

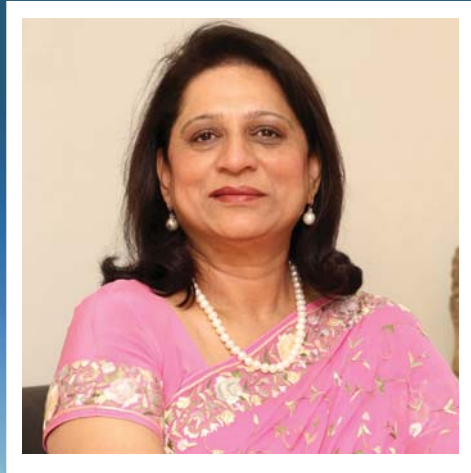
EXECUTING TODAY GROWING TOMORROW





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MESSAGE FROM THE CHAIRPERSON



MESSAGE FROM THE CHAIRPERSON

Dear Shareholders,

It is a matter of great privilege to present to you the Company's performance for 2010-11 - a year when the real estate industry was in a state of flux. We experienced a situation where India's economic growth rate was lower than what had been projected, as a sequel to the global financial performance.

World Economy:

Global growth attained an annualized rate of 4.3 percent in the first quarter of 2011. The growth is not expected to sustain across the balance quarters due to unexpected events like earthquakes and tsunamis which hit the Japanese economy. The supply disruptions effect lowered the industrial production, consumer sentiment and spending. Higher commodity prices pushed up the global inflation to 4 percent in the first quarter of 2011, from 3½ percent in the last quarter of 2010. This lead to lower growth in the US economy. However, the fundamental drivers of growth, like overall accommodative macroeconomic conditions, pent-up demand for consumer durables and investment and strong potential growth in emerging economies, remain in place.

Growth in advanced economies is projected to average about 2½ percent during 2011-12. This will represent a modest deceleration from an average of about 3 percent in 2010. Growth in emerging and developing economies is expected to be 6½ percent during 2011-12, compared with about 7½ percent in 2010.

Over all, the world economy is expected to clock a growth rate of 4.2% this year.

India in 2011-12

High inflation and rising interest rates will weigh heavily on the overall growth in 2011-12. Elevated crude prices pose a further downside to overall growth. This may pull down both, investment and consumption growth.

Agriculture growth, in spite of a normal monsoon, would decline given a higher base. Therefore, expect GDP growth to moderate from an estimated 8.6 per cent in 2010-11 to settle in a range of 7.7 to 8.0 per cent in 2011-12.

Capital flows are expected to remain robust in 2011-12 led by higher interest rates and robust economic growth in India vis-à-vis the West. However, the pace of appreciation is expected to remain uneven and a bit lower than what was witnessed during 2010-11. Rupee is expected to strengthen in a range of Rs 43.0-44.0 per dollar by the end of 2012.

According to the 9th Annual European Attractiveness Survey' by Ernst & Young, India will continue to be an attractive investment destination for global investors and Indian companies will keep up their forays of global expansion.

Real estate sector in India

According to the Department of Industrial Policy and Promotion (DIPP), FDI flows into housing and real estate in April-January 2010-11 stood at US\$ 1.05 billion. Housing and real estate sector, including cineplex, multiplex, integrated townships and commercial complexes attracted a cumulative foreign direct investment (FDI) worth US\$ 9,405 mn. from April 2000 to January 2011.

The real estate sector in India is witnessing increasing recognition as an infrastructure service which is driving the economic growth engine of the country. India has the potential to attract investments in the real estate sector on account of strong economic growth and a developing and lucrative real estate market. It is the most viable

investment destination in real estate, according to a research report by PricewaterhouseCoopers (PwC) and Urban Land Institute (ULI).

A report by International rating agency Fitch Ratings, says, that the high growth in the Indian economy will drive the demand for residential units, which in turn will drive the real estate sector in the medium-term. Residential property prices have stabilized and are deemed attractive for investors. With attractive pricing and innovation in construction technology and variety of designs, overseas investors are taking a fresh look at India as a unique market in which they can invest.

Foreign direct investment (FDI) in the Indian real estate sector is estimated to increase to US\$ 25 billion in the next 10 years, from the present US\$ 4 billion.

Peninsula Land: marching ahead

During the year, PLL accelerated and moved to the next phase of growth. The company launched premium residential projects in Nasik and Goa.

In the last one year, the company focused on execution and completed most of the projects in Mumbai. Ashok Gardens, a residential project at Sewri was completed and handed over to the customers. Another commercial project, Peninsula Business Park at Lower Parel, is expected to be completed in the next few months. Work on Peninsula Technopark at Kurla is progressing as per schedule.

Till date, the company has executed 4.2 mn sq ft of development in the residential and commercial segments. Another 3 mn sq ft of development is under execution in Mumbai, Goa and Nasik.

Even as execution remained our priority, the company acquired fresh land parcels in Mumbai as well as in the West and South of India. PLL spent about Rs 1200 crores in acquiring land parcels in Mumbai, Alibaug, Lonavala, Hyderabad and Bangalore in the last 18 months.

With this, the current land bank with the company aggregates to over 500 acres. We will continue to acquire land parcels with a development horizon of 3-5 years.

Our philosophy to not take undue risks has helped us and today we are not over-leveraged in any way.

Peninsula Land is in a strong financial position with a surplus of over Rs 500 crore in cash. This is in addition to one building in Peninsula Business Park which is complete but not monetized.

Outlook

Peninsula Land is on an accelerated growth path. With a solid foundation and sound business strategy, the company has embarked on the second phase of growth. We will continue to focus on timely completion of our projects which will further strengthen our cash flows.

We will also add to our bank of land parcels and be on the lookout for more land at the right price.

Last but not the least, let me thank you all for the support you have rendered that has enabled us to move closer to our goal. I am confident that this continued support will enable us to scale new heights.

Yours sincerely

Urvi Piramal



EXECUTING TODAY GROWING TOMORROW

Changing growth paradigm.

Peninsula Land is all set to expand its presence through new land acquisitions in south and west

2010-11 was a watershed year at Peninsula Land. It was a year of swift, committed and quality execution. In a business like ours, execution is the key to growth. What we execute today determines how much we grow tomorrow. Over the last few years, we have focused on execution and sales, and cautiously stayed away from large land acquisitions. This focus has ensured that we laid the foundation for a strong growth tomorrow. Until 2010-11, we were largely leaders in the Mumbai market. In 2010-11, Peninsula Land took giant steps to go beyond Mumbai and acquired strategic land parcels in key towns and cities of southern and western India.

Growing tomorrow through land acquisition

In our business, the quality and quantum of land acquisition is an excellent indication of the future growth path. This year, we completed some of the biggest land acquisitions since inception and added close to 8 mn. sq. ft. on commitment of Rs. 580 crore. This was in keeping with our overall philosophy of acquiring land which we can execute and deliver over a time frame of three to five years.

We will continue with our aggressive land bank acquisition in the coming year.

The development potential acquired during the year has been across key high-growth cities of India. This has opened up several immediate and forward monetisation opportunities across multiple segments. It is geographically diversified across prime locations like South Mumbai, Bangalore, Hyderabad and Pune, as well as popular vacation destinations like Alibaug, Lonavla and Goa. All these markets have excellent growth opportunities. Peninsula will develop this land bank with its signature premium quality projects in a variety of asset classes - from residential to integrated townships.

Our healthy reserves and margins make our balance sheet strong. We expect to generate more cash flows tomorrow from current deliverable inventory as we hand over projects. This will open opportunities for further land acquisitions and growth tomorrow.

With a promising project pipeline today combined with robust execution capabilities, we are fast tracking into a high-growth future for tomorrow, to deliver premium properties for our customers and unmatched value for our share-holders.





BUSINESS STRATEGY



BUSINESS STRATEGY

