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ASHOK PIRAMAL GROUP

PENINSULA

CREATING INTERNATIONAL LANDMARKS

Annual Report 2005-2006

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PENINSULA LAND LIMITED

CREATING INTERNATIONAL LANDMARKS

BOARD OF DIRECTORS

Ms Urvi A Piramal
(Chairperson)

Mr Rajeev A Piramal
(Executive Vice Chairman)

Mr Rajesh Jaggi
(Managing Director)

Mr Mahesh S Gupta
(Group Executive Director)

Mr Amitabha Ghosh
Ms Bhavna Doshi
Mr C M Hattangdi
Mr D M Popat
Mr H M Kothari
Mr Jaydev Mody
Mr P A Akbar Ali
(Nominee of LIC)

Mr V Hariharan
Group CFO & Company Secretary

SOLICITORS :
M/s Mulla & Mulla & Craigie Blunt & Caroe

AUDITORS :
M/s Haribhakti & Co
Chartered Accountants

BANKERS :
Allahabad Bank
HDFC Bank Ltd
YES Bank Ltd
ICICI Bank Ltd

REGISTERED OFFICE :
106, Peninsula Centre,
Dr S S Rao Road,
Parel, Mumbai - 400 012

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Annual General Meeting of the Company will be held on **Friday, the 29th December, 2006 at 11.00 a.m.** at Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai 400 020

SHARE TRANSFER AGENT

Nasik Processing Unit
Amtrac Management Services Limited
Plot No 101/102, MIDC, Satpur, Nasik 422 007
Tel (0253) - 2354032 • Fax (0253) 2351126
(From Mumbai the dialing code is 95253 instead of 0253)
e-mail : amtrac_nsk@sancharnet.in

Mumbai Administrative Office
Amtrac Management Services Limited
106, Peninsula Centre, Dr S S Rao Road, Parel,
Mumbai 400 012. Tel : (022) - 2410 5685
Fax: (022) - 5661 8788

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Chairperson's Message

Dear shareholders

It gives me a great pleasure to present your Company's 134th Annual Report and also discuss some of my thoughts with you in my first message as the chairperson.

Over the last few years, the Indian economy has been rapidly growing with the GDP growth rate being above 8 per cent. India is currently the 11th largest economy in the world and according to some studies, it is well on its way to become the 3rd largest economy by 2010.

The country's strong economic growth has had a positive impact on the Indian real estate sector and it has been displaying a steady growth. As disposable incomes continue to rise and cities steadily expand existing boundaries, the future of the industry is more than promising. According to a Merrill Lynch study, the current market size of this sector is USD 15 billion and is expected to grow at the rate of 30 per cent annually.

There are clear growth drivers in the major segments in the real estate sector - residential, commercial and retail. The demand in the residential sector is driven by ease in availability in housing finance, increasing urbanisation across the country and the economic boom. The commercial sector is driven by the growth of the IT and ITES sectors. Also, the spurt in Biotechnology, Insurance, Banking and Consulting segments has further driven the demand for office space across the country. The Indian retail industry is already ranked 5th in the world in the list of thirty emerging markets.

The Company identified these opportunities some time back and within a short span of its entry into the real estate sector, it has been able to establish a strong brand equity in each of the segments. Currently, the Company is operating in the Residential ("ASHOK"), Commercial ("PENINSULA") and Retail ("CROSS ROADS") arena. It has successfully built these sustainable brands by providing innovative product offering, design and quality excellence, and by adopting best practices. The Company will continue to enhance value for customers and contribute to the well-being of society as the blue print of its way forward.

For the 15 months period that ended on June 30, 2006, the Company registered total revenue of Rs 293.33 crore and Profit After Tax (PAT) of Rs 144.58 crore. This was despite some of the major projects being hampered due to litigation pertaining to the development of the textile mill land in Mumbai, for the major part of the year. However, following the favourable judgement by the Honourable Supreme Court, work has commenced in full swing at the major projects - Ashok Towers, Ashok Gardens and Peninsula Technopark. During this period, the Company successfully completed two of its prestigious projects - Peninsula Plaza (part of Peninsula Corporate Park in Central Mumbai) and Bayside Mall (in Haji Ali, Mumbai) and also sold Cross Roads, which will allow the Company to reduce debt and free capital for future development projects. The Company is also undertaking the development of SEZs, and aims to undertake development of integrated townships in the near future. Also, since we have already consolidated our position in Mumbai, next on the cards is geographical expansion.

With our sound knowledge of the Indian real estate sector, we are in the process of setting up two real estate funds which will be managed through the subsidiary of the Company. The fund will tap into the business skills and resources of the Company, thereby ensuring sound investment strategies. The Company will co-invest in the funds and also handle project management for most of the projects undertaken by the funds. This will not just align the interest of the Company and fund but also enable the Company to carry out development on a much larger scale and spread its risks.

I thank you for your confidence in Peninsula. With your support, we will continue to strive to create international landmarks and deliver superior shareholder value.

Yours sincerely,

Urvi A Piramal
Chairperson

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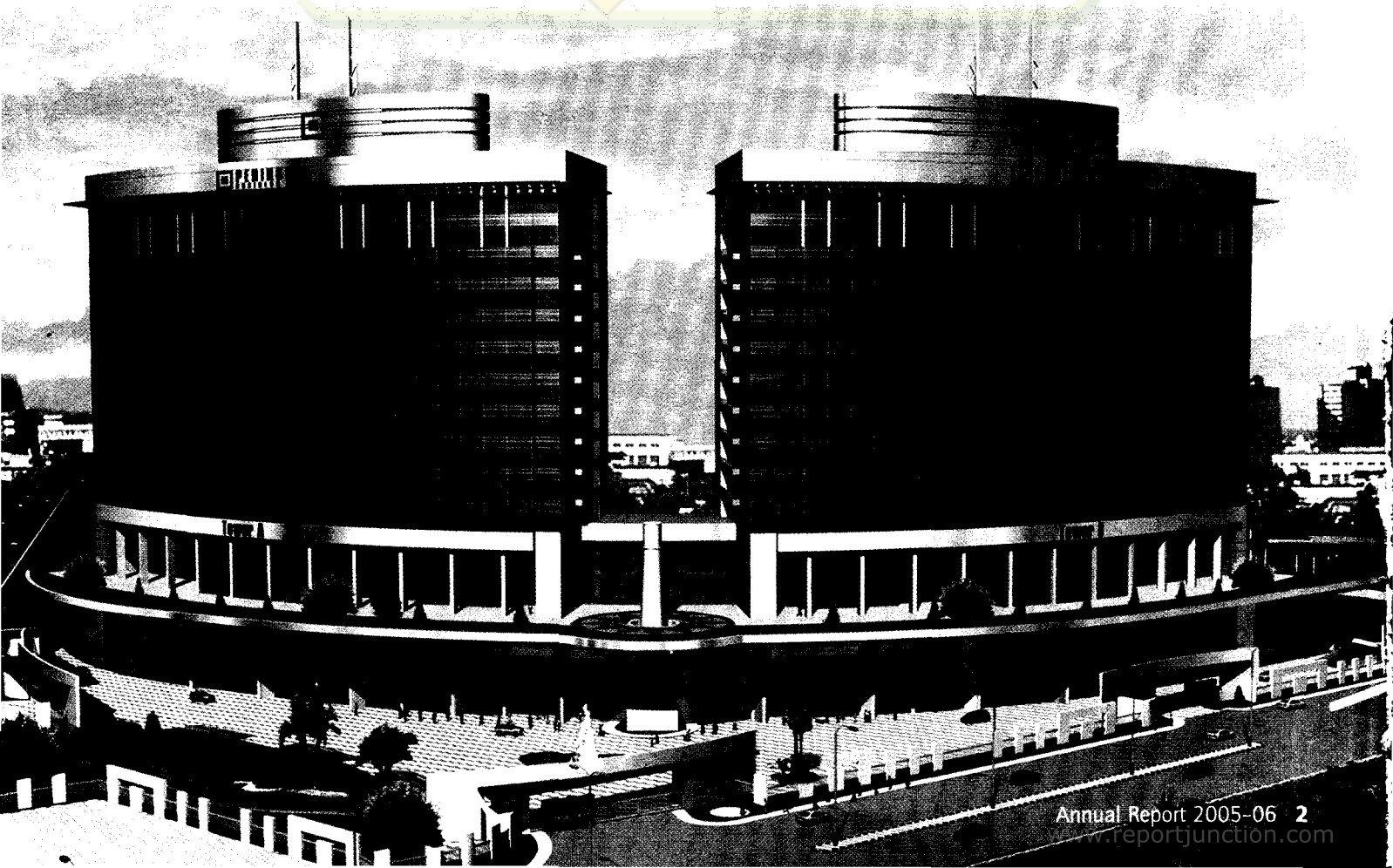
Our Parentage

A versatile and dynamic group, we, the Ashok Piramal Group, can trace our beginning back to 1934 with our textile venture – The Morarjee Goculdas Spinning & Weaving Co Ltd. Established in 1871, it is one of the oldest textile units in the country and one of the first company to be listed on the stock exchange. We diversified our operations when we ventured into the Engineering arena by acquiring Miranda Tools in 1978, followed by PMP Components Pvt. Ltd. in 1981 and starting G P Electronics Ltd. in 1984.

Our extensive portfolio currently sees us operating in varied industries such as Real Estate, Textile, Retail & Entertainment and Engineering. We are renowned in the industry for our track record of delivering outstanding products and services, thanks to our key strengths, which lie in strong brand building, Group lineage, excellent quality control and management skills.

Each of our companies firmly believes in our core values of integrity, accountability, teamwork and passion for excellence. Going forward, we are confident that we will always stay true to our values while focusing on building a highly successful enterprise that brings joy to all our stakeholders and employees alike.

Our Group symbol in many ways embodies our vision for the future. The blue colour in the Ashok Piramal Group logo signifies a thirst for knowledge as well as optimism and is forward-looking, providing the opportunity to transform and achieve a set goal.



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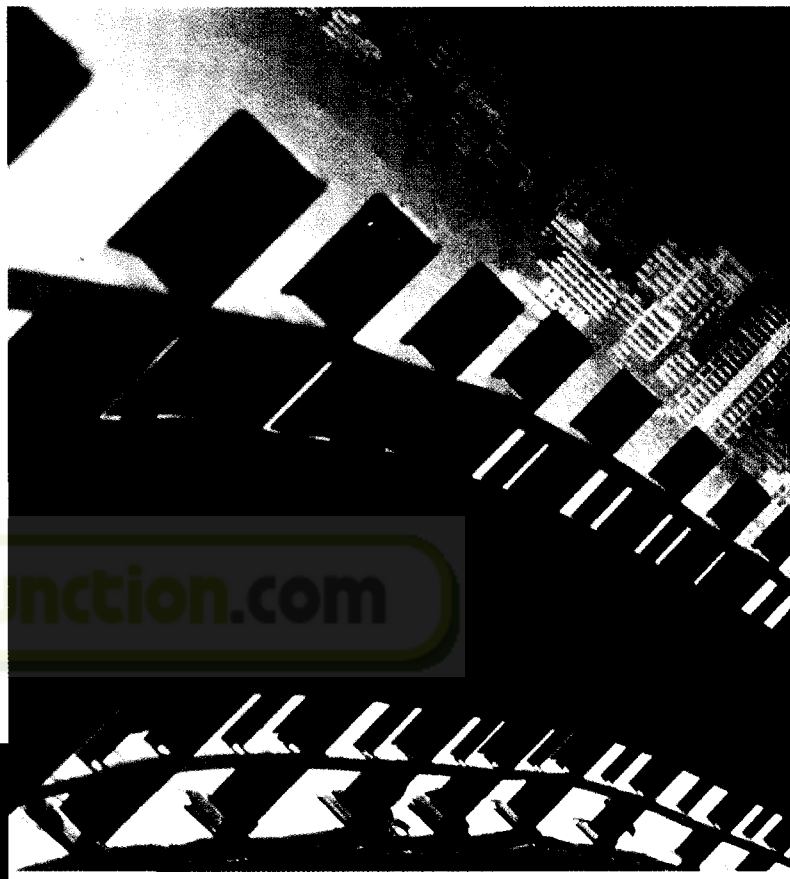
PENINSULA
CREATING INTERNATIONAL LANDMARKS

Peninsula Land Limited

Peninsula Land Limited (PLL), the flagship company of the Ashok Piramal Group was born with the merger of Piramal Holdings Limited (PHL) and Morarjee Realties Limited (MRL) in April 2005. The Company was incorporated on August 10, 1871, as Morarjee Goculdas Spinning & Weaving Company Limited, a Public Limited Company under Act No10 of 1866 of the Legislative Council of India. The Piramal family acquired the Company in 1934. Subsequently, the name of the Company was changed to Morarjee Realties Limited and then to its current name, Peninsula Land Limited.



We have established ourselves in the real estate sector since the commencement of our operations. By introducing the concept of international standard malls in India, beginning with Crossroads at Haji Ali, Mumbai, we revolutionised the retail scene in India. Our next significant venture was the construction of CR2 in the central business location of Mumbai at Nariman Point. We are also the pioneers in commercially developing cotton textile mill land, and the first to establish an integrated corporate complex, the Peninsula Corporate Park, at Lower Parel.

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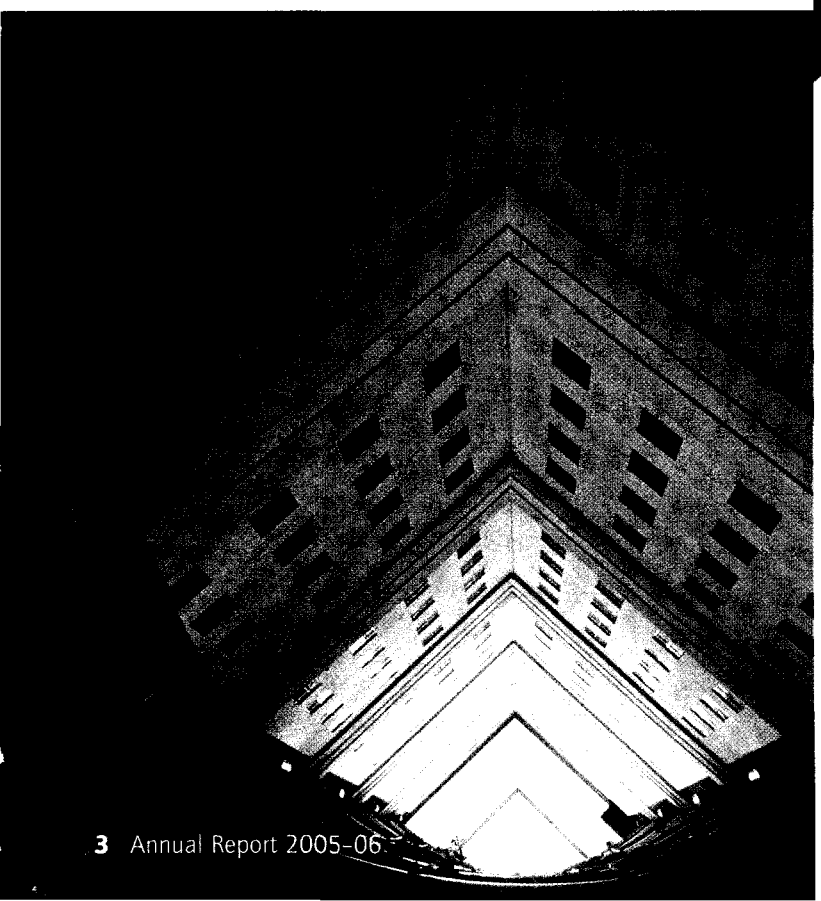
Renowned for our distinctive projects, corporate management, international landmarks and value additions in the form of 'shoppertainment' at Crossroads or the additional recreational facilities at office complexes, the 'Peninsula' brand has emerged as a significant player in the western region. Our strong footing in Mumbai sees us venturing into other parts of the western region.



We also have in-house expertise and capability in construction and project management, developmental consultancy, sales and marketing thereby making us vertically integrated. This enables us to consistently achieve project timelines, commitments and deliverables, ensuring at all times that the highest level of technical and service standards are met.

We are currently involved in the development of commercial / IT space and residential complexes while also venturing into SEZs and integrated townships. The company also plans to set up two real estate funds.

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Indian Real Estate Scenario

India's robust economic growth is positively impacting the country's real estate sector. The increasing disposable incomes, easy availability of housing loans and the steady expansion of existing city boundaries coupled with the development of Tier-II cities are also contributing towards the boom. Indeed, liberalisation of the economy *has resulted in an increase in business opportunities in this segment* while rising incomes have led to a complementary rise in spending power, thus resulting in a parallel growing demand for quality shopping, entertainment and residential space.

Real Estate development as is evident, therefore, is not a stand alone case. It is influenced by the development in the retail, hospitality and entertainment (e.g. hotels, resorts, cinema theatres) industries, community services (e.g. hospitals, schools) and IT and ITES. Following a lull till 2001, 2002 saw a substantial surge in real estate demand and development due to the annual doubling in demand for office space as foreign firms invested into the country's information technology (IT) sector and call-centres in Mumbai, the National Capital Region (Delhi and its neighbouring satellite towns), Bangalore and Hyderabad.

Since then, there has been a steady increase in the demand, and real estate in India shows every sign of emerging as one of the fastest growing sectors. Currently slated to be worth USD 15 billion according to Merrill Lynch, it shows potential to grow to a whooping USD 45-50 billion in just five years. While the demand for residential properties is already on the rise in metros and the Tier-II cities, the demand for commercial property, especially in the retail sector, is also expected to spiral upwards. Spurred by exponentially growing demand, India has been witnessing frenetic activity in the area of retail malls. According to a Merrill Lynch report, the number of malls in the country is expected to rise from 40 to more than 250 in the next four years. The same report envisages approximately 50 million square feet of retail space being developed over the same period.

This booming real estate sector has given rise to interest in the real estate investment market. The real estate investment market comprises three principal sectors which are retail (shopping centres, malls, stand alone shops, supermarkets and department stores), offices (standard offices and business parks) and residential complexes. Additionally, the smaller but rapidly gaining prominence sectors such as leisure (leisure parks, restaurants, pubs), hospitality and logistics also present new avenues and immense potential. At the global level, returns from real estate investment in India have been traditionally higher than in other Asian countries. The near future may see an increasing number *of Real Estate Investment Trusts being set up and a new avenue for* investments and growth being tapped.

A **Pricewaterhouse Cooper** survey estimates that the **urban housing sector** in India will require investment worth **USD 25 billion** over the next **five year** period

India's **USD 15 billion** realty segment is estimated to be growing at a **steady clip** of over **30 per cent per annum**

United Nations studies estimate **India** to be poised for **rapid urbanisation** and to have **at least three** of the **world's largest cities**

The **Indian Retail sector** is estimated at around **USD 180 billion,** and is **growing** at **20 per cent per annum** with the **organised retail segment growing** at the same **speed.** This is expected to **fuel a boom** in the **real estate market**

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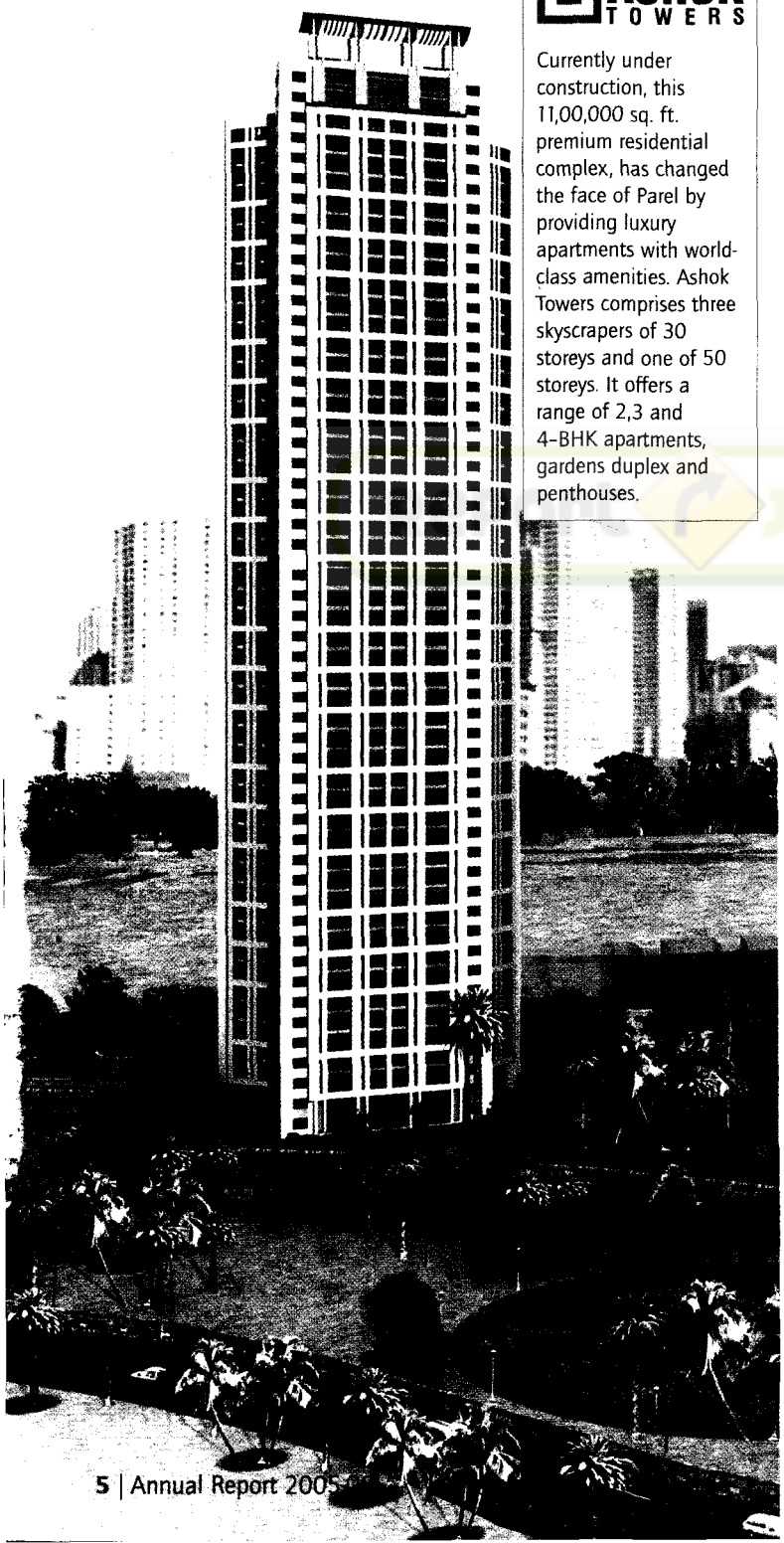
Ashok: Residential Projects



ASHOK TOWERS

Currently under construction, this 11,00,000 sq. ft. premium residential complex, has changed the face of Parel by providing luxury apartments with world-class amenities. Ashok Towers comprises three skyscrapers of 30 storeys and one of 50 storeys. It offers a range of 2,3 and 4-BHK apartments, gardens duplex and penthouses.

Space, in Mumbai, is a luxury. Spacious, tastefully designed, fully furnished and centrally located apartments in Mumbai are an even greater luxury. But, this is exactly what we create and develop, as apartment complexes, under the **'Ashok'** brand. Occupied by premium clientele and senior executives, our residential complexes and apartments come with great quality of construction, an array of facilities and recreational options that remain unrivalled.

Current Projects

ASHOK GARDENS

Currently under construction, Ashok Gardens is a luxurious residential complex of 9,00,000 sq. ft. spread across 12 acres of land in Upper Parel. It comprises two 24-storey buildings with landscaped gardens, ample recreational activities and special water features. Ashok Gardens offers a mix of 2, 3, 4 and 5-BHK apartments with spectacular views of the harbour, sea and city.

Completed Projects

PALM BEACH

Palm Beach is a 13-storey luxury building with 3 and 5-BHK apartments and penthouses. This 37,000 sq. ft. elegant residential building offers the perfect blend of luxury and amenities, including a terrace swimming pool.

ASHOK HOUSE

An exclusive six-storey residential complex of 25,000 sq. ft. with easy access to the Juhu beach, Ashok House is one of our early projects.

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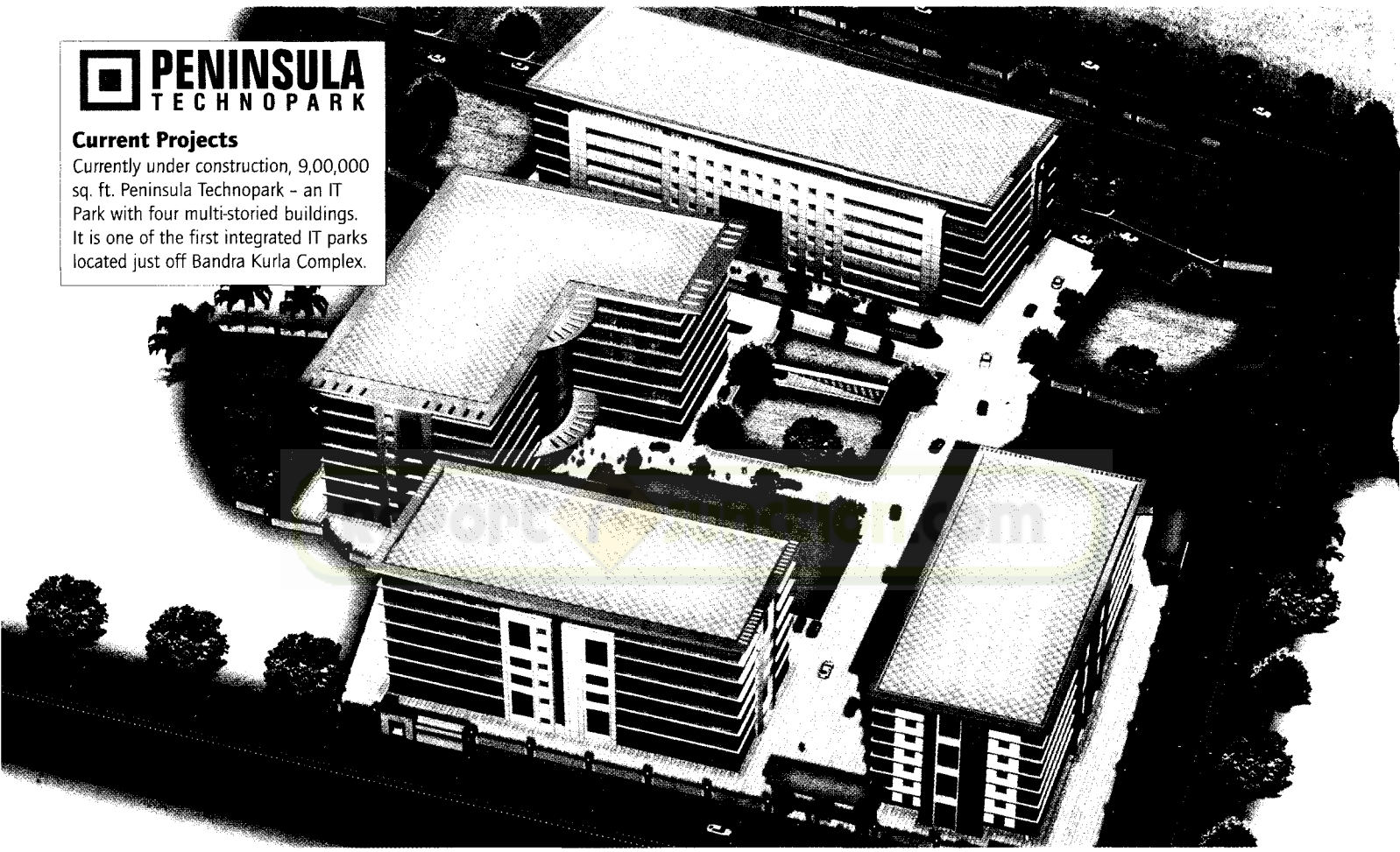
Peninsula: Commercial Projects



PENINSULA TECHNOPARK

Current Projects

Currently under construction, 9,00,000 sq. ft. Peninsula Technopark - an IT Park with four multi-storied buildings. It is one of the first integrated IT parks located just off Bandra Kurla Complex.

Among the first to realise the need for a world-class office space with amenities of international standards, we began developing integrated and large layout complexes offering ultra modern facilities along with a facility management team in place under the ***'Peninsula'*** *brand.*

The ultra modern complexes in Mumbai bear testimony to the fact that in a city with little scope for recreational spaces and wellness activities as well as adequate parking space, Peninsula has developed and provided sprawling complexes suiting the corporate needs.

Completed Projects

PENINSULA CENTRE

A 90,000 sq. ft. state-of-the-art business complex, Peninsula Centre offers efficient office space to premier companies. Peninsula Centre has metamorphosed Parel into a centre of activity, attracting knowledge-based firms, media houses and agencies to the complex. This building houses the offices of Mid-Day, Kapadia Associates, Mandhana Industries and the corporate office of Peninsula.

PENINSULA CORPORATE PARK

Peninsula Corporate Park is a 10,00,000 sq. ft. integrated corporate complex that has redefined the face of commercial properties with its international look, futuristic design and world-class amenities. A benchmark for competition, it has changed the face of Lower Parel and turned it into a business hub. Peninsula Corporate Park houses several globally known companies such as Deutsche Bank, L'Oreal, J Walter Thompson, Hutch, Amarchand Mangaldas, Walt Disney, TATA AIG, ICICI, Bharti Airtel, Yahoo and Sandoz, among others.

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Crossroads: Retail Projects

Peninsula was the first to venture into the development of organised retail malls under the brand **'Crossroads'**. We pioneered the mall age in India by setting up the country's first world standard shopping mall, Crossroads, at Haji Ali, Mumbai.

crossroads
where the world comes together

Spread over 1,50,000 sq. ft., Crossroads is India's first international standard shopping mall that changed the face of the retail industry and the mindset of the consumer in India.

Completed Projects

cr2

The imposing 2,60,000 sq. ft. CR2, located in Nariman Point, is South Mumbai's first and only shopping mall-cum-multiplex with the city's first and only eight-storey multi-level car park. Housing international brands like Versace, Aftershock, Bateel, Fujitsu and Inox.

ba sidemall

Located opposite Crossroads, Bayside Mall is a stylish mall that commands 21,000 sq. ft. of space.

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Our Subsidiaries

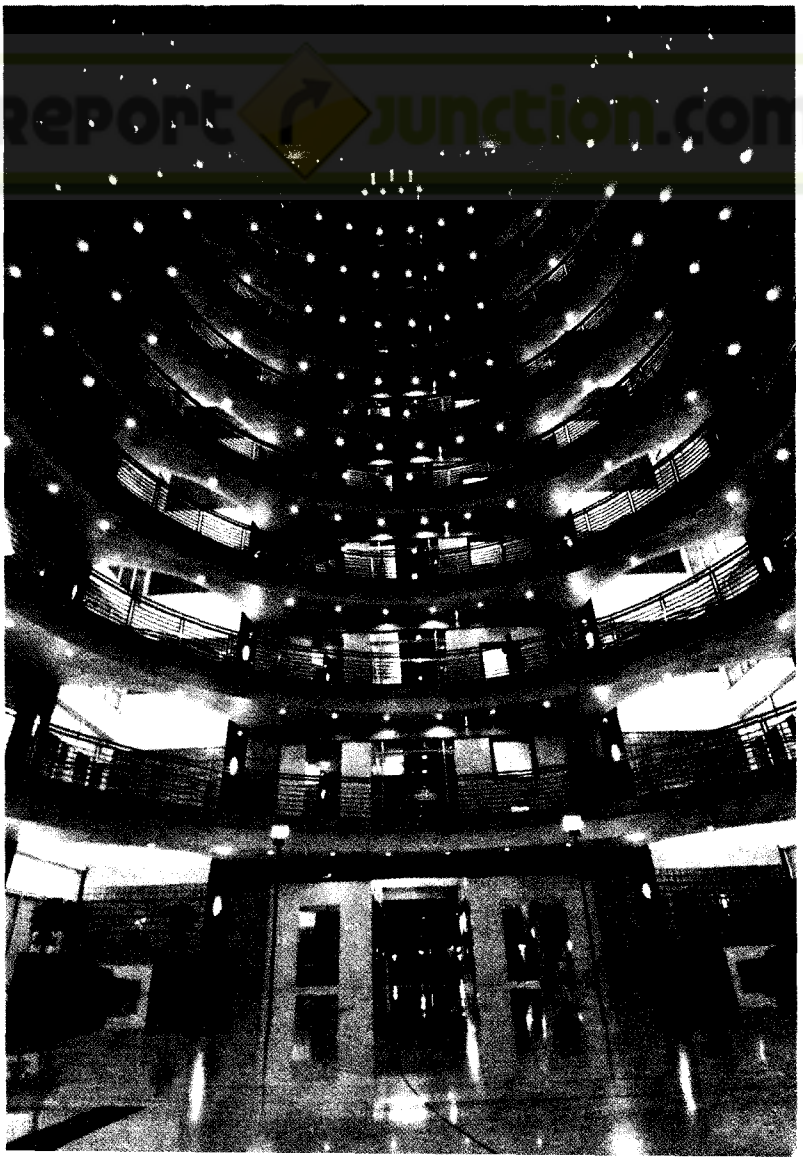
PENINSULA

MANAGING DIVERSE PROPERTIES

We believe that landmark properties require a personal, skilled touch to provide the property the 'extra edge'. To this end, Peninsula Facility Management Services Pvt. Ltd. (PFMS), a 100 per cent subsidiary of PLL, provides expert care to keep properties in excellent condition.

With companies increasingly focusing on their core competencies, there is a rise in the outsourcing of the management and maintenance of their properties to professional organisations. They also look at employing facility management services as a way of reducing operating costs and improving efficiency. This is where PFMS steps in. With the demand for prime properties increasing, following a growing multinational corporate presence in the country, the boom in retailing and the growth of the Indian economy, there is a gap between the services required and those available for maintenance of a huge complex – commercial, retail or residential.

PFMS hires professional staff including mechanics, carpenters, technicians and security personnel committed to providing support for the management of the premises. By simultaneously employing the latest in technology to cater to the engineering and security needs of the property, we ascertain that every need of the property is looked after. Keeping unique requirements of the particular premises in mind, we also offer customised plans, ensuring an appreciation of its value and bringing in best returns on investment.



PENINSULA INVESTMENT MANAGEMENT COMPANY LIMITED

Peninsula Land Limited (PLL) has set up a subsidiary, Peninsula Investment Management Company Limited, which will manage the real estate funds, proposed to be launched. The fund has received the approval from SEBI.

The company is committed to co-invest in every investment made by the Fund and its interests are therefore completely aligned with those of the Fund. PLL's vast experience in successfully executing large commercial, retail and residential projects, as well as its local knowledge and expertise as far as market trends are concerned, work to its advantage.

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