



Engineering Growth
by Anticipating Challenges

Provident Bangalore Crowned KPL Champions

During the year under review the Puravankara Group made its initial foray into the field of sports. We purchased one of the eight cricket teams in the newly formed Karnataka Premier League (KPL), a T20 tournament for cricketers from the state of Karnataka. The KPL, conducted by the Karnataka State Cricket Association, proved to be a resounding success with large crowds witnessing the matches and even more following the games through live telecasts.

Our twin objectives in purchasing a KPL team were a corporate social responsibility (CSR) initiative to promote cricket at the grass roots level in the State and also to utilise our Team as an important vehicle of advertising and marketing our 100% affordable housing subsidiary, Provident Housing Limited. The Team, aptly named Provident Bangalore, conducted itself throughout the tournament in a thoroughly professional manner to uphold the best traditions of the Puravankara Group.

Provident Bangalore's performance on the field too left us with a great sense of pride. We were crowned champions in an exciting final in Bangalore's prestigious Chinnaswamy Stadium in the presence of several thousand cricket fans. Our performance and approach was appreciated and came in for widespread praise from the public of Karnataka as well as the media.

We would like to place on record our deep appreciation of the player's and management's efforts in winning the inaugural KPL. We also commend them for the manner in which they conducted themselves throughout the tournament both on and off the field.

Thank you Team Provident Bangalore.

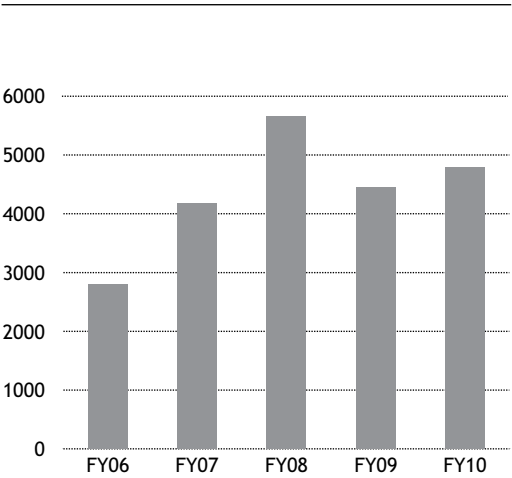


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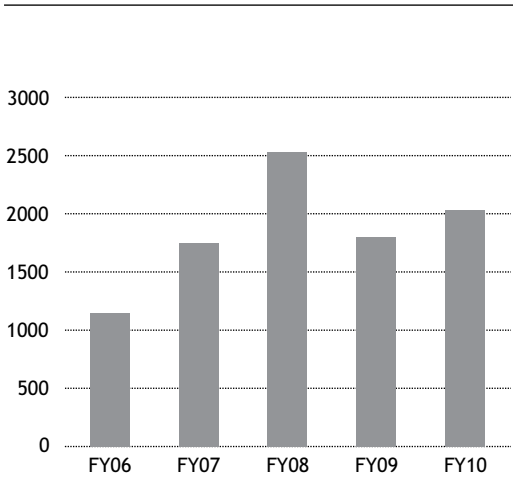
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Key Performance Indicators

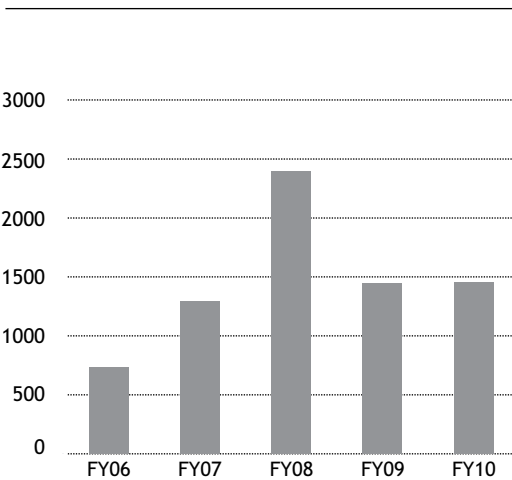
Revenue



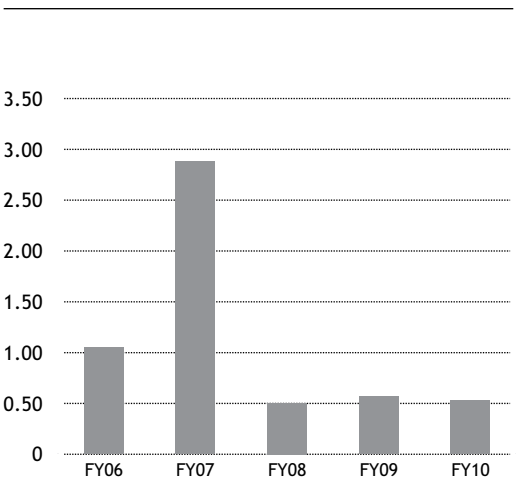
Gross Profit



Profit After Tax



Debt - Equity Ratio



All figures in Rs. Million
(Except Debt - Equity Ratio)

Chairman's Message

Dear Fellow Shareholders,

The year 2009-10 has been one of the most challenging years in the history of your Company. We began the year in the midst of one of the worst worldwide recessions in living memory. Although the Indian economy exhibited a refreshing sense of resilience compared with most of the rest of the world, our organisation was required to delve into its financial strengths and low debt equity ratio to combat difficult market conditions. However, the signs of positivity in our economy have been discerning in the past few months and the recently announced national fiscal 2010 growth figures bear the right portents for a sustained period of rapid progress and growth in India. Puravankara is well poised to benefit from this economic upswing with its residential centric business model. The residences we build range from luxury homes to affordable ones, catering to the burgeoning middle and upper classes of Southern India.

Our Group's reputation and superior market positioning derives from its financial strength, land assets, projects currently under development and value for money quality product offerings. Despite challenging market conditions and economic stress we are pleased to have delivered robust financial results in the year under review on the back of which we have succeeded in lowering our debt equity ratio of 0.58 of the last fiscal to 0.54 at the end of the current year.

As we renew our customer centric focus and strive to further enhance quality consciousness with our Group, we look forward to another sustained period of increasingly favourable market conditions and improving demand for our products across our range of offerings. We are constantly improving our delivery capabilities and taking care to maintain our bias towards technology solutions in our in-house construction operations.

A significant achievement this year has been the tremendous success of our foray into the affordable housing space through our 100% subsidiary, Provident Housing Limited. We are greatly encouraged by this success and have consequently accelerated our plans in this segment and target to deliver over 60,000 homes in this space in the coming six to seven years.

Our strategy to leverage partner capabilities as in the case of our joint ventures with Keppel Land of Singapore and, now, Homex, has paid off handsomely. Our partners have proven to be catalysts in our enhanced scale of operations, competitiveness, adoption of technology and the maximisation in the value of our land assets.

I would like to thank the management and staff of the Puravankara Group whose immense contribution has enabled us to emerge out of the economic crisis with our reputation and market positioning greatly enhanced. Their efforts are gratefully acknowledged.

I would also like to place on record the confidence you our shareholders have placed in us and for the unflinching support our Group has received from each one of you during recent difficult times.

Ravi Puravankara
Chairman and Managing Director

Management Discussion and Analysis - Background and Risks

1. Industry Structure and Developments

Since early 2009, the residential real estate segment has witnessed a revival in demand after a steep fall in demand in the second half of 2008, primarily due to improved affordability. Several developers launched new projects in the affordable segment, which received encouraging response. The loan rates were also made more attractive especially for the segments below Rs. 20 lakhs.

The other significant event which improved the sentiments of the economy was the outcome of the general election. The 2009 general elections was one of the biggest event risk which was staring at the face of India and could have had serious ramifications on market sentiments, if the results of the elections came out to be outright negative. The 2,000 point surge in the stock market that was witnessed as the immediate reaction to the UPA government's sweeping victory could have easily gone the other way if the verdict was of a hung parliament. Things would have looked very different then.

This had also brought clarity in the market on the future course of action based on the various Government policies which was unveiled. The relaxed lending norms and debt restructuring window provided by the RBI, along with the launch of affordable housing, helped companies to improve their highly leveraged balance sheets. This was preceded by a scenario where the developers were even considering liquidation of assets to raise funds, and stalling of new projects, while attempting to reduce cost by downsizing their workforce, cutting salaries and increments and adopting other cost reduction measures.

The overall sentiments have also substantially improved in the later half of the fiscal year due to the improvement in the performance of other key sectors such as IT, Manufacturing, etc, which resulted in the revival of demand to the middle and premium segments as well.

Overall the Indian Construction Industry is still able to maintain its growth of over 12%, which has been one of the consistent performer and key driver of the economy over the decade.

2. Brief Organisational Background

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

The Group began operations in Mumbai and has established a considerable presence in the real estate industry in the metropolitan cities of Bangalore, Kochi, Chennai, Coimbatore, Hyderabad, Mysore, Kolkata and overseas in Colombo and Dubai. Currently developing projects amounting to about 19.01 million sq.ft. The Company's land bank of 125.39 million sq.ft. spreads across India. The Puravankara Group is poised for exponential growth. Puravankara is currently constructing about 13,200 homes across South India and Kolkata which includes about 5,500 homes in the affordable category.

Puravankara has the distinction of being the first to obtain FDI in the Indian real estate industry through its joint venture with Singapore based Keppel Land Limited, the property arm of the 54% government owned conglomerate, Keppel Corporation Limited. The joint venture company, Keppel Puravankara Development Private Limited, has ongoing housing projects in two cities in India.

Provident Housing Limited, a 100% subsidiary of Puravankara Projects Limited, has successfully launched its second affordable housing project in Bangalore, after its successful launch in Chennai. Both the projects have received an overwhelming response from the customers. The Company had launched 1310 units in Chennai and 1088 units

in Bangalore and almost 70% of the units have been sold. The construction of both the projects is progressing on schedule. Similar affordable housing projects are also envisaged in other cities such as Mysore, Cochin, Coimbatore and Hyderabad, besides more such projects in Chennai and Bangalore.

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

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

The Puravankara Group has the distinction of being awarded the Finaliste, international Prix d' Excellence for its project "Purva Park" in Bangalore. This was in the group residential category, by FIABCI, Paris, the International Federation of Real Estate. Two prestigious projects, Purva Graces & Purva Heights, received a PA 1 rating by CRISIL.

Puravankara has been acknowledged for the quality of its Accounting Policies by The Institute of Chartered Accountants of India (ICAI) and has been awarded a Plaque for its excellence in financial reporting for the year ended 31 March 2008. These Awards are the most prestigious in the area of financial reporting in India and we have won this recognition in our very first attempt.

3. Management Discussion on Risks and Concerns

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

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

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

Management has identified certain areas of risks where the Company is susceptible. Listed below are the various events and the possible impact with action to mitigate and control such probabilities.

Management Discussion and Analysis - Background and Risks (continued)

Company Specific Risks

No.	Inherent Risk Description	Business Process	Impact Factors	Mitigation Measures
1	Uncertainty/irregularity of titles to land acquired/ developed by Company due to inadequate due diligence, forged documents, Joint Development partners not having clear titles to land, etc.	Land Acquisition	<ul style="list-style-type: none"> • Inability to transfer title • Exposure to legal disputes and related costs • Impact on land valuations 	<ul style="list-style-type: none"> • Due diligence by independent and in-house counsel • Representations/Encumbrance certificates • Advertisements /Public notices in newspapers • Suitable monetary compensation to settle disputes • Experience of 30 years
2	Delays in completion of projects due to shortage of skilled labour, material, contractors and delays by contractors, etc.	Project Execution	<ul style="list-style-type: none"> • Higher construction costs • Impact on reputation/ customer dissatisfaction • Payment of penalties to customers 	<ul style="list-style-type: none"> • Increased usage of mechanised equipment • Supply of labour outsourced to sub-contractors • Dedicated Planning department • Penalty clauses for delay in agreements with Contractors • Extension of working hours on weekdays and Sundays • Purchasing in bulk from outside the state- Kochi • Clearance of bills as per defined Turn Around Time
3	Inability to attract and retain employees as a result of increased opportunities in the market, higher salaries offered by competition and employee dissatisfaction with company policies / processes	Human Resources	<ul style="list-style-type: none"> • Loss of expertise and continuity • Higher recruitment and training costs • Delay in project execution 	<ul style="list-style-type: none"> • Fast growing Company - opportunities are better • Site visits by HR personnel • Defined Appraisal system to provide career guidance and feedback • Compensation benchmarking survey • Deployment of HR personnel at offices outside Bangalore • Formal exit interview procedure to be implemented • Innovative loyalty building programs being implemented
4	Inadequate systems security due to absence of secure transmission lines, absence of an IT policy indicating safe system usage mechanisms, inadequate access controls to ERP, etc.	Information Technology	<ul style="list-style-type: none"> • Loss/pilferage of confidential data 	<ul style="list-style-type: none"> • In built security controls in ERP system • Plans to host own mail server • Implementation of VPN system • Creation and rollout of IT policy • Anti-virus, anti-spam, Device control software being implemented

No.	Inherent Risk Description	Business Process	Impact Factors	Mitigation Measures
5	Non-compliance with requirements of labour laws and other relevant rules and regulations due to inadequate knowledge of requirements, absence of a mechanism to obtain assurance, unorganized nature of labour market, expansion into new geographies, etc.	Compliance	<ul style="list-style-type: none"> Fines/Penalties/ Imprisonment for non-compliance 	<ul style="list-style-type: none"> In house expert on relevant regulations Use of external consultants Periodic monitoring of checklists that list requirements of VAT, Service Tax, Company's Act and Income Tax System controls for tax compliance IA Function Dedicated person to track compliance with labour laws Distribution of detailed checklists to all relevant departments Proof of compliance prior to making contractor payments Periodical internal training Directors & Officers Liability Insurance
6	Customer dissatisfaction with the sales processes due to over commitments /incorrect information provided by sales personnel, customisation requirements not being adequately addressed, delays in processing agreements, etc.	Sales and Marketing	<ul style="list-style-type: none"> Customer dissatisfaction Loss of potential customers Growth Margins 	<ul style="list-style-type: none"> Mock flats with standard specifications Adequate redressal system for property complaints Updates on progress of the project through website/emails Minimal customisation Projects are launched only after receipt of requisite sanctions. Process of generating/executing agreements being streamlined Decentralisation of cheque en-cashing
7	Customer dissatisfaction with after sales processes due to lack of a well defined customer redressal system, disputes over cancellation charges, inadequate property management post sale	Sales and Marketing	<ul style="list-style-type: none"> Customer dissatisfaction Loss of potential customers Growth Margins 	<ul style="list-style-type: none"> Dedicated Customer Care department. Target of 24 hours for acknowledging customer queries/ complaints Cancellation charges clearly mentioned in the application forms and sale agreements The Company handles Property Management for 6 months
8	Inability to obtain financing/financing on favorable terms, due to downgrading of debt rating, liquidity crunch, etc.	Business Development	<ul style="list-style-type: none"> Higher financing costs 	<ul style="list-style-type: none"> In house Quality Control department Dedicated Planning department Increased use of technology Low outstanding on land payment To also use one of the leading nationalised banks going forward

Management Discussion and Analysis - Background and Risks (continued)

No.	Inherent Risk Description	Business Process	Impact Factors	Mitigation Measures
9	Sub-standard construction quality due to dependence on third parties, absence of adequate number of quality structural consultants, sub-standard quality of raw material, etc.	Project Execution	<ul style="list-style-type: none"> • Delay in project completion • Impact on reputation • Abortive costs 	<ul style="list-style-type: none"> • In-house construction and quality team • Use of snagging checklists • Structure certified by Govt authorised consultants • Defects liability insurance taken • Expert opinion from local consultants
10	New territory risks arising from uncertainty in the natural parameters, inadequate knowledge of local regulations, dilution of control, etc.	Project Execution	<ul style="list-style-type: none"> • Delay in project completion • Impact on reputation • Abortive costs • Stay order by the courts due to PILs • Project costs incorrectly estimated 	<ul style="list-style-type: none"> • Expert opinion from local consultants sought • Location audits on process implementation effectiveness
11	Reduced margins due to significant escalation in material, labour costs post project commencement/ ineffective planning, etc.	Project Execution	<ul style="list-style-type: none"> • Reduced margins 	<ul style="list-style-type: none"> • Selling strategy - only a certain percentage of apartments are sold upfront • 5% contingency margin in initial estimates • Implementation of newer technology to reduce construction time • Dedicated Planning department
12	Inability to anticipate and respond to consumer requirements due to inadequate market research and analysis	Business Development	<ul style="list-style-type: none"> • Lower demand for Puravankara properties 	<ul style="list-style-type: none"> • Direct sales • 'Know Your Customer's Requirements' ('KYCR') initiatives • Analysis of buying patterns/ size of loan disbursements
13	Loss due to theft, accidents at site, defects, etc.	Project Execution	<ul style="list-style-type: none"> • Financial loss 	<ul style="list-style-type: none"> • Adequate insurance policies • Security guards • Separate Stores Management team • Rotation of stores personnel • Asset Management System to be implemented
14	High network downtime resulting in unavailability of data	Information technology	<ul style="list-style-type: none"> • Unavailability of data • Delays in payments that could result in delay in Project timelines • Delay in providing information to customers/ potential customers 	<ul style="list-style-type: none"> • Rollout of backup lines