.

Mr. R. Sasikumar, 51 years, Vice President- Technical, holds a Bachelor's degree in Civil Engineering from the Regional Engineering College, Calicut. Prior to joining our Company in September 2000, Mr. Sasikumar worked with Kap (India) Projects and Consultants Private Limited for 14 years as their General Manager (Engineering). He has 27 years of experience of building and construction services. His responsibilities include planning and resource mobilization and project execution. The remuneration paid to him for the fiscal year 2006 was Rs. 2.74 million.

Mr. Prahalad Nanayya, 53 years, Vice President- Technical, holds a Bachelor's degree in Civil Engineering from the National Institute of Engineering, Mysore University. Prior to joining our Company in November 2006, he served as the Project Head, Projects and Facilities at ING Vyasa Bank and as the Deputy General Manager at Mahindra Construction Company Limited. He has over 28 years of experience in the field of civil engineering.

Mr. Yeo Chee Min, 51 years, Vice President, Project Maintenance, holds a Bachelor's degree in Science in Building Economics and Quantity Surveying from Heriot- Watt University, United Kingdom and a post graduate diploma in System Analysis from Singapore University of Software Technology. Prior to joining our Company in January, 2007, he served as General Manager at Emaar MGF Land Private Limited and as Project Manager at Tiong Seng Contractors Private Limited. He has over 26 years experience in the field of civil engineering and construction.

Mr. Uwe Rudolf Poppe, 45 years, Inspector- Quality Control, holds a Bachelor's degree in civil engineering from the Technical University Cottbus, Germany. Prior to joining our company in February, 2007, he served as Inspector- Quality Control at Shobha Developers Limited, Bangalore and as Practical Worker (Civil Works) in Austria. He has over 19 years experience in the field of civil engineering.

Mr. Chozhavarasu, 48 years, Vice President- Technical, holds a Bachelor's degree in Civil Engineering from Annamalai University, Chennai, and holds Masters degree in Business Administration from the same University. Prior to joining our company on June 11, 2007, he served as the Groups Operations Manager and Management Representative at Al Nehreh Contracting Company Dubai, UAE. He has over 22 years of experience in the construction industry.

Mr. Vinod Nair, 38 years, General Manager- Marketing and Sales, holds a Diploma in Hotel Management, Catering Technology and Applied Nutrition from the Institute of Science and Management, Ranchi and a Diploma in Sales and Marketing Management from the National Institute of Sales, Kochi. Prior to joining our Company on June 18, 2007, he served as the General Manager- Marketing, at Choice Constructions, Kochi. He has over 14 years of experience in sales, marketing and business development.

All our Key Managerial Personnel are permanent employees of our Company and none of our Directors and our Key Managerial Personnel are related to each other.

Shareholding of the Key Managerial Personnel

None of our Key Managerial Personnel hold Equity Shares.

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company.

Certain lands in Karnataka have been acquired by Mr. Nagananda, a Key Managerial Personnel. We have entered into agreements to sell in our favour with him under which the title to the lands will be transferred to us. Under the said agreements sale consideration have been paid by us to these individuals. He has also executed powers of attorney in favour of our Company to apply for several permissions from the appropriate authorities. Mr. Nagananda has entered into several agreements to sell with the owners of certain parcels of land situated in and around Bangalore. He has executed several agreements in favour of our Company under which he will assign all the rights under the agreements to sell at the option of our Company upon obtaining statutory clearances. Such lands aggregate approximately 0.1 million sq.ft.

None of our key managerial personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the last three years are as follows:

Name of the Key Managerial Person	Date of Joining	Date of Leaving	Reason for change
Ms. Naina Cariappa	February 2005	-	Appointed
Mr. Krishna Kumar	September 2004	-	Appointed
Mr. Vasanth Kumar	October 2006	-	Appointed
Mr. Bopanna Madayya	October 2006	March, 2007	Resigned
Mr. Ranjith Thomas	September 2004	-	Appointed
Mr. Prahalad Nanayya	November 2006	-	Appointed
Mr. Sunderasan	December 2006	January, 2007	Resigned
Mr. Yeo Chee Min	January 2007	-	Appointed
Mr. Uwe Rudolf Poppe	February 2007	-	Appointed
Mr. Chozhavarasu	June, 2007	-	Appointed
Mr. Vinod Nair	June, 2007	-	Appointed

OUR PROMOTER

Mr. Ravi Puravankara

His passport number is Z1446630

His voter's identification card No. is HGB8420143.

His driver's license number is No. 79/W/15028

For a brief profile of our Promoter, refer to "Our Management" on page 98

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoter have been submitted to the BSE and NSE at the time of filing this Red Herring Prospectus with them.

Our Promoter, through various Promoter Group Entities, has constructed 12 residential projects in Bangalore and Mumbai, which are listed below:

Name of Project	Promoter Group Entity	City	Completion Date
Park Unique	Unique Constructions	Mumbai	1984
Royal Gate	Dealwel Estates Private Limited	Mumbai	1986
Belvedere	Puravankara Constructions	Bangalore	1990
Silver Gate	Dealwel Estates Private Limited	Mumbai	1990
Hill View	Dealwel Estates Private Limited	Mumbai	1990
Windmere	Puravankara Constructions	Bangalore	1992
Shanthi Manor	Puravankara Constructions	Bangalore	1993
Oakland	Puravankara Constructions	Bangalore	1993
Brighton Court	Puravankara Constructions	Bangalore	1994
Stafford	Puravankara Constructions	Bangalore	1995
Fernhill Gardens	Purava Developments	Bangalore	1995
Glendale	Puravankara Constructions	Bangalore	1998

Promoter Group

Relatives of the Promoters that form part of the Promoter Group under Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines

Promoter	Name of the Relative	Relationship
Mr. Ravi Puravankara	Mrs Vishalakshi Puravankara	Mother
	Mr. Suresh Puravankara	Brother
	Mr. Satish Puravankara	Brother
	Mr. Ramesh Puravankara	Brother
	Mrs. Geeta Vhatkar	Sister
	Mrs. Latha Puravankara	Sister

Promoter	Name of the Relative	Relationship
	Mrs. R. Puravankara	Wife
	Mr. Ashish Puravankara	Son
	Mrs. Aarti Puravankara	Daughter
	Ms. Amanda Puravankara	Daughter
	Ms. Tanya Puravankara	Daughter
	Ms. Tripti D.	Sister in Law
	Mrs. Daksha V.	Sister in Law
	Mrs. Bindu N.	Sister in Law
	Mrs. Vimala D.	Mother in Law

Companies promoted by our Promoters and forming part of our Promoter Group under Clause 6.8.3.2(m), Explanation II of the SEBI Guidelines

Propmart Technologies Limited

Propmart Technologies Limited was incorporated as Propmart.com Limited on April 24, 2000. A fresh certificate of incorporation was issued consequent upon the change in name from Propmart.com to Propmart Technologies Limited on December 7, 2000. It has its registered office at 2nd Floor, St. Patricks Commercial Complex, 15K, Brigade Road, Bangalore 560 025. Propmart Technologies Limited is currently engaged in providing real estate and home loan syndication services.

Main Objects of Propmart Technologies Limited

1. To build, maintain, promote and grow a portal to sell real estate on the Internet with various features and options as also to build maintain, promote and grow portals addressing different niches like education, entertainment, children, social causes, religion, culture, community, law, consultancy, massaging, women, youth, auctions, trade, e-commerce and retail.
2. To provide software and product consultancy, internet based software solutions, website designing and consultancy services, internet based products development and other services for corporates and content providers.
3. To provide certification and accredition services for categories of internet ventures such as project evaluations, internet security, transaction authenticity, user data analysis, privacy policies.
4. To create and host websites/personal pages on the Internet anywhere in the world for any person or entity.
5. To buy/sell/sponsor media opportunities for advertising purposes related to real estate and allied activities independently or in collaboration with other entities, in any other medium including but not limited to the internet, print, television and radio.
6. To carry on business of real estate marketing, broking, builders, promoters, developers, real estate agents consultants, advisers, traders, commission agents, contractors, project consultancy and management, tenancy management, underwriting realty, estate managers, property developers and to design, construct, alter, modify, purchase, sell, exchange, hire, lease or otherwise deal in immoveable properties, land, agricultural non agricultural, residential, commercial, industrial buildings, apartments, complexes, sheds, etc and publish, print real estate related magazines, act as advertising agents, insurance agents, agents/DSA's for Housing Finance Companies (HFCs)/Banks, both in India and abroad.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Propmart Technologies Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Puravankara Projects Limited	2,335,000	32.83%
2.	Mr. Ravi Puravankara	2,261,010	31.80%
3.	Net Zone Limited Mauritius	1,500,000	21.09%
4.	Prestige Estates Projects Private Limited	335,000	4.71%
5.	Mr. Arif Buhary Rahman	303,717	4.28%
6.	Sterling Developers Private Limited	266,666	3.75%
7.	Ms. Amanda Puravankara	55,000	0.77%
8.	Ms. Tanya Puravankara	55,000	0.77%
9.	Ms. Naina Cariappa	1	0.00% [a]
10.	Mr. John K. Kuruvilla	1	0.00% [a]
11.	Mr. K. Muralidhar	1	0.00% [a]
12.	Ms. Lolita Almeida T	1	0.00% [a]
13.	Mr. Nani R. Choksey	1	0.00% [a]
14.	Mr. Girish Puravankara	1	0.00% [a]
	Total	**7,111,399**	**100.0%**

[a] *Less than 0.01%.*

Directors as of July 2, 2007

The board of directors of Propmart Technologies Limited comprises of Mr. Ravi Puravankara, Mr. Girish Puravankara, Mr. Nani R. Choksey, Mr. Sastri Venkat, Mr. Arif Buhary Rahman and Mr. Suresh Puravankara.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Income from services	70,826,606	11,087,493	14,555,173
Other income	429,872	835,860	491,717
Net Profit/Loss carried to balance sheet	42,668,837	(23,446,055)	(31,599,010)
Profit and Loss Account	(110,727,027)	(153,395,864)	(129,949,809)
Equity capital (par value Rs. 10)	71,113,990	71,113,990	71,113,990
Earnings per share (Rs)	6.00	(3.30)	(4.44)
Book value per share	(5.57)	(11.57)	(8.27)

Handiman Services Limited

Handiman Services Limited was incorporated on February 23, 1998 and has its registered office at No. 17/1 Leonard Lane, Richmond Town, Bangalore 560 025, Karnataka, India. It received the certificate for commencement of business on March 6, 1998. Handiman Services Limited is engaged in the provision of facility management services.

Main Objects of Handiman Services Limited

1. To provide services to the occupants of the Apartments or Buildings whether residential or commercial in the maintenance of Plumbing, Electrical and Fire Extinguishing Systems, to provide Security Services, Repairs and Maintenance of Buildings, Generators, Lifts, Air Conditioners, Swimming Pools, Gardens and also to provide Taxis on hire, Ambulance and Health Services, to provide Pest Control Services and Landscaping and upkeep and maintenance of Restaurants, Pubs, Clubs and the like.
2. To act as contractors in Electromechanical, Civil, Landscaping, Plumbing, Carpentry, Painting, Air-Conditioning, Security Services, Lift Works and to act as Service Consultants, Horticulturalist, Land Developers, Fabricators and designers.
3. To act as Agents, Distributors of goods and merchandise including Automobiles and Spare Parts thereof and also to undertake Event Marketing and Management, Real Estate Business, to run Private Telephone Exchange, to set up and run Automobile Service and Repair centres including towing of vehicles and to act as Designers and Architects.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Handiman Services Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Mr. Behram D. Irani	31,150	14.1%
2.	Mr. F. B. Irani	50	0.02%
3.	Mr. Porus Irani	50,200	22.71%
4.	Ms. Natasha D. Medhora	50	0.02%
5.	Ms. Deborah Ann Shea	5	0.00% [a]
6.	Mr. Nani R. Choksey	5	0.00% [a]
7.	Mr. Ravi Puravankara	139,540	63.14%
	TOTAL	**221,000**	**100.0%**

[a] *Less than 0.01%.*

Directors as of July 2, 2007

The board of directors of Handiman Services Limited comprises of Mr. Girish Puravankara, Mr. Ashish Puravankara, Mr. Nani R. Choksey, Mr. Behram D. Irani and Mr. Porus B. Irani.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Service Charges	139,720,832	79,598,128	39,212,655
Miscellaneous Income	403,710	469,389	1,170,562
Profit/Loss after tax	3,139,983	3,259,799	1,170,562
Reserves and Surplus	7,791,080	4,651,097	1,391,398
Equity capital (par value Rs. 10)	2,210,000	2,210,000	2,210,000
Earnings per share (Rs)	14.21	14.75	5.30
Book value per share	45.25	31.05	16.30

Unique Park Constructions Private Limited

Uniquepark Constructions Private Limited was incorporated on January 3, 1992 and has its registered office at 104, Sophia's Choice, No. 7, Saint Mark's Road, Bangalore 560 001, India. Uniquepark Constructions Private Limited is engaged in the business or real estate development.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Uniquepark Constructions Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Mr. Pramod Govindan	499	49.9%
2.	Mr. Ravi Puravankara	499	49.9%
3.	Ms. Deborah Ann Shea	1	0.1%
4.	Mr. Nani R. Choksey	1	0.1%
	TOTAL	**1,000**	**100%**

Directors as of July 2, 2007

The board of directors of Unique Park Constructions Private Limited comprises of Mr. Nani R. Choksey and Mr. Pramod Govindan.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Operating income	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Net Loss after Tax	(7,800)	(100)	(4,580)
Reserves and Surplus	Nil	Nil	Nil
Equity capital (par value Rs. 100)	100,000	100,000	100,000
Earnings per share (Rs)	(7.80)	(0.10)	(4.58)
Book value per share	36.97	44.77	44.87

Dealwel Estates Private Limited

Dealwel Estates Private Limited was incorporated on May 17, 1984 and has its registered office at New Jagruti, No. 227, S.V. Road, Bandra West, Mumbai 400 050, India. Dealwel Estates Private Limited is engaged in the business of real estate development.

Main Objects of Dealwel Estates Private Limited

1. To acquire by purchase, lease, exchange or otherwise land buildings and hereditaments of any tenure or description situate in India or any where else and any estate or interest therein and any rights over or connected with land so situate and in turn the same to account as may seem expedient and in particular by preparing building sites, and by constructing, re-constructing, altering, improving, decorating, furnishing and maintaining offices, flats, houses, factories, warehouses, shops, wharves, buildings works and conveniences of all kinds and by consolidating or connecting or sub-dividing properties and by leasing and disposing of the same.
2. To carry on business as estate brokers, estate agents and estate managers and to manage land, buildings and other property situate in India or any where else whether belonging to the Company or not and to collect rents and income, and to supply to tenants and occupiers and others, refreshments, attendants, messengers, light waiting rooms, reading rooms, meeting rooms, lavatories, laundry conveniences, electric conveniences, stables and other advantages.

Shareholders as of July 2, 2007

The shareholding pattern of equity shares of Dealwel Estates Private Limited is as follows:

S.No.	Shareholder	Number of shares	Percentage
1.	Mr. Ravi Puravankara	1449	72.45%
2.	Mr. Ramesh Puravankara	150	7.5%
3.	Mrs. Vasanti Puravankara	150	7.5%
4.	Mr. Satish Puravankara	150	7.5%
5.	Mr. Ashish Puravankara	50	2.5%
6.	Mrs. Aarti Puravankara	50	2.5%
7.	Mr. Creado Joseph	1	0.00%
	TOTAL	**2,000**	**100%**

Directors as of July 2, 2007

The board of directors of Dealwel Estates Private Limited comprises of Mr. Ravi Puravankara, Mr. Nani R. Choksey, Mr. Ramesh Puravankara and Mr. Satish Puravankara.

Financial performance

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Operating income	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Net Loss carried to Balance Sheet	(3,944)	(1,203)	(1,450)
Reserves and Surplus	166,043	171,190	171,190
Equity capital (par value Rs. 100)	200,000	200,000	200,000
Earnings per share (Rs)	(1.97)	(6.48)	(0.73)
Book value per share	183.02	185.60	185.99

Partnerships

Unique Constructions

Unique Constructions is a partnership firm constituted on August 24, 1984 and has its office at 104, Neelam, 108, Worli Seaface Road, Opp. Podar Hospital, Mumbai 400 018, India. Under the guidance of our Promoter, Unique Constructions has successfully completed a residential project, "Park Unique" in Mumbai in 1984 aggregating approximately 0.04 million sq.ft.

Partners as of July 2, 2007

The Partners of Unique Constructions are as follows:

S.No.	Partner	Percentage of contribution
1.	Mr. Maniklal Vaswani	50%
2.	Mr. Ravi Puravankara	48%
3.	Mr. Ashish Puravankara	2%

Financial performance (Based on unaudited figures)

(In Rs. except share data)

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Income from Sales	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Net Loss carried to Balance Sheet	Nil	Nil	Nil
Partners Capital	631,676	195,537	788,033

Unique Constructions has not prepared a profit and loss account for the last three financial years as it does not carry out any business activities.

Purva Developments

Purva Developments is a partnership firm constituted on August 27, 1988 and has its office at No. 227, S.V. Road, Bandra West, Mumbai 400 050.

Partners as of July 2, 2007

The partners of Purva Developments are as follows:

S.No.	Partner	Percentage of contribution
1.	Mr. Ravi Puravankara	73%
2.	Mrs. Seema Vaswani	25%
3.	Mr. Ashish Puravankara	2%

Financial performance (Based on unaudited figures)

(In Rs. except share data)

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Income from Sales	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Net Loss carried to Balance Sheet	Nil	Nil	Nil
Partners Capital	100,000	100,000	100,000

* *Purva Developments has not prepared a profit and loss account for the last three financial years as it does not carry out any business activities.*

Welworth

Welworth is a partnership firm constituted on October 14, 1983 and has its office at 104, Neelam, 108, Worli Seaface Road, Opposite Podar Hospital, Mumbai 400 018, India.

Partners as of July 2, 2007

The partners of Welworth are as follows:

S.No.	Partner	Percentage of contribution
1.	Mr. Ravi Puravankara	50%
2.	Mr. Sukhraj Nahar	50%

Financial performance (Based on unaudited figures)

(In Rs. except share data)

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004*
Income from Sales	Nil	Nil	Nil
Other Income	Nil	Nil	Nil
Net Loss carried to Balance Sheet	Nil	Nil	Nil
Partners Capital	338,747	338,747	338,747

* *Welworth has not prepared a profit and loss account for the last three financial years as it does not carry out any business activities.*

Proprietorships

Dealwel

Dealwel is a proprietorship constituted on 1977 and has its office at No. 227, S.V. Road, Bandra West, Mumbai 400 050.

Mr. Ravi Puravankara is the sole proprietor of Dealwel.

Financial performance (Based on unaudited figures)

(In Rs. except share data)

	Fiscal year ended March 31, 2006*	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2004
Income from Sales	Nil	138,000	144,000
Other Income	Nil	Nil	Nil
Net Profit	Nil	2,852	11,334
Capital Account	1,557,757	4,730,735	4,040,168

* *Dealwel has not prepared the profit and loss account for the year ended March 31, 2006 as it was not carrying on any business activity.*

Puravankara Constructions

Puravankara Constructions is a proprietorship constituted on 1986 and has its office at No. 227, S.V. Road, Bandra West, Mumbai 400 050.

Mr. Ravi Puravankara is the sole proprietor of Puravankara Constructions.

Financial performance (Based on unaudited figures)

(In Rs. except share data)

	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2005*	Fiscal year ended March 31, 2004
Income from Sales	47,691,700	Nil	2,888,119
Other Income	1,959,655	Nil	Nil
Net Profit	100,005	Nil	(609,456)
Capital Account	286,244,993	40,425,041	2,885,297

* *Puravankara Constructions has not prepared the profit and loss account for the year ended March 31, 2005 as it was not carrying on any business activity.*

Interest of our Promoter

Our Promoter is interested in our Company to the extent that he has promoted our Company, his shareholding in our Company and to the extent of him being directors of our Company. For further interest, of our Directors, see section "Our Management" on page 98.

Common Pursuits

We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For, further details on the related party transactions, to the extent of which our Company is involved, see "Related Party Transactions" on page 119.

Sick Company

None of the companies forming part of our Promoter Group have been declared sick in the past.

Disassociation by the Promoter in the last three years

Name of the Company	Relationship with the Promoter	Reasons for Disassociation	Date of Disassociation
Dealwel Finance Corporation	Promoter was a partner to the extent of 12%	No business was carried on for long and the partners felt it difficult to continue the business	December 28, 2006

RELATED PARTY TRANSACTIONS

(All amounts are in millions of Indian Rupees, unless otherwise stated)

i. *Parties where control exists*

Parties where control exists include

Key Management Personnel:

Mr. Ravi Puravankara

Mr. Nani R Choksey

Mr. Girish Puravankara

Relative of Key Management Personnel:

Ms Geeta S Vhatkar

Mr. Satish Puravankara

Mr. Ashish Puravankara

Entity controlled by Key Management Personnel (Other related parties):

Purva Developments

Uniquepark Constructions Private Limited

Unique Constructions

Welworth

Puravankara Constructions

Handiman Services Private Limited

Dealwel – Proprietorship

Dealwel Finance Corporation

ii. *Transactions with related parties during the years*

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

Key Management Personnel

Mr. Ravi Puravankara

Mr. Nani R Choksey

Mr. Girish Puravankara

Relatives of Key Management Personnel:

Mr. Satish Puravankara

Ms. Jasbir Sabuwala

Mr. Ashish Puravankara

Ms Geeta S Vhatkar

Associates:

Propmart Technologies Limited

Keppel Puravankara Development Private Limited

Entity controlled by Key Management Personnel (Other related parties):

Puravankara Constructions

Handiman Services Private Limited

The transactions with related parties during the year ended 31 March 2007 (on an unconsolidated basis) is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Loans given	82.65	-	-	-	**82.65**
Interest income on loans given	27.59	-		-	**27.59**
Loans taken	-	120.37	-	26.30	**146.67**
Loans repaid	-	4.49	-	48.50	**52.99**
Commission and brokerage	0.33	-	-	-	**0.33**
Security and maintenance charges paid	-	-		34.99	**34.99**
Advances for purchase of properties	11.41	-	-	-	**11.41**
Advances for land contracts	-	-	98.03		98.03
Remuneration	-	19.25	3.62	-	22.87
Rental expenses incurred				2.40	**2.40**
Balances					
Loans given	449.20	-	-	-	**449.20**
Dues to related parties	-	115.89	-	127.34	**243.23**
Advances against purchase of land	-	-	185.18	-	**185.18**

Details Of Beneficiaries Of Related Party Transactions

Particulars	Amount
Loans Given:	
Associates:	
Propmart	3.00
Keppel	79.65
	82.65
Interest On Loans:	
Keppel Puravankara Development Private Limited	27.59
	27.59
Loans taken / (Repaid):	
Other Related Parties:	
Puravankara Constructions	21.11
Handiman	3.39
Purva Development	1.78
Purva Properties & Resorts	0.02
	26.30

Particulars	Amount
Key Management Personnel:	
Ravi Puravankara	120.38
	120.38
Repayment of Loans:	
Other Related Parties:	
Puravankara Constructions	**(48.50)**
Key Management Personnel:	
Ravi Puravankara	**(4.49)**
Commission and Brokerage	
Prpmart Technologies Ltd.	**0.34**
Advances against purchase of land	
Lands held by Geetha S Vhatkar	**98.03**
Advances againts properties	
Keppel Puravankara Projects Limited	**11.41**
Security and maintenance charges paid	
Handiman	**34.99**
Rental expenses incurred	
Puravankara Constructions	1.80
Dealwell	0.60
	2.40
Remuneration	
KMP	
Ravi Puravankara	15.55
Nani Choksey	2.42
Girish Puravankara	1.28
	19.25
Relatives of KMP	
Girish Puravankara	1.20
Ashish Puravankara	2.01
Geeta S Vhatkar	0.13
Jasbir Sabuwala	0.17
Sathish Puravankara	0.11
	3.62

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company.

The dividends declared by our Company during the last four fiscal years have been presented below:

Particulars	**Year Ended 31 March,**				
	2007	**2006**	**2004**	**2003**	**2002**
Number of equity shares (A)	192,017,455	800,000	800,000	800,000	800,000
Rate of dividend (%)					
- Interim	-	-	150%	-	-
- Final	18.75	150%	-	50%	15%
Amount of dividend on equity shares (Rs millions)					
- Interim	-		120.00	-	-
- Final	180.00	120.00		40.00	12.00
Tax paid on dividend (Rs million)	30.59	16.83	15.68	5.23	1.54

Note:

A. The number of equity shares represents the historical number of shares outstanding on the respective period ends above.The number of equity shares represents the historical number of shares outstanding on the respective period ends above and does not include the effect of the share split and bonus issue approved by the members of the Company at the Extraordinary General Meeting held on December 23, 2006.

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V: FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, FOR THE YEARS ENDED 31 MARCH, 2007, 2006, 2005, 2004 AND 2003

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors,
Puravankara Projects Limited
130/1, Ulsoor Road
Bangalore – 560 042
Karnataka
India

Dear Sirs,

1. We have examined the attached consolidated financial information of Puravankara Projects Limited ('the Company') and its subsidiaries and associates (collectively referred to as 'the Group') annexed to this report for the five years ended 31 March 2007. This financial information has been prepared by management and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Offering ('IPO') for the issue of 21,467,610 equity shares having a face value of Rs 5 each at an issue price to be arrived at by a book building process (referred to as 'the Issue'). This consolidated financial information has been prepared in accordance with the requirements of:

   (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

   (iii) The revised Guidance Note on reports in Company Prospectuses issued by the Institute of the Chartered Accountants of India ('ICAI'); and

   (iv) The terms of our letter of engagement received from the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

A. Consolidated Financial Information as per audited financial Statements:

2. We have examined the attached 'Consolidated Summary Statement of Assets and Liabilities, as Restated' of the Group as at 31 March 2007, 2006, 2005, 2004 and 2003 (Annexure 1) and the attached 'Consolidated Summary Statement of Profits and Losses, as Restated' (Annexure 2) for the years then ended, together referred to as 'Consolidated Restated Summary Statements'. These Consolidated Restated Summary Statements have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company and its subsidiaries and associates which are appropriate and are more fully described in the Significant Accounting Policies and notes appearing in Annexures 3 and 4 to this report.

3. The Company did not prepare consolidated financials statements as of and for the years ended 31 March 2006, 2005, 2004 and 2003. The Consolidated Restated Summary Statements as of and for the years then ended have been extracted from the unconsolidated financial statements of the Company and its subsidiaries and associates as of and for the respective years ended. We have verified the impact of inter-company eliminations, retrospective adjustments on account of changes in accounting policies and estimates, prior period items and regroupings for the years then ended as applicable.

4. For the years ended 31 March, 2006, 2005, 2004 and 2003, the financial statements of the Company and its subsidiaries and associates have been audited and reported upon by other firms of Chartered Accountants and are as adopted by the members of the respective companies. We have relied on these audited financial statements and have not carried out any audit tests or review procedures on the financial statements of these companies for the years ended on that date since we did not perform the audits and the financial report included for these years are solely based on the reports submitted by the other auditors. The consolidated financial statements for the year ended 31 March 2007 have been audited by us.

5. We did not audit the financial statements of certain consolidated entities, whose financial statements reflect total assets of Rs 1,407.89 million and net losses of Rs 1.44 million for the year ended 31 March 2007. 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 on the report of the other auditors.

6. Based on our examination of the Consolidated Restated Summary Statements, read in conjunction with the accounting policies and notes given in Annexure 3 and 4 respectively, we state that:

   a) The Consolidated Restated Summary Statements of the Group have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31 March 2007, stated in Annexure 3 to this report;

   b) The Consolidated restated profits have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they relate as described in the Notes forming part of the Consolidated Restated Summary Statements stated in Annexure 4 to this report;

   c) There were no qualifications in the audit reports for the years ended 31 March 2007, 2006, 2005, 2004 and 2003, which would require adjustment in these Consolidated Restated Summary Statements; and

   d) There are no extra-ordinary items which need to be disclosed separately in the Consolidated Restated Summary Statements.

B. Other Consolidated Financial Information:

7. We have examined the following consolidated financial information in respect of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 of the Group, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

   a) Consolidated Statement of Cash Flows, As Restated (Annexure 5)

   b) Consolidated Statement of Accounting Ratios, As Restated (Annexure 6); and

   c) Consolidated Capitalisation Statement, As Restated (Annexure 7).

8. In respect of the 'Consolidated Financial Information as per the audited financial statements' and 'Other Consolidated Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended March 31, 2006, 2005, 2004 and 2003 which were audited by other firms of Chartered Accountants, as referred to in paragraph 3 above. We have not carried out any audit tests or review procedures on the financial information for the above periods since we did not perform the audits and the financial report included for these years are solely based on the report submitted by the other auditors.

9. In our opinion, the 'Consolidated Financial Information as per Audited Financial Statements' and 'Other Consolidated Financial Information' mentioned above of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 have been prepared in accordance with Part II of the Act and SEBI Guidelines.

10. The sufficiency of the procedures, as set forth in the above paragraphs, is the sole responsibility of the Company and we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

11. This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

12. This report is intended solely for your information and for inclusion in the offer document in connection with the specific Public Offer of the shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Walker, Chandiok & Co
Chartered Accountants
Rajesh Jain
Partner
Membership No. 81203
New Delhi
1 June 2007

ANNEXURE 1 – CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amounts in Rupees millions)

Particulars		As at 31 March				
		2007	2006	2005	2004	2003
(A)	**Fixed Assets**					
	Cost	443.15	211.15	99.05	81.43	45.94
	Less: Accumulated depreciation	61.21	35.98	20.07	10.95	6.45
		381.94	**175.17**	**78.98**	**70.48**	**39.49**
	Capital work in progress	7.11	-	-	-	-
	Net Book Value	**389.05**	**175.17**	**78.98**	**70.48**	**39.49**
(B)	**Investments**	**371.48**	**231.41**	**-**	**-**	**-**
(C)	**Properties held for development**	**7,007.54**	**3,067.63**	**615.86**	**234.85**	**103.95**
(D)	**Current Assets, Loans and Advances**					
	Cash and bank balances	373.66	444.18	419.54	144.77	54.66
	Inventories	159.48	191.27	-	-	-
	Trade debtors	458.82	446.42	199.81	110.99	64.45
	Properties under development	2,471.16	1,577.06	1,536.32	456.99	143.87
	Properties held for sale	515.36	200.70	195.05	220.18	225.31
	Loans and advances	2,296.12	1,185.90	465.43	164.64	86.13
		6,274.60	**4,045.53**	**2,816.15**	**1,097.57**	**574.42**
(E)	**Liabilities and Provisions**					
	Secured loans	6,761.10	1,621.95	1,006.76	704.04	236.15
	Current liabilities	4,836.70	4,641.57	1,981.21	378.01	304.66
	Provisions	216.53	140.63	5.80	49.37	14.77
	Deferred tax liability, net	10.71	1.40	1.18	-	-
		11,825.04	**6,405.55**	**2,994.95**	**1,131.42**	**555.58**
	Net Worth (A+B+C+D-E)	**2,217.63**	**1,114.19**	**516.04**	**271.48**	**162.28**
	Represented by:					
(F)	Share capital	960.09	80.00	80.00	80.00	80.00
(G)	Reserves	1,257.54	1,034.19	436.04	191.48	82.28
(H)	Minority interest	-	-	-	-	-
	Net Worth (F+G+H)	**2,217.63**	**1,114.19**	**516.04**	**271.48**	**162.28**

Note:

The above Consolidated Statement of Assets and Liabilities, as Restated, should be read together with the notes forming part of the Consolidated Statements attached.

ANNEXURE 2 - CONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amounts in Rupees millions)

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Income					
Revenues					
- from projects	4,142.78	2,781.49	1,497.32	761.47	413.52
- Rental income	21.02	13.51	6.82	0.28	-
- Income from interiors	4.81	2.04	6.14	2.06	-
	4,168.61	**2,797.04**	**1,510.28**	**763.81**	**413.52**
Other income	-	7.18	-	-	-
Total income	**4,168.61**	**2,804.22**	**1,510.28**	**763.81**	**413.52**
Expenditure					
Cost of revenues	2,412.63	1,640.02	886.19	443.94	257.80
Selling costs	216.85	164.67	100.86	32.17	19.27
General and administrative expenses	203.55	101.41	57.59	38.61	23.85
Finance charges	12.27	72.04	61.33	84.68	21.99
Total expenditure	**2,845.30**	**1,978.14**	**1,105.97**	**599.40**	**322.91**
Profit for the year before profit/(loss) share of associates, taxes and adjustments	**1,323.31**	**826.08**	**404.31**	**164.41**	**90.61**
Profit/(loss) share of associates	140.07	10.98	-	-	(23.35)
Profit before tax and adjustments	**1,463.38**	**837.06**	**404.31**	**164.41**	**67.26**
Provision for tax					
- Current tax	150.04	70.48	32.20	12.60	7.23
- Deferred tax	9.32	0.22	1.18	-	-
- Prior years	13.03	-	-	-	1.49
	172.39	70.70	33.38	12.60	8.72
Net Profit before adjustments	**1,290.99**	**766.36**	**370.93**	**151.81**	**58.54**
Adjustments					
Increase/(decrease) in net profits					
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	(18.34)	9.31	2.62	4.91
Provision for income-taxes *(refer note 2 in Annexure 4)*	13.03	(13.03)	-	-	1.49
Total difference due to adjustments	**13.03**	**(31.37)**	**9.31**	**2.62**	**6.40**
Net profit as restated	**1,304.02**	**734.99**	**380.24**	**154.43**	**64.94**

Note:

The above Consolidated Statement of Profits and Losses, as Restated, should be read together with the notes forming part of the Consolidated Statements attached.

ANNEXURE 3 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Significant Accounting Policies

a. *Basis of preparation*

The financial statements have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

b. *Use of estimates*

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

c. *Basis of consolidation*

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

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

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

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

d. *Revenue recognition*

Revenues from projects

Revenue from the sale of properties is recognized when the significant risks and rewards of ownership have been transferred to the customer, which coincides with the entering into of a legally binding agreement. Revenues from such contracts are recognized using the 'percentage of completion method' of accounting. Contract revenues represent the aggregate amounts of sale price for agreements entered into and is accrued based on the percentage that the actual costs incurred until the reporting date bear to the total estimated contract costs.

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 till 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 till date on projects under construction, the same is disclosed as 'Advances received for construction, (a current liability). Any billed revenue that has not been collected is disclosed under Trade debtors and is net of any provision for amounts doubtful of recovery.

Rental income

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

e. *Properties held for sale*

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

f. *Properties held for development*

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

g. *Fixed assets*

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

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Cost of fixed assets also includes exchange differences arising in respect of foreign currency loans or other liabilities incurred for the purpose of their acquisition or construction. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred.

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

h. *Depreciation*

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

i. *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

j. *Inventory*

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

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

k. *Foreign currency transactions*

(a) Initial Recognition

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

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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

l. *Leases*

Finance Leases

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

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

Operating leases

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

m. *Employee benefits*

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15".

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and loss account in the year in which such gains or losses arises.

Vacation pay

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

Other short term benefits

Expense in respect of other short term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

n. *Stock based compensation*

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

o. Taxes on income

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

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

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

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potential equity shares.

q. 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.

2. Group Structure

The subsidiaries and associates consolidated under the Group as at 31 March 2007 comprise the entities listed below:

Name of the Entity	Country of Incorporation	Effective Shareholding (%)
Subsidiaries		
Centurions Housing & Constructions Private Limited	India	100.0%
Prudential Housing & Infrastructure Development Limited	India	100.0%
Melmont Constructions Private Limited	India	100.0%
Purva Marine Properties Private Limited	India	100.0%
Purva Realities Private Limited	India	100.0%
Purva Corporation	British Virgin Islands	100.0%
Puravankara Holdings Lanka Private Limited	Sri Lanka	100.0%
Puravankara Projects Lanka Private Limited	Sri Lanka	100.0%
Associates		
Propmart Technologies Limited	India	32.83%
Keppel Puravankara Development Private Limited	India	49.00%

ANNEXURE 4 – NOTES TO THE CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

(All amounts in Rupees millions, unless otherwise stated)

1. Adjustments resulting from changes in accounting policies

Depreciation

A depreciation credit of Rs 18.34 million during the year ended 31 March 2006, has resulted due to the Company providing for depreciation on fixed assets on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 upto the year ended 31 March 2005. Effective 1 April 2005, the Company changed the method of providing for depreciation from the written down value method to the straight-line method at the rates prescribed in Schedule XIV as management was of the view that the use of the straight line method would better reflect the pattern of usage of these assets in the financial statements. Further, effective 1 April 2005, the Company fully depreciated assets costing individually less than Rs 5,000 in the year of purchase, as against the depreciation rate applicable to the respective asset categories. Accordingly the effect of the revised depreciation has been appropriately adjusted in the respective years in the 'Consolidated Statement of Assets and Liabilities, as Restated' and the 'Consolidated Statement of Profits and Losses, as Restated.

2. Adjustments relating to previous years

Prior period taxes

A tax charge of Rs 13.03 million and Rs 1.49 million which was previously recorded in the years ended 31 March 2006 and 31 March 2002 respectively, has now been appropriately adjusted in the period to which they pertain in the 'Consolidated Summary Statement of Profits and Losses, as Restated'.

3. Other material reclassifications

a. In the audited financial statements for the years ended 31 March 2003, 2004, 2005 and 2006 land purchased for future development was classified as an investment or under loans advances. In the Statement of Assets and Liabilities as restated, these balances have been reclassified and shown separately under the head "Properties Held for Development" or loans and advances, as appropriate.

b. In the audited financial statements for the years ended 31 March 2003, 2004 and 2005, Debtors were shown at gross value without adjustment of amount collected from customers for progress billings, which were classified under the current liabilities. In the Statement of Assets and Liabilities as restated, Trade debtors have been disclosed at the amounts due with the balance being adjusted under advances from customers.

c. In the audited financial statements for the years ended 31 March 2003, 2004 and 2005, some of the receivables and payables which are to be adjusted against each other on settlement were shown at their gross values under the heads Loans and Advances and Current Liabilities respectively. In the statement of Assets and Liabilities as restated such receivables or payables have been netted off and have classified under Loans and Advances or Current Liabilities, as the case may be.

4. Secured Loans, as Restated

Particulars		As at 31 March				
		2007	2006	2005	2004	2003
Term loans	(a)	5,619.28	1,520.00	955.92	655.00	178.15
Cash Credit	(b)	1,121.85	91.94	34.50	32.40	49.90
Other loans	(c)	8.74	10.01	16.34	16.64	8.10
Interest accrued and due	(d)	11.19	-	-	-	-
		6,761.06	**1,621.95**	**1,006.76**	**704.04**	**236.15**

(a) *Term Loans*

i. On 19 May, 2003, the Company entered into an agreement with HDFC Bank for a line of credit of Rs 300 million for funding certain specified projects. This facility is secured by the mortgage of specified lands, repayable in 30 monthly installments commencing November 2005. The Company had drawn Rs 120 million as of 31 March, 2007.

ii. On 31 March, 2004, the Company entered into another agreement with HDFC Bank for a line of credit of Rs 500 million for funding certain specified projects. This facility is secured by mortgage of the land and buildings of specific projects, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 15 bi-monthly installments commencing November 2006. The Company had drawn Rs 380 million as of 31 March, 2007.

iii. On 25 June, 2005, the Company entered into an agreement with ICICI Bank for a line of credit facility upto a maximum of Rs 350 million for funding another project. This facility is secured by mortgage of specified land and buildings, a part of the scheduled receipts of the project and the scheduled receipts of certain other specified projects, repayable in 27 monthly commencing from 25 September, 2005. These borrowings also carry the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey and Mr Girish Puravankara, Directors of the Company. The Company had drawn Rs 140 million drawn under the line of credit facility as of 31 March, 2007.

iv. On 30 November, 2005, the Company entered into an agreement with HDFC Bank for a term loan facility upto a maximum of Rs 1,250 million for funding certain specified projects. This facility is secured by the mortgage of properties purchased and developed out of the facility, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 14 monthly installments commencing September 2006. The Company had drawn Rs 745 million drawn as of 31 March, 2007.

v. On 14 July, 2006, the Company entered into an agreement with ICICI Bank for a line of credit facility of Rs 2,500 million for funding other projects. These facilities are secured by mortgage of the land and building of the specific projects and their project receipts, repayable in 21 monthly installments commencing from 25 January 2007. Additionally, these borrowings are also carrying the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey, Mr Girish Puravankara and Mr Ashish Puravankara, Directors of the Company. The Company had drawn down a balance of Rs 2,284.28 million drawn as of 31 March 2007.

vi. On 5 August, 2006, the Company entered into a term loan agreement with Standard Chartered Bank for Rs 1,000 million towards construction and development of its projects and for existing debt repayment, repayable in 24 monthly installments from the 15th month of the date of first drawdown. This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara, the Managing Director. The Company had drawn Rs 1,000 million as of 31 March 2007.

vii. On 20 March, 2007 the Company entered into a term loan agreement with HSBC for Rs 1,500 million which was drawn down fully on the same day. Rs 1,000 million was availed for the purpose of construction and development of Purva FountainSquare project and the balance 500 million towards repayment of construction loan taken from ICICI. Tenor of the loan is 15 months and the repayment period is 12 months. A promissory note for Rs 1,500 million has been issued to the bank. The Company has drawn down Rs 500 million as on 31 March 2007.

viii. The Company availed an Inter Corporate Deposit of Rs 450 million from HDFC on 27 February, 2007 for a period of 3 months. This facility is secured against specific property. As on 31March 2007 the deposit amount with the Company was Rs 450 million.

(b) *Cash Credit*

i. The Company entered into an agreement with Andhra Bank for a cash credit facility of Rs 200 million and is secured against properties of the Company.

ii. On 18 May, 2006, the Company entered into an agreement with Standard Chartered Bank for a cash credit facility of Rs 1,000 million towards construction and development of its projects and for existing debt repayment repayable in November 2008. This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara.

(c) *Other loans*

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

5. Investments, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Investment in Associates:					
(Unquoted and fully paid up)					
Propmart Technologies Limited*	-	-	-	-	-
Keppel Puravankara Development Pvt Ltd – 13.25% Cumulative redeemable convertible preference shares	176.40	176.40	-	-	-
Keppel Puravankara Development Pvt Ltd - Equity Shares, including share of profit	195.08	55.01	-	-	-
TOTAL	**371.48**	**231.41**			

** Net of Company's share of losses in associate.*

6. Trade Debtors, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Debts outstanding for a period exceeding six months:	-	-	-	-	-
Other debts					
- Considered good	458.82	446.42	199.81	110.99	64.45
	458.82	**446.42**	**199.81**	**110.99**	**64.45**

7. Loans and advances, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
(Unsecured, considered good)					
Advances to suppliers	378.32	205.21	205.45	21.18	20.67
Advances for land contracts	1,234.16	483.67	128.66	19.79	-
Deposits	73.14	73.38	51.49	43.82	11.43
Due from related parties	-	-	30.00	34.33	40.00
Loans to associate companies	449.20	338.96	13.65	3.40	-
Advance tax (net of provision)	40.21	36.87	2.27	0.83	0.34
Prepaid expenses	9.75	0.40	0.32	0.28	0.18
Other advances	111.34	47.41	33.59	41.01	13.51
TOTAL	**2,296.12**	**1,185.90**	**465.43**	**164.64**	**86.13**

8. Other Income, as Restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Share of profit from partnership	-	7.18	-	-	-
	-	**7.18**	**-**	**-**	**-**
Net Profit before tax as restated	1,463.38	818.72	413.62	167.03	72.17
%	**-**	**0.88%**	**-**	**-**	**-**

Computation of Net profit before tax as restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Net profit / (loss) as restated	1,304.02	734.99	380.24	154.43	64.94
Add: Provision for Tax					
- Current tax	150.04	83.51	32.20	12.60	7.23
- Deferred tax	9.32	0.22	1.18	-	-
Net profit before tax as restated	**1,463.38**	**818.72**	**413.62**	**167.03**	**72.17**

9. Cost of revenues, as Restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Construction cost					
Material & contract costs	2,006.14	1,284.63	601.20	203.99	69.28
Salaries, wages and bonus	81.72	45.23	28.51	19.36	8.76
Contribution to provident and other funds	2.75	3.98	1.73	1.45	1.09
Staff welfare	2.32	1.35	0.67	0.31	0.28
Depreciation	17.55	11.38	7.63	4.48	4.77
Impact of change in method of depreciation	-	(12.97)	-	-	-
	2,110.48	1,333.60	639.74	229.59	84.18
Land cost	181.80	197.84	184.03	146.33	19.71
Other direct costs	120.35	108.58	62.42	68.02	153.91
	2,412.63	**1,640.02**	**886.19**	**443.94**	**257.80**
Impact of change in method of depreciation					
(refer note 1 in Annexure 4)	-	12.97	(6.58)	(1.86)	(3.47)
Cost of revenues, as restated	**2,412.63**	**1,652.99**	**879.61**	**442.08**	**254.33**

10. Selling costs, as Restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Salaries, wages and bonus	20.39	9.60	5.70	3.87	1.75
Contribution to provident and other funds	0.62	0.88	0.35	0.29	0.22
Staff welfare	1.82	0.28	0.13	0.06	0.06
Advertising and sales promotion	156.32	92.33	57.88	16.82	9.36
Sales incentives and commission	11.75	6.08	3.62	1.22	-
Brokerage and referral charges	13.97	23.80	3.81	1.03	0.23
Travel & conveyance	1.55	2.27	3.25	2.48	1.53
Communication	4.36	2.55	1.74	0.99	0.80
Depreciation	1.69	1.42	3.31	1.09	0.93
Impact of change in method of depreciation	-	(1.61)	-	-	-
Other costs	4.38	27.07	21.07	4.32	4.39
	216.85	**164.67**	**100.86**	**32.17**	**19.27**
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	1.61	(0.82)	(0.23)	(0.43)
Selling costs, as restated	**216.85**	**166.28**	**100.04**	**31.94**	**18.84**

11. General and administrative expenses, as Restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Salaries, wages and bonus	76.41	39.54	22.81	15.49	7.01
Contribution to provident and other funds	2.46	3.48	1.39	1.16	0.87
Staff welfare	2.51	2.31	0.54	0.25	0.23
Depreciation	6.01	3.31	7.72	2.54	2.16
Impact of change in method of depreciation	-	(3.76)	-	-	-
Rates and taxes	30.43	7.07	3.63	2.78	2.42
Repairs and maintenance	14.28	10.31	6.23	4.55	2.91
Legal and professional charges	17.39	8.87	2.59	2.25	2.15
Audit fees	2.00	-	-	-	-
Communication costs	5.83	2.72	1.30	0.74	0.60
Printing and stationery	4.30	3.86	2.49	1.54	0.94
Travelling and conveyance	17.51	15.88	4.88	3.73	2.31
Security charges	6.09	1.76	1.33	1.04	0.60
Foreign exchange fluctuation	(0.76)	1.26	0.09	0.22	-
Miscellaneous expenses	19.09	4.80	2.59	2.32	1.65
	203.55	**101.41**	**57.59**	**38.61**	**23.85**
Impact of change in method of depreciation	-	3.76	(1.91)	(0.53)	(1.01)
General and administrative expenses, as restated	**203.55**	**105.17**	**55.68**	**38.08**	**22.84**

12. Finance charges, as Restated

Particulars	For the year ended 31 March				
	2007	2006	2005	2004	2003
Interest on loans and overdraft	411.79	100.88	108.01	69.32	21.70
Loan Processing and other processing charges	12.27	20.69	2.23	17.11	2.09
Interest Income					
Bank Deposits	(0.44)	(7.79)	(0.80)	-	-
Loans to associates	(27.59)	(35.57)	(46.32)	-	-
Interest received from customers	(5.44)	(6.17)	(1.79)	(1.75)	(1.80)
Total	**390.59**	**72.04**	**61.33**	**84.68**	**21.99**
Less: Interest capitalised	(378.32)	-	-	-	-
Net expense	**12.27**	**72.04**	**61.33**	**84.68**	**21.99**

13. Commitments and contingencies

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Show cause notices received from various authorities	8.20	-	-	-	-
Bank Guarantees	51.92	-	-	-	-
Capital Commitments	0.24	-	-	-	-
Total	**60.36**	**-**	**-**	**-**	**-**

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. However, based on the documentation available with the Company and legal advice received, management believes that these cases will not adversely effect its financial statements.

14. Related party transactions

i. Parties where control exists

Parties where control exists include

Key Management Personnel:
Mr. Ravi Puravankara
Mr. Nani R Choksey
Mr. Girish Puravankara
Relative of Key Management Personnel:
Ms Geeta S Vhatkar
Mr. Satish Puravankara
Mr. Ashish Puravankara

Entity controlled by Key Management Personnel (Other related parties):
Purva Developments
Uniquepark Constructions Private Limited
Unique Constructions
Welworth
Puravankara Constructions
Handiman Services Private Limited
Dealwel – Proprietorship
Dealwel Finance Corporation

ii. *Transactions with related parties during the years*

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

Key Management Personnel:
Mr. Ravi Puravankara
Mr. Nani R Choksey
Mr. Girish Puravankara
Relatives of Key Management Personnel:
Mr. Satish Puravankara
Ms. Jasbir Sabuwala
Mr. Ashish Puravankara
Ms Geeta S Vhatkar
Associates:
Propmart Technologies Limited
Keppel Puravankara Development Private Limited
Entity controlled by Key Management Personnel (Other related parties):
Puravankara Constructions
Handiman Services Private Limited

The transactions with related parties during the year ended 31 March 2007 is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Loans given	82.65	-	-	-	**82.65**
Interest income on loans given	27.59	-		-	**27.59**
Loans taken	-	120.37	-	26.30	**146.67**
Loans repaid	-	4.49	-	48.50	**52.99**
Commission and brokerage	0.33	-	-	-	**0.33**
Security and maintenance charges paid	-	-		34.99	**34.99**
Advances for purchase of properties	11.41	-	-	-	**11.41**
Advances for land contracts	-	-	98.03	-	**98.03**
Remuneration	-	19.25	3.62	-	**22.87**
Rental expenses incurred				2.40	**2.40**
Balances					
Loans given	449.20	-	-	-	**449.20**
Dues to related parties	-	115.89	-	127.34	**243.23**
Advances against purchase of land	-	-	185.18	-	**185.18**

The transactions with related parties during the year ended 31 March 2006 is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Loans given	232.73	-	-	-	**232.73**
Loans taken	-	-	-	152.45	**152.45**
Repayment of loans	400.00	-	-	6.92	**406.92**
Interest income on loans given	35.57	-	-	-	**35.57**
Investment	220.20	-	-	-	**220.20**
Commission and brokerage	0.90	-	-	-	**0.90**
Advances against purchase of land	-	-	-	87.15	**87.15**
Purchase of properties	5.49	-	-	-	**5.49**
Security and maintenance charges paid	-	-	-	27.68	**27.68**
Remuneration	-	8.49	2.96	-	**11.45**
Balances					
Loans given	338.96	-	-	-	**338.96**
Dues to related parties	-	-	-	152.45	**152.45**
Advances against purchase of land	-	-	87.15	-	**87.15**

The transactions with related parties during the year ended 31 March 2005 is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Loans Given	732.62	-	-	-	**732.62**
Repayment of loans	-	-	-	0.20	**0.20**
Investment	0.30	-	-	-	**0.30**
Deposits	-	-	-	15.96	**15.96**
Commission and brokerage paid	-	-	-	0.34	**0.34**
Security and maintenance charges paid	-	-	-	19.41	**19.41**
Service charges and general and administrative expenses	-	-	-	0.27	**0.27**
Remuneration	-	7.62	1.88	-	**9.50**
Balances					
Loans given	13.65	-	-	-	**735.82**
Dues from related parties	-	-	-	30.00	**30.00**
Dues to related parties	-	-	-	6.92	**6.92**

The transactions with related parties during the year ended 31 March 2004 is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Loans given	3.30	-	-	0.20	**3.50**
Repayment of loans	0.10	-	-	-	**0.10**
Deposits	-	-	-	14.04	**14.04**
Commission and brokerage paid	0.59	-	-	-	**0.59**
Security and maintenance charges paid	-	-	-	8.23	**8.23**
Service charges and general and administrative expenses	-	-	-	0.12	**0.12**
Remuneration	-	5.59	1.29	-	**6.88**
Balances					
Loans given	3.20	-	-	0.20	**3.40**
Dues from related parties	20.00	-	-	14.33	**34.33**
Dues to related parties	-	-	-	5.04	**5.04**

The transactions with related parties during the year ended 31 March 2003 is summarised below:

Nature of transaction	Associates	Key Management Personnel	Relatives of key management personnel	Other related parties	Total
Transactions					
Repayment of deposits	20.00	-	-	-	**20.00**
Commission and brokerage paid	-	-	-	0.37	**0.37**
Investments made	17.05	-	-	-	**17.05**
Security and maintenance charges paid	-	-	-	2.52	**2.52**
Service charges and general and administrative expenses	-			0.64	**0.64**
Balances					
Dues from related parties	-	-	-	40.00	**40.00**
Dues to related parties	-	-	-	4.30	**4.30**

15. 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 is operating only in India and there is no other significant geographical segment.

16. Stock-based compensation

On 28 June, 2006, the members of the Company approved the Puravankara Projects Limited 2006 Employee Stock Option Scheme (‘ESOS’ or ‘the Plan’) of the Company. The plan provides for the issuance of stock options to eligible employees (including directors of the Company) with the total options issuable under the Plan not to exceed 1,366,080 options and includes a limit for the maximum and minimum number of options that may be granted to each employee. Under the plan, these options vest over a period of four years and can be exercised for a period of one year from vesting.

The Company has adopted the provisions of the Guidance Note on - Accounting for Employee Share-based Payments (‘the Guidance Note’) issued by the ICAI. The disclosures for the year ended 31 March, 2007 have been provided below:

The weighted average exercise price for options movement during the year ended 31 March, 2007 is as follows:

	As at 31 March 2007	
	Shares arising out of options (Numbers)	Weighted average exercise price (Rupees)
Outstanding at the beginning of the year	-	-
Granted	966,000	465.86
Forfeited	-	-
Lapsed	-	-
Cancelled	-	-
Exercised	-	-
Outstanding at the end of the year	966,000	465.86

The weighted average exercise price of the options outstanding at 31 March, 2007 was Rs 465.86 and they had weighted average remaining contractual life of 42 months.

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

	For the year ended 31 March 2007 (Rs millions)
Net profit, as reported	1,304.02
Add: Stock-based employee compensation expense included in the Profit and loss account	-
Less: Stock based employee compensation expense determined under the fair value method	(21.81)
Proforma net income	1,282.21
Earnings per share – Basic	
As reported	6.79
Pro forma	6.68
Earnings per share – Diluted	
As reported	6.79
Pro forma	6.68

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	-

ANNEXURE 5 – CONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Amounts in Rupees millions)

	Particulars	As at 31 March				
		2007	2006	2005	2004	2003
A.	**Cash flow from operating activities**					
	Net profit/(loss) before taxation as restated	1,463.39	818.72	413.62	167.03	72.17
	Adjustments for:					
	Depreciation and amortization	25.25	16.11	9.34	5.49	2.94
	Profit/ (loss) share in Associates	(140.07)	(10.98)	-	-	23.35
	Foreign Exchange (Gain)/Loss	(0.76)	1.26	0.09	0.22	
	Interest income	(33.48)	(49.53)	(48.90)	(1.76)	(1.80)
	Interest expense	424.07	121.57	110.24	86.44	23.79
	Operating profit before working capital changes	1,738.40	897.15	484.39	255.65	120.45
	Movement in working capital:					
	Decrease / (Increase) in trade debtors	(12.40)	(246.61)	(88.83)	(46.54)	(40.07)
	Decrease / (Increase) in inventories	31.78	(191.27)	-	-	-
	Decrease / (Increase) in Margin Money	8.42	34.13	(41.73)	(6.20)	(2.90)
	Decrease / (Increase) loans and advances	(963.05)	(1,182.97)	(244.96)	(74.82)	(13.14)
	Decrease / (Increase) in properties under development	(967.20)	(40.73)	(1,079.33)	(313.12)	33.67
	Decrease / (Increase) in properties held for sale	(315.79)	(5.65)	25.14	5.13	(203.94)
	Increase / (Decrease) in current liabilities and provisions	107.23	2,658.36	1,604.86	76.25	133.86
	Cash generated from/(used in) operations	(2,111.01)	1,922.41	659.54	(359.29)	(27.93)
	Direct taxes paid (net of refunds)	(153.38)	(116.71)	(33.64)	(13.09)	(9.33)
	Net cash from operating activities	**(525.99)**	**1,805.70**	**625.90**	**(116.74)**	**18.60**
B.	**Cash flows from investing activities**					
	Purchase of fixed assets and increase in Capital Work in Progress	(239.15)	(112.44)	(17.86)	(36.78)	(19.31)
	Proceeds from the sale of fixed assets	0.02	0.35	0.02	0.31	-
	Investment in Associates	-	-	-	-	(17.05)
	Loans to related parties	-	(232.73)	(10.45)	(3.50)	-
	Loans to associates	(82.65)	-	-	-	-
	Repayment of loans given	-	400.00	0.20	0.10	-
	Properties held for development	(3,996.90)	(2,348.86)	(379.22)	(127.38)	(8.60)
	Interest received	41.46	60.29	0.80	-	-
	Net cash used in investing activities	**(4,277.22)**	**(2,233.39)**	**(406.51)**	**(167.26)**	**(44.96)**

(Amounts in Rupees millions)

Particulars		As at 31 March				
		2007	**2006**	**2005**	**2004**	**2003**
C.	**Cash flows from financing activities**					
	Proceeds from long-term borrowings	5,770.00	2,852.29	1,655.00	499.00	146.30
	Repayment from long-term borrowings	(1,660.79)	(2,294.54)	(1,354.38)	(13.62)	(68.14)
	Proceeds/ (Repayments) from short-term borrowings	1,029.94	57.44	2.10	(17.49)	7.64
	Dues to related parties	90.78	-	-	-	-
	Dividends Paid	(136.83)	-	(180.91)	(13.54)	-
	Interest paid	(362.00)	(128.72)	(108.16)	(86.44)	(23.79)
	Issuance of equity shares	10.00				
	Net cash from financing activities	**4,741.10**	**486.47**	**13.65**	**367.91**	**62.01**
	Net increase in cash and cash equivalents (A + B + C)	(62.11)	58.78	233.04	83.92	35.65
	Cash and cash equivalents at the beginning of the year	427.13	368.35	135.31	51.40	15.75
	Cash and cash equivalents at the end of the year	**365.02**	**427.13**	**368.35**	**135.31**	**51.40**
	Components of cash and cash equivalents:					
	Cash and bank balances	373.66	444.18	419.54	144.77	54.66
	Less: Bank deposits and margin monies considered separately	8.64	17.05	51.19	9.46	3.26
		365.02	**427.13**	**368.35**	**135.31**	**51.40**

Note:

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.

ANNEXURE 6 – CONSOLIDATED STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Earnings per share (Rs)					
- Basic and diluted					
- Historical	1,630.04	918.73	475.30	193.04	81.18
- Restated	6.79	3.83	1.98	0.80	0.34
Net Asset Value per share (Rs)					
- Historical	2,772.04	1,392.75	645.05	339.36	202.86
- Restated	11.55	5.80	2.69	1.41	0.85
Return on Net Worth (%)					
- Historical	58.80%	65.97%	73.68%	56.88%	40.02%
- Restated	58.80%	65.97%	73.68%	56.88%	40.02%
Weighted average number of equity shares outstanding during the year (in millions of numbers)					
- Historical	0.80	0.80	0.80	0.80	0.80
- Restated	192.00	192.00	192.00	192.00	192.00

Notes:

(a) These ratios have been computed as follows:

i) Earnings per share (Rs.) $= \dfrac{\text{Net profit after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

ii) Net Asset Value per share (Rs.) $= \dfrac{\text{Net Worth, as restated at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

iii) Return on Net Worth (%) $= \dfrac{\text{Net profit after taxes, as restated}}{\text{Net Worth, as restated at the end of the year}}$

(b) Net profit/ (loss), as restated, as appearing in the statements of profit and losses, as restated of the respective years, have been considered for the purpose of computing the above ratios.

(c) Earnings Per Share has been computed in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of chartered Accountants of India. In accordance with paragraph 24 of AS-20, in case of bonus issue and a share split, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous periods have been considered accordingly.

(d) In the Extraordinary General Meeting of the members held on 23 December, 2006, the members of the Company approved the share split of its equity shares from a face value of Rs 100 per share to Rs 5 per equity share. Further, the members also approved a bonus issue of eleven equity shares for every equity share held on that date. Therefore, the weighted average number of shares outstanding, restated and the Earnings per share above, restated, reflect the effect of this bonus issue and share split for all the periods presented.

(e) Net worth represents Equity Share capital and Reserves and Surplus less Miscellaneous Expenditure not written off or adjusted.

ANNEXURE 7 – CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED

(Amounts in Rupees millions)

Particulars	**Pre-Issue as at 31 March 2007**	**Post Issue***
Borrowings :		
Short-term Debt (a)	1,121.85	
Long-term Debt	5,639.21	
Total Debt	**6,761.06**	
Shareholders' funds:		
Share Capital	960.09	
Reserves	1,257.54	
Total Shareholders' Funds	**2,217.63**	
Total Capitalization	**8,978.69**	
Long-term Debt/Equity ratio (b)	**3.05**	

**Post issue will be calculated on the conclusion of the Book Building process*

Note:

(a) Short-term Debts are debts maturing within the next one year from the date of above statement and interest accrued and due on these and other loans.

(b) Total long term debt/Total shareholders funds

UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED, FOR THE YEAR ENDED 31 MARCH, 2007, 2006, 2005, 2004 AND 2003

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
Puravankara Projects Limited
130/1, Ulsoor Road
Bangalore -560 042
Karnataka
India

Dear Sirs

1. We have examined the unconsolidated financial information of Puravankara Projects Limited ('the Company'), annexed to this report for the five years ended 31 March 2007. This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Offering ('IPO') for the issue of 21,467,610 equity shares having a face value of Rs 5 each at an issue price to be arrived at by a book building process (referred to as 'the Issue'). This financial information has been prepared in accordance with the requirements of:

   i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

   iii) The revised Guidance Note on reports in Company Prospectuses issued by the Institute of the Chartered Accountants of India ('ICAI'); and

   iv) The terms of our letter of engagement with the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

a. Unconsolidated Financial Information as per the audited financial statements

2. We have examined the attached 'Unconsolidated Summary Statement of Assets and Liabilities, of the Company as Restated as at 31 March 2007, 2006, 2005, 2004 and 2003 (Annexure 1) and the attached 'Unconsolidated Summary Statement of Profits and Losses, as Restated' (Annexure 2) for the years then, together referred to as 'Unconsolidated Restated Summary Statements'. These Unconsolidated Restated Summary Statements have been arrived at after making such adjustments and regroupings to the financial statements of the Company which are appropriate and are more fully described in the Significant Accounting Policies and notes appearing in Annexures 3 and 4 to this report.

3. The financial statements of the Company for the years ended 31 March 2006, 2005, 2004 and 2003 have been audited and reported upon by M/s SR Joshi Associates ('the other auditor') and are as adopted by the members of the Company. We have relied on these audited financial statements and have not carried out any audit tests or review procedures on the financial statements of the Company for the years ended on that date. Since we did not perform the audit and the financial report included for these years are solely based on the report submitted by the other auditor. The financial statements for the year ended 31 March 2007 have been audited by us.

4. Based on our examination of these Unconsolidated Restated Summary Statements read in conjunction with the accounting policies and notes given in Annexures 3 and 4 respectively, we state that:

   a) The 'Unconsolidated Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31 March 2007, stated in Annexure 3 to this report;

   b) The restated profits have been arrived at after charging all expenses, including depreciation, and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they are related as described in the Notes forming part of the Unconsolidated Restated Summary Statements, stated in Annexure 4 to this report;

c) There were no qualifications in the audit reports for the years ended 31 March 2007, 2006, 2005, 2004 and 2003, which would require adjustment in these Unconsolidated Restated Summary Statements; and

d) There are no extra-ordinary items which need to be disclosed separately in the Unconsolidated Restated Summary Statements.

b. Other Unconsolidated Financial Information:

5. We have examined the following unconsolidated financial information in respect of the years ended 31 March 2007, 2006, 2005, 2004 and 2003 of the Company, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

   a) Unconsolidated Statement of Cash Flows, As Restated (Annexure 5)

   b) Unconsolidated Statement of Accounting Ratios, As Restated (Annexure 6);

   c) Unconsolidated Statement of Tax Shelters, As Restated (Annexure 7)

   d) Unconsolidated Capitalisation Statement, As Restated (Annexure 8); and

   e) Statement of Dividend Paid (Annexure 9).

6. In respect of the 'Unconsolidated Financial Information as per the audited financial statements' and 'Other Unconsolidated Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended 31 March 2006, 2005, 2004 and 2003 which were audited by another firm of Chartered Accountants, as referred to in paragraph 3 above. We have not carried out any audit tests or review procedures on the financial information for the above periods since we did not perform the audits and the financial report included for these years are solely based on the report submitted by the other auditors.

7. In our opinion, the 'Unconsolidated Financial Information as per audited financial statements' and 'Other Unconsolidated Financial Information' mentioned above for the years ended as on 31 March 2007, 2006, 2005, 2004 and 2003 have been prepared in accordance with Part II of the Act and SEBI Guidelines.

8. The sufficiency of the procedures, as set forth in the above paragraphs, is the sole responsibility of the Company and we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.

9. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Walker, Chandiok & Co
Chartered Accountants

Rajesh Jain
Partner
Membership No. 81203

New Delhi
1 June 2007

ANNEXURE 1 – UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amounts in Rupees millions)

	Particulars	For the year ended 31 March				
		2007	2006	2005	2004	2003
(A)	**Fixed Assets**					
	Cost	443.15	211.15	109.06	91.43	45.27
	Less: Accumulated depreciation	(61.21)	(35.98)	(30.08)	(20.95)	(5.78)
		381.94	**175.17**	**78.98**	**70.48**	**39.49**
	Capital work in progress	7.11	-	-	-	-
	Net Book Value	**389.05**	**175.17**	**78.98**	**70.48**	**39.49**
(B)	**Investments**	**297.26**	**244.92**	**25.37**	**43.92**	**23.84**
(C)	**Properties held for development**	**5,594.54**	**2,661.17**	**513.99**	**137.48**	**103.95**
(D)	**Current Assets, Loans and Advances**					
	Cash and bank balances	364.65	439.15	414.85	141.62	54.16
	Inventories	159.48	191.27	-	-	-
	Trade debtors	458.82	446.42	199.81	110.99	64.45
	Properties under development	2,471.17	1,577.06	804.27	456.99	143.87
	Properties held for sale	515.36	200.70	195.05	220.18	225.31
	Loans and advances	3,578.94	1,510.48	1,204.26	158.75	86.13
		7,548.42	**4,365.08**	**2,818.24**	**1,088.53**	**573.92**
(E)	**Liabilities and Provisions**					
	Secured loans	6,761.06	1,621.95	1,006.76	704.04	236.15
	Current liabilities	4,748.59	4,554.80	1,882.78	291.97	304.58
	Provisions	216.52	140.63	5.80	49.37	14.77
	Deferred tax liability, net	10.72	1.40	1.18	-	-
		11,736.89	**6,318.78**	**2,896.52**	**1,045.38**	**555.50**
	Net Worth (A+B+C+D-E)	**2,092.38**	**1,127.56**	**540.06**	**295.03**	**185.70**
	Represented by:					
(F)	Share capital	960.09	80.00	80.00	80.00	80.00
(G)	Reserves	1,132.29	1,047.56	460.06	215.03	105.70
	Net Worth (F+G)	**2,092.38**	**1,127.56**	**540.06**	**295.03**	**185.70**

Note:

The above Unconsolidated Statement of Assets and Liabilities, as restated, should be read together with the notes forming part of the Unconsolidated Statements attached.

ANNEXURE 2 - UNCONSOLIDATED STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Amounts in Rupees millions)

Particulars	For the year ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Income					
Revenues					
- From projects	4,142.78	2,781.48	1,497.32	761.47	413.52
- Rental income	21.02	13.51	6.82	0.28	-
- Income from interiors	4.80	2.04	6.14	2.06	-
	4,168.60	**2,797.03**	**1,510.28**	**763.81**	**413.52**
Other income	-	7.18	-	-	-
Total income	**4,168.60**	**2,804.21**	**1,510.28**	**763.81**	**413.52**
Expenditure					
Cost of revenues	2,412.62	1,640.02	886.19	443.94	257.80
Selling costs	216.86	164.67	100.86	32.17	19.26
General and administrative expenses	202.09	101.04	57.11	38.49	23.79
Finance charges	12.27	72.08	61.33	84.68	21.99
Total expenditure	**2,843.84**	**1,977.81**	**1,105.49**	**599.28**	**322.84**
Profit for the year before taxes and adjustments	**1,324.76**	**826.40**	**404.79**	**164.53**	**90.68**
Provision for tax					
- Current tax	150.04	70.48	32.20	12.60	7.23
- Deferred tax	9.32	0.22	1.18	-	-
- Tax of prior years	13.03	-	-	-	1.49
	172.39	**70.70**	**33.38**	**12.60**	**8.72**
Net Profit before adjustments	**1,152.37**	**755.70**	**371.41**	**151.93**	**81.96**
Adjustments					
Increase/(decrease) in net profits					
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	(18.34)	9.31	2.62	4.92
Provision for income-taxes *(refer note 2 in Annexure 4)*	13.03	(13.03)	-	-	1.49
Total difference due to adjustments	**13.03**	**(31.37)**	**9.31**	**2.62**	**6.41**
Net profit, as restated	**1,165.40**	**724.33**	**380.72**	**154.55**	**88.37**

Note:

The above Unconsolidated Statement of Profits and Losses, as restated, should be read together with the notes forming part of the Unconsolidated Statements attached.

ANNEXURE 3 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

a. *Basis of preparation*

The financial statements have been prepared on an accrual basis under the historical cost convention and in accordance with the applicable accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'). The accounting policies have been consistently applied unless otherwise stated.

b. *Use of estimates*

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

c. *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 of a legally binding agreement. Revenues from such contracts are recognized using the 'percentage of completion method' of accounting. Contract revenues represent the aggregate amounts of sale price for agreements entered into and is accrued based on the percentage that the actual costs incurred until the reporting date bear to the total estimated contract costs.

Contract costs include the estimated construction, development, proportionate land costs 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 on projects under construction the same is disclosed as 'Advances received for construction, (a current liability). Any billed revenue that has not been collected is disclosed under Trade debtors and is net of any provision for amounts doubtful of recovery.

Rental income

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

d. *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.

e. *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.

f. *Fixed assets*

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

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Cost of fixed assets also includes exchange differences arising in respect of foreign currency loans or other liabilities incurred for the purpose of their acquisition or construction. 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.

g. *Depreciation*

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

h. *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

i. *Investments*

Investments made in subsidiaries of the Company are treated as long term investments and are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

aa. *Inventory*

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

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

bb. *Foreign currency transactions*

(a) Initial Recognition

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

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

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

cc. *Leases*

Finance Leases

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

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

Operating leases

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

dd. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15".

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees provident fund and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employee.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets (if any), together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Profit and loss account in the year in which such gains or losses arises.

Vacation pay

Liability in respect of vacation pay becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of earned leaves 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 benefit including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

ee. Stock based compensation

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

ff. Taxes on income

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

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

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

gg. *Earnings per share*

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

hh. *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.

ANNEXURE 4 – NOTES TO THE UNCONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED

(All amounts in Rupees millions, unless otherwise stated)

17. Adjustments resulting from changes in accounting policies

Depreciation

A depreciation credit of Rs 18.34 million during the year ended 31 March 2006, has resulted due to the Company providing for depreciation on fixed assets on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 upto the year ended 31 March 2005. Effective 1 April 2005, the Company changed the method of providing for depreciation from the written down value method to the straight-line method at the rates prescribed in Schedule XIV as management was of the view that the use of the straight line method would better reflect the pattern of usage of these assets in the financial statements. Further, effective 1 April 2005, the Company fully depreciated assets costing individually less than Rs 5,000 in the year of purchase, as against the depreciation rate applicable to the respective asset categories. Accordingly the effect of the revised depreciation has been appropriately adjusted in the respective years in the 'Consolidated Statement of Assets and Liabilities, as Restated' and the 'Consolidated Statement of Profits and Losses, as Restated.

18. Adjustments relating to previous years

Prior period taxes

A tax charge of Rs 13.03 million and Rs 1.49 million which was previously recorded in the years ended 31 March 2006 and 31 March 2002 respectively, has now been appropriately adjusted in the period to which they pertain in the 'Consolidated Summary Statement of Profits and Losses, as Restated'.

19. Other material reclassifications

(a) In the audited financial statements for the years ended 31 March 2003, 2004, 2005 and 2006, land purchased and held for future development was classified as an investment or under loans advances. In the Statement of Assets and Liabilities as restated, these balances has been reclassified and shown separately under the head "Properties Held for Development".

(b) In the audited financial statements for the years ended 31 March 2003, 2004 and 2005, debtors were disclosed at gross value of revenues without adjustment for amount collected from customers for progress billings, which were classified under current liabilities. In the Unconsolidated Statement of Assets and Liabilities as restated, Trade debtors have been disclosed at the amounts due with the collections being adjusted under advances from customers.

(c) In the audited financial statements for the years ended 31 March 2002, 2003, 2004 and 2005, certain receivables and payables which are to be adjusted against each other on settlement were shown at their gross values under the heads Loans and Advances and Current Liabilities respectively. In the statement of Assets and Liabilities as restated such receivables or payables have been net off and have been classified under Loans and Advances or Current Liabilities, as the case may be.

20. Secured Loans, as Restated

Particulars		**As at 31 March**				
		2007	**2006**	**2005**	**2004**	**2003**
Term loans	(a)	5,619.28	1,520.00	955.92	655.00	178.15
Cash Credit	(b)	1,121.85	91.94	34.50	32.40	49.90
Other loans	(c)	8.74	10.01	16.34	16.64	8.10
Interest accrued and due	(d)	11.19	-	-	-	-
		6,761.06	**1,621.95**	**1,006.76**	**704.04**	**236.15**

(d) *Term Loans*

i. On 19 May, 2003, the Company entered into an agreement with HDFC Bank for a line of credit of Rs 300 million for funding certain specified projects. This facility is secured by the mortgage of specified lands, repayable in 30 monthly installments commencing November 2005. The Company had drawn Rs 120 million as of 31 March, 2007.

ii. On 31 March, 2004, the Company entered into another agreement with HDFC Bank for a line of credit of Rs 500 million for funding certain specified projects. This facility is secured by mortgage of the land and buildings of specific projects, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 15 bi-monthly installments commencing November 2006. The Company had drawn Rs 380 million as of 31 March, 2007.

iii. On 25 June, 2005, the Company entered into an agreement with ICICI Bank for a line of credit facility upto a maximum of Rs 350 million for funding another project. This facility is secured by mortgage of specified land and buildings, a part of the scheduled receipts of the project and the scheduled receipts of certain other specified projects, repayable in 27 monthly commencing from 25 September, 2005. These borrowings also carry the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey and Mr Girish Puravankara, Directors of the Company. The Company had drawn Rs 140 million drawn under the line of credit facility as of 31 March, 2007.

iv. On 30 November, 2005, the Company entered into an agreement with HDFC Bank for a term loan facility upto a maximum of Rs 1,250 million for funding certain specified projects. This facility is secured by the mortgage of properties purchased and developed out of the facility, specified vacant lands and the personal guarantee of Mr Ravi Puravankara, the Managing Director, repayable in 14 monthly installments commencing September 2006. The Company had drawn Rs 745 million drawn as of 31 March, 2007.

v. On 14 July, 2006, the Company entered into an agreement with ICICI Bank for a line of credit facility of Rs 2,500 million for funding other projects. These facilities are secured by mortgage of the land and building of the specific projects and their project receipts, repayable in 21 monthly installments commencing from 25 January 2007. Additionally, these borrowings are also carrying the personal guarantees of Mr Ravi Puravankara, the Managing Director, Mr Nani R Choksey, Mr Girish Puravankara and Mr Ashish Puravankara, Directors of the Company. The Company had drawn down a balance of Rs 2,284.28 million drawn as of 31 March 2007.

vi. On 5 August, 2006, the Company entered into a term loan agreement with Standard Chartered Bank for Rs 1,000 million towards construction and development of its projects and for existing debt repayment, repayable in 24 monthly installments from the 15th month of the date of first drawdown. This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara, the Managing Director. The Company had drawn Rs 1,000 million as of 31 March 2007.

vii. On 20 March, 2007 the Company entered into a term loan agreement with HSBC for Rs 1,500 million which was drawn down fully on the same day. Rs 1,000 million was availed for the purpose of construction and development of Purva FountainSquare project and the balance 500 million towards repayment of construction loan taken from ICICI. Tenor of the loan is 15 months and the repayment period is 12 months. A promissory note for Rs 1,500 million has been issued to the bank. The Company has drawn down Rs 500 million as on 31 March 2007.

viii. The Company availed an Inter Corporate Deposit of Rs 450 million from HDFC on 27 February, 2007 for a period of 3 months. This facility is secured against specific property. As on 31March 2007 the deposit amount with the Company was Rs 450 million.

(e) *Cash Credit*

i. The Company entered into an agreement with Andhra Bank for a cash credit facility of Rs 200 million and is secured against properties of the Company.

ii. On 18 May, 2006, the Company entered into an agreement with Standard Chartered Bank for a cash credit facility of Rs 1,000 million towards construction and development of its projects and for existing debt repayment repayable in November 2008. This facility is secured by mortgage of the land and building of certain specified projects and their project receipts and is also backed by the personal guarantee of Mr Ravi Puravankara.

(f) *Other loans*

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

21. Investments, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Investment in Subsidiaries: *(Unquoted and fully paid up)*					
Prudential Housing & Infrastructure Development Ltd.	0.50	0.49	0.49	0.49	0.49
Centurion Housing & Construction Pvt Ltd.	0.03	0.03	0.03	0.03	-
Melmont Constructions Pvt Ltd.	0.10	0.10	-	-	-
Purva Corporation	0.45	0.45	-	-	-
Purva Marine Properties Pvt. Ltd.	0.15	-	-	-	-
Purva Realties Pvt. Ltd.	0.10	-	-	-	-
Puravankara Lanka Holding (Pvt) Ltd.	52.08	-	-	-	-
	53.41	**1.07**	**0.52**	**0.52**	**0.49**
Investment in Associates: *(Unquoted and fully paid up)*					
Propmart Technologies Limited	23.35	23.35	23.35	23.35	23.35
Keppel Puravankara Development Private Limited:					
- 13.25% Cumulative redeemable/convertible preference shares	176.40	176.40	-	-	-
- Equity Shares	44.10	44.10	0.30	-	-
	243.85	**243.85**	**23.65**	**23.35**	**23.35**
Investment in Partnership Firms:					
- Capital	-	-	1.00	1.00	-
- Balance in current account	-	-	0.20	19.05	-
	-	**-**	**1.20**	**20.05**	**-**
TOTAL	**297.26**	**244.92**	**25.37**	**43.92**	**23.84**

22. Trade Debtors, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Debts outstanding for a period exceeding six months:	-	-	-	-	-
Other debts					
- Considered good	458.82	446.42	199.81	110.99	64.45
	458.82	**446.42**	**199.81**	**110.99**	**64.45**

23. Loans and advances, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
(Unsecured, considered good)					
Advances to suppliers	378.32	205.21	203.45	21.19	20.67
Advances for land contracts	1,234.16	483.66	88.78	-	-
Deposits	70.63	73.37	51.47	43.82	11.43
Loans to associated companies	449.20	338.97	735.82	3.40	-
Loans to subsidiaries	1,286.86	326.25	60.09	34.13	-
Due from related parties	-	-	30.00	34.33	40.00
Advance tax (net of provision)	38.81	35.46	2.27	0.83	0.34
Prepaid expenses	9.75	0.40	0.32	0.28	0.18
Other advances	111.21	47.16	32.06	20.77	13.51
TOTAL	**3,578.94**	**1,510.48**	**1,204.26**	**158.75**	**86.13**

24. Other Income, as Restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Share of profit from partnership	-	7.18	-	-	-
Other Income, as restated	**-**	**7.18**	**-**	**-**	**-**
Net Profit before tax as restated	1,324.76	808.06	414.10	167.15	95.60
%	**-**	**0.89%**	**-**	**-**	**-**

Computation of Net profit before tax as restated

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Net profit as restated	1,165.40	724.33	380.72	154.55	88.37
Provision for tax including adjustment	159.36	83.73	33.38	12.60	7.23
Net profit before tax as restated	**1,324.76**	**808.06**	**414.10**	**167.15**	**95.60**

25. Cost of revenues, as Restated

Particulars	For the year ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Construction cost					
Material & contract costs	2,006.14	1,284.63	601.19	203.99	69.28
Salaries, wages and bonus	81.72	45.23	28.51	19.36	8.76
Contribution to provident and other funds	2.75	3.98	1.73	1.45	1.09
Staff welfare	2.32	1.35	0.67	0.31	0.28
Depreciation	17.55	11.38	7.63	4.48	4.77
Impact of change in method of depreciation	-	(12.97)	-	-	-
	2,110.48	**1,333.60**	**639.73**	**229.59**	**84.18**
Land cost	181.80	197.84	184.03	146.33	19.71
Other direct costs	120.35	108.58	62.43	68.02	153.91
	2,412.63	**1,640.02**	**886.19**	**443.94**	**257.80**
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	12.97	(6.58)	(1.86)	(3.47)
Cost of revenues, as restated	**2,412.63**	**1,652.99**	**879.61**	**442.08**	**254.33**

26. Selling costs, as Restated

Particulars	For the year ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Salaries, wages and bonus	20.39	9.60	5.70	3.87	1.75
Contribution to provident and other funds	0.62	0.88	0.35	0.29	0.22
Staff welfare	1.82	0.28	0.13	0.06	0.06
Advertising and sales promotion	156.33	92.33	57.88	16.82	9.35
Sales incentives and commission	11.75	6.08	3.62	1.22	-
Brokerage and referral charges	13.97	23.80	3.81	1.03	0.23
Travel & conveyance	1.55	2.27	3.25	2.48	1.53
Communication	4.36	2.55	1.74	0.99	0.80
Depreciation	1.69	1.42	3.31	1.09	0.93
Impact of change in method of depreciation	-	(1.61)	-	-	-
Other selling costs	4.38	27.07	21.07	4.32	4.39
	216.86	**164.67**	**100.86**	**32.17**	**19.26**
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	1.61	(0.82)	(0.23)	(0.43)
Selling costs, as restated	**216.85**	**166.28**	**100.04**	**31.94**	**18.83**

27. General and administrative expenses, as Restated

Particulars	For the year ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Salaries, wages and bonus	76.41	39.54	22.81	15.49	7.01
Contribution to provident and other funds	2.46	3.48	1.39	1.16	0.87
Staff welfare	2.51	2.31	0.54	0.25	0.23
Depreciation	6.01	3.31	7.72	2.54	2.16
Impact of change in method of depreciation	-	(3.76)	-	-	-
Rates and taxes	30.43	7.07	3.63	2.78	2.42
Repairs and maintenance	14.28	10.31	6.23	4.55	2.91
Legal and professional charges	17.39	8.87	2.59	2.25	2.15
Audit Fees	2.00	-	-	-	-
Communication costs	5.81	2.72	1.30	0.74	0.60
Printing and stationery	4.30	3.86	2.49	1.54	0.94
Travelling and conveyance	17.51	15.88	4.88	3.73	2.31
Security charges	6.09	1.76	1.33	1.04	0.60
Foreign exchange fluctuation	(0.76)	1.26	0.09	0.22	-
Miscellaneous expenses	17.65	4.43	2.11	2.20	1.59
	202.09	**101.04**	**57.11**	**38.49**	**23.79**
Impact of change in method of depreciation *(refer note 1 in Annexure 4)*	-	3.76	(1.91)	(0.53)	(1.01)
General and administrative expenses, as restated	**202.09**	**104.80**	**55.20**	**37.96**	**22.78**

28. Finance charges, as Restated

Particulars	For the year ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Interest on loans and overdraft	411.79	100.88	108.01	69.32	21.70
Loan and other processing charges	12.27	20.69	2.23	17.11	2.09
Interest Income		-	-	-	-
Bank Deposits	(0.44)	(7.74)	(0.80)	-	-
Loan to associate	(27.59)	(35.57)	(46.32)	-	-
Interest received from customers	(5.44)	(6.18)	(1.79)	(1.75)	(1.80)
Total	**390.59**	**72.08**	**61.33**	**84.68**	**21.99**
Less – Interest capitalised	(378.32)	-	**-**	**-**	**-**
Net expense	**12.27**	**72.08**	**61.33**	**84.68**	**21.99**

29. Commitments and contingencies

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
Show cause notices received from Commissioner of Customs	8.20		-	-	-
Bank Guarantees	51.92	-	-	-	-
Capital Commitments	0.24	-	-	-	-
TOTAL	**60.36**	**-**	**-**	**-**	**-**

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. However, based on the documentation available with the Company 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

Name of party
Subsidiaries:
Prudential Housing and Infrastructure Development Limited
Centurion Housing and Constructions Private Limited
Purva Corporation
Melmont Construction Private Limited
Purva Marine Properties Private Limited
Purva Realities Private Limited
Puravankara Lanka Holding Private Limited
Puravankara Projects Lanka Private Limited
Key Management Personnel
Mr. Ravi Puravankara
Mr. Nani R Choksey
Mr. Girish Puravankara
Relative of Key Management Personnel
Ms Geeta S Vhatkar
Mr. Satish Puravankara
Mr. Ashish Puravankara
Entity controlled by Key Management Personnel (Other related parties):
Purva Developments
Uniquepark Constructions Private Limited
Unique Constructions
Welworth
Puravankara Constructions
Handiman Services Private Limited
Dealwel – Proprietorship
Dealwel Finance Corporation

ii. *Transactions with related parties during the years/period*

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

Name of Party
Subsidiaries:
Purva Marine Properties Private Limited
Purva Realities Private Limited
Melmont Construction Private Limited
Puravankara Holdings Lanka Private Limited
Associates:
Propmart Technologies Limited
Keppel Puravankara Development Private Limited
Key Management Personnel
Mr. Ravi Puravankara
Mr. Nani R Choksey
Mr. Girish Puravankara
Relatives of Key Management Personnel:
Mr. Satish Puravankara
Ms. Jasbir Sabuwala
Ms Geeta S Vhatkar
Entity controlled by Key Management Personnel (Other related parties):
Puravankara Constructions
Handiman Services Private Limited

The transactions with related parties for the year ended 31 March 2007

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Loans given	960.61	82.65	-	-	-	**1,043.26**
Interest income on loans	-	27.59	-	-	-	**27.59**
Loans taken	-	-	120.37	-	26.30	**146.67**
Loans repaid			4.49		48.50	**52.99**
Commission and brokerage	-	0.33	-	-	-	**0.33**
Purchase of properties	-	-	-	11.41	-	**11.41**
Investments	52.33	-	-	-	-	**52.33**
Security and maintenance charges paid	-	-	-	-	34.99	**34.99**
Advances against purchase of land	-	-	-	98.03	-	**98.03**
Remuneration	-	-	19.25	3.62	-	**22.87**
Rental expenses incurred	-	-	-	-	2.40	**2.40**
Balances						
Loans given	1,286.86	449.20	-	-	-	**1,736.05**
Dues to related parties	-	-	115.89	-	127.34	**243.23**
Advances against purchase of land	-	-	-	185.18	-	**185.18**

The transactions with related parties for the year ended 31 March 2006

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Transactions						
Loans given	266.16	232.73	-	-	-	**498.89**
Repayment of loans	-	400.00	-	-	-	**400.00**
Loans taken	-	-	-	-	152.45	**152.45**
Loans repaid					6.92	**6.92**
Interest income on loans	-	35.57	-	-	-	**35.57**
Commission and brokerage	-	0.90	-	-	-	**0.90**
Purchase of properties	-	5.49	-	-	-	**5.49**
Investment	-	220.20	-	-	-	**220.20**
Security and maintenance charges paid	-	-	-	-	27.68	**27.68**
Advances against purchase of land	-	-	-	87.15	-	**87.15**
Remuneration	-	-	8.49	2.96	-	**11.45**
Balances						
Loans given	326.25	338.97	-	-	-	**665.22**
Dues to related parties	-	-	-	-	152.45	**152.45**
Advances against purchase of land	-	-	-	87.15	-	**87.15**

The transactions with related parties for the year ended 31 March 2005

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Transactions						
Loans Given	25.96	732.62	-	-	-	**758.58**
Repayment of loans	-	-	-	-	0.20	**0.20**
Commission and brokerage paid	-	-	-	-	0.34	**0.34**
Investment	-	0.30	-	-	-	**0.30**
Security and maintenance charges paid	-	-	-	-	19.41	**19.41**
Service charges and general and administrative expenses	-	-	-	-	0.27	**0.27**
Deposits	-	-	-	-	15.96	**15.96**
Remuneration	-	-	7.62	1.88	-	**9.50**
Balances						
Loans given	60.09	735.82	-	-	-	**795.91**
Dues from related parties	-	-	-	-	30.00	**30.00**
Dues to related parties	-	-	-	-	6.92	**6.92**

The transactions with related parties for the year ended 31 March 2004

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Transaction						
Loans given	34.13	3.30	-	-	0.20	**37.63**
Repayment of loans	-	0.10	-	-	-	**0.10**
Commission and brokerage paid	-	0.59	-	-	-	**0.59**
Security and maintenance charges paid	-	-	-	-	8.23	**8.23**
Service charges and general and administrative expenses	-	-	-	-	0.12	**0.12**
Deposits	-	-	-	-	14.04	**14.04**
Remuneration	-	-	5.59	1.29	-	**6.88**
Balances						
Loans given	34.13	3.20	-	-	0.20	**37.53**
Dues from related parties	-	20.00	-	-	14.33	**34.33**
Dues to related parties	-	-	-	-	5.04	**5.04**

The transactions with related parties for the year ended 31 March 2003

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
Transactions						
Commission and brokerage paid					0.37	**0.37**
Security and maintenance charges paid	-	-	-	-	2.52	**2.52**
Service charges and general and administrative expenses	-	-	-	-	0.64	**0.64**
Investment	0.49	17.05	-	-	-	**17.54**
Repayment of deposits	-	20.00	-	-	-	**20.00**
Balances						
Dues from related parties	-	-	-	-	40.00	**40.00**
Dues to related parties	-	-	-	-	4.30	**4.30**

31. 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 is operating only in India and there is no other significant geographical segment.

32. Stock-based compensation

On 28 June, 2006, the members of the Company approved the Puravankara Projects Limited 2006 Employee Stock Option Scheme ('ESOS' or 'the Plan') of the Company. The plan provides for the issuance of stock options to eligible employees (including directors of the Company) with the total options issuable under the Plan not to exceed 1,366,080 options and includes a limit for the maximum and minimum number of options that may be granted to each employee. Under the plan, these options vest over a period of four years and can be exercised for a period of one year from vesting.

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

The weighted average exercise price for options movement during the year ended March 31, 2007 is as follows:

	As at 31 March 2007	
	Shares arising out of options (Numbers)	**Weighted average exercise price (Rupees)**
Outstanding at the beginning of the period		
Granted	966,000	465.86
Forfeited	-	-
Lapsed	-	-
Cancelled	-	-
Exercised	-	-
Outstanding at the end of the period	966,000	465.86

The weighted average exercise price of the options outstanding at March 31, 2007 was Rs 465.86 and they had weighted average remaining contractual life of 42 months.

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

	For the year Ended 31 March 2007 (Rs millions)
Net profit, as restated	1,165.40
Add: Stock-based employee compensation expense included in the Profit and loss account	-
Less: Stock based employee compensation expense determined under the fair value method	(21.81)
Proforma net income	1,143.59
Earnings per share – Basic	
As reported	6.07
Pro forma	5.96
Earnings per share – Diluted	
As reported	6.07
Pro forma	5.96

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	-

ANNEXURE 5 – UNCONSOLIDATED STATEMENT OF CASH FLOWS, AS RESTATED

(Amounts in Rupees millions)

Particulars		As at 31 March				
		2007	2006	2005	2004	2003
A.	**Cash flow from operating activities**					
	Net profit/(loss) before taxation, as restated	1,324.76	808.06	414.10	167.15	95.60
	Adjustments for:					
	Depreciation and amortization	25.25	16.11	9.34	5.49	2.74
	Foreign Exchange (Gain)/Loss	(0.76)	1.26	0.09	0.22	-
	Interest income	(33.48)	(49.53)	(48.90)	(1.76)	(1.80)
	Interest expense	424.07	121.57	110.24	86.44	23.79
	Operating profit before working capital changes	1,739.84	897.47	484.87	257.54	120.33
	Movement in working capital:					
	Decrease / (Increase) in trade debtors	(12.40)	(246.61)	(88.83)	(46.54)	(40.07)
	Decrease / (Increase) in inventories	31.78	(191.27)	-	-	-
	Decrease / (Increase) in Margin Money	8.42	34.13	(41.73)	(6.20)	(2.90)
	Decrease / (Increase) loans and advances	(1,167.48)	(295.23)	(239.39)	(34.60)	(12.95)
	Decrease / (Increase) in properties under development	(967.20)	(772.79)	(347.28)	(313.12)	33.67
	Decrease / (Increase) in properties held for sale	(315.79)	(5.66)	25.14	5.13	(203.94)
	Increase / (Decrease) in current liabilities and provisions	105.89	2,669.74	1,590.30	(9.92)	133.78
	Cash generated from/(used in) operations	(2,316.78)	2,089.78	1,383.08	(147.71)	(27.92)
	Direct taxes paid (net of refunds)	(153.38)	(116.71)	(33.64)	(13.09)	(9.33)
	Net cash from operating activities	**(730.32)**	**1,973.07**	**1,349.44**	**(160.80)**	**18.59**
B.	**Cash flows from investing activities**					
	Purchase of fixed assets and increase in Capital Work in Progress	(239.15)	(112.44)	(17.86)	(36.78)	(19.31)
	Proceeds from the sale of fixed assets	0.02	0.35	0.02	0.31	-
	Investment in Subsidiaries	(52.34)	(0.55)	-	(0.03)	(0.49)
	Investment in Associates	-	-	(0.30)	-	(17.05)
	Investment in Partnership Firms	-	1.20	18.85	(20.05)	-
	Loans to associate companies	(82.65)	(232.73)	(732.62)	(3.50)	-
	Loans to subsidiaries	(960.61)	(266.16)	(25.96)	(34.13)	-
	Dues to related parties	90.78				
	Repayment of loans	-	400.00	0.20	0.10	-
	Properties held for development	(2,783.55)	(2,251.02)	(374.72)	(33.53)	(10.40)
	Interest received	41.46	54.06	0.80	1.76	1.80
	Net cash used in investing activities	**(3,986.04)**	**(2,407.29)**	**(1,131.59)**	**(125.85)**	**(45.45)**

(Amounts in Rupees millions)

Particulars	As at 31 March				
	2007	2006	2005	2004	2003
C. Cash flows from financing activities					
Proceeds from long-term borrowings	5,770.00	2,852.29	1,655.00	499.00	146.30
Repayment from long-term borrowings	(1,660.79)	(2,294.54)	(1,354.38)	(13.62)	(68.14)
Proceeds/ (Repayments) from short-term borrowings	1,029.90	57.44	2.10	(17.49)	7.64
Dividends paid	(136.83)	-	(180.91)	(13.54)	-
Interest paid	(362.00)	(122.53)	(108.16)	(86.44)	(23.79)
Share capital issued	10.00				
Share premium received					
Net cash from financing activities	**4,650.28**	**492.66**	**13.65**	**367.91**	**62.01**
Net increase in cash and cash equivalents (A + B + C)	(66.08)	58.44	231.50	81.26	35.15
Cash and cash equivalents at the beginning of the year	422.09	363.66	132.16	50.90	15.75
Cash and cash equivalents at the end of the year	**356.01**	**422.10**	**363.66**	**132.16**	**50.90**
Components of cash and cash equivalents:					
Cash and bank balances	364.65	439.15	414.85	141.62	54.16
Less: Bank deposits and margin monies considered separately	8.64	17.05	51.19	9.46	3.26
	356.01	**422.10**	**363.66**	**132.16**	**50.90**

Note:

The Company considers all highly liquid investments with a remaining maturity, at the date of purchase/investment, of three months or less to be cash equivalents.

ANNEXURE 6 – UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

(Amounts in Rupees millions)

Particulars	Year Ended 31 March				
	2007	2006	2005	2004	2003
Earnings per share (Rs)					
- Basic and diluted					
- Historical	1,456.75	904.41	475.90	193.19	110.46
- Restated	6.07	3.77	1.98	0.80	0.46
Net Asset Value per share (Rs)					
- Historical	2,615.47	1,409.45	675.08	368.79	232.13
- Restated	10.90	5.87	2.81	1.54	0.97
Return on Net Worth (%)					
- Historical	55.70%	64.24%	70.50%	52.39%	47.58%
- Restated	55.70%	64.24%	70.50%	52.39%	47.58%
Weighted average number of equity shares outstanding during the year (in millions of numbers)					
- Historical	0.80	0.80	0.80	0.80	0.80
- Restated	192.00	192.00	192.00	192.00	192.00

Notes:

(f) These ratios have been computed as follows:

i) Earnings per share (Rs.) $= \frac{\text{Net profit after tax, as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$

ii) Net Asset Value per share (Rs.) $= \frac{\text{Net Worth, as restated at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

iii) Return on Net Worth (%) $= \frac{\text{Net profit after taxes, as restated}}{\text{Net Worth, as restated at the end of the year}}$

(g) Net profit/ (loss), as restated, as appearing in the statements of profit and losses, as restated of the respective years, have been considered for the purpose of computing the above ratios.

(h) Earnings Per Share has been computed in accordance with Accounting Standard 20 “Earnings per Share” issued by the Institute of chartered Accountants of India. In term of paragraph 24 of AS-20, in case of bonus issue and a share split, the number of equity shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event had occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous periods have been considered accordingly.

(i) In the Extraordinary General Meeting of the members held on 23 December, 2006, the members of the Company approved share split of its equity shares from a face value of Rs 100 per share to Rs 5 per equity share. Further, the members also approved a bonus issue of eleven equity shares for every equity share held on that date. Therefore, the weighted average number of shares outstanding, restated, NAV per share, restated and the Earnings per share, restated, reflect the effect of this bonus issue and share split for all the periods presented.

(j) Net worth represents Equity Share capital and Reserves and Surplus less Miscellaneous Expenditure not written off or adjusted.

ANNEXURE 7 – UNCONSOLIDATED STATEMENT OF TAX SHELTERS, AS RESTATED

(Amounts in Rupees millions)

Particulars	Year Ended 31 March				
	2007	**2006**	**2005**	**2004**	**2003**
Profit before tax as per Statement of Profits and Loss, as restated	1,324.77	808.06	414.10	167.15	95.58
Weighted Average Tax Rate (%)	33.66%	33.66%	36.59%	35.86%	36.75%
Tax charge at Weighted Average Rate (A)	445.92	272.00	151.52	59.94	35.13
Adjustments:					
Permanent Differences					
Tax deduction available under Section 80IB	(395.30)	(191.37)	(133.43)	(47.11)	(26.66)
Additional tax paid under MAT	99.25	-	15.99	2.27	0.11
Other permanent differences	0.51	(1.92)	0.07	0.09	-
	(295.54)	(193.29)	(117.37)	(44.75)	(26.55)
Temporary differences					
Difference between book depreciation and tax depreciation	(6.13)	(2.53)	(2.55)	(2.97)	(1.80)
Retirement benefits	2.00	(1.27)	0.60	0.38	0.45
Other temporary differences	3.79	8.60	-	-	-
	(0.34)	4.80	(1.95)	(2.59)	(1.35)
Net Differences (B)	(295.88)	(188.49)	(119.32)	(47.34)	(27.90)
Total current tax charge, as restated (A+B)	150.04	83.51	32.20	12.60	7.23

ANNEXURE 8 – UNCONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED

(Amounts in Rupees millions)

Particulars	**Pre-Issue as at 31 March 2007**	**Post Issue***
Borrowings :		
Short-term Debt	4,185.65	
Long-term Debt (a)	2,575.41	
Total Debt	**6,761.06**	
Shareholders' funds:		
Share Capital	960.09	
Reserves	1,132.29	
Total Shareholders' Funds	**2,092.38**	
Total Capitalization	**8,853.44**	
Long-term Debt/Equity ratio (b)	**1.23**	

**Post issue will be calculated on the conclusion of the Book Building process*

Note:

(a) Short-term Debts are debts maturing within the next one year from the date of above statement and interest accrued and due on these and other loans.

(b) Total long term debt/Total shareholders funds

ANNEXURE 9 – STATEMENT OF DIVIDENDS PAID

Particulars	Year Ended 31 March				
	2007	2006	2005	2004	2003
Number of equity shares (A)	192,017,455	800,000	800,000	800,000	800,000
Rate of dividend (%)					
- Interim	-	-	150%	-	-
- Final	18.75%	150%	-	50%	15%
Amount of dividend on equity shares (Rs millions)					
- Interim	-	-	120.00	-	-
- Final	180.00	120.00	-	40.00	12.00
Tax paid/payable on dividend (Rs million)	30.59	16.83	15.68	5.23	1.54

Note:

A. The number of equity shares represents the historical number of shares outstanding on the respective period ends above.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, IFRS AND U.S. GAAP

The Company's financial statements are prepared in conformity with Indian GAAP on an annual basis. No attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards.

The areas in which differences between Indian GAAP vis-à-vis IFRS and U.S. GAAP could be significant to the Company's consolidated balance sheet and consolidated statement of profit and loss are summarised below. Potential investors should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this Red Herring Prospectus.

Further, the Company has not prepared financial statements in accordance with IFRS or U.S. GAAP. Accordingly, there can be no assurance that the summary is complete, or that the differences described would give rise to the most material differences between Indian GAAP, U.S. GAAP and IFRS. In addition, the Company cannot presently estimate the net effect of applying either IFRS or U.S. GAAP on the results of the Company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

The summary includes various IFRS, U.S. GAAP and Indian GAAP pronouncements issued for which the mandatory application dates are later than the date of this Red Herring Prospectus. Indian GAAP comprises accounting standards issued by the Institute of Chartered Accountants of India and certain provisions of Listing Agreements with the stock exchanges of India. In certain cases, the Indian GAAP description also refers to Guidance Notes issued by the Institute of Chartered Accountants of India that are recommendatory but not mandatory in nature and also certain accounting treatments specified by a Court Order in a Scheme of Amalgamation/Arrangement.

Subject	IFRS	U.S. GAAP	Indian GAAP
Historical cost	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revalued. Derivatives, biological assets and certain securities must be revalued.	No revaluations except some securities and derivatives at fair value.	Uses historical cost, but property, plant and equipment may be revalued. No comprehensive guidance on derivatives and biological assets.
First-time adoption of accounting frameworks	Full retrospective application of all IFRSs effective at the reporting date for an entity's first IFRS financial statements, with some optional exemptions and limited mandatory exceptions.	First-time adoption of U.S. GAAP requires retrospective application. In addition, particular standards specify treatment for first-time adoption of those standards.	Similar to U.S. GAAP.
Basis of presentation	Financial statements must comply with IFRS.	Financial statements must comply with U.S. GAAP and if a public company, the U.S. Securities and Exchange Commission's (the "SEC") rules, regulations and financial interpretations. Generally, non-consolidated financial statements are not presented.	Financial statements must comply with Indian GAAP.
Contents of financial statements — General	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.	Similar to IFRS, except three years required for public companies for all statements except balance sheet where two years are provided.	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year.

Subject	IFRS	U.S. GAAP	Indian GAAP
			Public company: Consolidated financial statements along with the standalone financial statements.
			For a public offering, selected financial data for the five most recent years are required, adjusted to the current accounting norms and pronouncements.
Balance sheet	Does not prescribe a particular format; entities should present a classified balance sheet. Assets and liabilities should be disclosed in an order which reflects their relative liquidity with current and non-current classification. Certain items must be presented on the face of the balance sheet.	Does not prescribe a particular format; entities should present a classified balance sheet. Items on the face of the balance sheet are generally presented in decreasing order of liquidity with current and non-current classification. Public companies must follow SEC guidelines regarding minimum disclosure requirements.	The Companies Act prescribes the balance sheet format; short-term/long-term distinction is only required for certain balance sheet items. No separate disclosure on the face of the balance sheet is required for restricted accounts.
		Restricted accounts are disclosed separately on the face of the balance sheet.	
Income statement	Does not prescribe a standard format, although expenditure must be presented in one of two formats (function or nature). Certain items must be presented on the face of the income statement.	Present as either a single-step or multiple-step format. Expenditures must be presented by function.	No prescribed format for the profit and loss account but there are disclosure norms for certain income and expenditure items under the Companies Act and the accounting standards. Other industry regulations prescribe industry specific format.
Cash flow statements — format and method	Standard headings, but limited flexibility of contents. Use direct or indirect method.	Similar headings to IFRS, but more specific guidance for items included in each category. Use direct or indirect method.	Similar to IFRS, except that use of indirect method is required for listed companies.
Cash flow statements — definition of cash and cash equivalents	Cash includes overdrafts and cash equivalents with original short-term maturities (less than three months).	Cash excludes overdrafts but includes cash equivalents with original short-term maturities of three months or less. Restricted or encumbered cash is not included in cash and cash equivalents.	Similar to U.S. GAAP, except that restricted or encumbered cash included in cash and cash equivalents is required to be disclosed separately.
	Cash and cash equivalents are disclosed on the face of the balance sheet.	Cash and cash equivalents are disclosed on the face of the balance sheet.	Cash and bank balances are disclosed on the face of the balance sheet.

Subject	IFRS	U.S. GAAP	Indian GAAP
Cash flows — classification of specific items	(i) Interest and dividend paid — Operating or financing activities.	(i) Interest paid, interest received and dividend received — Operating activities. (direct method). Under the indirect method will be show as the change in the asset/liability or as supplemental cash disclosure.	(i) Interest and dividend paid — Financing activities.
	(ii) Interest and dividend received — Operating or investing activities.	(ii) Dividends paid — Financing activities.	(ii) Interest and dividend received — Investing activities.
	(iii) Taxes paid — Operating — unless specific identification with financing or investing.	(iii) Taxes paid — Operating activities. Supplementary disclosure required.	(iii) Taxes paid — Similar to IFRS.
Statement of changes in Shareholders' Equity	The statement must be presented as a primary statement.	Similar to IFRS. The information may be included in the notes.	No separate statement required. However, any adjustments to equity and reserve account are shown in the schedules/notes accompanying the financial statements.
	The statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity.		
Comprehensive income	The total of gains and losses recognised in the period comprises net income and the following gains and losses recognised directly in equity:	Comprehensive income is divided into net income and other comprehensive income.	
	fair value gains (losses) on land and buildings, available for sale investments and certain financial instruments; foreign exchange translation differences;	An enterprise that has no items of other comprehensive income in any period presented is not required to report comprehensive income.	
	the cumulative effect of changes in accounting policy; and changes in fair values on certain financial instruments if designated as cash flow hedges, net of tax, and cash flow hedges reclassified to income and/or the relevant hedged asset/liability.	Items included in other comprehensive income shall be classified based on their nature. For example, under existing accounting standards, other comprehensive income shall be classified separately into: • cumulative foreign currency translation adjustments;	No concept of comprehensive income. However, certain adjustments are allowed through reserves where prescribed by accounting standards, statute or is done in accordance with industry practices and court orders.
	Recognised gains and losses can be presented either in the	• minimum pension liability adjustments;	

Subject	IFRS	U.S. GAAP	Indian GAAP
	notes or separately highlighted within the primary statement of changes in shareholders' equity.	• changes in the fair value of cash flow and net investment hedges; • and unrealised gains and losses on certain investments in debt and equity securities.	
Correction of fundamental errors	Restatement of comparatives is mandatory.	Similar to IFRS.	Include effect in the current year income statement.
			The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.
Changes in accounting policy	Restate comparatives and prior-year opening retained earnings.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items.	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.
		Recent amendment requires accounting similar to IFRS. The new amendment is applicable to accounting changes that are made in fiscal years beginning after 15 December 2005.	
Contents of financial statements — Disclosures	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions.	In general, U.S. GAAP has extensive disclosure requirements. Areas where U.S. GAAP requires specific additional disclosures include, among others; concentrations of credit risk, segment reporting, significant customers and suppliers, use of estimates, income taxes, pensions, and comprehensive income.	Generally, disclosures are not extensive as compared to IFRS and U.S. GAAP. Disclosures are driven by the requirements of the Companies Act and the accounting standards.
	Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of secured liabilities and the nature and carrying amount of pledged assets.		

Subject	IFRS	U.S. GAAP	Indian GAAP
Consolidation	The consolidated financial statements include all enterprises that are controlled by the parent.	A company must first evaluate whether the potential subsidiary is a variable interest entity ("VIE") and whether the Company has a variable interest in an entity. A variable interest changes with a change in an entity's net asset value and is the means through which expected losses are absorbed and expected residual returns are received. If the entity is a VIE, the Company must evaluate the potential subsidiary under the FIN 46R Consolidation of Variable Interest Entities ("FIN 46R") model. If the potential subsidiary is not a VIE, the Company should evaluate the consolidation of the potential subsidiary under the provisions of SFAS 94 Consolidation of All Majority Owned Subsidiaries ("SFAS 94").	Consolidation is required when there is a controlling interest, directly or indirectly through subsidiaries, by virtue of holding majority voting shares or control over board of directors
	Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control can also exist in certain situations where the parent owns one half or less of the voting power of an enterprise.		
		FIN 46R addresses consolidation of VIE's in which the Company has a primary obligation to absorb losses or receive residual returns, and the equity investment at hand is not sufficient to permit the entity to finance its activities without additional subordinated financial support, regardless of ownership interest.	
		SFAS 94 states that all majority-owned subsidiaries (i.e., all companies in which a parent has a controlling financial interest through direct or indirect ownership of a majority voting interest) must be consolidated unless control does not rest with the majority owner.	

Subject	IFRS	U.S. GAAP	Indian GAAP
Accounting for joint ventures in the form of a joint controlled entity (including more than 50 per cent owned entities)	Both the proportional consolidation and equity methods are permitted. An exception to the use of the proportional consolidation method is where an interest in a jointly controlled entity is acquired and held exclusively with a view to its subsequent disposal within 12 months of acquisition.	Predominantly use the equity method, while the practice of proportional consolidation (typically not allowed) is found in extractive oil and gas industry in limited circumstances.	In the consolidated financial statements, the venturer should consolidate the joint venture in case it is also a subsidiary or else to report its interest in the jointly controlled entity using the proportionate consolidation method. The consolidation of such an entity does not preclude other venturer(s) treating such an entity as a joint venture.
Business Combinations	All business combinations are treated as acquisitions. Assets and liabilities acquired are measured at their fair values. Pooling of interest method is prohibited. Goodwill is capitalised but not amortised. It is tested for impairment at least annually at the cash-generating unit level. After re-assessment of respective fair values of net assets acquired, any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised immediately in the income statement.	Similar to IFRS, except specific rules for acquired in-process research and development (generally expensed) and contingent liabilities. Similar to IFRS; however, impairment measurement model is different. In respect of any excess of acquirer's interest in the net fair values of acquirer's identifiable assets, first reduce proportionately the fair values assigned to non-current assets (with certain exceptions) and any remaining excess thereafter is recognised in the income statement immediately as an extraordinary gain.	On consolidation, for an entity acquired and held as an investment, treated as acquisition. On amalgamation of an entity, either uniting of interests or acquisition. On a business acquisition (i.e., assets and liabilities only) treated as acquisition. On consolidation, the assets and liabilities are incorporated at their existing carrying amounts. On amalgamation, they may be incorporated at their existing carrying amounts or, alternatively, the consideration is allocated to individual identifiable assets and liabilities on the basis of their fair values. On a business acquisition, they may be incorporated at their fair values or value of surrendered assets.
			Goodwill arising under purchase method of accounting is capitalised and amortised over useful life not exceeding five years, unless a longer period can be justified. In case of goodwill arising on consolidation, no specific guidance for amortisation. No specific guidance for impairment of goodwill arising on acquisition or consolidation.

Subject	IFRS	U.S. GAAP	Indian GAAP
			Any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised as capital reserve, which is neither amortised nor available for distribution to shareholders. However, in case of an amalgamation accounted under the purchase method, the fair value of intangible assets with no active market is reduced to the extent of capital reserve, if any, arising on the amalgamation.
Revenue recognition — General Criteria	Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably.	Revenue is generally realised or realisable and earned when all of the four revenue recognition criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; the seller's price to the buyer is fixed or determinable; and collectibility is reasonably assured.	Similar to IFRS. However, under IFRS and U.S. GAAP, the revenue from auction sale would be segregated between recovery of outstanding ground rent and costs; and former classified as ground rent and excess recovery after adjusting recoverable costs as other income.
		U.S. GAAP generally requires title transfer prior to revenue recognition and provides extensive detailed guidance for specific transactions.	
Real Estate Sales	Guided by recognition principles of IAS 18. Normally recognised when legal title passes to the buyer. However, if the equitable interest in a property vests in the buyer before legal title passes and therefore the risks and rewards of ownership have been transferred at that stage it may be appropriate to recognise revenue. However, if the seller is obliged to perform any significant acts after the transfer of the equitable and/or legal title, revenue is recognised as the acts are performed. An	Governed by FAS 66 and interpreted by some rules of the Emerging Issues Task Force. FAS 66 applies to all sales of real estate, including real estate with property improvements or integral equipment (it does not apply to sale of only property improvements or integral equipment without a concurrent or contemplated sale of land). In case of real land sales, FAS 66 provides recognition principles based on full accrual method, percentage of completion method,	

Subject	IFRS	U.S. GAAP	Indian GAAP
	example is a building or other facility on which construction has not been completed. The nature and extent of the seller's continuing involvement determines how the transaction is accounted for. It may be accounted for as a sale, or as a financing, leasing or some other profit sharing arrangement. If it is accounted for as a sale, the continuing involvement of the seller may delay the recognition of revenue. Revenue is the fair value of the consideration received or receivable. This may require estimating the present value of the sale consideration.	instalment method, or deposit method based on fulfilment of certain criteria. In case of a retail estate sale is other than retail land sales, profit shall be recognised in full (full accrual method) when real estate is sold, provided (a) the profit is determinable, that is, the collectibility of the sales price is reasonably assured or the amount that will not be collectible can be estimated and (b) the earnings process is virtually complete, that is, the seller is not obliged to perform significant activities after the sale to earn the profit; provided certain other criteria is satisfied. If any of the criteria is not satisfied, other methods such as the deposit method, instalment method, cost recovery method, etc. may be used.	The ICAI recently issued a Guidance Note on recognition of revenue for Real Estate Developers. This Guidance note recommends principles for recognition revenue arising from real estate sales and provides guidance on the application of principles for revenue recognition as enumerated in AS 9, i.e. transfer of significant risks and rewards of ownership, consideration is fixed or determinable and it is not unreasonable to expect ultimate collection. Per this note, once the seller gas transferred all the significant risks and rewards of ownership to the buyer and the other conditions for recognition of revenue specified in AS 9 are satisfied, any further acts on the real estate performed by the seller are, in substance, performed on behalf of the buyer in the manner similar to a contractor. Accordingly, in such cases revenue is recognised by applying the percentage of completion method in the manner explained in AS 7.
		Discounting is not permitted.	
Construction contracts	Accounted for using the percentage of completion method. Completed contract method prohibited.	Under ARB 45, 'Long –Term Construction Contracts", Percentage of completion method is preferable; however, completed contract method is permitted in rare circumstances.	Similar to IFRS.
	IAS 11 allows a contractor to recognise incentive payments as contract revenue when ".. it is probable that they will result in revenue..". However, the International Accounting Standards Committee (the	Under SOP 81-1, a contractor must evaluate special contract provisions, such as incentive revenue, throughout the life of a contract in estimating total contract revenue to determine when to recognise earned	Similar to IFRS

Subject	IFRS	U.S. GAAP	Indian GAAP
	"IASC") does not define probable, and that term does not have a universal meaning. As a consequence, contractors may not consistently apply the requirements for recognising incentive payments as contract revenue.	revenues under the percentage-of-completion method of accounting. To the extent that application of the IASC's "probable" criterion differs from the application of "earned," it may be possible for contractors to recognise revenue under IASC standards in an earlier period than when the revenue would be recognised under U.S. GAAP.	
	A contractor can recognise claim revenue only when it is probable that the customer will accept the claim and the contractor can reliably measure the amount of the probable claim.	A contractor can recognise claim revenue only when it is probable that the customer will accept the claim and the contractor can reliably measure the amount of the probable claim. In addition SOP 81-1 specifies four additional conditions to be specified before recognising claim revenue.	Similar to IFRS
	Under U.S. GAAP the amount recorded as claim revenue is limited to "the extent that contract costs relating to the claim have been incurred." IAS 11 provides no such limitation and therefore may not preclude the contractor from recording claim revenue on costs not incurred at the billing date.	SOP 81-1 also limits the amount recorded as claim revenue to "the extent that contract costs relating to the claim have been incurred."	Similar to IFRS
	U.S. GAAP also allows contractors to delay recording claim revenue until the amount is received or awarded. IAS 11 does not permit such an alternative treatment.	SOP 81-1 also allows contractors to delay recording claim revenue until the amount is received or awarded. Use of that alternative method can increase non-comparability between two entities applying U.S. GAAP; however, the contractor must disclose in the notes to the financial statements that the alternative method was used.	Similar to IFRS.

Subject	IFRS	U.S. GAAP	Indian GAAP
	Under IAS 11, a contractor can recognise revenue from a change order when it is probable that the customer will approve the change order and the amount of revenue can be reliably measured. As mentioned above, IAS 11 does not define probable. As a result, contractors may not consistently apply the guidance in paragraph 13 of IAS 11, and there may be differences in the recognition of change-order revenue between entities applying U.S. GAAP and those applying IASC standards.	Under SOP 81-1, a contractor can recognise variations in contract revenue from a change order only when the customer actually approves both the scope and the price of the change order.	Similar to IFRS.
	IAS 11 indicates that a contractor must calculate earned revenues and the cost of earned revenues based on the stage-of-completion percentage.	SOP 81-1 allows a contractor to calculate earned revenue and cost of earned revenues in one of two ways, and either approach is acceptable if used on a consistent basis. Alternative A, the revenue-cost approach, multiplies the estimated percentage of completion by the estimated total revenues to determine earned revenue and multiplies the estimated percentage of completion by the estimated total contract cost to determine the cost of earned revenue. Alternative B, the gross-profit approach, multiplies the estimated percentage of completion by the estimated gross profit to determine the estimated gross profit earned to date. Under Alternative B, the cost of earned revenue is the cost incurred during the period.	Similar to IFRS.
	Revenue is the fair value of the consideration received or receivable. This may require estimating the present value of the sale consideration.	Not permitted.	Not permitted.

Subject	IFRS	U.S. GAAP	Indian GAAP
Recognition of income under Service Concession Agreement related to infrastructure development	IASB has issued IFRIC 12 on the subject and according to the IFRIC 12, the operator shall recognise and measure revenue in accordance with IASs 11 and 18 for the services it performs. If the operator performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable shall be allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.	There is no specific guidance in US GAAP for this type of transactions. However, the general guidance with the respect to recognition of revenue under arrangements which have multiple deliverables is similar to that under IFRS.	There is no guidance in Indian GAAP for this type of transactions.
Interest expense	Recognised on an accrual basis. Effective yield method used to amortise non-cash finance charges.	Similar to IFRS.	Similar to IFRS, however, practice varies with respect to recognition of discounts, premiums and costs of borrowings.
Employee benefits — Defined benefit plans	Similar to U.S. GAAP conceptually, although several differences in details.	For gratuity plans, must use the projected unit credit method to determine benefit obligation. Under FASB 158, recognition of funded status is to take effect for fiscal years ending after December 15, 2006, for publicly traded entities. These entities are required to recognize funded status of defined pension plans in the statement of financial position, which was previously being disclosed in the footnotes of the registrants.	Liability for a gratuity plan and compensated absences, which are defined benefit obligations, are accrued based on an actuarial valuation. Actuarial gains or losses are recognized immediately in the statement of income.
		An amount equal to the "net periodic pension cost" is to be charged to the statement of financial performance regardless of whether contributions are made during the period. The net periodic pension cost is an actuarially determined amount equal to:	

Subject	IFRS	U.S. GAAP	Indian GAAP
		1 the present value of future benefits which have accrued during the period; and 2 an interest cost component related to the increase in the projected benefit obligation due to the passage of time; less 3 estimated earnings on invested assets segregated to provide future benefits; and 4 an amortisation of previously unrecognised prior service costs, transition assets/obligations and experience gains/ losses.	
		If contributions differ from the net pension cost, an asset representing prepaid pension costs or a liability for unfunded accrued pension costs arises and is recorded in the statement of financial position.	
	Recognition of minimum pension liability is not required.	Recognition of minimum pension liability is required when the accumulated benefit obligation exceeds the fair value of the plan assets and the amount of the accrued liability.	Recognition of minimum pension liability is not required.
Employee benefits — Compensated absences	Discounting not prohibited when computing liability for compensated absences.	Similar to IFRS.	Determine liability for compensated absences based on an actuarial valuation.
Employee share compensation	Recognise expense for services acquired. The corresponding amount will be recorded either as a liability or as an increase in equity, depending on whether the transaction is determined to be cash or equity-settled. The amount to be recorded is measured at the fair value of the shares or share options granted.	FAS 123R which is effective for annual periods beginning 15 June 2005 has now dispensed with the intrinsic value method and going forward, all entities would have to use the fair value model. FAS 123 R is applicable to both public and non-public entities.	It is mandatory only for listed entities. Employee stock options granted to the employees under stock option schemes are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines,

Subject	IFRS	U.S. GAAP	Indian GAAP
			1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of the fair value of the stock option as on the date of grant of options is charged to the Profit and Loss Account on straight-line-method over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.
Deferred revenue expenditure	Expensed under IAS 38. Even advertising costs need to be expensed as incurred even though the expenditure incurred may provide future economic benefits.	Charge off, unless deferment permitted by specific literature. For example, SOP 93-7 permits deferment of cost of direct response advertising	Under Indian GAAP, after the issuance of AS 26- Intangible Assets, no such deferred revenue expenses should be recognised. The balances for these items on the date of adoption of AS 26 should continue to be expensed over the number of years originally contemplated.
Preliminary expenses	Expense as incurred under IAS 38.	Charge off under SOP 98-5.	AS - 26 requires to be expensed.
Capital issue expenses	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed.	May be set off against the realised proceeds of share issue	May be set off against the securities premium account
Property, Plant & Equipment	Use historical cost or revalued amounts. Regular valuations of entire classes of assets are required, when revaluation option is chosen.	PP&E is recorded at historical acquisition cost. Revaluations are not permitted.	Use historical cost or revalued amounts. On revaluation, an entire class of assets is revalued, or selection of assets is made on systematic basis. No current requirement on frequency of valuation.
Capitalisation of asset retirement obligations	Includes initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Such asset retirement obligations are re-measured	Discussed under FASB 143 "Accounting for Assets Retirement Obligations." Includes fair value of all asset retirement obligations. Such asset retirement obligations are	No specific guidance. However, in practice similar to IFRS, except that discounting of an obligation is prohibited.

Subject	IFRS	U.S. GAAP	Indian GAAP
	annually applying the prevailing discount rates valid for the relative balance sheet. Asset retirement asset adds to the cost basis of the asset and is amortised to expense over the economic useful life of the asset.	measured only at discount rate on the initial date of recognition and for increases in estimated cash flows from new liabilities or changes in estimates. Amortisation method is consistent with IFRS. The recently issued FIN 47, clarifies that an entity must also record a liability for a "conditional" asset retirement obligation if the fair value of the obligation can be reasonably estimated. The types of asset retirement obligations that are covered by this Interpretation are those for which an entity has a legal obligation to perform an asset retirement activity, however the timing and (or) method of settling the obligation are conditional on a future event that may or may not be within the control of the entity.	
Capitalisation of borrowing costs	Permitted for qualifying assets, but not required.	Required. FAS 34 requires interest capitalisation only to the extent that it is an acquisition cost. Accordingly, real estate projects under development are qualifying assets; however, real estate held for future development or sale is not. FAS 34, par. 11 states that interest should be capitalised on land expenditures only when development activities are in progress. Assets qualifying for interest capitalisation include real estate developments intended for sale or lease that are constructed as discrete projects. Land that is not undergoing activities necessary to prepare it for its intended use does not qualify for capitalisation. When	Required. Accounting Standard ("AS") 16, Borrowing Costs, defines the term 'qualifying asset' as "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale". The following assets ordinarily take twelve months or more to get ready for intended use or sale unless the contrary can be proved by the enterprise: (i) assets that are constructed or otherwise produced for an enterprise's own use, e.g., assets constructed under major capital expansions; and (ii) assets intended for sale or lease that are constructed or otherwise produced as discrete projects (for example, ships or real estate developments).

Subject	IFRS	U.S. GAAP	Indian GAAP
		development activities are undertaken, however, expenditures to acquire land qualify for interest capitalisation while the development activities are in process. If the resulting asset is a structure, the interest capitalised on land expenditures becomes part of the cost of the structure; if the resulting asset is developed land, the capitalised interest is part of the cost of the land. SFAS No. 34 provides guidance on determining the appropriate amount of interest to be capitalised.	
Capitalisation of preoperative, incidental expenses and trial run expenses, net of revenue earned during trial run period	Not permitted, except certain trial run expenses may be capitalised if they are a necessary part of bringing the asset to its working condition.	Not permitted.	Required.
Depreciation and Amortisation	Allocated on a systematic basis to each accounting period over the estimated useful life of the asset. Estimated useful life should be reviewed every year. Intangible assets with indefinite life are not amortised but are tested for impairment annually.	Similar to IFRS.	Depreciation is provided at the rates specified in Schedule XIV of the Companies Act. There is no concept of indefinite life intangible assets.
Impairment of long-lived assets	If impairment is indicated, write down assets to recoverable amount which is the higher of net selling price and value in use based on discounted cash flows. If no loss arises, reconsider useful lives of those assets.	Under FASB 144, 'Impairment of Long-Lived Assets." For assets to be held and used, impairment review based on undiscounted cash flows. If the undiscounted cash flows are less than the carrying amount, measure the impairment loss using market value or discounted cash flows.	Similar to IFRS. Accounting Standard 28 - "Impairment of Assets", is mandatory with effect from 1 April 2004.
	Impairment loss is recorded in the income statement. Reversal of loss is permitted in certain cases.	Impairment loss is recorded in the income statement as a separate line item - Reversals of impairment losses are prohibited.	

Subject	IFRS	U.S. GAAP	Indian GAAP
Leases - classification	A lease is a finance lease if substantially all risks and rewards of ownership are transferred. Substance rather than form is important.	Similar to IFRS, but with more extensive form-driven requirements. Specific rules must be met to record a finance or capital lease a prescribed under FASB 13	Similar to IFRS.
Leases - lessor accounting	Record amounts due under finance leases as a receivable. Allocate gross earnings to give constant rate of return based on (pre-tax) net investment method.	Similar to IFRS, but with specific rules for leveraged leases as prescribed under FAS 13.	Similar to IFRS.
Leases - lessee accounting	Record finance leases as asset and obligation for future rentals. Depreciate over useful life of asset. Apportion rental payments to give constant interest rate on outstanding obligation. Charge operating lease rentals on straight-line basis.	Similar to IFRS.	Similar to IFRS.
Leases — lessee accounting: sale and leaseback transactions	For a finance lease, defer and amortise profit arising on sale and finance leaseback. If an operating lease arises, profit recognition depends on sale proceeds compared to fair value of the asset. Consider substance/linkage of the transactions.	Timing of profit and loss recognition depends on whether seller relinquishes substantially all or a minor part of the use of the asset. Immediately recognise losses. Consider specific strict criteria if a property transaction.	Similar to IFRS.
Investment property	Measure at depreciated cost or fair value, and recognise changes in fair value in the income statement.	Treat the same as for other properties (depreciated cost).	Consider as long-term investment and carry at cost less impairment.
Inventories	Carry at lower of cost and net realisable value. Use FIFO or weighted average method to determine cost. LIFO prohibited. Reversal is required for subsequent increase in value of previous write-downs.	Similar to IFRS; however, use of LIFO permitted. Reversal of write-down prohibited.	Similar to IFRS. Reversal of write-down prohibited.
Real Estate Properties and Deferred Costs	In substance similar to U.S. GAAP however no detailed guidance as given under U.S. GAAP.	A variety of costs are incurred in the acquisition, development, leasing, sale, or operation of a real estate development project. SFAS No. 67, *Accounting for Costs and Initial Rental Operations*	In substance similar to U.S. GAAP however no detailed guidance as given under U.S. GAAP.

Subject	IFRS	U.S. GAAP	Indian GAAP
		of Real Estate Projects (Accounting Standards Section Re2), provides guidance on when costs should be capitalised, deferred, or expensed. After a determination is made to capitalise a cost, it is allocated to the specific parcels or components of a project that are benefited. Guidance for situations where specific identification is not practicable is provided by SFAS No. 67.	
		Property taxes and insurance costs incurred on real estate projects should be capitalised only during the period in which activities necessary to get the property ready for its intended use are in progress. Such costs incurred after the property is substantially complete and held available for occupancy should be charged to expense as incurred. Paragraph 22 of SFAS No. 67 states that "a real estate project shall be considered substantially completed and held available for occupancy upon completion of tenant improvements by the developer, but not later than one year from cessation of major construction activity."	
		Incremental revenue from incidental operations in excess of related incremental costs should be accounted for as a reduction of capitalised project costs. Incremental costs in excess of incremental revenue from incidental operations should be charged to expense as incurred, because the incidental operations did not increase the costs of developing the property for its intended use.	

Subject	IFRS	U.S. GAAP	Indian GAAP
(a) Preacquisition Costs		Payments to obtain an option to acquire real property shall be capitalised as incurred. All other costs related to a property that are incurred before the enterprise acquires the property, or before the enterprise obtains an option to acquire it, shall be capitalised if all of the following conditions are met and otherwise shall be charged to expense as incurred: (a) the costs are directly identifiable with the specific property; (b) the costs would be capitalised if the property were already acquired; and (c) acquisition of the property or of an option to acquire the property is probable. This condition requires that the prospective purchaser is actively seeking to acquire the property and has the ability to finance or obtain financing for the acquisition and that there is no indication that the property is not available for sale. Capitalised preacquisition costs (a) shall be included as project costs upon the acquisition of the property or (b) to the extent not recoverable by the sale of the options, plans, etc., shall be charged to expense when it is probable that the property will not be acquired.	
(b) Taxes and Insurance		Costs incurred on real estate for property taxes and insurance shall be capitalised as property cost only during periods in which activities necessary to get the property ready for its intended use are in progress. Costs incurred for such items after the property is substantially complete and ready for its intended use shall be charged to expense as incurred.	

Subject	IFRS	U.S. GAAP	Indian GAAP
(c) Project Costs		Project costs clearly associated with the acquisition, development, and construction of a real estate project shall be capitalised as a cost of that project. Indirect project costs that relate to several projects shall be capitalised and allocated to the projects to which the costs relate. Indirect costs that do not clearly relate to projects under development or construction, including general and administrative expenses, shall be charged to expense as incurred.	
(d) Amenities		Accounting for costs of amenities shall be based on management's plans for the amenities in accordance with the following: (a) if an amenity is to be sold or transferred in connection with the sale of individual units, costs in excess of anticipated proceeds shall be allocated as common costs because the amenity is clearly associated with the development and sale of the project. The common costs include expected future operating costs to be borne by the developer until they are assumed by buyers of units in a project; (b) if an amenity is to be sold separately or retained by the developer, capitalisable costs of the amenity in excess of its estimated fair value as of the expected date of its substantial physical completion shall be allocated as common costs. For the purpose of determining the amount to be capitalised as common costs, the amount of cost previously allocated to the amenity shall not be revised after the amenity is substantially	

Subject	IFRS	U.S. GAAP	Indian GAAP
		completed and available for use. A later sale of the amenity at more or less than its estimated fair value as of the date of substantial physical completion, less any accumulated depreciation, results in a gain or loss that shall be included in net income in the period in which the sale occurs.	
		Costs of amenities shall be allocated among land parcels benefited and for which development is probable.	
(e) Incidental Operations		Incremental revenue from incidental operations in excess of incremental costs of incidental operations shall be accounted for as a reduction of capitalised project costs. Incremental costs in excess of incremental revenue shall be charged to expense as incurred, because the incidental operations did not achieve the objective of reducing the costs of developing the property for its intended use.	
(f) Allocation of Capitalised Costs to the Components of a Real Estate Project		The capitalised costs of real estate projects shall be assigned to individual components of the project based on specific identification. If specific identification is not practicable, capitalised costs shall be allocated as follows: (a) land cost and all other common costs (prior to construction) shall be allocated to each land parcel benefited. Allocation shall be based on the relative fair value before construction; and (b) construction costs shall be allocated to individual units in the phase on the basis of relative sales value of each unit.	

Subject	IFRS	U.S. GAAP	Indian GAAP
		If allocation based on relative value also is impracticable, capitalised costs shall be allocated based on area methods (for example, square footage) or other value methods as appropriate under the circumstances.	
(g) Costs Incurred to Sell Real Estate Projects		Costs incurred to sell real estate projects shall be capitalised if they (a) are reasonably expected to be recovered from the sale of the project or from incidental operations and (b) are incurred for (1) tangible assets that are used directly throughout the selling period to aid in the sale of the project or (2) services that have been performed to obtain regulatory approval of sales. Examples of costs incurred to sell real estate projects that ordinarily meet the criteria for capitalisation are costs of model units and their furnishings, sales facilities, legal fees for preparation of prospectuses, and semi permanent signs.	
		Other costs incurred to sell real estate projects shall be capitalised as prepaid costs if they are directly associated with and their recovery is reasonably expected from sales that are being accounted for under a method of accounting other than full accrual. Costs that do not meet the criteria for capitalisation shall be expensed as incurred.	
		Capitalised selling costs shall be charged to expense in the period in which the related revenue is recognised as earned. When a sales contract is cancelled (with or without refund) or the related receivable	

Subject	IFRS	U.S. GAAP	Indian GAAP
		is written off as uncollectible, the related unrecoverable capitalised selling costs shall be charged to expense or an allowance previously established for that purpose.	
Investments	Investments in are classified as held-to maturity, available-for-sale or held trading at acquisition.	Similar to IFRS but no option to classify all financial assets "at fair value through profit or loss".	Long-term investments are carried at cost (with provision for other than temporary diminution in value).
	Investments classified as held-to-maturity are recorded at amortised cost less impairment, if any. Realised gains and losses are reported in earnings.	Investments in listed equity securities can only be classified as available for sale or as trading.	Current investments carried at lower of cost or fair value.
	Investments classified as available-for-sale are reported at fair value. Unrealised gains and losses on the change in fair value are reported in equity, less impairment, if any.	Investments in unlisted equity securities are recorded at cost less impairment, if any.	
	Investments classified as trading are reported at fair value with unrealised gains and losses included in earnings.		
	There is an option in IFRS to classify any financial asset "at fair value through profit or loss". Changes in fair values in respect of such securities are recognised in the income statement. This is an irrevocable option to classify a financial asset at fair value through profit or loss.		
	Generally, in a non-consolidated financial statements, investment in subsidiary is accounted under the equity method.	Similar to IFRS.	In a non-consolidated financial statements, investment in subsidiary is carried at cost less impairment, if any.
Foreign currency transactions	Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are restated at the year-end exchange rates.	Similar to IFRS.	Similar to IFRS, except for the following: exchange difference arising on repayment/restatement of liabilities incurred prior to 1 April 2004 for the purposes of

Subject	IFRS	U.S. GAAP	Indian GAAP
			acquiring fixed assets, is adjusted in the carrying amount of the respective fixed assets; and exchange difference arising on repayment/restatement of liabilities incurred on or after 1 April 2004 for the purposes of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets.
			The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.
Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated.	Similar to IFRS Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies).	Similar to IFRS.
	Discounting required if effect is material.	Discounting required only when timing of cash flows is fixed.	Discounting is not permitted.
Contingent Assets	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.	Contingent assets are recognised, when realised, generally upon receipt of consideration. However, there are very strict rules under FASB 5 that govern contingent gains. Usually such gains are disallowed.	Similar to IFRS, except that certain disclosures as specified in IFRS are not required.
Contingent liability	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded.	Similar to IFRS. Disclosure may be limited compared to US GAAP and IFRS.

Subject	IFRS	U.S. GAAP	Indian GAAP
	reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.	Contingent liabilities are disclosed unless the probability of outflows is remote.	
Debt issue costs	Permits, but does not require, direct incremental costs of issuing debt to be deferred as an asset and amortised as an adjustment to yield.	Debt issue costs should be deferred as an asset and amortised as an adjustment to yield. Amortisation should be done based on the interest method, but other methods may be used if the results are not materially different from the interest method.	Debt issue costs are expensed as incurred.
Dividends	Dividends are recorded as liabilities when declared.	Similar to IFRS.	Dividends are recorded as provisions when proposed.
Deferred income taxes	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognise deferred tax assets if recovery is probable. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.	Deferred income tax assets and liabilities are determined using the balance sheet method. The net deferred tax asset or liability is based on temporary differences between the book and tax bases of assets and liabilities, and recognises enacted changes in tax rates and laws. U.S. GAAP permits deferred tax assets to be recognised for any operating loss carry forwards to the extent that it is more likely than not that they will be realised. A valuation allowance should be recorded against deferred tax assets when it is determined that realisation of the deferred tax asset is less than more likely than not. The FASB recently issued FIN 48, "Accounting for Uncertainty in Income Taxes." FIN 48 which establishes the criteria than an individual tax position would have to meet for recognition in the financial statements. FIN 48 applies to all tax positions that are accounted for under FAS 109. The term tax position includes, but is not limited to the following: • a decision not to file a tax return in a jurisdiction	Deferred tax assets and liabilities should be recognised for all timing differences subject to consideration of prudence in respect of deferred tax assets. Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is certain that such previously unrecognised deferred tax assets will be realised. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Subject	IFRS	U.S. GAAP	Indian GAAP
		• the allocation of income between jurisdiction • the characterization of income in the tax return • decision to exclude taxable income in the tax return • decision to classify a transaction, entity, or other position as tax-exempt in the tax return. A separate measurement step is to be taken to determine the amount of tax benefit to be recorded for financial statement purposes, but only if the more-likely-than-not recognition threshold is met, and the recorded tax benefit will equal the largest amount of tax benefit that is greater than 50% likely being realized upon ultimate settlement with a tax authority.	
Measurement of derivative instruments and hedging activities	Measure derivatives and hedge instruments at fair value. Recognise the changes in fair value in the income statement, except for effective cash flow hedges, where the changes are deferred in equity until effect of the underlying transaction is recognised in the income statement. Ineffective portions of hedges are recognised in the income statement. IFRS requires extensive documentation and effectiveness testing to obtain hedge accounting.	Similar to IFRS, except no 'basis adjustment' on cash flow hedges of forecast transactions.	Derivatives are initially measured at cost. However, there is no comprehensive guidance for derivative accounting.
	Gains/losses from hedge instruments that are used to hedge forecast transaction may be included in cost of non-financial asset/liability (basis adjustment).		

Subject	IFRS	U.S. GAAP	Indian GAAP
Fringe Benefits Tax	Fringe Benefits Tax is included as part of the related expense (fringe benefit) which gives rise to incurrence of the tax.	Similar to IFRS.	Fringe Benefits Tax should be disclosed as a separate item after determining profit before tax on the face of the profit and loss account for the period in which the related fringe benefits are recognised.
Derecognition of financial assets	Derecognise financial assets based on risks and rewards first; control is secondary test.	Derecognise based on control. Requires legal isolation of assets even in bankruptcy.	No specific guidance. In general, derecognise financial assets based on risks and rewards of ownership.
			A guidance note issued by ICAI on securitisation requires derecognition based on control.
Financial liabilities - classification	Classify capital instruments depending on substance of the issuer's obligations. Mandatorily redeemable preference shares classified as liabilities.	Where an instrument is not a share, classify as liability when obligation to transfer economic benefit exists. Similar to IFRS.	No specific guidance. In practice, classification is based on legal form rather than substance. All preference shares are shown separately as share capital under shareholders' funds.
Derecognition of financial liabilities	Derecognise liabilities when extinguished. The difference between the carrying amount and the amount paid is recognised in the income statement. IFRS uses 10% threshold for differentiating modification in the terms from extinguishment of liabilities	Similar to IFRS.	No specific guidance but practice is similar to IFRS. No 10% criteria is specified.
Capital instruments - purchase of own shares	Show as deduction from equity.	Similar to IFRS.	Purchase of own shares are permitted under limited circumstances subject to the legal requirements stipulated in the Companies Act. On purchase, such shares are required to be cancelled i.e. cannot be kept as treasury stock.
Functional currency definition	Currency of primary economic environment in which entity operates.	Similar to IFRS.	Does not define functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements.

Subject	IFRS	U.S. GAAP	Indian GAAP
Financial currency - determination	If indicators are mixed and functional currency is not obvious, use judgement to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).	Similar to IFRS; however, no specific hierarchy of factors to consider. Generally the currency in which the majority of revenues and expenses are settled.	Does not require determination of functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements. If a different currency is used, requires disclosure of the reason for using a different currency.
Earnings per share - diluted	Use weighted average potential dilutive shares as denominator for diluted EPS.	Similar to IFRS	Similar to IFRS.
	Use 'treasury share' method for share options/warrants.		
Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	Similar to IFRS.	Similar to IFRS. However, non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.
Related Party Disclosures	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Unlike IFRS, all material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial statements (including those subsidiaries).	The scope of parties covered under the definition of related party could be less than under IFRS or U.S. GAAP. Unlike IFRS, the name of the related party is required to be disclosed.

Subject	IFRS	U.S. GAAP	Indian GAAP
Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Similar to IFRS.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated unconsolidated financial statements prepared in accordance with paragraph B(1) of Part II of Schedule II to the Companies Act and SEBI Guidelines, including the schedules, annexure and notes thereto and the reports thereon, which appear in this Red Herring Prospectus, beginning on page 123*. Indian GAAP and U.S. GAAP differ in certain material respects. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements as restated. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.*

We are one of the leading real estate development companies in India with a focus on developing residential and commercial properties. Our projects are primarily based in south India and we have a growing presence in other parts of India and have a business presence in select locations overseas. Our operations span all aspects of real estate development, from the identification and acquisition of land, to the planning and execution and marketing of our projects. We believe we have established a strong brand image and a successful track record in the real estate industry due to our commitment to developing high quality projects. The residential properties that we develop consist of apartment complexes, villas and townhouses. Our commercial projects include retail and office premises.

We were incorporated as Puravankara Constructions Private Limited in 1986 in Mumbai. Our operations cover Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Colombo and the United Arab Emirates ("U.A.E"). A majority of our completed projects as well as our Ongoing Projects are situated in Bangalore. We have launched projects in Kochi and Chennai. We have project offices in Coimbatore, Mysore and Hyderabad. We have acquired approximately 1.06 million sq.ft. of land in Colombo, Sri Lanka for a proposed luxury residential project consisting of independent villas and townhouses. We also have a sales and marketing office in the United Arab Emirates and representatives in the United Kingdom and the United States.

Our Promoter commenced operations in the real estate industry in Mumbai in 1975 and has over 31 years of experience in the property development, real estate and construction sectors in India. Our Promoter Group Entities, of which our Promoter is the Chairman, have developed 12 residential projects in Mumbai and Bangalore covering approximately 0.43 million sq. ft. of Saleable Area. For further details see 'Our Promoter' on page 110. Our Company has completed 14 residential projects and one commercial project covering approximately 3.93 million sq.ft of Developable Area or approximately 3.77 million sq.ft of Saleable Area. For further details of our completed projects see 'Our Operations' in "Our Business" on page 63.

Our Land Bank may be broadly classified into lands upon which there is no present development (hereinafter our "Land Assets") and lands upon which we are currently developing projects (hereinafter our "Ongoing Projects"). 'Developable Area' refers to the total area which we develop on each project and 'Saleable Area' refers to that part of the Developable Area relating to our economic interest in such project.

We have access to an extensive Land Bank comprising of Land Assets which is the land that we and our joint venture have available for our future projects and; Ongoing Projects, which is the land on which we and our joint venture are currently developing 15 residential projects and one commercial project. As of July 2, 2007, our Land Bank consists of the following:

	Land Area		**Developable Area**		**Saleable Area**	
	In million sq.ft.	*% of aggregate*	*in million sq.ft.*	*% of aggregate*	*in million sq.ft.*	*% of aggregate*
Land Assets	32.97	86.60%	102.25	87.96%	94.60	88.58%
Ongoing Projects	5.10	13.40%	13.99	12.04%	12.20	11.42%
Total	**38.07**	**100.0%**	**116.24**	**100.0%**	**106.80**	**100.0%**

For a detailed analysis of our Land Bank by category and geographies, see "Our Business- Our Land Bank" on pages 54 to 63.

Our Land Assets aggregate approximately 94.60 million sq.ft. of Saleable Area, of which approximately 42.77 million sq.ft. of Saleable Area is owned by the Company through itself, approximately 6.50 million sq.ft. of Saleable Area is owned by the

Company through its Subsidiaries and approximately 15.71 million sq.ft. of Saleable Area is owned by the Company through entities other than its Subsidiaries. Our Land Assets also comprises of land where the sole development rights over approximately 6.15 million sq.ft. of Saleable Area vest with our Company; land in relation to which we have executed memoranda of understanding and agreements to acquire approximately 9.80 million sq.ft of Saleable Area; land where we have the development rights to approximately 11.41 million sq.ft. of Saleable Area and land to which we have a proportionate right of approximately 2.26 million sq.ft. of Saleable Area through our joint venture with Keppel.

Our Ongoing Projects aggregating approximately 12.20 million sq. ft. of Saleable Area. Our Company is constructing 14 residential projects and one commercial project on approximately 10.98 million sq. ft. of Saleable Area and Keppel Puravankara Development Private Limited, our joint venture with Keppel is constructing one residential project in which our interest extends to approximately 1.22 million sq.ft. of Saleable Area. For further details, see “Our Business”- “Our Land Bank” on page 54.

In 2005, we entered into a joint venture with Keppel Investment Mauritius Private Limited which is a subsidiary of the Singapore based Keppel Land Limited (which is a subsidiary of Keppel Corporation Limited, a company that is majority owned by Temasek Holdings, the investment arm of the Singapore Government). This was among the first few foreign direct investments in the real estate development sector in India that has taken place under the ‘automatic route’ in India. We own 49% of the shares of Keppel Puravankara Development Private Limited, which owns land in Bangalore and we have executed a joint venture agreement in relation to a residential project at Kolkata in which we have 36.26% interest, cumulatively aggregating approximately 2.26 million sq.ft. of Saleable Area. These arrangements bring together Keppel’s expertise and experience in developing world class integrated township projects and our local knowledge and expertise experience in India. For further information on our joint venture with Keppel, see “History and Certain Corporate Matters” on page 81.

In addition, as of July 2, 2007, we have entered into MOUs for the purchase of lands or for execution of joint development agreements with respect to parcels of land located in and around Chennai aggregating approximately 43.56 million sq.ft. which does not form part of our Land Bank. For further details see “Objects of the Issue” on page 26.

We have a strong marketing network and we maintain sales and marketing offices in Bangalore, Chennai, Kochi, Mumbai and the U.A.E. and representatives in the United States and in the United Kingdom. We have built up a strong in-house team of engineers, architects and others who are professionally experienced in their respective fields. We were awarded the ISO 9001 certification by DNV (De Norkse Veritas, a worldwide registrar providing ISO ratings) in 1998 and the CRISIL DA2+ rating in 2002, 2004 and 2006 and DA2 for 2007, which signifies our past track record for executing real estate projects as per specified quality levels and time schedules and transferring clear title, being very good.

Our revenue has increased by Rs. 746.47 million from fiscal 2004 to fiscal 2005 which representated an increase of 97.73% , by Rs. 1,293.94 million from fiscal 2005 to fiscal 2006 which representated an increase of 85.68% and by Rs. 1,364.39 million from fiscal 2006 to fiscal 2007 which representated an increase of 48.65% . Our restated profit after tax has increased by Rs. 225.81 million from fiscal 2004 to fiscal 2005 which representated an increase of 146.22% , by Rs. 354.75 million from fiscal 2005 to fiscal 2006 which representated an increase of 93.30% and by Rs. 569.03 million from fiscal 2006 to fiscal 2007 which representated an increase of 77.42% .

Income

Our total income comprises of income from operations, which includes:

- revenues; and
- other income

Revenues

Our revenues comprise of:

- income from projects;
- rental income;
- income from interior work; and
- income from services.

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

Income 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 commercial business. We generate income from the sale of residential apartments and condominiums. A small portion of our income is also derived from transfer fees, flat cancellation charges, sale of scrap and income from miscellaneous services. Our Income from projects represented 99.38%, 99.44%, 99.14% and 99.69%, respectively, of our revenues in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

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. 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. 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 our future sales revenue is our ongoing and forthcoming projects.

Rental Income

We lease our commercial properties and derive rental income. Rental income represented 0.50%, 0.48%, 0.45% and 0.04%, respectively, of our revenues in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

Income from Interior work

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. Income from interior works represented 0.12%, 0.07%, 0.41% and 0.27%, respectively, of our revenues in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

Income from services

We derived a one-time service income for providing property management services to our Joint Venture with Keppel in fiscal 2006. We did not have any service income in the prior and in the current fiscal years.

Other income:

Other income represents our share of profit from a partnership in fiscal 2006. We did not have any such income in any prior year and in the current fiscal year.

Expenditure

Our expenditure includes:

- cost of revenues;
- selling costs;
- general and administrative expenses; and
- finance charges.

Cost of Revenues

Our cost of revenues comprise of construction costs, land costs and other direct costs.

Construction Costs

Our construction costs primarily consists of material used in our construction, salaries, wages and bonuses, contribution to provident and other fund and staff welfare benefits. Our construction costs also include depreciation of building, plant and machinery and certain other items used in construction. Depreciation on fixed assets is provided on straight line method in the manner and rates prescribed in Schedule XIV to 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. Our construction costs represented 74.17%, 67.42%, 57.84% and 38.30%, respectively, of our total expenditure in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

Land Costs

Land costs consist of the cost of acquisition of land and the cost of acquisition of development rights. Our land costs represented 6.39%, 10.00%, 16.64% and 24.41%, respectively, of our total expenditure in fiscal 2007, fiscal 2006, fiscal 2005 and, fiscal 2004.

Other Costs

Our other costs consist of the expenses incurred in the equipment and machinery for the construction and design for our projects. This also include any expenses involved in equipment and machinery required for the interior works services and other services that we provide and which are not specifically allocated to a project. Our other costs represented 4.23%, 5.49%, 5.64% and 11.35%, respectively, of our total expenditure in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

Selling Costs

This relates to the cost of business promotion and the costs of advertisement and publicity for our projects. The selling costs consist of salary, wages 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. Our selling costs represented 7.62%, 8.32%, 9.12% and 5.37%, respectively, of our total expenditure in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

General and Administrative expenses

Our general and administrative expenses consist of employee costs comprising of salaries, wages, allowances and bonuses paid to employees, contribution to employee provident funds and other staff welfare expenses and not recognized under either 'costs of revenues or under 'selling costs' above. 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 offices premises and losses from our foreign exchange fluctuations. We also include provisions made for certain expenses and other miscellaneous expenses and depreciation charges not covered under 'cost of revenues' or 'selling costs' under this category.

Finance Charges

This consists of the expenses incurred by us as interest charges payable by us on short term and long term loans including working capital loans, overdrafts, interest charges on loans for the purchase of certain equipment and vehicles and financial charges like processing fees for loans, bank guarantees.

Share in the Profits of Associates

This consists of our share of profits/(losses) in associated organisations namely 49% in Keppel Puravankara Private Ltd and 32.83% in Propmart Technologies Ltd.

Profit Before Tax

Our profit before tax represents the difference between our total income and total expenditure after adjusting for profit/(loss) on business with associated organisations. Our profit before tax was Rs.1,463.38million, Rs. 837.06 million, Rs. 404.31 million and Rs. 164.41 million, respectively, in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004.

Gross Profit

Our gross profit represents the difference between our revenues and our cost of revenues. Our gross profit was Rs. 1,755.99 million, Rs. 1,164.19 million, Rs. 624.09 million and Rs. 319.86 million, respectively, in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004. Our management believes that gross profit provides a useful basis on which to compare our core operating performance from period to period. Although we incur expenses other than cost of revenues in the course of operating our business, we believe that cost of revenues provides the underlying trend in the efficiency of our operations and believe that providing the gross profit calculated using revenues and cost of revenues that management believes to be more closely related to the efficiency of our operations is helpful additional disclosure. The gross profit calculated on this basis is not intended to be, and should not be considered to be, a substitute for our profit before tax.

Taxation

Income taxes are accounted for in accordance with AS-22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise current tax, deferred tax and fringe benefit 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 major benefit we take advantage of is under Section 80-IB of the Income Tax Act, 1961 as a majority of our residential projects meets the criteria including of size prescribed by the statute. For details of the tax benefits available to us, see, the section titled "Statement of Tax Benefits" on page 34.

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.

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 because of growing urbanisation of Indian population, expanding middle class, increased disposable income, easy availability of housing finance at cheaper rate and tax incentives;
- demand for office premises by the growing Indian market, including the IT industry, the BPO industry and the manufacturing industry;

Factors affecting the real estate market in India have a direct impact on our income. For example, in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, when our total income increased by 49%, 86%, 98% and 85%, respectively, as compared to the previous periods, the gross domestic product in India grew at 9.6%, 8.5%, 7.5% and 8.4% in fiscal 2007, fiscal 2006, 2005 and 2004 respectively from the relevant previous period.

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 the mid income 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 which includes the amounts paid for freehold rights and cost of registration and stamp duty was Rs. 181.80 million, Rs. 197.84 million, Rs. 184.03 million and Rs. 146.33 million in fiscal 2007, fiscal 2006, fiscal 2005 and fiscal 2004, respectively. We acquire lands from government and 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, which primarily comprise of cost of steel, cost of cement, cost of wood, cost of flooring materials and cost of other accessories.

Cost of Steel: Steel is an important component in the construction of buildings and the cost of steel comprised 13% of our total cost of construction in fiscal 2007. The price of steel is dependant on the international demand supply scenario. The market price of steel has increased from Rs. 21,000 per metric ton on an average in fiscal 2003 to Rs. 28,000 per metric ton on an average in fiscal 2007.

Cost of cement: Cement is an important component in the construction of buildings and the cost of cement comprised 6.60% of our total cost of construction in fiscal 2007. The price of cement varies across regions due to variations in the demand supply balance, the level of concentration and demand growth.

Cost of timber: Timber is an important component in the construction of buildings and the cost of timber comprised 1.34% of our total cost of construction in fiscal 2007.

Cost of personnel or labour: The cost of personnel used in a specific project is assigned to the cost of construction and development and was 16.53% of our total cost of construction in fiscal 2007.

Availability of financing for customers. One of the major drivers behind the growth of demand for housing units is low interest rates on housing loans. The interest rate has reduced from the last decade. As a result, the amount of housing loans disbursed in India has been increasing consistently. However, if the rates of interest for housing loans are increased by the financial institutions, it may adversely affect our results of operations.

Taxation: The other primary factor which affects our financial conditions is the tax payable by us. However, in case our liability for current taxes as calculated is less than 11.22% of our book profit (as defined by statute), we are liable to pay the Minimum Alternate Tax, or MAT. Deferred taxes arise from timing differences between our book profits and our taxable profits that 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 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 considerations. For details of the tax benefits available to us, see, the section titled "Statement of Tax Benefits" on page 34.

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.

For more information on these and other factors/developments which have or may affect us, see "Risk Factors", "Our Industry" and "Our Business" on pages xiii, 43 and 49, respectively.

Critical Accounting Policies

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the ICAI 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. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the report of our Auditors appearing on page 123.

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. For more information on our significant accounting policies, please refer to our restated financial statements beginning on page 123.

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires management to make estimates and assumptions that affect the 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 to 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**

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 of a legally binding agreement. Revenues from such contracts are recognized using the 'percentage of completion method' of accounting. Contract revenues represent the aggregate amounts of sale price for agreements entered into and is accrued based on the percentage that the actual costs incurred until the reporting date bear to the total estimated contract costs.

Contract costs include the estimated construction, development 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 estimated earnings 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 estimated earnings on projects under construction the same is disclosed as 'Advances received for construction, net', (a current liability). Any billed revenue that has not been collected is disclosed under debtors and is net of any provision for amounts doubtful of recovery.

Rental income

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

(b) **Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(c) **Inventories**

Inventory comprises raw materials used for the construction activity of the Company. Raw materials are valued at the lower of cost and new 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 for 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 it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

Results of Operations

The following table sets forth for the periods indicated, certain items derived from our restated consolidated financial statements, in each case stated in absolute terms and as a percentage of total income. Amounts have been rounded to ensure percentages total to 100% as appropriate.

(Rs. million)

	Fiscal 2007		Fiscal 2006		Fiscal 2005		Fiscal 2004	
	Amount	**% of Total Income**	**Amount**	**% of Total Income**	**Amount**	**% of Total Income**	**Amount**	**% of Total Income**
INCOME								
Revenues	4,168.61		2,797.04		1,510.28		763.81	
Other income	-		7.18		Nil		Nil	
Total Income	4,168.61	100	2,804.22	100	1,510.28	100	763.81	100
EXPENDITURE								
Cost of revenues	2,412.63	57.88%	1,640.02	58.48%	886.19	58.68%	443.94	58.12%
Selling costs	216.85	5.20%	164.67	5.87%	100.86	6.68%	32.17	4.21%
General and administrative expenses	203.55	4.88%	101.41	3.62%	57.59	3.81%	38.61	5.05%
Finance Charges, net	12.27	0.29%	72.04	2.57%	61.33	4.06%	84.68	11.09%
Total Expenditure	2,845.30	68.26%	1,978.14	70.54%	1,105.97	73.23%	599.4	78.48%
Operating Profit	1,323.31	31.74%	826.08	29.46%	404.31	26.77%	164.41	21.52%
Share in profit of associate	140.07	3.36%	10.98	0.39%	Nil	-	Nil	-
Provision for tax	172.39	4.14%	70.70	2.52%	33.38	2.21%	12.60	1.65%
Adjustments	13.03		(31.37)		9.31		2.62	
Net Profit after tax restated	1,304.02	31.28%	734.99	26.21%	380.24	25.18%	154.43	20.22%

Comparison of Fiscal 2007 and Fiscal 2006

Income

Our total income comprising of revenues and other income increased by 48.65% to Rs. 4,168.61 million in fiscal 2007 from Rs. 2,804.22 million in fiscal 2006. Our revenues increased by 49.04% to Rs. 4,168.61 million in fiscal 2007 from Rs. 2,797.04 million in fiscal 2006, primarily due to an increase in the income from our projects which increased to Rs. 4,142.78 million in fiscal 2007 from Rs. 2,781.49 million in fiscal 2006, representing an increase of 48.94%. The increase in our income from projects was driven by an increase in the saleable area, including sale of our ongoing projects and an increase in new projects where income was recognized under the percentage of completion method.

In relation to our ongoing projects, in fiscal 2007, we were able to recognize income from thirteen projects, the average completion of which was 52.43% as compared to 35% from eight projects in fiscal 2006. This resulted in additional income of Rs.1361.29 million.

In addition, the commencement and progress of construction of various major residential projects in respect of which we have received significant early bookings and increase in unit prices also contributed to the increase in our income from projects. We recognized revenue for five new projects under the percentage completion method that were added during fiscal 2007 with an average percentage completion achieved of 10.47% and creating additional income of Rs. 203.33 million in fiscal 2007.

Our rental income increased to Rs. 21.02 million in fiscal 2007 from Rs. 13.51 million in fiscal 2006. The increase in our rental income was due to higher rent from our commercial properties. The income from interior work increased to Rs. 4.81 million in fiscal 2007 from Rs. 2.04 million in fiscal 2006.

Expenditure

Our total expenditure increased by 43.84% to Rs. 2,845.30 million in fiscal 2007 from Rs. 1,978.14 million in fiscal 2006, primarily due to an increase in our revenues and business volume resulting in a corresponding increase in cost.

Our cost of revenues increased by 47.11% to Rs. 2,412.63 million in fiscal 2007 from Rs. 1,640.02 million in fiscal 2006, primarily due to an increase in our construction costs. Our construction cost increased to Rs. 2,110.48 million in fiscal 2007 from Rs. 1,333.60 million in fiscal 2006, representing an increase of 58.25%. Material and contract costs increased to Rs. 2,006.14 million in fiscal 2007 from Rs. 1,284.63 million in fiscal 2006. This increase was due to additional cost incurred on account of an increase in the floor area constructed by us together with an increase in the cost of materials like cement, steel and fittings. Depreciation increased to Rs. 17.55 million in fiscal 2007 from Rs. 11.38 million in fiscal 2006. As a percentage of total income, our cost of revenue decreased to 57.88% of total income in fiscal 2007 from 58.48% of total income in fiscal 2006.

Our land cost decreased to Rs. 181.80 million in fiscal 2007 from Rs. 197.84 million in fiscal 2006. The decrease was caused due to the lower unit price of land in 2007.

Our selling cost increased by 31.69% to Rs. 216.85 million in fiscal 2007 from Rs. 164.67 million in fiscal 2006, primarily due to an increase in the costs relating to advertising and sales promotion of our projects to Rs. 156.32 million in fiscal 2007 from Rs. 92.33 million in fiscal 2006, and an increase in salaries, wages and bonuses to Rs. 20.39 million in fiscal 2007 from Rs. 9.60 million in fiscal 2006. As a percentage of total income, our selling costs decreased to 5.20% of total income in fiscal 2007 from 5.87% of total income in fiscal 2006.

Our general and administrative expenses increased by 100.72% to Rs. 203.55 million in fiscal 2007 from Rs. 101.41 million in fiscal 2006 before providing for impact of change in method of depreciation. As a percentage of total income, our general and administrative expenses increased to 4.88% of total income in fiscal 2007 from 3.62% of total income in fiscal 2006. The increase in certain heads of expenses include increase in the legal and professional charges to Rs. 17.39 million in fiscal 2007 from Rs. 8.87 million in fiscal 2006, increase in salaries, wages and bonuses to Rs. 76.41 million in fiscal 2007 from Rs. 39.54 million in fiscal 2006.

Our net finance charges decreased to Rs. 12.27 million in fiscal 2007 from Rs. 72.04 million in fiscal 2006. This was primarily due to a decrease in the interest income from our loan to our joint venture entity with Keppel, partially offset by an increase in the interest income received from our customers and a decrease in the loan processing charges relating to loans taken from banks. As a percentage of total income, our finance cost decreased to 0.29% of total income in fiscal 2007 from 2.57% of total income in fiscal 2006.

Share in profit of associates

Our net share in profit of associates was Rs. 140.07 million representing 3.36% of total income in 2007 compared to Rs. 10.98 million representing 0.39% of total income in 2006.

Profit before tax and adjustments

Our profit before tax and adjustments increased by 74.82% to Rs. 1,463.38 million in fiscal 2007 from Rs. 837.06 million in fiscal 2006, due to a higher increase in our total income caused by an increase in our income from our projects than the increase in our expenditure as also from share of profit of associate organisation. Our profit before tax as a percentage of total income increased to 35.10% in fiscal 2007 from 29.85% in fiscal 2006, primarily due to an increase in unit prices of residential projects better planning and utilization of internal resources, sale of properties with higher margins and share of profit from associated organisations.

Gross Profit

Our gross profit increased by 50.83% to Rs. 1,755.98 million in fiscal 2007 from Rs. 1,164.20 million in fiscal 2006. As a percentage of our total revenues, our gross profit increased to 42.12% in fiscal 2007 from 41.51% in fiscal 2006, primarily due to an increase in unit prices of residential projects and better planning and utilization of internal resources/sale of properties with higher margins.

Provision for tax

Our provision for tax liabilities increased by 143.83% to Rs. 172.39 million in fiscal 2007 from Rs. 70.70 million in fiscal 2006. The primary components of this increase were an increase in our current tax liability to Rs. 150.04 million in fiscal 2007 from Rs. 70.48 million in fiscal 2006 in line with our increase in our profit before tax. Our profit before tax in fiscal 2007 increased by 74.82% compared to fiscal 2006, the provision for tax in fiscal 2007 increased proportionately. Rs. 13.03 million has been adjusted as short provided for the period in the restated accounts.

Net Profit After Tax and adjustments

Our net profit after tax and adjustments increased by 77.42% to Rs. 1,304.02 million in fiscal 2007 from Rs. 734.99 million in fiscal 2006. As a percentage of total income, the net profit increased to 31.28% in fiscal 2007 from 26.21% in fiscal 2006.

Comparison of Fiscal 2006 and Fiscal 2005

Income

Our total income comprising of revenues and other income increased by 85.68% to Rs. 2,804.22 million in fiscal 2006 from Rs. 1,510.28 million in fiscal 2005. Our revenues increased 85.20% to Rs. 2,797.04 million in fiscal 2006 from Rs. 1,510.28 million in fiscal 2005, primarily due to an increase in the income from our projects which increased to Rs. 2,781.49 million in fiscal 2006 from Rs. 1,497.32 million in fiscal 2005, representing an increase of 85.76%. The increase in our income from projects was driven by an increase in the saleable area, including sale of our ongoing projects and an increase in new projects where income was recognized under the percentage of completion method.

In relation to our ongoing projects, in fiscal 2006, we were able to recognize income from eight projects, the average completion of which was 35% as compared to 38% from nine projects in fiscal 2005. This resulted in additional income of Rs. 2,000 million.

In addition, the commencement and progress of construction of various major residential projects in respect of which we have received significant early bookings and increase in unit prices also contributed to the increase in our income from projects. We recognized revenue for five new projects under the percentage completion method that were added during fiscal 2006 with an average percentage completion achieved of 14% and creating additional income of Rs. 652 million in fiscal 2006.

Our rental income increased to Rs. 13.51 million in fiscal 2006 from Rs. 6.82 million in fiscal 2005. The increase in our rental income was due to higher rent from our commercial properties. We also received an amount of Rs. 30.75 million for services provided to our joint venture entity with Keppel, Keppel Puravankara Development Private Limited. We however experienced a decrease in our income from interior works division. The income from interior work decreased to Rs. 2.04 million in fiscal 2006 from Rs. 6.14 million in fiscal 2005.

Our other income was Rs. 7.18 million in fiscal 2006, due to our share of profit from partnership.

Expenditure

Our total expenditure increased by 78.86% to Rs. 1,978.14 million in fiscal 2006 from Rs. 1,105.97 million in fiscal 2005, primarily due to an increase in our revenues and business volume resulting in a corresponding increase in cost.

Our cost of revenues increased by 85.06% to Rs. 1,640.02 million in fiscal 2006 from Rs. 886.19 million in fiscal 2005, primarily due to an increase in our construction costs. Our construction cost increased to Rs. 1,333.60 million in fiscal 2006 from Rs. 639.74 million in fiscal 2005, representing an increase of 108.46%. Material and contract costs increased from Rs 601.20 million in fiscal 2005 to Rs 1,284.63 million in fiscal 2006. This increase was due to additional cost incurred on account of an increase in the floor area constructed by us together with an increase in the cost of materials like cement, steel and fittings. Depreciation decreased to Rs. 11.38 million in fiscal 2006 from Rs. 7.63 million in fiscal 2005 due to the effect of change in method of depreciation. As a percentage of total income, our cost of revenue decreased to 58.48% of total income in fiscal 2006 from 58.68% of total income in fiscal 2005.

Our land cost increased from Rs. 184.03 million in fiscal 2005 to Rs. 197.84 million in fiscal 2006. The increase was caused due to a corresponding increase in cost under the percentage of completion method from the sale of our ongoing projects and an increase in new projects where income was recognized under the percentage of completion method.

Our selling cost increased by 63.27% to Rs. 164.67 million in fiscal 2006 from Rs. 100.86 million in fiscal 2005, primarily due to an increase in the costs relation to advertising and sales promotion of our projects to Rs. 92.33 million in fiscal 2006 from Rs. 57.88 million in fiscal 2005, and increase in sales incentives and commissions given to selling agents to Rs. 6.08 million in fiscal 2006 from Rs. 3.62 million in fiscal 2005. As a percentage of total income, our selling costs decreased to 5.87% of total income in fiscal 2006 from 6.68% of total income in fiscal 2005.

Our general and administrative expenses increased by 76.09% to Rs. 101.41 million in fiscal 2006 from Rs. 57.59 million in fiscal 2005. As a percentage of total income, our general and administrative expenses decreased to 3.62% of total income in fiscal 2006 from 3.81% of total income in fiscal 2005. The increase in certain heads of expenses include increase in the legal and professional charges to Rs. 8.87 million in fiscal 2006 from Rs. 2.59 million in fiscal 2005 and increase in travelling and conveyance charges.

Our net finance charges increased to Rs. 72.04 million in fiscal 2006 from Rs. 61.33 million in fiscal 2005. This was primarily due to an increase in the interest income from our loan to our joint venture entity with Keppel, partially offset by a decrease in the interest income received from our customers and an increase in the loan processing charges relating to loans taken from banks. As a percentage of total income, our finance cost decreased to 2.57% of total income in fiscal 2006 from 4.06% of total income in fiscal 2005.

Share in profit of associates

Our net share in profit of associates was Rs 10.98 million representing 0.39% of total income in 2006. There were no operational associates and hence no profit in this respect was recognized in this year.

Profit before tax and adjustments

Our profit before tax and adjustments increased by 107.03% to Rs. 837.06 million in fiscal 2006 from Rs. 404.31 million in fiscal 2005, due to a higher increase in our total income caused by an increase in our income from our projects than the increase in our expenditure as also from share of profit of associate organisation. Our profit before tax as a percentage of total income increased to 29.85% in fiscal 2006 from 26.77% in fiscal 2005, primarily due to an increase in unit prices of residential projects better planning and utilization of internal resources, sale of properties with higher margins and share of profit from associated organisations.

Gross Profit

Our gross profit increased by 86.54% to Rs. 1,164.20 million in fiscal 2006 from Rs. 624.09 million in fiscal 2005. As a percentage of our total revenues, our gross profit increased to 41.25% in fiscal 2006 from 41.32% in fiscal 2005, primarily due to an increase in unit prices of residential projects and better planning and utilization of internal resources/sale of properties with higher margins.

Provision for tax

Our provision for tax liabilities increased by 111.8% to Rs. 70.70 million in fiscal 2006 from Rs. 33.38 million in fiscal 2005. The primary components of this increase were an increase in our current tax liability to Rs. 70.70 million in fiscal 2006 from Rs. 33.38 million in fiscal 2005 in line with our increase in our profit before tax. Our profit before tax in fiscal 2006 increased by 107.03% compared to fiscal 2005, the provision for tax in fiscal 2006 increased proportionately.

Net Profit After Tax and adjustments

Our net profit after tax and adjustments increased by 93.30% to Rs. 734.99 million in fiscal 2006 from Rs. 380.24 million in fiscal 2005. As a percentage of total income, the net profit increased to 26.21% in fiscal 2006 from 25.18% in fiscal 2005.

Comparison of Fiscal 2005 and Fiscal 2004

Income

Our total income comprising of revenues and other income increased by 97.73% to Rs. 1,510.28 million in fiscal 2005 from Rs. 763.81 million in fiscal 2004. Our revenues increased, primarily due to an increase in the income from our projects, which increased to Rs. 1,497.32 million in fiscal 2005 from Rs. 761.47 million in fiscal 2004, representing an increase of 96.64%. The increase in our income from projects was driven by an increase in the saleable area, including sale of our ongoing projects and an increase in new projects where income was recognized under the percentage of completion method.

In relation to our ongoing projects, in fiscal 2005, we were able to recognize income from 6 projects, the average completion of which was 38% as compared to 14% from four projects in fiscal 2004. This resulted in additional income of Rs. 652.37 million.

In addition, the commencement and progress of construction of various major residential projects in respect of which we have received significant early bookings and increase in unit prices also contributed to the increase in our income from projects. We recognized revenue for two new projects under the percentage completion method that were added during fiscal 2005 with an average percentage completion achieved of 17.0% and creating additional income of Rs. 76.16 million in fiscal 2005.

Our rental income increased to Rs. 6.82 million in fiscal 2005 from Rs. 0.28 million in fiscal 2004. The increase in our rental income was due to higher rent from our commercial properties. Our income from interior works division increased to Rs. 6.14 million in fiscal 2005 from Rs. 2.06 million in fiscal 2004.

Expenditure

Our total expenditure increased by 84.51% to Rs. 1,105.97 million in fiscal 2005 from Rs. 599.40 million in fiscal 2004, primarily due to an increase in our revenues and business volume resulting in a corresponding increase in cost.

Our cost of revenues increased by 99.62% to Rs. 886.19 million in fiscal 2005 from Rs. 443.94 million in fiscal 2004, primarily due to an increase in our construction costs. Our construction cost increased to Rs. 639.74 million in fiscal 2005 from Rs. 229.59 million in fiscal 2004, representing an increase of 178.64%. Material and contract costs increased from Rs 203.99 million in fiscal 2004 to Rs 601.20 million in fiscal 2005. This increase was due to additional cost incurred on account of an increase in the floor area constructed by us together with an increase in the cost of materials like cement, steel and fittings. Depreciation increased to Rs. 7.63 million in fiscal 2005 from Rs. 4.48 million in fiscal 2004. The increase was due to addition of Rs. 17.62 million in fixed assets including building, furniture and fixture. As a percentage of total income, our cost of revenue increased to 58.68% of total income in fiscal 2005 from 58.12% of total income in fiscal 2004.

Our land cost increased from Rs. 146.33 million in fiscal 2004 to Rs. 184.03 million in fiscal 2005. The increase was caused due to a corresponding increase in cost under the percentage of completion method from the sale of our ongoing projects and an increase in new projects where income was recognized under the percentage of completion method.

Our selling cost increased by 213.52% to Rs. 100.86 million in fiscal 2005 from Rs. 32.17 million in fiscal 2004, primarily due to an increase in the costs relation to advertising and sales promotion of our projects to Rs. 57.88 million in fiscal 2005 from Rs. 16.82 million in fiscal 2004, and increase in sales incentives and commissions given to selling agents. As a percentage of total income, our selling costs increased to 6.68% of total income in fiscal 2005 from 4.21% of total income in fiscal 2004.

Our general and administrative expenses increased by 49.16% to Rs. 57.59 million in fiscal 2005 from Rs. 38.61 million in fiscal 2004. As a percentage of total income, our general and administrative expenses decreased to 3.81% of total income in fiscal 2005 from 5.05% of total income in fiscal 2004. Increase in certain heads of expenses include increase in the rates and taxes to Rs. 3.63 million in fiscal 2005 from Rs. 2.78 million in fiscal 2004, and increase in salaries, wages and bonuses to Rs. 22.81 million in fiscal 2005 from Rs. 15.49 million in fiscal 2004.

Our net finance charges decreased to Rs. 61.33 million in fiscal 2005 from Rs. 84.68 million in fiscal 2004. This was primarily due to an increase in the interest income received from our customers and associate company, and a decrease in the loan processing charges relating to loans availed. partially offset by an increase in the interest payable by us on our term loan and overdraft facility. As a percentage of total income, our finance cost decreased to 4.06% of total income in fiscal 2005 from 11.09% of total income in fiscal 2004.

Share in Profit of associates

There were no operational associates in fiscal 2005 and fiscal 2004 and no profit was recognized for fiscal 2005 and fiscal 2004 respectively.

Profit before tax and adjustments

Our profit before tax and adjustments increased by 145.92% to Rs. 404.31 million in fiscal 2005 from Rs. 164.41 million in fiscal 2004, due to a higher increase in our total income caused by an increase in our income from our projects than the increase in our expenditure. Our profit before tax as a percentage of total income increased to 26.77% in fiscal 2005 from 21.52% in fiscal 2004, primarily due to an increase in unit prices of residential projects and better planning and utilization of internal resources/ sale of properties with higher margins.

Gross Profit

Our gross profit increased by 95.11% to Rs. 624.09 million in fiscal 2005 from Rs. 319.87 million in fiscal 2004. As a percentage of our total revenues, our gross profit decreased to 41.32% in fiscal 2005 from 41.88% in fiscal 2004, primarily due to an increase in input costs.

Provision for tax

Our provision for tax liabilities increased by 164.92% to Rs. 33.38 million in fiscal 2005 from Rs. 12.60 million in fiscal 2004. The primary components of this increase were an increase in our current tax liability to Rs. 33.38 million in fiscal 2005 from Rs. 12.60 million in fiscal 2004 in line with our increase in our profit before tax. Even though our profit before tax in fiscal 2005 increased by 145.92% compared to fiscal 2004, the provision for tax in fiscal 2005 did not increase proportionately due to the benefit we received under section 80-IB of the Income Tax Act.

Net Profit After Tax and Adjustments

Our net profit after tax increased by 146.22% to Rs. 380.24 million in fiscal 2005 from Rs. 154.43 million in fiscal 2004. As a percentage of total income, the net profit increased to 25.18% in fiscal 2005 from 20.22% in fiscal 2004.

Effect of Restatement

The summary of adjustments on account of changes in accounting policies and its impact on profits and losses of the Company is as under:

Particulars	For the year ended March 31,					
	2007	2006	2005	2004	2003	2002
PROFIT AFTER TAX BEFORE ADJUSTMENTS	1,290.99	766.36	370.93	151.81	58.54	17.65
ADJUSTMENTS						
Increase / (decrease) in net profit						
Impact of change in method of depreciation	-	(18.34)	9.31	2.62	4.91	1.5
Provision for taxes	13.03	(13.03)	-	-	1.49	(1.49)
TOTAL DIFFERENCE DUE TO ADJUSTMENTS	13.03	(31.37)	9.31	2.62	6.4	0.01
PROFIT AFTER TAX RESTATED	1,304.02	734.99	380.24	154.43	64.94	17.66

The Items on which such restatement has been made is as follows:

1. Change in the method of depreciation from written down value to straight line method
2. Provision for tax adjusted for the correct period.

Financial Indebtedness

For details of our secured and unsecured loans see the section titled "Financial Indebtedness" on page 218.

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 cash flows and borrowings, as well as through the proceeds of this Issue as described in the section titled "Objects of the Issue" on page 26. For more information, see the section titled "Financial Indebtedness" on page 218. Our expansion plans and planned expenditure are subject to change based on, and our ability to raise and service the required financing depends on, various factors such as interest rates, property prices and market conditions.

Net Worth

As of March 2007, 2006, 2005 and 2004, our net worth, which is defined as the difference between (a) total assets and (b) total liabilities and provisions, was Rs. 2,217.63 million, Rs. 1,114.19 million, Rs. 516.04 million and Rs. 271.48 million, respectively.

Net Cash Flows

As of March 31, 2007, 2006, 2005 and 2004, we had cash and cash equivalents of Rs. 373.66 million, Rs. 444.18 million, Rs. 419.54 million and Rs. 144.77 million, respectively. The table below summarizes our cash flows as restated for fiscal 2007, 2006, 2005 and 2004:

(Rs. Million)

	Fiscal			
	2007	2006	2005	2004
Net cash from (used in) operating activities	(525.99)	1,805.70	625.90	(116.74)
Net cash from (used in) investing activities	(4,277.22)	(2,233.39)	(406.51)	(167.26)
Net cash from (used in) financing activities	4,741.10	486.47	13.65	367.91

Cash Flows from Operating Activities

Our net cash from operating activities in fiscal 2007 was Rs. (529.99) million, although our profit before taxes for such period was Rs. 1,463.38 million and the profit after deducting taxes but before working capital changes adjustments was Rs. 1,355.02 million. The difference was attributable to increase in trade debtors, loans and advances, properties under development and properties held for sale.

Our net cash from operating activities in fiscal 2007 was negative primarily on account of increase in trade debtors, loans and advances, properties under development and properties held for sale. Our net cash from operating activities in fiscal 2006 was positive primarily on account of increase in operating profit and current liabilities. Our net cash from operating activities in fiscal 2005 was positive primarily on account of increase in operating profit and current liabilities. Our net cash from operating activities in fiscal 2004 was negative primarily on account of increase in properties under development.

Cash Flows from Investment Activities

Our cash flow from or used in investment activities represents sale and purchase of fixed assets comprising plant and equipment used in our construction business and purchase of investments and offset in each fiscal year by minor disposal of such fixed assets, sales of investments and interest received. Our cash flows from financing activities have been negative for the past few years on account of increase in properties held for development.

Our net cash from investment activities in fiscal 2007 was negative primarily on account of increase in purchase of Fixed Assets and in CWIP, increase in loans to our Associates and increase in Property held for development.

Our net cash from investment activities in fiscal 2006 was negative primarily on account of increase in properties held for development. Our net cash from operating activities in fiscal 2005 was negative primarily on account of increase in properties held for development. Our net cash from operating activities in fiscal 2004 was negative primarily on account of increase in purchase of fixed assets and capital work in progress and properties held for development.

Cash Flows from Financing Activities

Our cash flow from or used in our financing activities is determined primarily by the level of our borrowings, the schedule of principal and interest payments on them, the issuance of share capital and payment of dividends. In fiscal 2007, our cash flow from financing activities was Rs. 4,741.10 due to increased borrowings.

Our net cash from financing activities in fiscal 2006 was positive primarily on account of increase in long term borrowings. Our net cash from operating activities in fiscal 2005 was positive primarily on account of increase in long term borrowings. Our net cash from operating activities in fiscal 2004 was positive primarily on account of increase in long term borrowing.

Financial Condition

Our share capital increased to Rs. 960.09 million in fiscal 2007 from Rs. 80.00 million in fiscal 2006, 2005, 2004 and 2003 due to allotment of additional shares and bonus shares as described in page 20. The reserves and surplus as of March 31, 2007, 2006, 2005 and 2004 was Rs. 1,257.54 million, Rs. 1,034.19 million, Rs. 436.04 million and Rs. 191.48 million.

Assets

Fixed Assets: The net book value of our total fixed assets was Rs. 381.94 million, Rs. 175.17 million, Rs. 78.98 million and Rs. 70.48 million as at March 31, 2007, 2006, 2005 and 2004, respectively. Our fixed assets comprise of buildings, plant and machinery, furniture and fixture, computers and vehicles.

Investments: Our investments consist mainly of equity shares in our subsidiary companies. In addition we also have investments in Promoter Group companies, in the Keppel joint venture, investment in government securities, and investments in certain associated companies. Our total investment were Rs. 371.48 million and Rs. 231.41 million as at March 31, 2007 and 2006, respectively.

Current Assets, Loans and Advances: The total current assets, loans and advances were Rs. 6,274.60 million, Rs. 4,045.53 million, Rs. 2,816.15 million and Rs. 1,097.57 million as at March 31, 2007, 2006, 2005 and 2004, respectively. Our current assets, loans and advances comprise our cash and bank balances, inventory, trade debtors, properties under development, properties held for sale, and loans and advances.

Cash and bank balances: Our cash and bank balances consist of cash on hand and cash held in current, deposit and foreign currency accounts with specified banks. The cash and bank balances were Rs. 373.66 million, 444.18 million, Rs. 419.54 million and Rs. 144.77 million as at March 31, 2007, 2006, 2005 and 2004, respectively.

Inventory : Our inventories consist primarily of raw materials for our construction projects. Our inventories were Rs. 159.48 million and Rs. 191.27 million as at March 31, 2007 and 2006, respectively.

Trade Debtors: The total amount payable by our trade debtors was Rs. 458.82 million, Rs. 446.42 million, Rs. 199.81 million and Rs. 110.99 million as at March 31, 2007, 2006, 2005 and 2004, respectively. Our trade debtors consist of unsecured debtors.

Properties under development: This consists of the land which has been acquired for the purposes of development. Our projects under development was Rs. 2,471.16 million, Rs. 1,577.06 million, Rs. 1,536.32 million and Rs. 456.99 million as at March 31, 2007, 2006, 2005 and 2004, respectively.

Properties held for sale: This consists of finished projects which are unsold on the date of the financial statements, which is valued at cost price or net realizable value (equal to selling price less cost of selling), whichever is lower. Our properties held for sale was Rs. 515.36 million, Rs. 200.70 million, Rs. 195.05 million and Rs. 220.18 million as at March 31, 2007, 2006, 2005 and 2004, respectively.

Loans and Advances: Our total loans and advances were Rs. 2,296.12 million, Rs. 1,185.90 million, Rs. 465.43 million and Rs. 164.64 million as at March 31, 2007, 2006, 2005 and 2004, respectively. Our loans and advances also comprise of advances and loans made by us to suppliers, advances to 'Related Parties', advances to subsidiaries, advances for acquisition of land, advance for purchase of flats, advance for taxes and other advances.

Liabilities

Total Liabilities and Provisions: Our total liabilities and provisions were Rs. 11,825.04 million, Rs. 6,405.55 million, Rs. 2,994.95 million and Rs. 1,131.42 million as at March 31, 2007, 2006, 2005 and 2004, respectively. Our current liabilities include sundry creditors, book overdraft advances and deposits from customers and clients, dues to employees, dues to 'Related Parties', duties and taxes payable and security deposits received and other liabilities. The amount reserved as 'provisions' includes the provisions that we make on proposed dividend, any tax on the proposed dividend, provision for gratuity and amounts representing leave encashment.

Off-Balance Sheet Arrangements (Contingent Liabilities)

Our off-balance sheet liabilities consist primarily of guarantees to the relevant governmental authorities for obtaining licenses and approvals issued in respect of debt incurred by us, our subsidiaries and third parties and also for construction contracts entered into by us. As of March 31, 2007, March 31, 2006, March 31, 2005 and March 31, 2004, we had contingent liabilities in the following amounts, as disclosed in our restated consolidated financial statements:

(Rs. Million)

	Fiscal				
	2007	**2006**	**2005**	**2004**	**2003**
Claims against the company not acknowledged as debt	Nil	Nil	Nil	Nil	Nil
Bank Guarantees in respect of the Company	56.80	Nil	Nil	Nil	Nil
Total	56.80	Nil	Nil	Nil	Nil

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. As of March 31, 2007, our balances involving transactions with related parties included Rs.449.20 million in loans and advances to various joint ventures and Promoter Group companies and Rs. NIL in guarantees given in respect of indebtedness of Subsidiaries and Promoter Group companies. For details regarding our related party transactions, please see "Related Party Transactions".

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risk from changes in interest rates. The following discussion is based on our financial statements under Indian GAAP.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations. Our long-term Rupee-denominated debts, which bear interest at floating rates linked with prime lending rates of the respective lenders, as determined from time to time totalled Rs. 5,619.30 million as at March 31, 2007. Upward fluctuations in interest rates increase the cost of both existing and new debts. An increase in interest rates of 1% on our existing floating rate debts would increase our annual interest liability by approximately Rs. 56.20 million based upon the long-term and short-term loans outstanding as at March 31, 2007. Although we intend to repay some of these borrowings with the proceeds of the Issue, it is likely that in the current fiscal year and in future periods our borrowings will rise substantially given our planned expenditure. We do not engage in interest rate hedging.

Commodity Price Risk

We are exposed to market risk with respect to the prices of raw material and components used in our projects. These commodities include steel, cement and timber. The costs for these raw materials and components are subject to fluctuation based on commodity prices. The cost of components and various small parts sourced from outside manufacturers may also fluctuate based on their availability from suppliers. In the normal course of business, we purchase these raw materials and components either on a purchase order basis or pursuant to supply agreements.

Effect of New Accounting Pronouncements

For and up to the year ended March 31, 2005, depreciation on fixed assets was provided on the written down value method at the rates specified in Schedule XIV to the Companies Act, 1956. Effective April 1, 2005, the method of providing for depreciation was changed from the written down value method to the straight-line method at the rates prescribed in Schedule XIV as we believe that the use of the straight line method would better reflect the pattern of usage of these assets in the financial statements.

Further, effective April 1, 2005, we fully depreciated assets costing individually less than Rs 5,000 in the year of purchase, as against the depreciation rate applicable to the respective asset categories.

Accordingly the depreciation for the four years ended March 31, 2005 has been charged based on the straight line method and assets individually costing less than Rs 5,000 have been depreciated fully in the year of purchase with the impact for each of the years presented being adjusted in the respective years restated financial statements.

Known Trends or Uncertainties

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page xiii and 200, respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Future Relationship between Costs and Income

Other than as described in the section entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" on page xiii and 200, respectively, to our knowledge there are no future relationship between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

Inflation

In recent years, although India has experienced minor fluctuation in inflation rates, inflation has not had material impact on our business and results of operations.

Seasonality of Business

Our operations may be adversely affected by difficult working conditions during monsoons that restrict our ability to carry on construction activities and fully utilize our resources. Notwithstanding, we generally do not believe that our business is seasonal.

New Products or Business Segment

Other than as described in this Red Herring Prospectus, we do not have any new products or business segments.

Competitive Conditions

We expect competition in the real estate development sector from existing and potential competitors to intensify. For further details please refer to the discussions of our competitive conditions in the sections entitled "Risk Factors" and "Our Business" on page xiii and 49, respectively.

Significant Developments after March 31, 2007 that may affect our future Results of Operations

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

FINANCIAL INDEBTEDNESS

Our aggregate borrowings as of July 2, 2007 are as follows:

In Rs. Million

S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	6,681.49
2.	Unsecured Borrowings	Nil

1. Loan Agreement dated March 31, 2004 with Housing Development Finance Corporation Limited. [1,2 and 3]

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
500.00	350.00	350.00	• Line of credit with outstanding amount to be reduced as per schedule. • Interest rate at 13.50% per annum subject to change by the lender.

2. Loan Agreement dated November 28, 2005 with Housing Development Finance Corporation Limited. [1,2,3,4 and 5]

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
1,250.00	475.00	475.00	• Repayable in monthly instalments following repayment holiday of 10 months from the first disbursement. • Interest rate at 13.25% per annum (175 bps less than specified bank lending rate which is currently at 10.75%).

3. Loan Agreement dated May 19, 2003 with Housing Development Finance Corporation Limited [1,2,3, 4 and5]

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
300.00	90.00	90.00	• Line of credit with outstanding amount to be reduced as per schedule. • Interest rate at 13.50% per annum (200 basis points above the specified bank lending rate).

4. Loan Sanction letter dated March 13, 2006 with Andhra Bank [2,6 and 7]

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
150.00*	150.00	Nil	• Secured over draft limit by renewal of existing limit • Interest rate at 1.5% below specified bank prime lending rate.

** Andhra Bank has, in addition, provided a bank guarantee of Rs. 20.0 million.*

5. *Facility Agreement dated August 5, 2006 with Standard Chartered Bank [2,]*

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
1,200.00	1,200.00	1,200.00	• Repayment in 24 monthly instalments commencing from the 15th month from the first drawdown date. • Interest rate at 13.00% per annum subject to change as per market conditions.

6. *Loan Sanction Letter dated August 5, 2006 with Standard Chartered Bank [2, 8 and 9]*

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
1,000.00	875.00	818.19	• Overdraft facility with outstanding amount to be reduced as per schedule. • Interest rate at 12.50% per annum subject to change as per market conditions.

7. *Facility Agreement dated July 14, 2006 with ICICI Bank Limited [2, 8,10 and 11]*

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
2,000.00	1,695.10	1,695.10	• Line of Credit facility with outstanding amount to be reduced as per schedule. • Interest rate at 2.5% below specified bank benchmark advance rate to be reset at biannual rests.

8. *Loan Sanction dated March 14, 2005 with ICICI Bank Limited [1, 2,5,6, 10, 11 and 12]*

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
350.00	87.50	87.50	• Rupee Term Loan Repayable in 27 monthly instalments commencing September 25, 2005. • Interest rate at 2.15% above the specified bank lending rate plus applicable term premium prevailing as of date to be reset at biannual rests.

9. *Loan Sanction Letter dated March 1, 2007 with HSBC Bank Limited [2,4, 8 and 11]*

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
1,500.00	1,500.00	1,500.00	• Rupee Term Loan repayable in 12 monthly instalments. • Interest rate at 16.00% per annum with respect to Rs. 500.0 million and interest rate at 13.50% per annum with respect to Rs. 1,000.0 million.

[*] HSBC Bank Limited has, in addition, provided a bank guarantee of Rs. 10.0 million.

10. Facility Agreement dated May 23, 2007 with ICICI Bank Limited 2, 8, 10 and 11

In Rs. Million

Sanctioned Amount	Current Eligibility	Amount Outstanding	Repayment and Interest Rate
1,500.00*	1,500.00	465.70	• Rupee Term Loan repayable in 16 monthly instalments. • Interest rate at 1.55% per annum below the sum of ICICI Benchmark Advance Rate pervailing at the date of disbursement of such trance of the facility plus 6 month term premia.

**ICICI Bank has, in addition, provided a bank guarantee of Rs. 400.00 million for a period of 12 months for the same security*

References

1. Loan secured by equitable mortgage over immovable property.
2. Loan secured by personal guarantee from our Promoter
3. Loan secured by charge over and escrow of receivables of project being financed.
4. Loan secured by promissory notes for the principal amount and interest.
5. Loan secured by post dated cheques for the principal amount.
6. Loan secured by personal guarantee of certain of our directors.
7. Loan secured by equitable mortgage of undivided interest in immovable property.
8. Loan secured by exclusive mortgage over immovable property.
9. Loan secured by Hypothecation of book debts and receivables pertaining to specified projects.
10. Loan secured by exclusive charge on the escrow account and the debt service recovery account and all monies credited/ deposited therein and all investments in respect thereof.
11. Loan secured by exclusive charge over receivables.
12. Loan secured by charge over undivided interest in immovable property.

Some of the corporate actions for which we require the prior written consent of our lenders, either under ordinary circumstances, or in the event of an event of default under our loan agreements taking place include the following:

- Execute any agreements, writings, declaration, undertakings, documents etc required to protect and secure the interests of the lender.
- Not to raise any loan from any other source till dues of lender are repaid in full.
- Not to amend/modify any clause of article in the charter documents without the lender's consent.
- Formulate any scheme of amalgamation or expansion.
- To undertake guarantee obligations on behalf of any other company.
- To change the composition of our board of directors.
- To route project cash flows through specified accounts.
- End use requirements requiring us to use specified portions of our borrowings towards completing. specified projects within specified time frames.
- To inform the bank of any immovable properties being acquired by our Company and upon being required to do so, make out marketable title with relation to such properties and mortgage the same to the lender.
- To make such changes to the constitutional documents of our Company as may be required by the lender.
- To undertake or permit any merger, de-merger, consolidation, re-organization, dissolution, scheme or arrangement or compromise with our creditors or shareholders or effect any scheme of amalgamation or reconstruction.

- To pay any commission to our Promoter, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liabilities.
- To make any investments either by way of deposits, loans or investments in share capital or otherwise in any concern or provide any credit or give any guarantee, indemnity or similar assurance.
- To effect any reduction in paid up capital.
- To affect any material change in our shareholding, ownership, key management or the nature of our business.
- To pay commissions to persons who are in substantial command of the affairs of our Company.
- To incorporate any new entities as subsidiaries or permit any company to become a subsidiary.
- To declare any dividend without satisfying certain conditions.
- To mortgage, sell, lease, exchange or create any charge, lien or encumbrance of any kind on specified assets or the security secured with our lenders or change the use of the said assets.
- To enter into an new line of business or to change a line of activity.
- To change the use of any specified properties.
- Any change to the board of directors of our Company.

Further, several of the loan agreements executed provide for the unilateral rescheduling of loans by our lenders, contain pre-payment penalties and delayed payment penalties, and permit the lender to disclose our name as a defaulter to the RBI and debar our Company from borrowing monies for certain periods of time. Certain of our loan agreements permit our lenders to appoint nominee directors including wholetime nominee directors in case of default on our board. Certain of our loan agreements permit the conversion of outstanding debts under them into fully paid up equity shares of our Company. Certain of our loan agreements require us to designate types of loans as our preferred brand for reference of individuals for home loans.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors and our Promoter Group Entities and there are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issue by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company (the subsidiary of the Company has no material litigation pending against it) and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Subsidiary, its Promoter or Directors or Promoter Group Entities.

Cases filed against our Company

1. Our Company has been impleaded in a case (O.S. No. 6432/1992) that has been filed by M/s. Woodcraft (India) Private Limited initially against Nagaraja Reddy and Venkataswamy Reddy in the Court of the City Civil Judge at Bangalore with respect to land bearing Survey No. 56/2, Haralakunte Village, Begur Hobli, Bangalore South Taluk, Bangalore admeasuring approximately 9 acres 15 guntas (408,375 sq.ft.). Our Company has constructed a multi- storeyed apartment building on the said property. The plaintiff in the present case claims that they, through their agents, had entered into an agreement of sale for the said property with the initial defendants, who subsequently sold the said properties to third parties. Our Company has entered into joint development agreements with some of these third parties. The plaintiff now seeks specific performance of the said agreement and has impleaded our Company since we have developed and constructed the residential building on the said land pursuant to the said joint development agreements. We have recently received the summons in the present suit and we will file our objections in the due course of time. The next date of hearing scheduled for August 20, 2007.
2. A case (O.S.No. 210 of 2005) has been filed against our Company and others by Mr.Balavindra, Mr. Prabhu, Mr. Thomas and Mr. Jayendra in the Court of the Civil Judge Senior Division at Bangalore with respect to land bearing Survey No. 23 situated at Kalena Agrahara Village, Begur Hobli, Bangalore South Taluk, Bangalore measuring approximately 1 acre 14 guntas (58,806 sq.ft.). The plaintiffs claim that they are the joint owners of the said property which they claim is ancestral property belonging to their father. They have filed this suit seeking partition and separate possession of the said property. Our Company has entered into a joint development agreement with one of the defendants who we have stated to be the owner of the said property. Our Company has also stated that the suit is barred by limitation and further the plaintiff is not entitled to claim partition as they do not belong to a Hindu Undivided Family by virtue of being Christians. The High Court of Karnataka has by order dated September 21, 2005, dismissed the appeal of the plaintiffs against an order vacating an interim order granting status quo to the plaintiffs. The next date for hearing of the suit is August 20, 2007.
3. Mr. Purushottam has filed a suit (O.S. No. 990 of 2006) against our Company, Mr. Riyaz Ahmed Shareif and Mr. Maaz Ahmed Shareif with respect to land bearing Survey No. 52/1-A, Haralkunte Village, Begur Hobli, Bangalore South, Bangalore measuring approximately 1 acre 2 guntas (45,738 sq.ft.) pursuant to the memorandum of understanding dated February 24, 2003 seeking specific performance of the memorandum of understanding. The plaintiff has alleged that Mr. Riyaz Ahmed had agreed to sell the suit property to our Company but failed to perform the necessary obligations in order to complete the sale and is now seeking to alienate the property in favour of our Company thereby prejudicing the plaintiff’s rights. We have stated in our reply to the suit that our Company had entered into a prior agreement to sell with Mr. Riyaz Ahmed Shareif and Mr. Maaz Shareif. Further, we have stated that the plaintiff had knowledge of the agreement in our favour since we had filed objection to a public notice taken out by the plaintiff. The issues have been framed in the present suit. The next date for hearing is July 26, 2007.
4. Two petitions (Petitions No. 112 and 113 of 2005) have been filed against our Company by Ramaiah, Lakshmaiah, Yellappa, Doddapapamma, Chikkapapamma, Nagamma, Venkatesh, Yellappa, Nagaraju, Sampath, Venkatesh, Gopinath and Krishna and by Yellamma, Venkatesh, Srinivasa, Krishna, Gangamma, Munirathnamma, Saroja, Muniraju, Manjunatha and Nagalakshmi respectively before the Assistant Commissioner, Bangalore Urban District, Bangalore, both with respect to land bearing Survey No. 28/1B of Kalena Agrahara Village, Begur Hobli, Bangalore South Taluk, Bangalore admeasuring

approximately 1 acre 12 guntas (56,628 sq.ft.). Our Company has entered into a joint development agreement with the registered owner of the property. The petitioners now seek a declaration that the original owner of the land is not entitled to enter into the said agreement as the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978 applies to these properties and prohibits such transfers by the original owner. Our Company has submitted oral arguments before the Assistant Commissioner and stated that the above mentioned land was granted for the loss of hereditary offices or rights which is specifically exempt from the prohibition under the Karnataka Scheduled Castes and Scheduled Tribes (Prohibition of Transfer of Certain Lands) Act, 1978. The case has been posted for orders and no date has been given.

5. Three cases (O.S. Nos. 289, 291 and 293 of 2006) have been filed against our Company in the Court of the Principal Civil Judge (Junior Division), Bangalore Rural District at Bangalore by B.R. Yamuna, by H.R. Krishna Murthy and by Jayashree. Our Company is developing a multi storeyed residential building on the property adjacent to the property of the plaintiff. The plaintiff has alleged that our Company is using the plaintiff's property without authorization for the purpose of dumping construction material like steel and iron rods. The plaintiff has sought a permanent injunction against our Company from interfering with the peaceful possession of the suit property and has also filed a temporary injunction pending disposal of the case. Our Company has sought the appointment of a Court Commissioner to conduct spot inspection of the premises which has been granted. The plaintiff has filed objections to the report of the Commissioner. The next date for hearing of all the cases is July 30, 2007.

6. Our Company has filed an impleading application in the Court of the City Civil Judge, Bangalore, seeking to be impleaded as a defendant in O.S. No. 3721 of 2005 between Captain G. Ramananda Reddy and M/s. Fern Valley Resorts Private Limited and others, pending before the Court of the City Civil Judge at Bangalore with respect to land bearing Survey No. 31/13, Hennur Village, Kasaba Hobli, Bangalore North Taluk, Bangalore. Our Company has stated that though we have not been named as a defendant in the above mentioned suit, we are interested in the suit scheduled property, as we have a memorandum of understanding with Captain Ramananda Reddy and others whereby we have agreed to put up constructions on the property and are entitled to 80% of the saleable area in the proposed construction, with the owners being entitled to the remaining 20%. The next date for hearing is July 27, 2007.

7. Two cases (O.S. Nos. 1429 and 1431 of 2005) have been filed against our Company in the Court of the First Additional Civil Judge, Bangalore by Mr. Kashi Vishwanathan Gupta and by Mr. A.N. Vijaya Kumar. Our Company is constructing residential apartments in the adjoining area on Banerghetta Road. The plaintiffs have alleged that our Company has been dumping construction material, like steel rods, etc on the above-mentioned property belonging to the plaintiff. Spot inspection of the premises has been conducted by a Court appointed Commissioner and the Commissioner has submitted its report. The matter stands posted to July 30, 2007 for hearing of objections to the Commissioners report.

8. A case (O.S.No. 1118 of 2005) has been filed against our Company and others by Chikaramanappa, Thanamma and Neelamma in the Court of the Civil Judge Junior Division, Bangalore Rural District at Bangalore with respect to agricultural land bearing Survey No 29/1 situated at Kalena Agrahara Village, Begur Hobli, Bangalore South Taluk, Bangalore measuring approximately 3 acres 8 guntas (139,392 sq.ft.) and a portion of the land bearing Survey No 29/1 with Mangalore tiled roof measuring 3 guntas (3,267 sq.ft.) both situated in Kalena Agrahara Village, Begur Hobli, Bangalore South Taluk, Bangalore. The plaintiffs have alleged that they are owners of the land and are entitled to vacant possession of the said property. They have further stated that we have demolished their residential structure that was put up by them on the said property. Our Company has maintained that the plaintiff is not the owner of the property and that they are strangers to the property and are hence not entitled to the said property. Our Company has entered into a joint development agreement with one of the defendants who we have stated to be the owner of the said property. The next date of hearing is November 30, 2007.

9. A writ petition (W.P. No. 2766 of 2006) has been filed against our Company in the High Court of Karnataka by Mr. K. Shivanna in relation to land bearing Survey No. 43/1 and 44 in Kaikondanahalli, Varthur Hobli, Bangalore East Taluk, Bangalore measuring approximately 1 acre 18 guntas (63,162 sq.ft.). The High Court of Karnataka has, by it order dated March 3, 2005 passed an interim order directing all parties to maintain status quo regarding possession. This interim order has been extended till the next date of hearing by order dated July 12, 2006. We are not interested in the present petition and have filed an application in the Court seeking to be withdrawn as a defendant in the said suit.

10. A case (O.S. No. 2382 of 2005) has been filed against Mr. Ravi Puravankara by Mr. Anjenayappa in the Court of the First Additional Civil Judge (Senior Division) Rural District Court at Bangalore with respect to land bearing Survey No. 117/1B Channasandra Village, Bidarhalli Hobli, R.K. Puram, Bangalore East Taluk, Bangalore measuring approximately 0.27 guntas

(294.03 sq.ft.). The plaintiff has prayed for an injunction against Mr. Ravi Puravankara from dealing with the property as he contends that Mr. Ravi Puravankara, in collusion with the other defendants is illegally putting up a construction on the property. The next date for hearing is August 7, 2007.

11. An arbitration application (A.A. No. 15007 of 2005) has been filed against our Company by InterGlobe Hotels Private Limited in the Court of the City Civil Judge at Bangalore with respect to land bearing Municipal Ward No. 1-15, Old Madras Road, Bangalore Mahanagar Palike Ward No. 85, Bangalore in all measuring approximately 227,000 sq.ft. of which 80,000 sq.ft. is in dispute in the present petition. It is alleged by the applicant that our Company had agreed to make available to the applicant 80,000 sq.ft. of the super built up area of the construction to be put up on the above mentioned property by our Company at the rate of Rs. 2,675 per square foot amounting to a total consideration of Rs. 22,73,75,000. The applicant contends that it had paid us a sum of Rs. 1,00,00,000. The applicant further contends that our Company had unilaterally terminated the memorandum of understanding that we had entered into with the applicant and refunded the advance amount paid. Hence they have invoked the arbitration clause in the said memorandum of understanding. Our Company has responded stating that the applicant is seeking to rely on an arbitration clause that has ceased to exist as the agreement was terminated. Further, we have stated that the application seeks specific performance of a contract for service which is not permissible under the applicable law. We have also stated that the memorandum of understanding was terminated as it had become infructuous by virtue of the fact that the Bangalore Development Authority had refused permission for conversion of land use to hotel purpose. In addition we have stated that the applicant is also in default in the matter of performance of its obligations under the memorandum of understanding. We have also opposed the application of the applicant for the grant of a temporary injunction against our Company on the above mentioned grounds. The next date for hearing is September 22, 2007.

12. A case (O.S. No. 6503 of 2006) has been filed against our Company and others by Mr. M. Venkataramappa in the Court of the City Civil Judge at Bangalore with respect to land bearing Survey No. 4/1, Plots 3, 4 and 5, in Binnamangala Manavarte Kaval Village, K.R. Puram, Bangalore East Taluk, Bangalore measuring approximately 28,314 sq.ft. The plaintiff has alleged that they are in possession of the said property pursuant to an agreement for sale executed between the plaintiff and two of the defendants, namely, Mr. Sriman Narayana and Mr. Jayaprakash. The plaintiff has further alleged that our Company and its agents are attempting to put up construction illegally on the said property and have prayed for a permanent injunction restraining our Company and its agents from interfering with the peaceful possession of the plaintiff with reference to the above mentioned property. We have been served with summons in the present case and will file our objections to the same. The next date for hearing is July 16, 2007. We have also filed a caveat petition Caveat Petition No. 1601 of 2006 in the High Court of Karnataka apprehending that the plaintiff may obtain adverse orders against our Company.

13. Two cases (O.S. No. 7116 and 7117 of 2006) have been filed against our Company and others by Mr. J. Satish and Mr. Rajesh in the Court of the City Civil Judge at Bangalore with respect to land bearing Sites No. 132, 202, 75, 76, 77 and 21 formed in Survey No. 4/1, and land bearing Sites No. 32, 145, 18, 35, 12, 41, 67, 96, 131, 146, 78, 79, 80, 147 and 148 formed in Survey No. 4/1, Binnamangala Manavarte Kaval Village, K.R. Puram Hobli, Bangalore East Taluk, Bangalore. The plaintiff has alleged that he is the absolute owner of the said property pursuant to a partition in the joint family to which he belonged. He has further stated that our Company is attempting to have the katha to the said properties transferred and registered in favour of two of the other defendants to the present suit. The plaintiff is now seeking a permanent injunction against our Company and others restraining our Company and its agents from interfering with the peaceful possession of the plaintiff with reference to the above mentioned property. The plaintiff has also sought a temporary injunction pending disposal of the suit. We have been served with summons in the present case and will file our objections to the same. The next date for hearing is August 27, 2007.

14. A suit (O.S. No. 4377 of 2006) has been filed against our Company in the Court of the City Civil Judge at Bangalore by Sahil Varman and Prem Singh with respect to property bearing No. 9, “Dharampur House”, Jayamahal Road, Extension Ward No. 2, Bangalore measuring approximately 120,000 sq.ft. and No. 5 and 5/1, “Granite Castle”, Jayamahal Road Cross, Jayamahal Extension, Bangalore measuring approximately 70,000 sq.ft.. The present suit is a partition suit. The plaintiffs have sought a direction from the Court against our Company restraining us from proceeding with the arbitration proceedings against Beejakshari and Divya Devi with respect to the above mentioned properties to the extent of half the share claimed by the plaintiffs. The case has been posted for hearing on September 5, 2007.

15. A suit (O.S. No. 15687 of 2006) has been filed against our Company and others in the Court of the City Civil and Sessions Judge at Bangalore by Sajida Bi, Imtiyaz Pasha, Khamar Pasha, Fayaz Pasha, Azeez Pasha, Aslam Pasha, Siraj Begum, Farida Begum, Shanaz Begum, Mumtaz Begum, Naseema Begum, Mubeena Begum and Mujeeba Begum with respect to land bearing Survey No. 71, 73, 74/1, 70/1A, 70/1B in Amani Bellandur Khane Village, Verthur Hobli, Bangalore East Taluk measuring approximately 3.995 acres (174,022.2 sq.ft.). The plaintiff claims that they are the owners of several pieces of land, including the above-mentioned land, claiming them to be part of joint family property. They have sought for a partition of the joint family property and separate possession of their share amounting to 4.16/100 to each of the plaintiffs. We have denied these claims of the defendant stating that we are the owners of the above mentioned properties and are in possession of the same having purchased the properties from three of the defendants in the present suit by a sale deed dated October 5, 2004. We have further stated that the plaintiffs had held out to our Company that our vendors were entitled to alienate the said properties pursuant to a family partition agreement among the members of the joint family, including the plaintiffs. Hence we have stated that plaintiffs are not entitled to include the above mentioned properties in their suit for partition and that they are estopped from questioning the sale of these properties to our Company and by way of a general power of attorney given by the plaintiffs in favour of the vendors to deal with the property. The plaintiffs have also sought a temporary injunction which we have opposed on the same grounds. The next date for hearing is August 25, 2007.

16. A case (old O.S. No. 762 of 2006 new O.S. No. 1243 of 2006) has been filed against our Company and others by Rajesh and Santosh in the Court of the Civil Judge (Senior Division) and Judicial Magistrate of the First Class at Devanahalli with respect to land bearing Survey No. 5/2 at Kempalingapura Village, Kasaba Hobli, Devanahalli Taluk, Bangalore District measuring approximately 2 acres (87,120 sq.ft.) and land bearing Survey No. 32/1 at Uganwadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore District measuring approximately 1 acre. The plaintiffs have alleged that they are the owners of the said land and that our Company had purchased the said lands from some of the other defendants in the present suit. They have filed this suit for partition and separate possession of the said lands and for an injunction against our Company to restrain us from alienating or dealing with the properties in any manner. We have filed our written statement. The next date for hearing is August 14, 2007.

17. A case (O.S. No. 2980 of 2006) has been filed against our Company by Venkatesh in the Court of the City Civil Judge (Senior Division) Bangalore Rural District with respect to land bearing Gramatana House, List No. 72, Old Khata No. 147, Bomanahalli CMC, Khata No. 69. The plaintiff has alleged that our Company has illegally acquired five feet of the above mentioned land to construct a boundary wall. The plaintiff has sought a permanent injunction against our Company to restrain us from building the boundary wall. The City Civil Judge (Senior Division) has, by order dated December 20, 2006 granted a stay order against our Company till March 21, 2007. The next date of hearing is September 22, 2007.

18. A suit (O.S. No. 312 of 2007) has been filed against our Company and others in the Court of the Civil Judge, Bangalore City by Vasanthamma, Rajesh, Amaravathi and Anil Kumar with respect to property bearing Survey Numbers 130/2B and 117/1B in Chennasandra Village, Bidarahalli Hobli, Bangalore East measuring approximately 25.25 guntas (27,497.25 sq.ft.). Our Company has purchased the scheduled property from some of the defendants. The plaintiffs claim to be part of a joint family to which the scheduled property belongs. They have alleged that the sale to some of the defendants who sold the scheduled property to our Company is void as it was not sold for legal or family necessity. They have filed this suit for partition and separate possession and mesne profits. We will file the written statement on the next date of hearing on August 24, 2007.

19. A suit (O.S. No. 697 of 2007) has been filed against our Company in the Court of the Principal City Civil Judge at Bangalore by Mahindra Earth Movers for recovering a sum of Rs. 47,26,464 from our Company. The plaintiff has been engaged by our Company at our project Purva Venezia for earth excavation and related activities. The plaintiff has alleged that the above mentioned sum of money is due to them under the work order issued by us and that despite repeated demands, we have not paid the money. The suit has been compromised and the final decree of the court is awaited.

20. A suit (O.S. No. 2346 of 2007) has been filed against our Company in the Court of the Additional City Civil Judge at Bangalore by A.L. Krishnamurthy with respect to residential property bearing BDA site no. 1751 at 2nd sector Hossur, Sarjapura Layout, Bangalore admeasuring 114.16 sq. mts. (1,228.36 sq.ft.) The plaintiff claims that he had purchased the scheduled property for residential purpose and that our Company is interfering with the use of the approach road to the abovementioned property by the plaintiff. Additionally, the plaintiff has filed an application for temporary injunction restraining us from acquiring, encroaching of blocking the approach road. The next date of hearing is September 27, 2007.

21. A suit (O.S. No. 1560 of 2006) has been filed against our Company by Chikkapapaiah in the Court of the Civil Judge, Senior Division with respect to property bearing Survey No. 49 situated at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore District measuring approximately 1 acre 18 guntas (63,162 sq.ft.). The plaintiff has contented that the remaining defendants to the suit, who are owners of adjacent parcels of land, fraudulently sold the plaintiff's property along with their respective properties to our Company. The plaintiff has further contended that our Company is illegally trying to dispossess the plaintiff and has therefore sought a prayer from the Court to declare that the plaintiff is the absolute owner of the scheduled property and restrain our Company from interfering with the plaintiff's peaceful possession and enjoyment of the scheduled property. Our Company is yet to file the written statement in this case. The plaintiff has also sought a temporary injunction against our Company. The next date of hearing is September 6, 2007.

22. A suit (O.S. No. 270 of 2007) has been filed against our Company by Venkatapa, Srinivasa Murthy, Venkatesh, Govindaraju, Prakash, Sundar and Mamatha in the Court of the Civil Judge (Senior Division) at Devanahalli with respect to property bearing Survey No. 27/1 situated at Uganvadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore District measuring approximately 2 acres 18 guntas (106,722 sq.ft.). The plaintiffs has contended that our Company had agreed to purchase the scheduled property from them in 1995 and thereafter failed to comply with the terms and conditions set out in the agreement signed between the plaintiffs and our Company. The plaintiffs have further stated that subsequently, in 2005, our Company attempted to transfer the said property in our name by fraudulently registering a sale deed in our favour by means of the power of attorney executed earlier. The plaintiffs have sought a judgement and decree declaring that the alleged sale deed in favour of our Company is null and void and declaring that the plaintiffs are the lawful owners of the scheduled property and a permanent injunction restraining our Company from interfering with the plaintiffs' peaceful possession and enjoyment of the scheduled property. The plaintiffs have also sought a temporary injunction against our Company. The next date of hearing is on August 27, 2007.

23. A case (O.S. No. 1186 of 2007) has been filed against our Company by Chikkaramanappa, Rajappa, Krishna and Neelamma in the Court of the Civil Judge (Rural District) at Bangalore with respect to land bearing Survey No. 29/1 situated at Kalena Agrahara Village, Uttarahalli Hobli, Bangalore South Taluk measuring approximately 3 acres 8 guntas (139,392 sq.ft.). The plaintiff has contended that our Company in collusion with certain of the other defendants to the suit is attempting to interfere with the possession of the plaintiffs to the scheduled property. The plaintiffs have prayed for a decree of partition in this suit. We are yet to file the written statement in this suit. The next date of hearing is September 12, 2007.

24. A suit (O.S.No. 4902 of 2007) has been filed against our Company by Cosmo Spa Lounges Private Limited in the Court of the City Civil Judge at Bangalore with respect to the terrace area situated at unit Nos. 206 to 209, "the Pavilion", 2nd Floor, No. 62 and 63, M.G. Road, Bangalore measuring approximately 786 square meters (8,460.50 sq.ft.). The plaintiff is one of the lessees of the premises situated at "The Pavilion" and had executed a lease deed to that effect. However, certain changes were effected by oral agreement between our Company and the plaintiff pursuant to there was a modification in the leased premises and the rent being paid by the plaintiff. The plaintiff contends that our Company served a notice on the plaintiff for vacating the scheduled property, which the plaintiff claims to have lawfully leased from our Company on the ground that the plaintiff has not paid the rents regularly. The plaintiff apprehends that our Company will evict her by unlawful means and has hence claimed a decree of permanent injunction against our Company restraining our Company from interfering with the peaceful possession and enjoyment of the plaintiff. We are yet to file the written statement in the Court. The next date of hearing is August 20, 2007.

Cases by the Company

1. Our Company has filed an arbitration application (No. A.A. 35 of 2005) in the Court of the City Civil Judge at Bangalore against Mr. N. A Aboobacker and Ms. Khadeeja Aboobacker with respect to land bearing Survey No. 75, Challaghatta Village, Verthur Hobli, Bangalore East Taluk, Bangalore measuring approximately 9 guntas (19,602 sq.ft.). Our Company has stated that the respondents require to specifically perform the agreement of sale dated February 4, 2003 entered into with by the defendants mentioned above with our Company for sale of the above mentioned property to us. Our Company has paid an amount of Rs. 20,00,000 as advance consideration under the said agreement of sale. The respondents contend that they have paid our Company a sum of Rs. 25,00,000 as refund of the advance amount paid by our Company under the said agreement of sale and hence the agreement of sale stands cancelled. Our Company has been granted an ad interim temporary injunction restraining the respondents and their agents from alienating or creating any encumbrance on the property. The respondents have filed an application seeking to vacate the said injunction, which is still pending. The next date of hearing for is August 13, 2007.

2. Our Company has filed a criminal complaint (P.C.R. No. 9756 of 2006) in the Court of the Additional Chief Metropolitan Magistrate at Bangalore against Mr. N. A. Aboobacker and Ms. Khadeeja Aboobacker alleging forgery by the respondents. The respondents had produced a receipt evidencing receipt by our Company for an amount of Rs. 2,500,000 which we deny ever having received. Our Company has stated that the same was done in order to submit the signed receipt before a civil court in a related suit and obtain favourable orders from the civil court. The Court has ordered the Ulsoor Police Station to investigate the matter. The Ulsoor Police Station has submitted a report. Our Company proposes to challenge the report. The next date of hearing is July 27, 2007.

3. Our Company has filed an arbitration application (A.A. No. 52 of 2004) against Mr. Riyaz Ahmed Shareif with respect to land bearing Survey No. 52/1-A, Haralakunte Village, Begur Hobli, Bangalore South, Bangalore measuring approximately 1 acre 2 guntas (45,738 sq.ft.). Our Company has stated that the respondent had entered into an agreement of sale dated July 28, 1994 with respect to the above mentioned property. The respondent was required to perform certain obligations under the said agreement of sale like obtaining khata from the Bommanahalli City Municipal Corporation, conversion of the land use, etc. However, our Company noticed that the respondent did not perform their obligations within the stipulated time and even thereafter. On learning that the respondent was intending to alienate the property to third parties, our Company has field the present arbitration suit. The next date for hearing of the case is July 26, 2007.

4. Our Company has filed an arbitration application (A.A. No. 17 of 2006) against Mr. Jayaprakash with respect to land bearing Survey Numbers. 152/1A, 152/1B, 152/2A, 152/3A, 152/3B, 152/4A, 152/4B, 152/5A, 152/5B, 152/6A, 152/6B, 152/7A, 152/7B, 152/10A and 152/10B, Yelahanka Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore measuring approximately 9 acre 19 guntas (412,731 sq.ft.) and Survey No. 153, Yelahanka Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore admeasuring approximately 5 acre 36 guntas (2,57,004 sq.ft.). Our Company has stated that the respondent had entered into an agreement of assignment dated October 20, 2004 assigning his rights under several agreements of sale with respect to the above mentioned properties and our Company has also made certain payments to the respondent under the agreement of assignment. The respondent however got the said properties registered in its own name instead of getting it registered in the name of our Company. Our Company has learnt that the respondent is intending to alienate the property to third parties, in violation of the agreement of assignment that he had entered into with our Company. Hence our Company has filed the present arbitration suit seeking permanent and temporary injunction against Mr. Jayaprakash and the appointment of a receiver to manage the properties as the respondent is neglecting to maintain the same. The Court has, by its order dated, issued an injunction in our. We have also filed a C.M.P. in the High Court of Karnataka seeking the appointment of an arbitrator. The High Court has, by its order dated December 6, 2006 allowed our application and appointed an arbitrator. The arbitration proceedings have commenced.

5. Our Company has filed a case (R.F.D. 132 of 2002-03) before the Inspector General of Registration and Commissioner of Stamps of Karnataka at Bangalore under the Indian Registration Act, 1908 for refund of an amount of Rs. 199,900 which our Company had paid at the time of registration of a joint development agreement (Document No. 9556 of 2002-03 with the Sub Registrar, Bangalore South Taluk). Our Company maintained that the registration fee was wrongly demanded. Hence we had filed an application seeking refund of the said amount with the authority, which application was dismissed. On appeal by our Company to the High Court of Karnataka, the Court, by its order dated July 19, 2004 allowed the appeal and remitted the matter to the Inspector General to refund the registration fee. Hence the present application before the Inspector General of Registration and Commissioner of Stamps of Karnataka at Bangalore.

6. Our Company has filed a special leave petition (S.L.P. No. 2364 of 2006) in the Supreme Court of India against Mr. G.N. Srinivas with respect to land bearing Survey no. 15/4. 15/5, 15/6, 16/7, 16/8, 16/9 Kalena Agrahara Village, Begur Hobli, Bangalore South Taluk, Bangalore measuring approximately 1.23 acres (3,578.8 sq.ft.). Our Company has filed this petition challenging the order of the High Court of Karnataka dated November 18, 2005 dismissing our petition (Civil Miscellaneous Petition No. 51/2005). The High Court of Karnataka had by this order held that there was no enforceable agreement between our Company and Mr. Srinivas without going into the merits of the case. We had obtained an injunction in relation to the said in the properties in the Court of the City Civil Judge. Subsequently we had approached the High Court (C.M.P. No. 51 of 2005) seeking the appointment of an arbitrator. Our Company has maintained that we have the right to develop and own 77% of the undivided interest in the above mentioned land and that the respondent is prejudicing this right by putting up construction on the property and attempting to alienate the same. We have also filed an application before the Supreme Court of India seeking an interim relief of temporary injunction restraining the respondent from alienating or otherwise dealing with the property in any manner pending adjudication of this petition. The Supreme Court has by order dated April 16, 2007 dismissed the special leave petition.

7. Our Company has filed an application under Section 18 of the Land Acquisition Act, 1894 with reference to Award Notice No. KIADB: LQ: 1: 2001-02: 16/04-05 dated April 5, 2004 dealing with land bearing Survey Nos. 26/2 and 28/2B of Dargapura Village, Doddaballapura Taluk, Bangalore District, Bangalore, land bearing Survey Nos. 34, 35, 36/2 and 39/2 of Arehalli Guddadahalli, Doddaballapura Taluk, Bangalore District, Bangalore, land bearing Survey Nos. 28/1 and 28/2A of Dargapura Village, Doddaballapura Taluk, Bangalore District, Bangalore and a portion of the land bearing Survey No 22 of Arehalli Guddadahalli, Doddaballapura Taluk, Bangalore District, Bangalore. We have stated that we had taken various steps to convert the said lands to an Infrastructural Facilities Industrial Park. We have been given a compensation of Rs. 6.50 lakhs per acre in respect of lands adjoining the road and Rs. 4.50 lakhs per acre in respect of interior lands. We are entitled to an amount of Rs. 4,00,00,000 as compensation. We have thus sought a reference to a civil court for adjudication of a higher and just compensation. We have also filed objections to several petitions (L.A.C. No. 1, 7 to 14, 17 and 21 of 2005) pending in the Court of the District Judge, Doddaballapura between the Land Acquisition Officer and H.G. R. Rao with respect to land bearing Survey Nos. 29/1, 36/2, 36/4, 35, 28/2A, 28/2B, 26/2, 28/1, 34 and 29/1 of Arehalli Gudadahalli Village, Kasaba Hobli, Doddaballapura Taluk, Bangalore District in all measuring approximately 34 acres 34 guntas (1,518,066 sq.ft.).

8. Our Company has filed a case (O.S. No. 7660 of 2003) in the Court of the City Civil Judge, Bangalore against Mr. Srinivasa Reddy, Mr. Gurappa Reddy and Mr. Ramananda Reddy with respect to land bearing Survey No. 31/3 Hennur Village, Kasaba Hobli, Bangalore North Taluk, Bangalore measuring approximately 3 acres and 1 gunta (131,769 sq.ft.) pursuant to a memorandum of understanding dated October 18, 2001 entered into with the three defendants. Under the said memorandum of understanding, our Company was required to remit a sum of Rs. 30 lakhs as a refundable deposit to the defendants upon the performance of certain obligations by each of the defendants. However, we have noticed that the defendants have not performed any of these obligations as required under the memorandum of understanding despite repeated reminders from us to do so and execute definitive agreements for joint development of the above mentioned property. Hence we have now sought specific performance of the memorandum of understanding and a permanent injunction against the defendants restraining them from alienating or otherwise dealing with the property in any manner in prejudice to the interests of our Company. The next date for hearing is August 2, 2007.

9. Our Company has filed two arbitration applications (A.A. Nos. 7 and 8 of 2004) before the Court of the Principal City Civil and Sessions Judge, Bangalore District at Bangalore against Beejakshari and Divya Devi with respect to property bearing No. 9, "Dharampur House", Jayamahal Road, Extension Ward No. 2, Bangalore measuring approximately 120,000 sq.ft. and No. 5 and 5/1, "Granite Castle", Jayamahal Road Cross, Jayamahal Extension, Bangalore measuring approximately 70,000 sq.ft. The Court has, by its order dated February 12, 2007 passed an order of injunction in our favour. We have commenced arbitration proceedings against Ms. Divya Devi before the sole arbitrator Mr. Justice Jayasimha Babu with respect to No. 15, 2nd Main, Jayamahal Road, Jayamahal Extension, Bangalore measuring approximately 70,000 sq.ft. We have sought an injunction against the respondent from alienating the property and specific performance of the memorandum of understanding dated November 12, 1999 which we had entered into with her for development of residential apartments on the land. We have also claimed an amount of Rs. 17,56,70,800 from the respondent as damages for loss of reputation and loss of expected profits and loss of profits arising from breach of the memorandum of understanding. The respondent has denied these claims and has instead made a counter claim for an amount of Rs. 15,00,00,000. The next date of hearing is August 30, 2007 and September 19, 2007, respectively.

10. Our Company has filed a writ petition (W.P. No. 14484 of 2006) in the High Court of Karnataka against the City Municipal Council of Mahadevpura and the Tahsildar of Krishnarajapuram with respect to land bearing Survey No. 33/2B, 33/3, 34/2, 34/3, 35/2, 35/3, 37/1, 38/1 and 38/3 in Mahadevpura Village, Krishnarajapuram Hobli, Bangalore East Taluk. We have stated that the City Municipal Council is illegally attempting to demolish the boundary wall that our Company has put up on the said lands even though our Company is constructing the said structures in accordance with the sanctioned plans of the Bangalore Development Authority. Further, we have sought a licence from the City Municipal Council which has been granted. Hence we have sought a writ of mandamus restraining the City Municipal Council from demolishing the construction that has been put up by us. We have also sought an interim relief of temporary injunction pending disposal of the petition. The writ petition has been disposed off as settled between the parties to the writ petition.

11. iCity Infrastructure India Private Limited, a consortium in which our Company, has filed a petition (Civil Misc. W.P. No. 31442 of 2006) against the New Okhla Industrial Development Authority, Unitech Limited, DLF Limited and the State of Uttar Pradesh in the High Court of Allahabad with respect to the decision of the New Okhla Industrial Development Authority

dated May 23, 2006 to award the allotment of the scheme of "Express City" Group Housing Scheme of 340 acres (14,810,400 sq.ft.) in Sector 96, 97 and 98 at NOIDA to Unitech excluding our Company from consideration of the financial bid for the project. iCity Infrastructure India Private Limited had submitted a bid of Rs. 2,100 crores as opposed to the bid by Unitech of Rs. 1,400 crores, which had bid for the project. We have stated that the New Okhla Industrial Development Authority has with mala fide intention deviated from the established procedure in order to prevent the consortium from being considered. We have stated that the action of the New Okhla Industrial Development Authority is arbitrary, discriminatory and in violation of public interest. We have sought an interim stay staying the operation of the decision taken by the New Okhla Industrial Development Authority of accepting the bid and to restrain the New Okhla Industrial Development Authority from proceeding any further in respect of the acceptance of the bid for allotment of Express City in NOIDA. The respondents have filed their objections to the petition.

12. Our Company has filed an appeal (Appeal No. 1712 of 2005) before the Karnataka State Consumer Disputes Redressal Commission against Purva Park Apartments Owners Association appealing the order passed by the IV Additional District Consumer Redressal Forum, Bangalore Urban District dated September 2, 2005 in Complaint No. 155 of 2005. The Apartment Owners Association had filed a case in the Consumer Redressal Forum stating that our Company was required to replace certain of the fire fighting systems that had been installed in the apartment buildings constructed by our Company. The Consumer Redressal Forum decided the case against our Company and had ordered our Company replace certain of the fire fighting systems. We have filed the present appeal against this order as we have stated that maintenance of the common areas and amenities is not part of our obligation to develop the land and the same is the obligation of the Apartment Owners Association. The Karnataka State Consumer Disputes Redressal Commission has by its order dated January 25, 2007 directed our Company to rectify the defects in the fire fighting system free of cost. We have taken steps to carry out the order of the Karnataka State Consumer Disputes Redressal Commission.

13. Our Company has filed a special leave petition (S.L.P. No. 16489 of 2005) in the Supreme Court of India, the Secretary to Government, Local Self Government, the Goshree Islands Development Agency, the District Collector, Ernakulam and Hotel Venus International with respect to the tender invited by the Goshree Islands Development Agency for the sale of 5,196 cents (2,263,377.6 sq.ft.) of reclaimed land at the Northern Extension of Marine Drive, Kochi. Our Company had bid for certain plots aggregating approximately 878 cents (382,456.8 sq.ft.) which was less than the amount bid by Hotel Venus International. However, we have stated that Hotel Venus International failed to furnish the bank guarantee within the stipulated time and has failed to secure an extension in this regard as stipulated under the tender notification. We had sought a declaration from the High Court of Kerala (W.P. No. 13735 of 2005) that the tender stands cancelled and that the Goshree Islands Development Agency be directed to consider our Company's bid. The High Court of Kerala had, by its order dated June 21, 2005 dismissed the writ petition. We had filed an appeal (W.A. No. 1295 of 2005) in the High Court of Kerala against the said dismissal which was dismissed by order dated July 20, 2005. We have appealed the said order (Civil Appeal No. 7560 of 2005). The Supreme Court has, by its order dated August 18, 2005 granted a status quo on the implementation of the tender, which order was extended until further orders by its order dated October 28, 2005. The case has been reserved for judgment by the Supreme Court by its order dated November 22, 2006. The Supreme Court has by its order dated February 2, 2007 passed a judgment in our favour allotting us land to the extent of 1.09 million sq.ft. The Supreme Court has, by order dated May 8, 2007 dismissed the review petitions filed by the Government of Kerala.

14. Our Company has filed a writ petition (W.P. No. 18742 of 2006) in the High Court of Karnataka against the Bangalore Mahanagar Palike and the Station House Officer, Byappanahalli Police Station with respect to land situated at Municipal No. 1 to 15, Old Madras Road, Binnamangala, Manavarthakaval Village, Bangalore aggregating approximately 234,489 sq.ft. We have stated that we are the owners of the above mentioned land and we had applied to the Bangalore Mahanagar Palike for sanction of our development plan for the said land. However, the Bangalore Mahanagar Palike without notice, demolished the compound wall built on the said land stating that there was a "raja kaluve" existing on the property. Further, the Byappanahalli Police Station refused to provide protection to our land. We have sought a writ of mandamus from the High Court of Karnataka to restrain the Bangalore Mahanagar Palike from interfering with our efforts in rebuilding the compound wall and to direct the Byappanahalli Police Station to provide protection to our land. The High Court of Karnataka has, by its order dated December 27, 2006 stayed the demolition of the wall.

15. We have filed a writ petition (W.P. No. 7806 of 2007) against the State of Karnataka, the Special Land Acquisition Officer, Karnataka Industrial Area Development Board and the Bangalore Metro Rail Corporation Limited with respect the property covered under Municipal No. 1-15, Old Madras Road, Municipal Ward No. 85, Binnamangala Manavarther Kaval Village,

K.R. Puram Hobli, Bangalore North Taluk measuring approximately 234,489 sq.ft. objecting to the notification of the said land for the purpose of the Bangalore Metro Rail Project. We have stated that we are the owners of the said land having acquired the same from the previous owners of the land pursuant to an arbitration award. Our Company has immediately objected to the said notification stating that we have a vested interest in the property and has filed the objections with the Special Land Acquisition Officer who has been appointed for this purpose. The Bangalore Metro Rail Corporation Limited has appeared before the Special Land Acquisition Officer and requested our objections to be dismissed. We have stated that the acquisition of land for the purpose of the Bangalore Metro Rail Project is not for an industrial purpose and does not qualify to be an industry under the framework of the Karnataka Industrial Areas Development Act. Thus, the acquisition has been for private parties, which is not sustainable in law. Further, under the Comprehensive Development Plan, the said land has been notified for residential purposes. Our Company has also obtained several permissions from the departments of the State of Karnataka such as from the Pollution Control Board, conversion of land use, etc. We have also stated that the proposed Bangalore Metro Rail project has adverse environmental consequences. In addition, the acquisition is contrary and violative of Article 19(1)(g) of the Constitution of India. We have prayed for a writ of certiorari to be issued quashing the above mentioned notification and a writ of mandamus for denotifying the said lands.

Labour related cases against the Company

There are no labour related cases against our Company.

Amounts owed to Small Scale Undertakings

Our Company does not owe any amounts to any small scale undertaking.

Cases by or against our Subsidiaries

Purva Marine Properties Private Limited

Cases filed by or against Purva Marine Properties Private Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Purva Realities Private Limited

Cases filed by or against Purva Realities Properties Private Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Purva Corporation

Cases filed by or against Purva Corporation

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Melmont Construction Private Limited

Cases filed by or against Melmont Construction Private Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Prudential Housing and Infrastructure Development Limited

Cases filed against Prudential Housing and Infrastructure Development Limited

1. Two writ petitions (W.P. No. 48245 of 2003) have been filed against Prudential Housing and Infrastructure Development Limited in the High Court of Karnataka by BPR IT Infrastructure Solutions with respect to land bearing Survey No. 13, 14, 15, 29, 30, 32, 33 and 34 of Ibbalur Village, Begur Hobli, Bangalore South Taluk, measuring approximately 50 acres (2,178,000 sq.ft.). The Karnataka Udyog Mitra by its order dated September 8, 2003 rejected the proposal of the petitioner for the development of an IT Infrastructure Development Project on the above mentioned lands as land bearing Survey No. 13 described above was approved for allotment to Prudential Housing and Infrastructure Development Limited. The petitioner has challenged this order allotting lands to Prudential Housing and Infrastructure Development Limited on grounds of non-application of mind by the High Level Committee of the Department of Industries and Commerce and is an abuse of the powers of various government agencies by Prudential Housing and Infrastructure Development Limited. The petitioner has further stated that it is not within the powers of the High Level Committee of the Department of Industries and Commerce to propose the acquisition of lands. The petitioner has sought a writ of certiorari to quash the orders passed by the High Level Committee of the Department of Industries and Commerce in relation to the said project and a writ of mandamus directing the Karnataka Udyog Mitra to consider the project submitted by the petitioner. Prudential Housing and Infrastructure Development Limited have filed our objections to the said petition in which Prudential Housing and Infrastructure Development Limited have stated that it had received a letter from the Karnataka Industrial Areas Development Board dated August 18, 2003 asking them to deposit Rs. 1.98 crores as part payment towards the cost of acquisition of the land identified by it which amount has been duly deposited. Prudential Housing and Infrastructure Development Limited have stated that the petition has been filed with a mala fide intention to harass our Company and Prudential Housing and Infrastructure Development Limited. The petitioner has also prayed for an interim order staying the operation of the notification for acquisition of land by the Karnataka Industrial Areas Development Board. Prudential Housing and Infrastructure Development Limited have opposed the interim application for stay stating that the petitioner has no interest in the land being acquired and the interim application has been filed with a mala fide intention. The case has been posted for final hearing.

2. A writ petition (W.P. No. 3252 of 2006) has been filed against Prudential Housing and Infrastructure Development Limited in the High Court of Karnataka by Papaiah, Papanna Reddy, Ashwathanrayana Reddy and M/s. Mangala Enterprises with respect to land bearing Survey No. 13, 14, 15, 29, 30, 32, 33 and 34 of Ibbalur Village, Begur Hobli, Bangalore South Taluk, measuring approximately 50 acres (2,178,000 sq.ft.). The petitioners are said to be the owners of a portion of the above mentioned lands and claim to be in possession of the same. They have challenged the acquisition of the said lands by the Karnataka Industrial Areas Development Board on behalf of Prudential Housing and Infrastructure Development Limited as being contrary to law, an abuse of power by the High Level Clearance Committee, as being void for non application of mind by the relevant authorities and as being acquired for a purpose not in conformity with the comprehensive development plan. They have also stated that the Karnataka Industrial Areas Development Board has refunded the deposit of Rs. 1.79 Crores to Prudential Housing and Infrastructure Development Limited and has dropped the acquisition proceedings. They have further stated that they have constructed residential apartments on the said property and have created third party rights in the same. Hence, the petitioners have sought for a writ of certiorari quashing the notification and orders for acquisition of the above mentioned lands. The High Court by its order dated March 3, 2006 has issued an interim stay order staying the operation of the notifications issued by the Karnataka Industrial Areas Development Board for acquisition of the above mentioned lands. The High Court has by its order dated August 30, 2006 extended the stay till further orders. Prudential Housing and Infrastructure Development Limited have filed its objections to the present petition in which they have stated that stating that the High Court is not the right forum to raise such disputes as an appeal mechanism has been provided for in the relevant statute. Prudential Housing and Infrastructure Development Limited has also denied that the said lands come within the residential zone of the comprehensive development plan and also that the advance amounts paid to the Karnataka Industrial Areas Development Board have been refunded and that the acquisition proceedings have been dropped. Prudential Housing and Infrastructure Development Limited has also stated that the petitioners constructed residential apartments and created third party rights on the said lands after the notification by the Karnataka Industrial Areas Development Board to acquire these lands and hence such constructions were put up with a mala fide intention to stall the acquisition proceedings. An application has been filed for vacation of the stay order. No order has been passed on the same.

Cases filed by Prudential Housing and Infrastructure Development Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Centurions Housing and Constructions Private Limited

Cases filed against Centurions Housing and Constructions Private Limited

1. Centurions Housing and Constructions Private Limited has filed a writ petition (W.P. No. 10091 of 2006) in the High Court of Kerala against the Greater Cochin Development Authority with respect to Plot No. N1A of the GCDA Marine Drive Scheme measuring approximately 125 cents (54,450 sq.ft.). We had been allotted the said plot of land by the Greater Cochin Development Authority for a period of 99 years and Centurions Housing and Constructions Private Limited has paid all amounts due to the Authority under the lease agreement dated January 15, 1998. Centurions Housing and Constructions Private Limited had taken permission from the Greater Cochin Development Authority to convert the lease into sale and Centurions Housing and Constructions Private Limited has paid the transfer fees due to the Greater Cochin Development Authority in this regard. However, the Greater Cochin Development Authority has still not executed the required deeds in favour of Centurions Housing and Constructions Private Limited. Centurions Housing and Constructions Private Limited has sought a writ of mandamus against the respondent directing the respondent to execute a sale deed with respect to the said property. The High Court has by its order dated April 3, 2006 admitted the writ petition and permitted Centurions Housing and Constructions Private Limited to undertake construction of the residential apartments at Centurions Housing and Constructions Private Limited own risk. Notices have been issued in the present petition.

Cases filed by Centurions Housing and Constructions Private Limited

Nil.

Contingent Liabilities as on March 31, 2007

Nil.

Puravankara Projects Lanka (Private) Limited

Cases filed by or against Puravankara Projects Lanka (Private) Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Puravankara Lanka Holding Private Limited

Cases filed by or against Puravankara Lanka Holding Private Limited

Nil.

Contingent liabilities as on March 31, 2007

Nil.

Cases involving our Promoter and Directors

Litigation against our Promoter and Directors

1. A case (O.S. No. 16313 of 2006) has been filed against our Company, Mr. Ravi Puravankara, Mr. Nani Choksey, Mr. Girish Puravankara and others by Mr. Biji Koshy, Mr. Hyder Ali, Mr. Rizwan, Mr. Imran and Mr. Irfan in the Court of the City Civil Judge at Bangalore with respect to land bearing Survey No. 4/1E, Binnamangala Manavarte Kaval Village, K.R. Puram Hobli, Bangalore East Taluk, Bangalore measuring approximately 2 acres 13 guntas (101,277 sq.ft.). Some of the other

defendants in the said case belong to a joint family that jointly owns the above-mentioned property. The plaintiffs have stated that they are the purchasers of a portion of the above-mentioned land to the extent of 25,000 sq.ft., having bought the same from the one of the joint family members. They have further contended that the sale of the whole of the above mentioned property in favour of our Company is not valid as it was made without reference to their interest in the said land. They have now filed this suit for partition of the joint family property and to put them in possession to the extent of 1/3 share in the land. We and the others have opposed the case of the plaintiff stating that they are strangers to the suit and that the plaintiffs was approached by the true purchasers of the land with a proposal for joint development and subsequently with a proposal for sale. We and the others have stated that the plaintiffs were party to the earlier transactions pursuant to which our Company and others acquired the land and hence they are estopped from claiming any interest in the said properties. The plaintiffs have further stated that they own the said property pursuant to an arbitration award given in favour of our Company by the sole arbitrator Mr. Justice G. Vaidyanathan. Further, only our Company has filed objections to the acquisition of 25,000 sq.ft. of the property by the Karnataka Industrial Areas Development Board. The plaintiffs have restated the description of the land as land bearing Municipal Ward No. 1-15, Old Madras Road, Bangalore Mahanagara Palike Ward No. 85, Bangalore in total measuring approximately 284,489 sq.ft. The case is at the arguments stage. The next date for hearing is August 2, 2007.

2. A petition (Misc. Petition No. 26 of 2003 in O.S. No. 52 of 2002) has been filed against Mr. Ravi Puravankara in the Court of the Civil Judge (Senior Division), Bangalore Rural District at Bangalore by Venkata Siddaiah with respect to land bearing Survey No. 67 in Hosahudya Village, Kasaba Hobli, Doddaballapura Taluk, Bangalore Rural District. The plaintiff had in O.S. No. 52 of 2002 claimed he had executed a sale deed dated August 18, 1995 in favour of Mr. Ravi Puravankara and was still to receive the balance sale consideration under the same. He had sought recovery of an amount of Rs. 700,000 from Mr. Ravi Puravankara. The suit was dismissed for non appearance of the plaintiff by order dated April 10, 2003. The present petition is filed in order to set aside the previous order of dismissal and restore the original suit. The matter has been referred to mediation and conciliation.

3. An appeal (R.F.A. No. 2145 of 2006) has been filed against Mr. Ravi Puravankara in the High Court of Karnataka by Narasamma against the decree dated July 10, 2006 granted against the appellant in the Court of the Additional Civil Judge (Senior Division), Bangalore Rural District in O.S. No. 1007 of 2006 decreeing specific performance of the agreement of sale dated October 29, 1994 against the appellant. She has challenged the judgment and decree on grounds that the lower court erroneously relied on certain documents which were insufficiently stamped, non production of material documents and that the lower court erroneously dealt with agricultural land which it had no authority to do. Mr. Ravi Puravankara was the plaintiff in whose favour the decree was granted.

4. Mr. Poojappa has filed a suit against Mr. Muniyappa, Mr. Gangappa and Mr. Jaithirth Rao, one of the Directors of the Company, (the Defendants) seeking for a relief of declaration and permanent injunction restraining the Defendants or their agents from disposing the land bearing Survey No.82 total measuring 2-25 guntas (including karab 4 acres 25 guntas) situated at Madaku Hosahalli Village, Nandhi Hobli, Chickballapur (“Schedule Property”). The suit is filed before the Civil Judge (Junior Division) Chickballapur and the same is registered as bearing O.S.No. 124/2005. Mr. Poojappa has filed the suit claiming that the land is an agricultural land and he has acquired the same through a registered Sale Deed dated February 12, 1979 for a valuable consideration from the vendor Mr. Ayanna. Mr. Poojappa has further claimed that he is the absolute owner of the land. He alleged that the Defendants in collusion with the revenue officials had obtained a katha in their names and the Defendants are now trying to dispossess the plaintiff from the land. Therefore, he has filed the suit for a relief of declaration and permanent injunction. Mr. Jaithirth Rao has filed his written statement in this case and pleased his case. The suit has been decreed in favour of the plaintiff by judgement dated February 15, 2007 and declared Mr. Poojappa as the absolute owner of the property and restraining the defendants, including Mr. Jaithirth Rao from encroaching upon the property. Mr. Poojappa has initiated proceedings (Appeal No. 43 of 2005-06) for mutation of the revenue records in his name. The next date of hearing is July 27, 2007. Mr. Jaithirth Rao has filed an impleading application to implead himself in these proceedings. Mr. Jaithirth Rao has filed an appeal (unregistered appeal No. 7/2007) in the Court of the Civil Judge Senior Division at Chickballapur against the decree passed against him in the abovementioned original suit on the ground that the trial court failed to take note of an oral partition that was in force and for having failed to take the evidence of the defendants. The next date of hearing is July 24, 2007. Mr. Muniyappa has filed an appeal (Regular Appeal No. 61 of 2007) in the Court of the Civil Judge Senior Division at Chickballapur with respect to the judgment and decree in O.S. No. 124/2005. The next date of hearing is July 19, 2007.

5. A criminal case (31/SWM/2003) has been filed against Mr. Jaithirth Rao, in his capacity as a director of Cadbury India Limited, in the Court of the Metropolitan Magistrate, 22nd Court at Andheri by the Inspector, Legal Metrology, Mumbai alleging misbranding against Cadbury India Limited. The manufacturer has stated that the name and address of the manufacturer on the products is ambiguous. Mr. Jaithirth Rao has resigned from the board of directors of Cadbury India Limited as of December 30, 2006. He has filed an application for quashing the criminal case.

6. A suit (O.S. No. 247 of 2005) has been filed by with respect to certain property of which Mr. Jaithirth Rao is currently the owner. Mr. Jaithirth Rao has filed an impleading application to be impleaded as a defendant in this suit as he is the present owner of the property. The next date of hearing is September 10, 2007.

Litigation by our Promoter and Directors

1. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandra have filed a case (old O.S. No. 257 of 2005 and new O.S. No. 1345 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Mr. Krishnachar and Mr. Murthy with respect to property bearing Survey No. 21/2, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre 39 guntas. The plaintiffs have sought specific performance of one agreement to sell dated March 31, 1995 executed by the defendant. The plaintiffs had paid an amount of Rs. 3,75,000 to the defendants as an advance. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. We have also filed an application for grant of temporary injunction. The defendant has been served with summons. The next date for hearing is July 21, 2007.

2. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 343 of 2005 and new O.S. No. 685 of 2006) in the Court of the Principal Civil Judge (Senior Division), Bangalore Rural at Bangalore against Mr. N. Ramesh with respect to property bearing Survey No. 55, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre 20 guntas (65,340 sq.ft.). The plaintiffs have sought specific performance of an agreement to sell dated March 25, 1995 executed by the defendant whereby we paid an amount of Rs. 3,27,000 as an advance and a further Rs. 55,000. The plaintiffs have obtained requisite permissions from relevant authorities, including for conversion of the land. However, the defendant has not performed his obligations under the agreement despite repeated notices to do so neither has he refunded the advance consideration received under the agreement. Instead, The plaintiffs have stated, that he is attempting to alienate the land. Hence the plaintiffs have sought a decree of specific performance of the agreement to sell. We have also filed an application for grant of temporary injunction. The defendant has been served with summons. The next date for hearing is October 5, 2007.

3. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 244 of 2005 and new O.S. No. 1400 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Mr. Lakshmi Narayana Setty, Mr. Subramanya, Mr. Janardhan and Mr. Prasad with respect to property bearing Survey No. 31/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre 39 guntas (86,031 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both of which are dated March 27, 1995 executed by the defendant. The plaintiffs had paid an amount of Rs. 8,43,500 to the defendants as an advance and a further Rs. 50,000. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendant has been served with summons. This matter has been settled and the sale deed has been executed in favour of our Company. The case has been formally withdrawn.

4. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 395 of 2005 and new O.S. No. 192 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Chennamma, Mr. Manjunath and Mr. Hanumanthe Gowda with respect to property bearing Survey No. 37/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 36 guntas (39,204 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both of which are dated March 27, 1995 executed by the defendant. The plaintiffs had paid an amount of Rs. 494,000 to the defendants as an advance. The plaintiffs have obtained the permission to acquire

the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell and also filed an application for grant of temporary injunction. The defendant has been served with summons. This matter has been settled and the sale deed has been executed in favour of our Company. The case has been formally withdrawn.

5. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 258 of 2005 and new O.S. No. 677 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Chikkamuniyappa, Subbe Gowda, Chandrashekhar and Rev. Jhonson with respect to property bearing Survey No. 54/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre 16 guntas (60,984 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both of which are dated March 28, 1995 executed by the defendant. The plaintiffs had paid an amount of Rs. 544,000 to the defendants as an advance. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendant has been served with summons. The matter has been posted for recording of evidence. The next date for hearing is July 21, 2007.

6. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 169 of 2005 and new O.S. No. 1399 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against K.P. Ramaiah and Muni Anjanappa with respect to property bearing Survey No. 37/2, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 2 acres 12 guntas (100,188 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both of which are dated March 25, 1995 and March 27, 1995 executed by the defendants. The plaintiffs had paid an amount of Rs. 946,675 to the defendants as an advance. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendant has been served with summons. In their written statement they have admitted the agreements to sell and receipt of advance sale consideration but have stated that their signatures on the same were obtained through misrepresentations. They have further stated that the plaintiffs were not ready and willing to perform the agreement to sell. This matter has been partially settled and the sale deed has been executed in favour of our Company. The next date for hearing is July 21, 2007.

7. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 344 of 2005 and new O.S. No. 686 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Chikkamuniyappa, Papaiah, Muniyappa, Venkatesh, Ravi, Shivamma, Ramesh, Thippaiah, V.M. Muniyappa and Mahesh with respect to property bearing Survey No. 31/2, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre 5.5 guntas (49,549.5 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both of which are dated March 31, 1995 executed by the Chikkamuniyappa. The plaintiffs had paid an amount of Rs. 450,680 to the defendants as an advance and a further amount of Rs. 80,000. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Further, the plaintiffs have stated that the some of the defendants have alienated a portion of the above mentioned property to third parties, who are now defendants to the present suit. The plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendant has been served with summons. The defendants have denied execution of the agreement to sell but admitted to transferring a portion of the said land to Mahesh. The parties have been ordered to maintain status quo. The next date for hearing is July 27, 2007.

8. We, along with Mr. Ravi Puravankara have filed a case (old O.S. No. 592 of 2005 and new O.S. No. 724 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Krishnamma, Narayana Swamy, Nagraj, Munilakshmamma and

D.S. Nagraj with respect to property bearing Survey No. 41/1 and 43/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 2 acres 27 guntas (116,523 sq.ft.) and 36 guntas (39,204 sq.ft.) respectively. The plaintiffs have sought specific performance of three agreements to sell dated March 16, 1995, and two others both dated March 17, 1995 executed by Krishnamma, Narayana Swamy, Nagraj, Munilakshmamma. The plaintiffs had paid an amount of Rs. 1063,550 to the defendants as an advance. However, on obtaining the encumbrance certificate we discovered that the above mentioned four persons had transferred the property to D.S. Nagraj. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. The plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendant has been served with summons. The parties have been ordered to maintain status quo. The matter has been withdrawn and the sale deed for the said land has been registered in favour of our Company.

9. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 170 of 2005 and new O.S. No. 664 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Ramaiah, Muni Anjanappa, B.S. Vijaya Kumar, Yellamma and Kumaraswamy with respect to property bearing Survey No. 38/2, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 26 guntas 28,314 sq.ft. The plaintiffs have sought specific performance of three agreements to sell dated, two of which are dated March 25, 1995, and another one dated March 27, 1995 executed by Ramaiah and Muni Anjanappa. The plaintiffs had paid an amount of Rs. 1,279,000 to the defendants as an advance. However, on obtaining the encumbrance certificate it was discovered that the above mentioned two persons had transferred the property to B.S. Vijaya Kumar, Yellamma and Kumaraswamy. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. The plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The defendants have been served with summons. In their written statement they have admitted that Ramaiah and Muni Anjanappa are the owners of the property in dispute and that they had executed agreements to sell in favour of our Company. They have also admitted receiving the advance sale consideration paid by the plaintiffs. They have however denied executing a power of attorney in favour of our Company's nominees and denied having put our Company in possession of the property. The parties had been ordered to maintain status quo which has since been vacated. We have applied for the certified copy of the order of the Court. The next date for hearing is July 21, 2007.

10. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 464 of 2005 and new O.S. No. 701 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Muniyappa, Muniraju, Venkatesh and Krishnappa with respect to property bearing Survey No. 43/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 36 guntas (39,204 sq.ft.). The plaintiffs have sought specific performance of an agreement to sell dated March 20, 1995 executed by Muniyappa, Muniraju and Venkatesh. The plaintiffs had paid an amount of Rs. 2,24,600 to the defendants as an advance and a further Rs. 50,000 at a later date. However, on obtaining the encumbrance certificate, we discovered that the above mentioned three persons had transferred the property to Krishnappa. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. The plaintiffs have filed this suit for specific performance of the agreements to sell and also filed an application for grant of temporary injunction. The defendants have been served with summons. Krishnappa, in his written statement has stated that he is not a party to the agreement to sell dated March 20, 1995 and has stated that he is a bona fide purchaser of the property in dispute. He has also opposed the interim application we filed seeking a temporary injunction. The parties had been ordered to maintain status quo. We have applied for the certified copy of the order of the Court. The next date for hearing August 1, 2007.

11. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 590 of 2005 and new O.S. No. 722 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Suresh Kumar, Seshagiri and Ramesh with respect to property bearing Survey No. 19, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 3 acres 8 guntas (139,392 sq.ft.). The plaintiffs have sought specific performance of two agreements to sell both dated March 31, 1995 executed by the defendants. The plaintiffs had paid an amount of Rs.

733,600 to the defendants as an advance. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. We have also filed an application for grant of temporary injunction. The parties had been ordered to maintain status quo. The matter has been withdrawn and the sale deed has been registered in favour of our Company.

12. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 591 of 2005 and new O.S. No. 722 of 2006) in the Court of the Civil Judge (Senior Division), Bangalore Rural at Bangalore against Dodda Muniyapa, Munirathnamma Manjunath, Rajamma, Bhagyamma, C. Narasimhamurthy, Narsamma and Manjula with respect to property bearing Survey No. 32/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 1 acre (43,560 sq.ft.). The plaintiffs have sought specific performance of an agreement to sell dated March 27, 1995 executed by Dodda Muniyapa, Munirathnamma Manjunath, Rajamma, Bhagyamma. The plaintiffs had paid an amount of Rs. 340,000 to the defendants as an advance and a further sum of Rs. 30,000. On obtaining the encumbrance certificate, the plaintiffs discovered that the above mentioned four persons have transferred the property in dispute to C. Narasimhamurthy, Narsamma and Manjula. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. The parties had been ordered to maintain status quo. We have applied for the certified copy of the order of the Court The next date for hearing is August 30, 2007.

13. We, along with Mr. Sunil Narayan, Mr. Ravi Puravankara and Mr. Ravichandran have filed a case (old O.S. No. 396 of 2005 and new O.S. No. 1342 of 2006) in the Court of the Civil Judge (Senior Division) at Devanahalli against Mallamma, Rajanna, Subramanya Adavappa and Nagarathna with respect to property bearing Survey No. 31/2, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 12 ¼ guntas (13,340.25 sq.ft.). The plaintiffs have sought specific performance of an agreement to sell dated March 27, 1995 executed by the defendants. The plaintiffs had paid an amount of Rs. 64,375 to the defendants as an advance and a further sum of Rs. 30,000. The plaintiffs have obtained the permission to acquire the property from the relevant authority, though this was an obligation of the defendants under the agreement. The defendants have not performed their obligations under the agreements despite repeated notices to do so neither have they refunded the advance consideration received under the agreements. Hence the plaintiffs have filed this suit for specific performance of the agreements to sell. The plaintiffs have also filed an application for grant of temporary injunction. Rajanna has filed the written statement where he has admitted that the defendants are the owners of the property in dispute and has admitted to execution of the agreement of sale dated march 27, 2005. However they have denied having executed a power of attorney in favour of our Company or its nominees and has opposed the suit on the ground of being barred by limitation. The next date for hearing is August 17, 2007.

14. Our Company, along with Puravankara Constructions, Mr. Nagananda and Mr. Nani R. Choksey have filed a contempt of court case (C.C.C. No. 247 of 2006) in the High Court of Karnataka against the State of Karnataka, the Karnataka Udyog Mitra, the Karnataka Industrial Areas Development Board and the Special Land Acquisition Office (Airport) with respect to lands bearing Survey Nos. 34, 35, 36/2 and 39/2 of Arehalli Guddadahalli, Doddaballapura Taluk, Bangalore District, Bangalore; land bearing Survey Nos. 28/1 and 28/2A of Dargapura Village, Doddaballapura Taluk, Bangalore District, Bangalore; a portion of the land bearing Survey No. 22 of Arehalli Guddadahalli, Doddaballapura Taluk, Bangalore District, Bangalore and land bearing Survey Nos. 29/1 and 22 of Arehalli Guddadahalli, Kasaba Hobli, Doddaballapura Taluk, Bangalore District, Bangalore. The plaintiffs have stated that we had undertaken various activities on the above mentioned lands pursuant to the approval given by the single window agency of the Karnataka Industrial Areas Development Board with a view to set up infrastructural facilities industrial park. However, the said lands were acquired by the Karnataka Industrial Areas Development Board. The plaintiffs had challenged the said acquisition of our lands by means of a writ petition (W.P. No. 21424-27 of 2004). In the High Court of Karnataka, the plaintiffs had agreed to give up the challenge in the event the respondents allotted alternate lands to our Company. The High Court of Karnataka directed the respondents to consider the proposal for allotment of alternate lands to our Company. The appellants later filed a review petition (Review Nos. 47 – 50 of 2005) in the High Court of Karnataka seeking the allotment of lands at Bellandur, Bellandur

Amanikhane, Kariammana Agrahara and Devarabeesanahalli. However, this review petition was withdrawn and the plaintiffs approached the Single Window Agency for the allotment of alternate lands as identified above. The plaintiffs have stated that various Government agencies have been communicating with our Company in relation to the allotment of alternate land in several areas and in this process 4 years have elapsed. Despite several reminders to the respondents, we have not received any response on the allotment of alternate lands for development of an infrastructural facilities industrial park. Hence we have filed this contempt petition. The respondents in their rejoinder have stated that the Sate High Level Clearance Committee had cleared our project and had directed us to identify lands which the Karnataka Industrial Areas Development Board can acquire on behalf of our Company for the implementation of the project and the Karnataka Industrial Areas Development Board has provided our Company with a choice of three areas wherein they have notified certain for acquisition. Further, they have contended that the High Court order dated October 29, 2004 never directed the respondents to consider the grant of alternate land to our Company. The plaintiffs have denied these statements of the respondents by means of a rejoinder. The plaintiffs are in the process of identifying alternate lands to the extent of approximately 36 acres (1,568,160 sq.ft.).

15. Prudential Housing and Infrastructure Development Limited and Mr. Ravi Puravankara have filed a writ petition (W.P. No. 23084 of 2005) in the High Court of Karnataka against the State of Karnataka and the Karnataka Industrial Areas Development Board with respect to land bearing Survey No. 13, 14, 15, 29, 30, 32, 33 and 34 of Ibbalur Village, Begur Hobli, Bangalore South Taluk, measuring approximately 50 acres (2,178,000 sq.ft.). Prudential Housing and Infrastructure Development Limited have stated that pursuant to the notification by the Karnataka Industrial Areas Development Board notifying the above mentioned lands for the purpose of acquisition on behalf of Prudential Housing and Infrastructure Development Limited, the plaintiffs have deposited a sum of Rs. 1.979 Crores and a further sum of Rs. 134,742,612 with the Karnataka Industrial Areas Development Board towards the cost of acquisition of the said lands. However, the respondents have not completed the acquisition proceedings citing a frivolous ground that a writ petition (W.P. No. 48245 of 2003) was pending with respect to the said lands. Despite repeated requests by Prudential Housing and Infrastructure Development Limited to complete the acquisition proceedings, the respondents have not completed the acquisition proceedings. Hence the plaintiffs have sought a writ of mandamus directing the respondents to complete the acquisition proceedings and sought an interim order directing the respondents to preserve the said lands free from encroachments and encumbrances. Notices have been issued to the respondents.

16. Mr. Ravi Puravankara has filed an appeal (Appeal No. 112 of 2003) in the National Consumer Disputes Redressal Commission at New Delhi against the order of the Karnataka State Consumer Disputes Commission dated January 1, 2003 in the complaint (Complaint No. 93 of 2003) filed by Prof. Bijoor against Mr. Ravi Puravankara with respect to flat bearing No. C-1, Shanthi Manor, No. 21, Haudin Road, Bangalore 560 042 measuring approximately 1,080 sq.ft. Mr. Ravi Puravankara had built the apartments in which the said flat is situated. Prof. Bijoor had filed a complaint in the Karnataka State Consumer Disputes Commission for defective services and the said complaint was partly allowed by the Karnataka State Consumer Disputes Commission by its order dated January 1, 2003 directing Mr. Ravi Puravankara to undertake certain activities in the flat and refund certain amounts received from Prof. Bijoor. Mr. Ravi Puravankara has challenged the said order on grounds that it was passed without considering all the evidence on record as there is a declaration signed by Prof Bijoor stating that he was fully satisfied with the construction provided to him. Further, Mr. Ravi Puravankara has stated that the demands made by Prof. Bijoor was contrary to the agreements between the parties and have no legal basis whatsoever. The National Consumer Disputes Redressal Forum has granted a stay on the operation of the judgement of the Karnataka State Consumer Disputes Commission in favour of Mr. Ravi Puravankara by its order dated February 21, 2003. We await the final orders of the Commission.

17. Puravankara Constructions has filed several execution petitions (E.P. Nos 159/2006, 160/2006, 161/2006, 162/2006, 163/2006, 164/2006 and 165/2006) before the Court of the Additional Civil Judge (Senior Division), Bangalore Rural District at Bangalore with respect to land bearing Survey No. 26/3, 26/5, 26/1, 26/2, 26/8, 26/1, 26/7, 26/9, Junnasundra Village, Varthur Hobli, Bangalore South Taluk. Puravankara Constructions had obtained a decree of specific performance of several agreements to sell for the sale of the above mentioned lands by order dated July 10, 2006.

18. Mr. Jaithirth Rao has filed a suit (O.S. No. 341 of 2007) against Mr. Nanjegowda, Mrs. Rathnamma and Mr. Raja, in the Court of the Civil Judge, Junior Division at Chikkaballapur with respect to property bearing Survey Nos.64 and 65, Modaku Hosahalli, Nandi Hobli, Chikkaballapur Taluk. Mr. Jaithirth Rao has sought interim orders restraining the defendants from interfering with the peaceful possession of the property. The Court has granted ex parte ad interim orders, restraining Mr. Nanjegowda, Mrs. Rathnamma and Mr. Raja from interfering with Mr. Rao's peaceful possession of the property. The case has been posted to August 18, 2007 for filing of objections and the written statement by the defendants.

Cases involving entities in our Promoter Group

Companies

Propmart Technologies Limited

Notice issued against Propmart Technologies Limited

Propmart Technologies Limited has received a legal notice dated September 16, 2006 from Mr. Vishal Gupta, an erstwhile employee of Propmart Technologies Limited demanding an amount of Rs. 35,425 as a settlement amount upon his resignation. Propmart Technologies Limited have replied to the said notice by reply dated October 25, 2006. Propmart Technologies Limited have stated that only an amount of Rs. 16,610 is due from Propmart Technologies Limited. Propmart Technologies Limited has not received a response on the said reply. Mr. Vishal Gupta has delivered another legal notice dated March 15, 2006 reiterating that an amount of Rs. 35,425 alongwith interest at 24% is due from Propmart Technologies Limited and calling upon Propmart Technologies Limited to pay the said amount within 15 days from date of receipt of the notice.

Cases by Propmart Technologies Limited

Nil

Contingent liabilities as on March 31, 2006

Nil.

Handiman Services Limited

Cases filed by or against Handiman Services Limited

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Uniquepark Constructions Private Limited

Cases filed by or against Uniquepark Constructions Private Limited

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Dealwel Estates Private Limited

Cases filed by or against Dealwel Estates Private Limited

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Partnerships

Purva Developments

Cases filed by or against Purva Developments

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Welworth

Cases filed by or against Welworth

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Unique Constructions

Cases filed by or against Unique Constructions

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Proprietorships

Dealwel

Cases filed by or against Dealwel

Nil.

Contingent liabilities as on March 31, 2006

Nil.

Puravankara Constructions

Cases by Puravankara Constructions

1. Puravankara Constructions had filed a criminal case (C.C. No. 26301 of 2001 which was earlier P.C.R. No. 2701 of 1999) in the Court of the Additional Chief Metropolitan Magistrate, Bangalore against Mr. Bhaktavatsalam with respect to a cheque issued by Mr. Bhaktavatsalam to Puravankara Constructions that was returned for lack of funds. Our Company was substituted in place of Puravankara Constructions. Mr. Bhaktavatsalam was convicted of the offence under Section 138 of the Negotiable Instruments Act, 1881. Mr. Bhaktavatsalam has filed a criminal appeal (Crl. Appeal No. 173 of 2006) before the Court of the Principal City Civil and Sessions Judge at Bangalore challenging the order of the Additional Chief Metropolitan Magistrate, Bangalore convicting him of the above mentioned offence. The Court is awaiting the records from the lower court.

Cases against Puravankara Constructions

1. We, along with Puravankara Constructions have filed a case (old O.S. No. 345 of 2005 and new O.S. No. 687 of 2006) in the Court of the Principal Civil Judge (Senior Division), Bangalore Rural at Bangalore against Mr. V.K. Subbaramaiah, Ms. Suma, Mr. Suryaprakash, Mrs. Surekha, Mr. Surendra Kumar, Mrs. Sumantha, Ms. Sushma, Mrs. Shruthi and Ms. Sujan with respect to property bearing Survey No. 20/1, Uganavadi Village, Kasaba Hobli, Devanahalli Taluk, Bangalore measuring approximately 30 guntas (32,670 sq.ft.). We have sought specific performance of an agreement to sell dated March 21, 1995 executed by the Mr. Subbaramaiah whereby we paid an amount of Rs. 1,75,000 as an advance. We have obtained requisite permissions from relevant authorities for acquisition of the land. However, the defendant has not performed his obligations under the agreement despite repeated notices to do so neither has he refunded the advance consideration received under the agreement. Instead, we have stated, that he is attempting to alienate the land. Hence we have sought a decree of specific performance of the agreement to sell. We have also filed an application for grant of temporary injunction. The defendant has been served with summons. The next date for hearing is March 8, 2007. This matter has been settled and the sale deed has been executed in favour of PPL. The case has been formally withdrawn.

Contingent liabilities as on March 31, 2006

Nil

Except as disclosed above, there are no outstanding litigations filed by or against any of our Directors including those involving violation of statutory regulations or alleging criminal offence.

Details of past penalties imposed on our Company or any of our Directors

The Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 212 of the Companies Act, 1956 be compounded and imposed a compounding fee of Rs. 3,000 each on our Promoter, Mr. Ravi Puravankara, and three of our whole time directors, Mr. Girish Puravankara, Mr. Ashish Puravankara and Mr. Ravi Ramu, all of whom have paid the said amount. Further, the Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 292A of the Companies Act, 1956 be compounded and imposed a compounding fee of Rs. 10,000 each on our Company, our Promoter, Mr. Ravi Puravankara and four of our wholetime directors, Mr. Girish Puravankara, Mr. Ashish Puravankara, Mr. Nani R. Choksey and Mr. Ravi Ramu, all of whom have paid the said amount.

Details of pending proceedings initiated for economic offences against our Company or any of our Directors

There are no pending proceedings initiated for economic offences against our Company or our Directors.

Cases filed by or against our Promoter or companies forming part of the Promoter Group

Except as disclosed above, there have been no cases filed by or against our Promoter or any of the companies forming part of the Promoter Group.

The Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 212 of the Companies Act, 1956 be compounded and imposed a compounding fee of Rs. 3,000 on our Promoter, Mr. Ravi Puravankara. Who has paid the said amount. Further, the Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 292A of the Companies Act, 1956 be compounded and imposed a compounding fee of Rs. 10,000 on our Promoter, Mr. Ravi Puravankara who has paid the said amount.

There are no cases involving any of the companies forming part of the Promoter Group which involve a violation of any statutory regulations, criminal offence or in which penalties have been imposed by the relevant authorities.

Further, there are no pending proceedings initiated for economic offences against the Promoter or companies promoted by the Promoter.

Details of past penalties imposed on our Promoter or the companies forming part of our Promoter Group

There have been no instances in the past of any penalties that has been imposed on our Promoter or on any company forming part of our Promoter Group by any statutory authorities.

Material Developments

There have been no material developments, since the date of the last balance sheet otherwise than as disclosed in the section 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on page 200, and as disclosed below.

We have on December 29, 2006 filed before the Company Law Board, Western Region Bench, Mumbai, applications under section 621A of the Act, seeking directions that various omissions under Sections 205, 212, 292A, 297 and 383A of the Act be compounded with minimum fees payable. The Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 212 of the Companies Act, 1956 be compounded on payment of compounding fee of Rs. 3,000 each by our Promoter, Mr. Ravi Puravankara and three of our whole time Directors, Mr. Girish Puravankara, Mr. Ashish Puravankara and Mr. Ravi Ramu, all of whom have paid the said amount. Further, the Regional Director, Western Region, Ministry of Corporate Affairs, has by its order dated July 4, 2007 ordered that the offence committed under Section 292A of the Companies Act, 1956 be compounded on payment of compounding fee of Rs. 10,000 each by our Company, our Promoter, Mr. Ravi Puravankara, four of our whole time Directors, Mr. Girish Puravankara, Mr. Ashish Puravankara, Mr. Nani R. Choksey and Mr. Ravi Ramu, and our Compliance Officer, Ms. Sharda Balaji, all of whom have paid the said amount.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Red Herring Prospectus.

Approvals related to the Issue

1. Confirmation from the DIPP by letter dated December 26, 2006 on FIIs being permitted to participate in the Issue under the portfolio scheme.
2. Confirmation from Reserve Bank of India by letter dated June 1, 2007 stating that FIIs are permitted to subscribe to equity shares in the IPO under the portfolio investment scheme and that Press Note 2 (2005 Series) is not applicable to investments by FIIs in initial public offerings.
3. Approval from the National Stock Exchange dated February 2, 2007.
4. Approval from the Bombay Stock Exchange dated February 14, 2007.

Approvals for the Business

A. Approvals from the Reserve Bank of India

1. RBI letter dated April 5, 2005 bearing ref No. FE.CO.EXD. 1423/05.59 (Misc)/2004-05 granting in principle approval for the acquisition of immoveable property for our branch office in U.A.E.

B. Company Specific Approvals

1. Certificate of Incorporation for our Company, issued by the Registrar of Companies, Maharashtra at Mumbai, bearing certificate number 39988 of 1986, certifying that Puravankara Constructions Private Limited is incorporated under the Companies Act, 1956 as a private limited company on June 3, 1986.
2. Fresh certificate of incorporation consequent on change of name and status issued by the Registrar of Companies, Maharashtra, Mumbai to our Company on August 19, 1992.
3. Our Corporate Identity Number is U45200MH1986PLC039988.

C. Premises Specific Approvals

Bangalore Offices

1. Certificate of Registration of Establishment dated May 16, 1994, for our premises located at No. 130/1, Ulsoor Road, Bangalore, certifying that our Company has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration has been renewed for the period 2004 to 2008 on February 4, 2004. This registration is valid till December 31, 2008.
2. Certificate of Registration (No. 81/R.No./761) of establishment dated November 11, 2006, for our offices located at No. 26, Oakland Apartments, 1st Cross, Ulsoor Road, Bangalore, certifying that our Company has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration is valid till December 31, 2010.
3. Certificate of Registration (No. 81/R.No./761) dated November 11, 2006 under the Karnataka Shops and Establishment Act, 1961 issued to our Company for the premises at No. 8/4, Ulsoor Road, Bangalore, certifying that our Company has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration is valid till December 31, 2010.
4. Certificate of Registration (No. 81/R.No./762) dated November 11, 2006, for the premises at No. 101A and 101B, Batra Centre, Corporation Division No. 78, Ulsoor Road, Bangalore, certifying that our Company has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration is valid till December 31, 2010.
5. Certificate of Registration (No. 76/R.No./3774) dated November 11, 2006, for the premises at No. 101A and 2nd Floor, Saint Patrick's Commercial Complex, Brigade Road, Bangalore – 560 025, certifying that our Company has been registered

under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration is valid till December 31, 2010.

6. Certificate of Registration (No. 78/R.No./1147/2007) dated May 22, 2007, for the premises at No. 5/13, 1st Main Road, Vasanthnagar, Bangalore 560 052 certifying that our Company has been registered under the Karnataka Shops and Commercial Establishments Act, 1961 as a shop /commercial establishment. The registration is valid till December 31, 2011.

Mumbai Office

1. Registration (No. H/W II 2948) dated July 27, 1989 under the Bombay Shops and Establishment Act, 1948 issued to our Company for the premises at No. 3, Jagruti, 227 S.V. Road, Bandra (W), Bombay 400 050 with Puravankara Construction Private Limited referred to as the employer. The registration has been renewed on December 2005 and is valid till December 2007.

Kochi Office

1. Registration (No. CC-16-2373) dated July 19, 2006 under the Kerala Shops and Establishments Act, issued to our Company for the premises at No. 26, Panampilli Avenue, Kochi 682 036. The registration is valid till December 31, 2006. The Company has renewed the said registration till December 31, 2007.

Hyderabad Office

1. Registration (No. AL027/HYD/53/2007) dated April 19, 2007 under the Andhra Pradesh Shops and Establishments Act, 1988 issued to our Company for the premises at No. 9-4-84/144 Kokatiys Nagar, Tole Chowki, Hyderabad. The registration is valid till December 31, 2007

Labour and Industrial Related Licenses

1. Letter dated April 30, 2003 from the Employees Provident Fund Commissioner bearing reference number KN/PF/ENF-CIR-I/BD-IV/KN/25868/48/2003 evidencing allotment of number Code No. KN/25868 to Puravankara Projects Limited, No. 130/1, Ulsoor Road, Bangalore- 560 042 which will be treated as a branch of Puravankara Projects Limited, No. 227, S.V. Road, Bandra (West), Mumbai 400 050. Both the establishments will be reckoned together for all purpose under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

2. Letter from the Employees Provident Fund Commissioner bearing reference number KN/PF/EXEM/EDLI/85/2003-04 dated March 22, 2004 granting an exemption to our Company from the provisions of the Employees Deposit Linked Scheme in view of the Group Insurance Scheme of the Life Insurance Corporation of India taken by our Company.

3. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALCB-4/CLA/P-150/2004-05 dated February 5, 2005, evidencing grant of registration to our Company and permitting the employment of 300 persons for the civil, engineering, plumbing and lift work for Purva Grande, Municipal No. Municipal No. 49, Lavelle Road, Ward No 76, Bangalore 560 001.

4. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number LOB-2/CLA/MM-33/06-07 dated September 16, 2006, evidencing grant of registration to our Company and permitting the employment of 2000 persons for the civil, engineering, plumbing and lift work for Purva Highlands, Survey No. 19, Mallasandra Village, Bangalore North Taluk, Bangalore.

5. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC-II/CLA- P/01/2005-06 dated April 4, 2005, evidencing grant of registration to our Company and permitting the employment of 400 persons for the civil work for Purva Belmont, No. 29-2A and 29/2B, Jaranga Halli, Kanakapura Main Road, Bangalore 560 078.

6. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALCB-4/CLA/P131/2005-06 dated September 9, 2005, evidencing grant of registration to our Company and permitting the employment of 300 persons for the civil, engineering, plumbing and lift work in Purva Atria, Survey No. 56/3 of Geddalahalli, R.M.V. Second Stage, Third Main, II Block, Dollar's Colony, Ashwath Nagar, Bangalore 560 094.

7. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC/3/CLA/P 50/ 2004 - 05 dated December 9, 2004, evidencing grant of registration to our Company and

permitting the employment of 500 persons for the civil, engineering, plumbing and lift work for Purva Sunshine, Survey No. 51, Kaikondanahalli, Varthur Hobli, Bangalore East Taluk, Bangalore.

8. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALCB-4/CLA/P-119/2005-06 dated August 31, 2005, evidencing grant of registration to our Company and permitting the employment of 400 persons for the civil, engineering, plumbing and lift work for Purva Vantage, Part of Survey No. 56/2, Haralakunte Village, Begur Hobli, Bangalore South Taluk, Bangalore.

9. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number LOB3/CLA/P-61/2006-07 dated September 29, 2006, evidencing grant of registration to our Company and permitting the employment of 100 persons for the civil, engineering, plumbing and lift work for Purva Hall Road, Survey No. 10, Richards Town Hall Road, Sagayapura, Frazer Town, Bangalore.

10. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number LOB3/CLA/P-60/2006-07 dated September 14, 2006, evidencing grant of registration to our Company and permitting the employment of 2000 persons for the civil, engineering, plumbing and lift work for Purva Venezia, Survey No. 5/2, 6/3, 6/4, 6/5 and 6/6, Mandalkunte Village, Yelahanka Village, Bangalore.

11. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC-4/CLA/P-124/2004-05 dated December 12, 2004, evidencing grant of registration to our Company and permitting the employment of 500 persons for the civil, engineering, plumbing and lift work for Purva Panorama, Survey No. 30/1, Kalena Agrahara, Begur Hobli, Bangalore South Taluk, Bangalore.

12. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC-3/CLA/P-42/03-04 dated November 14, 2003, evidencing grant of registration to our Company and permitting the employment of 500 persons for the civil, engineering, plumbing and lift work for Purva Parkridge, No. 38/26, Mahadevpura Village, K.R. Pura Hobli, Bangalore.

13. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC/3/CLA/P 110/ 2004- 05 dated March 3, 2005, evidencing grant of registration to our Company and permitting the employment of 1000 persons for the civil, engineering, plumbing and lift work for Purva Fountain Square, part of Survey No. 22 and 23 and 24, Munnekolalu Village, Varthur Hobli, Bangalore East Taluk, Bangalore.

14. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALCB-4/CLA/P 40/ 2002- 03 dated October 8, 2002, evidencing grant of registration to our Company and permitting the employment of 500 persons for the construction activities for Purva Fairmont, Survey No. 56/2, HSR Layout, 25th Cross, Bangalore.

15. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, dated January 16, 2003, evidencing grant of registration to our Company and permitting the employment of 500 persons for the civil, engineering, plumbing and lift work for Purva Pavilion, Kempapura Village, Yelahanka Hobli, Bangalore North Taluk, Bangalore.

16. Certificate of Registration issued under Sec.7 of the Contract Labour (Regulation and Abolition) Act, 1970, bearing reference number ALC/3/CLA/P 51/2004-05 dated September 21, 2004, evidencing grant of registration to our Company and permitting the employment of 50 persons for the civil, engineering, plumbing and lift work for Whitefield Bougainvilla, No. 313/320, Near M.V.J. College of Engineering, Channasandra Main Road, Bangalore- 560 067.

Taxation related Approvals and Licenses

1. Certificate of Registration evidencing the grant of service tax registration number (CCA) (CON)/ AAACP2550RST001 and code AACP2550RST001 to our Company.

2. Certificate of Registration dated June 26, 1993 bearing reference number BNPT/XXIV/1430/93-94 certifying the grant of profession tax registration to our Company.

3. Certificate bearing reference number 04414305 dated June 26, 1993 issued in favour of our Company evidencing registration under the Karnataka Sales Tax Rules, 1957.

4. Copy of PAN Card bearing Permanent Account Number ("PAN") AAACP2550R.

5. Certificate of Registration for VAT dated October 6, 2005 bearing TIN No. 32072077462 and CST No. 0720C007746, certifying that our Company is registered as a dealer under the Kerala Value Added Tax Act, 2003 and under the Central

Sales Tax Act, 1956. Our Company is therefore authorized to collect VAT as specified in the said Act. The certificate is valid from June 24, 2005 till such time it is cancelled.

6. Copy of TAN Card bearing Tax Account Deduction Number ("TAN") MUMP160003B.
7. Certificate of registration issued by the Ministry of Finance, allotting registration number (CCA)(CON) AAACP2550RST001 and Service Tax Code number AAACP2550RST001 to our Company for the purposes of payment of service tax on the service of maintenance or repair services.
8. Letter bearing reference number NC/WC/2328/51/B/05-06 dated October 6, 2005 issued by the Commissioner of Taxes, Government of Kerala allotting TIN No. 32072077462 and CST No. 0720C007746 to our Company.
9. Certificate of Importer Exporter Code (IEC) bearing IEC No. 0307019942 dated June 14, 2007 issued to our Company for our corporate office and our branches situated at Panampilli, Kochi and Alwarpet, Chennai.
10. Certificate of Registration issued by the Commercial Taxes Department, Government of Tamil Nadu, allotting Taxpayer Identification Number ("TIN") 33360702513 to our Company for the purposes of paying Tamil Nadu value added tax under the Tamil Nadu Value Added Tax Act, 2006 with effect from January 1, 2007.

Foreign Branches

Dubai

Letter dated April 5, 2005 bearing Ref No. FE.CO.EXD. 1423/05.59 (Misc)/2004-05 granting in principle approval to our Company for the acquisition of immoveable property for the branch office in Dubai amounting to USD 1.5 million.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The present Issue has been authorized by the Board of Directors in their meeting on December 23, 2006, and by the shareholders of our Company at an Extra Ordinary Meeting held on December 23, 2006.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.' The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

Prohibition by SEBI

Our Company, our Directors, our Subsidiaries, our Promoter, our group companies, associates of our group companies and other companies promoted by our Promoter and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under Clause 2.2.2 of the SEBI Guidelines states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) *(i)* *The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.*

OR

(a) *(ii)* The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded,

AND

(b) *(i)* *The minimum post-issue face value capital of the company shall be Rs. 10 crores.*

OR

(b) *(ii)* There shall be a compulsory market-making for at least 2 years from the date of listing of the shares, subject to the following:

(a) *Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;*

(b) *Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%;*

(c) *The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"*

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

- We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Issue are proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

- We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated up to 10% and 30% of the Issue respectively.
- We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-issue face value capital of the Company shall be Rs. 213.49 million, which is more than the minimum requirement of Rs. 10 crore (Rs. 100 million).

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, DSP MERRILL LYNCH LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 5, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

“(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL

THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS."

The filing of the Red Herring Prospectus does not, however, absolve the company from any liabilities under section 63 or section 68 of the companies act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Red Herring Prospectus."

The Book Running Lead Managers and us accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisement or any other material issued by or at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

All legal requirements pertaining to the issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Karnataka at Bangalore, in terms of section 56, section 60 and section 60B of the Companies Act.

Disclaimer from the Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Issue, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.puravankara.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.puravankara.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and the Company dated January 4, 2007 and the Underwriting Agreement to be entered into among the Underwriters and the Company.

All information shall be made available by the Company and BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, and to non-residents FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Each purchaser of the Equity Shares outside the United States pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to restrictions on transfer;

(2) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time the buy order for the Equity Shares was originated and continues to be located outside the United States and has not purchased the Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of the Equity Shares or any economic interest therein to any person in the United States;

(3) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Equity Shares from the Company or an affiliate thereof in the initial distribution of the Equity Shares;

(4) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S under the U.S. Securities Act, or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), or any transaction exempt from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(5) the purchaser is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act; and

(6) the purchaser acknowledges that the Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each purchaser of the Equity Shares within the United States purchasing pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act will be deemed to have represented and agreed that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

(3) the purchaser (i) is a qualified institutional buyer (as defined in Rule 144A under the U.S. Securities Act), (ii) is aware that the sale to it is being made in a transaction not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer;

(4) the purchaser is aware that the Equity Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act;

(5) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S under the U.S. Securities Act, or (iii) in accordance with Rule 144 under the U.S. Securities Act (if available), or any transaction exempt from the registration requirements of the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(8) the Company shall not recognize any offer, sale, pledge or other transfer of the Equity Shares made other than in compliance with the above-stated restrictions; and

(9) the purchaser acknowledges that the Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of the Equity

Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of the Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State) who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter and the Company that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Disclaimer clause of the BSE

The BSE has, *vide* its letter dated February 14, 2007, given us permission to use its name in this Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. The BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

The NSE has, vide its letter dated February 2, 2007, given us permission to use its name in this Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Bank.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Maharashtra at Mumbai.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. The National Stock Exchange will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

(a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Company, the Bankers to the Issue; and (b) the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI Guidelines, Walker Chandiok & Co, Chartered Accountants, the Company’s Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

As the offered Equity shares have not been and will not be registered under the US Securities Act of 1933, Walker Chandiok & Co has not issued and the Company has not filed consent under the US Securities Act of 1933.

Expert Opinion

We have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.

The estimated Issue expenses are as under:

(Rs. in million)

Activity	Expenses *
Lead management, underwriting and selling commission	[●]
Advertising and Marketing expenses	[●]
Printing and stationery	[●]
Others (Monitoring agency fees, Registrars fee, legal fee, listing fee, etc.)	[●]
Total estimated Issue expenses	[●]

** To be completed after finalization of issue price*

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the Engagement Letter with the BRLMs dated January 4, 2007, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding dated February 24, 2007, signed with our Company a copy of which is available for inspection at the registered office of our Company.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the Last Five Years

We have not made any public or rights issues during the last five years.

Previous issues of shares otherwise than for Cash

Except as stated in the section entitled "Capital Structure" on page 19 and "History and Certain Corporate Matters" on page 81, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Equity Shares

There has been no public issue in the past of our Company's Equity Shares. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Companies under the Same Management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act.

Promise v/s performance

Our Company, Our Subsidiaries, nor any Group or associate companies have made any previous public or rights issues.

Outstanding Debentures or Bonds

Our Company has issued non convertible redeemable debentures each having face value of Rs.1,000,000 aggregating to Rs.250,000,000 on June 5, 2007 to LIC Mutual Fund pursuant to a debenture subscription agreement dated June 4, 2007. The debentures have a tenure of 12 months from June 5, 2007 and carry interest at the rate of 12.25% p.a. payable at maturity. The Company has appointed IL & FS Trust Company Limited as the debenture trustee. The debentures have been secured by way of a first mortgage and charge to be created over an immovable property. .

Outstanding Preference Shares

Our Company does not have any outstanding preference shares.

Stock Market Data of our Equity Shares

This being an initial public issue of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Other than as disclosed in this Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated elsewhere in this Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances by the Company

We estimate that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be ten working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

We have appointed Ms. Sharda Balaji as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Sharda Balaji
No. 130/1, Ulsoor Road,
Bangalore 560 042, India
Tel: (91 80) 2559 9000
Fax: (91 80) 2559 9350
Email: investors@puravankara.com

Changes in Auditors

Name of Auditor	Date of Appointment/Cessation	Reason
S.R. Joshi	September 30, 2006	Resignation
Walker Chandiok & Co	September 30, 2006	Appointment

Capitalisation of Reserves or Profits

Our Company has not capitalized our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 19.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Draft Red Herring Prospectus, this Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The present Issue has been authorized by the Board of Directors in their meeting on December 23, 2006, and by the shareholders of our Company at an Extra Ordinary Meeting held on December 23, 2006.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.' The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 5 each and the Issue Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 285.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of 10 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in transactions exempt from the registration requirements of the Securities Act, and (ii) outside

the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 285.

ISSUE STRUCTURE

The present Issue of 21,467,610 Equity Shares, at a price of Rs. [•] for cash aggregating Rs. [•] million, is being made through the 100% Book Building Process. The Issue comprises a Fresh Issue of 21,333,500 Equity Shares.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least 12,880,566 Equity Shares	Up to 2,146,761 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 6,440,283 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for Allotment/ allocation	At least 60% of Issue being allocated. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 644,028 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 12,236,538 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000.	10 Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares	10 Equity Shares in multiples of 10 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with	Eligible NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, HUF (in the name of Karta), Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid Amount	Full Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Issue Price. In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Bidding/ Issue Programme

BID/ISSUE OPENS ON	**: TUESDAY, JULY 31, 2007**
BID/ISSUE CLOSES ON	**: FRIDAY, AUGUST 03, 2007**

Bids and any revision in Bids shall be accepted only between **10 a.m. and 3 p.m**. (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/ Issue Closing Date, the Bids shall be accepted only between **10 a.m. and 3 p.m**. (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/ Issue Closing Date.

The Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allottment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through Syndicate Members. In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	**Colour of Bid cum Application Form**
Indian public and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FII registered with SEBI;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Note: The BRLMs shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Managers and Syndicate Members may subscribe to Equity Shares in the Issue either in the QIB Portion or in Non Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis.

The information below is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 644,028 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

1. Bid cum application forms have been made available for NRIs at our registered /corporate office, members of the Syndicate of the Registrar to the Issue.
2. NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. Our Board has, by resolution dated June 1, 2007, passed a resolution increasing the aggregate FII holding in our Company to 50% of our total issued capital, subject to approval of the RBI. The shareholders of our Company have, by way of a special resolution passed at the meeting held on July 2, 2007, approved the increase in the aggregate FII holding in our Company to 50% of our total issued capital, subject to approval of the RBI. However, as on this date, no such application for approval of the increase in the aggregate FII holding in our Company has been made to the RBI.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.'

The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only upto 33.33% of the investible funds by way of subscription to an initial public offer.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 10 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the**

Bid/ Issue Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

(a) The Company will file the Red Herring Prospectus with the RoC at least 3 days before the Bid/Issue Opening Date.

(b) The Company and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Marathi). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/ 14/2005/25/1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their bids.

(e) The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

(g) The Bidding/Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(h) The Price Band has been fixed at Rs. 500 to Rs. 525 per Equity Share of Rs. 5 each, Rs. 500 being the lower end of the Price Band and Rs. 525 being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of 10 Equity Shares.

(i) The Company in consultation with the BRLMs, reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(k) The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" on page 265) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 265.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 270.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of Rs. 100,000 and such Bids shall be rejected.

(b) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band and Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 1,00,000, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 1,00,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, such Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 10 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (White colour for Resident Indians, Blue colour for NRIs and FIIs applying on repatriation basis).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 10 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 10 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

(f) Bids by Non Residents, NRIs, FIIs registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

(g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding /Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor.
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case an Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 273.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/ or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

(j) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the applicable Bid cum Application Form;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

(g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for", in the Bid cum Application Form in the section dealing with PAN number or have not obtained PAN, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" in the Bid cum Application Form in the section dealing with PAN number or have not obtained PAN, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their

Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue. We had sought a confirmation from the DIPP by letter dated October 25, 2006 on FIIs being permitted to participate in the Issue under the portfolio scheme. The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.'

We had also applied to the Reserve Bank of India by letter dated January 2, 2007 seeking their confirmation that FIIs are permitted to subscribe to equity shares in the IPO under the portfolio investment scheme and that Press Note 2 (2005 Series) is not applicable to investments by FIIs in initial public offerings.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Payment into Escrow Account" on page 271 below) and submit the same to the member of the Syndicate to whom

the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 259. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
   - In case of Resident QIB Bidders: **"Escrow Account – Puravankara Public Issue – QIB-R"**
   - In case of non-resident QIB Bidders: **"Escrow Account – Puravankara Public Issue – QIB- NR"**
   - In case of Other Resident Bidders: **"Escrow Account – Puravankara Public Issue – R"**
   - In case of Other Non Resident Bidders: **"Escrow Account – Puravankara Public Issue – NR"**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.
7. On the Designated Date and no later than 15 days from the Bid/ Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
8. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.
9. Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
10. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications are electronically strung on first name, address (1st name) and applicants status. These applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/husbands name to determine if they are multiple applications.
2. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
3. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

In cases where there are more than 20 valid applicants having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of KYC norms by the depositories.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" , the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.**

UNIQUE IDENTIFICATION NUMBER - MAPIN

Unique Identification Number ("UIN")

Pursuant to circulars dated April 27, 2007(No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company have a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders and bidding in excess of Rs. 100,000.
- Bids for number of Equity Shares which are not in multiples of 10 Equity Shares;
- Category not ticked;
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parametres namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- Bids by Non-residents such as OCBs, FVCIs, multilateral and bilateral development financial institutions;
- Bids by QIBs not submitted through members of the Syndicate;
- Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs, shall finalize the "Issue Price".

(c) The allocation to QIBs will be at least 60% of the Issue and allocation to Non-Institutional and Retail Individual Bidders will be up to 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 644,028 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company in consultation with the BRLMs and the Designated Stock Exchange.

(e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the RBI.

Signing of Underwriting Agreement and RoC Filing

(a) The Company the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) /Allotment to the Bidders.

(b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

(c) The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

(d) The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN indicating the number of Equity Shares that may be Allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/Allotted to them pursuant to this Issue.

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 6,440,283 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 6,440,283 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 10 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 2,146,761 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 2,146,761 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 10 Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance Allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall not be less than 12,880,566 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No.	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11.40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 259.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.
3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
   - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 114/494
   - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than 10 Equity Shares per Bidder, the Allotment shall be made as follows:

- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
- Each successful Bidder shall be Allotted a minimum of 10 Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than 10 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same

is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/ Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertake that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

UNDERTAKINGS BY OUR COMPANY

We undertake the following:

- That the complaints received in respect of this Issue shall be attended to by us expeditiously;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and
- That no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of proceeds from the Fresh Issue

Our Board certifies that:

- All monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of Fresh Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserve the right not to proceed with the Issue at anytime including after the Bid/ Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated June 6, 2007 with NSDL, the Company and the Registrar to the Issue;

b) Agreement dated April 10, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Industrial Policy, 1991 and the FEMA regulate foreign investment in Indian securities. The Industrial Policy, 1991 stipulates the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy. The FEMA further regulates foreign investment by prescribing the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the real estate sector is permitted under the automatic route in relation to investments by NRIs.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Foreign Investment in the Real Estate Sector

Foreign investment in the real estate sector is regulated by the relevant provisions of the FDI Manual dated November 2005 **("FDI Manual")**, the Foreign Exchange Management (Transfer of Issue of Security by a person Resident Outside India) Regulations, 2000 **("FEMA Regulations")**, and the relevant Press Notes issued by the Secretariat for Industrial Assistance, GoI.

FDI Manual

Item No. 9 of Annexure II to the said FDI Manual outlines the sectoral caps in relation to 'Housing and Real Estate'. The said annexure, specifies the following as activities under the automatic route in which Investment are permitted only by NRI's:

a. Development of serviced plots and construction of built up residential premises

b. Investment in real estate covering construction of residential and commercial premises including business centres and offices

c. Development of townships

d. City and regional level urban infrastructure facilities, including both roads and bridges

e. Investment in manufacture of building materials, which is also open to FDI

f. Investment in participatory ventures in (a) to (e) above

g. Investment in housing finance institutions, which is also open to FDI as an NBFC.

FEMA Regulations

The FEMA Regulations, state that the investment cap in the real estate on the activities in the 'Housing and Real Estate' is permit investment to the extent of 100% only by NRIs in the following specified areas:

a. Development of serviced plots and construction of built up residential premises

b. Investment in real estate covering construction of residential and commercial premises including business centres and offices

c. Development of townships

d. City and regional level urban infrastructure facilities, including both roads and bridges

e. Investment in manufacture of building materials, which is also open to FDI

f. Investment in participatory ventures in (a) to (c) above

g. Investment in housing finance institutions, which is also open to FDI as an NBFC.

However, all other forms of FDI are prohibited in relation to Housing and Real Estate Business.

Press Note 2 of 2005

The law in relation to investment in the real estate sector has further been modified vide press note 2 of 2005, bearing No. 5(6)/2000-FC dated March 3, 2005. The said press note has also amended certain press notes which have been issued earlier, in the same field. Under the said press note 2, FDI up to 100% under the automatic route is allowed in 'townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)', subject to the compliance with the following requirements.

a. Minimum area to be developed under each project is as under:
   1. In case of development of serviced housing plots, a minimum land area of 10 hectares.
   2. In case of construction-development projects, a minimum built up area of 50,000 square meters
   3. In case of a combination project, anyone of the above two conditions would suffice
b. Minimum capitalization of US$ 10 million for wholly owned subsidiaries and US$ 5 million for joint ventures with Indian partners. The funds are to be brought in within six months of commencement of business of the Company.
c. Original investment is not to be repatriated before a period of three years from completion of minimum capitalization. The investor is to be permitted to exit earlier with prior approval of the Government through the FIPB. At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor would not be permitted to sell undeveloped plots.

Therefore, applicable law only permits investment by an NRI under the automatic route in the 'Housing and Real Estate' sector upto 100% in relation to townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) and additionally permits upto 100% FDI in the 'Housing and Real Estate' subject to compliance with the terms provided in press note 2 of 2005.

The present Issue has been authorized by the Board of Directors in their meeting on December 23, 2006, and by the shareholders of our Company at an Extra Ordinary Meeting held on December 23, 2006.

The DIPP has by its letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarified that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.' The RBI has, by its letter dated June 1, 2007 clarified that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarified that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).

Note:

- As per the existing policy of the Government of India, OCBs cannot participate in this Issue.
- Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue and this Issue is being offered in India only.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of the Company

3. *Authorised Share Capital*

The authorized share capital of the Company shall be such amount as is given, in Clause [V] of the Memorandum of Association.

4. *Shares at the Disposal of the Directors:*

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid shares. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

5. *Consideration for Allotment:*

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

6. *Restriction on Allotment*

a) The Directors shall in making the allotments duly observe the provision of the Act;

b) The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and

c) Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

7. *Increase of Capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

8. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

9. *Sub-division and Consolidation of Shares:*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others.

(b) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

10. *New capital part of the existing capital:*

Except so far as otherwise provided by the conditions of the issue or by these presents any capital raised by the creation of new shares, shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

11. *Power to issue Shares with differential voting rights:*

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

12. *Power to issue preference shares:*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

13. *Further Issue of Shares:*

(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of unissued capital or out of increased share capital, then

a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company in proportion as near as circumstances admit, to the capital paid up on those share at that date.

b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted will be deemed to have been declined.

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, Provided That the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit and beneficial to the Company.

(2) Notwithstanding anything contained in sub-clause (1) thereof the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman.) by the members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(a) To convert such debentures or loans into shares in the Company; or

(b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(i) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

14. Rights to convert loans into capital

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

15. Allotment on application to be acceptance of shares

Any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the register, shall, for the purpose of these articles, be a Member.

16. Returns on allotments to be made or Restrictions on Allotment

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

17. Money due on shares to be a debt to the Company

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

18. Members or heirs to pay unpaid amounts

Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

SHARE CERTIFICATES

19. a) *Every Member entitled to certificate for his shares:*

(i) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares.

(ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director.

(iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

b) *Joint ownership of shares:*

Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.

c) *Director to sign Share Certificates:*

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other materials use for the purpose.

d) *Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act. or rules applicable in this behalf.

The provision of these Articles shall mutatis mutandis apply to debentures of the Company.

e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause(d) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No………… sub-divided/replaced on consolidation of shares.

f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it,the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

20. *Rules to issue share certificates:*

The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready share certificates for delivery within 2 months after allotment.

21. *Responsibilities to maintain records:*

The Managing Director of the Company for the time being or if the Company has no Managing Director, every Director of the Company shall be responsible for maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

22. *Rights of Joint Holders*

If any share stands in the names of two or more persons, the person first named in the Register shall, as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

23. *Limitation of Time For Issue Of Certificates*

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of app1ication of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

UNDERWRITING & BROKERAGE

24 *Commission for placing shares, debentures, etc:*

d) Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely of conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

e) The Company may also, in any issue, pay such brokerage as may be lawful.

LIEN

25. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/ debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/ debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this

Articles is to have full effect and such lien shall extend to all dividends and interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/ debentures wholly or in part to be exempt from provisions of this clause.

26. *Enforcing lien by sale:*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell have served on such member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

27. *Application of sale proceeds:*

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

28. *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution), make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

29. *Notice for call:*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

30. *Call when made:*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

31. *Liability of joint holders for a call:*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

32. *Board to extend time to pay call:*

The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time to all or any of the members The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

33. *Calls to carry Interest:*

If a member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

34. *Dues deemed to be calls:*

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

35. *Proof of dues in respect of share*

On any trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the members in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuance of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

36. *Partial payment not to preclude forfeiture:*

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

37. *Payment in anticipation of call may carry interest*

(a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

FORFEITURE OF SHARES

38. *Board to have right to forfeit shares:*

If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

39. *Notice for forfeiture of shares:*

(a) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.

(b) The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable the shares will be liable to be forfeited.

40. Effect of forfeiture

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

41. Notice of forfeiture:

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Member, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

42. Forfeited share to be the property of the Company:

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

43 Member to be liable even after forfeiture:

Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

44 Claims against the Company to extinguish on forfeiture:

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

45 Evidence of forfeiture:

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

46 Effecting sale of shares:

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

47 Certificate of forfeited shares to be void:

Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

48 Board entitled to cancel forfeiture:

The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

49 *Register of Transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

50 *Endorsement of Transfer:*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

51 *Instrument of Transfer:*

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

52 *Executive transfer instrument:*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

53 *Closing Register of transfers and of Members:*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of members, the register of debenture holders at such time or times, and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as it may seem expedient.

54 *Directors may refuse to register transfer:*

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in forcethe Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company.The Company shall within one month from the date on which the instrument of transfer or intimation of such transmission, as the case may be, was delivered to the Company, send to the transferee and transferor notice of the refusal to register such transfer, giving reasons for such refusal. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares.

55 *Transfer of partly paid shares:*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

56 *Survivor of joint holders recognized:*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

57 *Title to shares of deceased members:*

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India., Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

58 Transfers not permitted:

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

59 Transmission of shares:

Subject to the provisions of these presents, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided, nevertheless, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

60 Rights on Transmission:

A person entitled to a share by transmission shall, subject to the Directors right to retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

61 Instrument of transfer to be stamped:

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

62 Share Certificates to be surrendered:

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

63 No fee on Transfer or Transmission:

No fee shall be charged for registration of transfers, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

64 Company not liable to notice of equitable rights:

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

65 **DEMATERIALISATION OF SECURITIES** :

(i) Definitions: For the purpose of this Article:

"*Beneficial Owner*" means a person whose name is recorded as such with a depository.

"*Bye-Laws*" means Bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

"*Depositories Act*" means the Depository Act, 1996, including any statutory modifications or re-enactment for the time being in force.

"*Depository*" means a Company formed and registered under the Act and which has been granted a Certificate of Registration under the Securities and Exchange Board of India Act 1992.

"*Member*" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as beneficial owner in the records of the depository.

"*Participant*" means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

"*Record*" includes the records maintained in form of books or stored in a computer or in such other form as may be determined by the Regulations issued by the Securities and Exchange Board of India in relation to the Depository Act, 1996.

"*Registered OWNER*" means a depository whose name is entered as such in the records of the Company.

"*SEBI*" means the Securities and Exchange Board of India.

"*Security*" means such security as may be specified by the Securities and Exchange Board of India from time to time.

Words imparting the singular number only includes the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, 1996 shall have the same meaning respectively assigned to them in that Act.

(ii) *Company to Recognize Interest In Dematerialized Securities Under The Depositories Act, 1996*.

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(iii) *Dematerialisation/Re-Materialisation Of Securities:*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(iv) *Option To Receive Security Certificate Or Hold Securities With Depository:*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(v) *Securities In Electronic Form:*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) Beneficial Owner Deemed As Absolute Owner:

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) Rights Of Depositories And Beneficial Owners:

Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

(viii) Register And Index Of Beneficial Owners:

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(ix) Cancellation Of Certificates Upon Surrender By Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) Service Of Documents:

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) Allotment Of Securities:

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) Transfer Of Securities:

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(xiii) Distinctive Number Of Securities Held In A Depository

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

(xiv) *Provisions Of Articles To Apply To Shares Held In Depository:*

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act, 1996.

(xv) *Depository To Furnish Information :*

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) *Option To Opt Out In Respect Of Any Such Security :*

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii) *Overriding Effect Of This Article:*

Provisions of the Articles will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

66 **NOMINATION FACILITY:**

(I) Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall rest in the event of his death.

(II) Where the shares in or debentures of the Company or held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall rest in the event of death of all the joint holders.

(III) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

(IV) Where the nominee is a minor it shall be lawful for the holder of shares or debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death in the event of minority of the nominee.

Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either

a) To be registered himself as holder of the shares or debentures as the case may be, or

b) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.

If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased share holder or debenture holder as the case may be.

All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer is signed by that shareholder or debenture holder, as the case may be.

A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share of debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonus, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

A Depository may in terms of Section 58 A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

67 **BUY BACK OF SHARES:**

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

68 **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

SHARE WARRANTS

69 *Rights to issue share warrants:*

(a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act.

(b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

70 *Rights of warrant holders*:

(a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.

(b) Not more than one person shall be recognized as the depositor of the share warrant.

(c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

71 (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

72 *Board to make rules:*

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

73 *Rights to convert shares into stock & vice-versa:*

The Company in General Meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

74 *Rights of stock holders:*

The holders of stock shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose; but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred those privileges or advantages.

GENERAL MEETINGS

75 *Annual General Meetings:*

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

76 *Extraordinary General Meetings:*

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

77 *Extraordinary Meetings on requisition:*

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

78 *Notice for General Meetings:*

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

79 *Shorter Notice admissible:*

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

80 *Special and Ordinary Business:*

(a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.

(b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

81. Quorum for General Meeting:

Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

82 Time for quorum and adjournment:

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

83 Chairman of General Meeting

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

84 Election of Chairman:

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

85 Adjournment of Meeting:

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

86 Voting at Meeting:

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

87 Decision by poll:

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

88 Casting vote of Chairman:

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

89 Poll to be immediate:

(a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.

(b) A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

VOTE OF MEMBERS

90 Voting rights of Members:

(a) On a show of hands every member holding equity shares and present in person shall have one vote.

(b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

(c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

91 Voting by joint-holders:

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

92 No right to vote unless calls are paid:

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

93 Proxy:

On a poll, votes may be given either personally or by proxy.

94 Instrument of proxy:

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

95 The form of proxy shall be two way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

96 Validity of proxy:

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

97 Corporate Members:

Any corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

DIRECTOR

98 Number of Directors:

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

99 *Share qualification not necessary:*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

100 *Director's power to fill-up casual vacancy:*

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date, upto which Director in whose place he is appointed would have office if it has not been vacated as aforesaid

101 *Additional Directors:*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

102 *Alternate Directors:*

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months form the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

103 *Remuneration of Directors:*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

104 *Remuneration for extra services:*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to our in substitution for any other remuneration to which he may be entitled.

105 *Continuing Director may act:*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

106 *Vacation of office of Director:*

The Office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

107 *Equal power to Director:*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

ROTATION AND RETIREMENT OF DIRECTOR

108 *One-third of Directors to retire every year:*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

109 *Retiring Directors eligible for re-election:*

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

110 *Which Director to retire:*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

111 *Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

112 *Increase or reduction in the number of Directors:*

Subject to the provisions of Section 252, 255, 259, the Company in General Meeting may by Ordinary Resolution increase or reduce the number of its Directors.

113 *Power to remove Director by ordinary resolution:*

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

114 *Right of persons other than retiring Directors to stand for Directorship:*

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

115 Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act, the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which

the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

116 *Directors not liable for retirement:*

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

117 *Director for subsidiary Company:*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

118 *Meetings of the Board:*

a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

119 *Quorum:*

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors is equal to or exceeds two-thirds of total strength, the number of remaining Directors, that is to say the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting therefrom the number of Directors, if any, whose places are vacant at the time.

120 *Questions how decided:*

a) Save as otherwise expressly provided in the Act, a meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

121 *Right of continuing Directors when there is no quorum:*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

122 *Election of Chairman of Board:*

a) The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

b) If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to b the Chairman of the Meeting.

123 *Delegation of Powers:*

a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

124 *Election of Chairman of Committee:*

a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.

b) The quorum of a committee may be fixed by the Board of Directors.

125 *Questions how determined:*

a) A committee may meet and adjourn as it thinks proper.

b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

126 *Validity of acts done by Board or a Committee:*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

127 *Resolution by Circulation:*

Save as otherwise expressly provided in the Act, a resolution in writing circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India, not being less in number than the quorum fixed of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of he Board or committee duly convened and held.

128 a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specifies purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.

c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.

d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

129 *Assignment of debentures:*

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

130 *Terms of Issue of Debentures:*

Any debentures, debenture stock, or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in a General Meeting by a Special Resolution.

131 *Debenture Directors:*

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provision shall have effect notwithstanding any of the other provisions herein contained.

132 *Nominee Directors:*

a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwritng or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished on behalf of the Company remains outstanding the corporation shall have a right to appoint from time to time any person or persons as a Director or Directors whole- time or non whole- time (which Director or Director/s is/are hereinafter referred to as "Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is//are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer.

Provided also that in the event of the Nominee Director/s being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the appointer and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director in the management of the affairs of the Company shall be entitled to receive such remuneration commission and monies as may be approved by the appointer.

133 Register of Charges:

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

134 Subsequent assigns of uncalled capital:

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

135 Charge in favour of Director for Indemnity:

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

136 Powers to be exercised by Board only by Meeting:

a) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:

(i) Power to make calls on shareholders in respect of moneys unpaid on their shares;

(ii) Power to issue debentures;

(iii) Power to borrow money otherwise than on debentures:

(iv) Power to invest the funds of the Company;

(v) Power to make loans.

b) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.

c) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.

d) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may invested and the nature of the investments which may be made by the delegate.

e) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

MANAGING DIRECTOR(S)/ WHOLE-TIME DIRECTOR(S)

137 a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors.

b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

d) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.

e) The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

138 *Powers and duties of Managing Director or whole-time Director:*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

139 *Remuneration of Managing Directors/whole time Directors:*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

140 *Reimbursement of expenses:*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

141 *Business to be carried on by Managing Directors/ Whole time Directors:*

(a) The Managing Directors\whole-time shall have subject to the supervision, control and discretion of the broad, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.

(b) Without prejudice to the generally of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

COMMON SEAL

142 Custody of Common Seal:

The Board shall provide for the safe custody of the Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

143 Seal how affixed

The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of atleast two Directors and of the secretary or such other person as the Board may appoint for the purpose. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by those two Directors and of the secretary or such other person aforesaid in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

144 Right to dividend:

a) The profits of the Company, subject to any special rights, relating thereto created or authorized to be created by these presents and subject to the provisions of the presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.

b) Where capital is paid in advance of calls, such capital shall not, confer a right to participate in the profits.

145 Declaration of Dividends:

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

146 Interim Dividends:

The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company.

147 Dividends to be paid out of profits:

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

148 Reserve Funds:

a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.

b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves.

149 Deduction of arrears:

The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

150 *Adjustment of dividends against calls:*

Any General Meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members be set off against the call.

151 *Receipt of joint holder:*

Any one of two or more joint holders of a share may give effectual receipt for any dividends, or other moneys payable in respect of such shares.

152 *Notice of dividends:*

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

153 *Dividends not be bear interest:*

No dividends shall bear interest against the Company.

154 *Transfer of shares not to pass prior to dividends:*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

155 *Unpaid or Unclaimed Dividend:*

(a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called “Unpaid Dividend of Puravankara Projects Limited” and transfer to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to Investors Education And Protection Fund.

(c) No unclaimed or unpaid dividend shall be forfeited by the Board and the Directors shall comply with provisions of Sections 205A and 205B of the Act, as regards unclaimed dividends.

CAPITALISATION OF PROFITS

156 *Capitalisation of Profits:*

(a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) That it is desirable to capitalizate any part of the amount for the time being standing to the credit of the Company’s reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

(b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(i) Paying up any amounts for the time being unpaid on shares held by such members respectively

(ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).

(c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

(d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

157 *Power of Directors for declaration of bonus issue:*

a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and

(ii) generally do all acts and things required to give effect thereto.

b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

(ii) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

c) Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS

158 Books of Account to be kept:

a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.

b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.

c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

159 Where Books of accounts to be kept:

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

160 Inspection by Members:

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

161 Boards Report to be attached to Balance Sheet:

a) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.

b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.

c) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.

d) The Board shall also give the fullest information and explanation it its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the Auditors Report.

e) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (1) to (3) of this Article are complied with.

AUDIT

162 *Accounts to be audited:*

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

a) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.

b) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.

c) The Company shall within seven days of the Central Government's power under sub clause (c.) becoming exercisable, give notice of that fact to the Government.

d) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

e) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Sec. 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Sec. 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

f) The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

g) None of the persons mentioned in Sec. 226 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

163 *Audit of Branch Offices:*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

164 *Remuneration of Auditors:*

The remuneration of the Auditors shall be fixed by the Board as authorized in General Meeting from time to time.

165 *Service of document on the Company:*

A document may be served on the Company or an officer by sending it to the Company or officer at Registered Office of the Company by post under a certificate of posting or by Registered Post, or by leaving it at the Registered Office.

SERVICE OF DOCUMENTS AND NOTICE

166 *How Document is to be served on members :*

a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.

b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.

c) *Where a document is sent by post:*

(i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post without acknowledgement due and has deposited with the Company a sum sufficient to defray expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member, and

(ii) Unless the contrary is provided, such service shall be deemed to have been effected

a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

167 *Members to notify address in India:*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

168 *Service on members having no registered address:*

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

169 *Service on persons acquiring shares on death or insolvency of members:*

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

170 *Persons entitled to notice of General Meetings:*

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the members of the Company as provided by these presents

(ii) To the persons entitled to a share in consequence of the death or insolvency of a member.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

171 *Notice by advertisement:*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

172 *Members bound by document given to previous holders:*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

173 Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

AUTHENTICATION OF DOCUMENTS

174 *Authentication of documents and proceedings:*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorized officer of the Company and need not be under its seal.

WINDING UP

175 *Application of assets:*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

176 *Division of assets of the Company in specie among members:*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

INDEMNITY AND RESPONSIBILITY

177 *Director's and others' right to indemnity:*

a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.

b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Sec. 633 of the Act in which relief is given to him by the Court.

178 *Not responsible for acts of others:*

a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office of in relation thereto, unless the same happens through his own willful act or default.

b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Register of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra at Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office/corporate office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Letters of appointment dated January 4, 2007 to the BRLMs from our Company appointing them as the BRLMs.
2. Memorandum of Understanding amongst our Company, and the BRLMs dated January 04, 2007.
3. Memorandum of Understanding between our Company and Registrar to the Issue, dated February 24, 2007.
4. Escrow Agreement dated [•], 2006 between the Company, the BRLMs, the Escrow Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated [•], 2006 between the Company, the BRLMs and the Syndicate Members.
6. Underwriting Agreement dated [•], 2006 between the Company, the BRLMs and Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certification of incorporation.
3. Board resolutions in relation to the Issue.
4. Shareholders' resolutions in relation to the Issue.
5. Resolutions of the general body for appointment and remuneration of our whole-time Directors.
6. Consolidated Summary Statements of Assets and Liabilities and Consolidated Summary Statement of Profits and Losses, as Restated and Consolidated Cash Flows, as Restated, under Indian GAAP as at and for the year ended March 31, 2007, audited by Walker Chandiok & Co, Chartered Accountants and their audit report on the same, dated June 1, 2007.
7. Statement of Tax Benefits from Walker Chandiok & Co, Chartered Accountants dated June 1, 2007 Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.
8. Certificates dated June 7 2007 and June 10, 2007 from Vishnu Daya & Co, Chartered Accountants (regarding objects of the Issue).
9. Copies of annual reports of our Company for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and 2007.
10. Consent of Walker Chandiok & Co, our Auditors for inclusion of their reports on restated financial statements and auditors report on audited financial statements as at and for the financial year ended March 31, 2006 in the form and context in which they appear in the Draft Red Herring Prospectus.
11. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Domestic Legal Counsel to the Issue, International Legal Counsel to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
12. Initial listing applications dated January 10, 2007 and January 10, 2007 filed with BSE and NSE respectively.
13. In-principle listing approval dated February 14, 2006 and February 2, 2006 from BSE and NSE respectively.
14. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated June 6, 2007.
15. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated April 10, 2007.

16. Letter dated October 25, 2006 to DIPP seeking clarification as to whether FIIs are permitted to participate in the Issue under the portfolio scheme.
17. Due diligence certificate dated January 5, 2007 to SEBI from the BRLMs and CBRLM.
18. SEBI observation letter CFD/DIL/ISSUES/V/94829/2007 dated May 29, 2007 and Company's replies to the same.
19. Subscription Agreement and Joint Venture dated July 16, 2005 with Keppel Investment (Mauritius) Private Limited.
20. The DIPP letter dated December 26, 2006 bearing number 5(6)/2000-FC(Pt.File), clarifying that 'guidelines notified vide Press Note 2 (2005 Series) are applicable to investment made only under the FDI route and not applicable to investment by FIIs under the Portfolio Investment Scheme under the FEMA Regulations.'
21. The RBI letter dated June 1, 2007 bearing number FE Company FID 27502/10.02.000/2006-07, clarifying that FIIs may participate in this Issue under the Portfolio Investment Scheme under the FEMA Regulations and further clarifying that FII investments in any pre IPO issue will be treated on par with FDI and will have to comply with the guidelines for such FDI including the conditions prescribed vide Press Note 2 (2005 Series).
22. List of forthcoming projects of the Company.
23. Agreement dated April 5, 1995 between Puravankara Constructions and our Company.
24. Agreement dated July 22, 2004 between Mr. Ramana Reddy, Mr. Chandrakanth Sanu, G.P. Constructions Private Limited and Mr. H.G. Nagananda.
25. Agreement dated March 5, 2005 between Dayanand Pai and our Company.
26. Agreement dated April 10, 2005 between Rustamji Developers, Mr. C Lakshmana and our Company.
27. Agreement dated November 24, 2006 between Chamundi Industries, Mahendra Kumar Gupta, A Rama Reddy, H.P. Rama Reddy, Kiran V, Praneet P. R. Babu Reddy, Mrs. Sarwan Kumari, Usha Gupta, Pavan Kumar Gupta, Sabita Jain and our Company.
28. Agreement dated November 24, 2006 between Kiran, V. Vijay, P. Rama Reddy, A. Rama Reddy and our Company.
29. Agreement dated February 22, 2007 between the West Bengal Housing Infrastructure Development Corporation Limited and Magus Bengal Developers Private Limited.
30. Agreement dated March 1, 2007 between N. Babu Raj, Vijay and our Company.
31. Agreement dated March 1, 2007 between N. Babu Raj, Kiran and our Company.
32. Agreement dated March 20, 2007 between the West Bengal Housing Infrastructure Development Corporation Limited and Magus Bengal Developers Private Limited.
33. Memorandum of Understanding dated November 22, 2006 between Galaxy Properties Private Limited and our Company.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the Directors of the Company, certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. Ravi Puravankara	Sd/-
Mr. Girish Puravankara	Sd/
Mr. Ashish Puravankara	Sd/
Mr. Nani R. Choksey	Sd/
Mr. Ravi Ramu	Sd/
Mr. Anup Shah	Sd/
Mr. Jaithirth Rao	Sd/
Mr. Pradeep Guha	Sd/
Mr. R.V.S. Rao	Sd/
Mr. Noshir D. Talati	Sd/

Signed by the Director in charge of the Finance function

Sd/-

Ravi Ramu

Date: July 20, 2007

Place: Bangalore