

Execution: The better half of strategy



Contents

Message from the Chairperson	02
Our business strategy: Cast to last	04
Our project planning: Splendor of modernity	06
Our project execution: An impeccable marvel	08
Our brand equity: Up and rising	10
CSR at Peninsula Land	12
Financial Snapshot	14
Management Discussion and Analysis	15
AGM Notice	23
Directors' Report	32
Corporate Governance Report	38
Financial Statements	68



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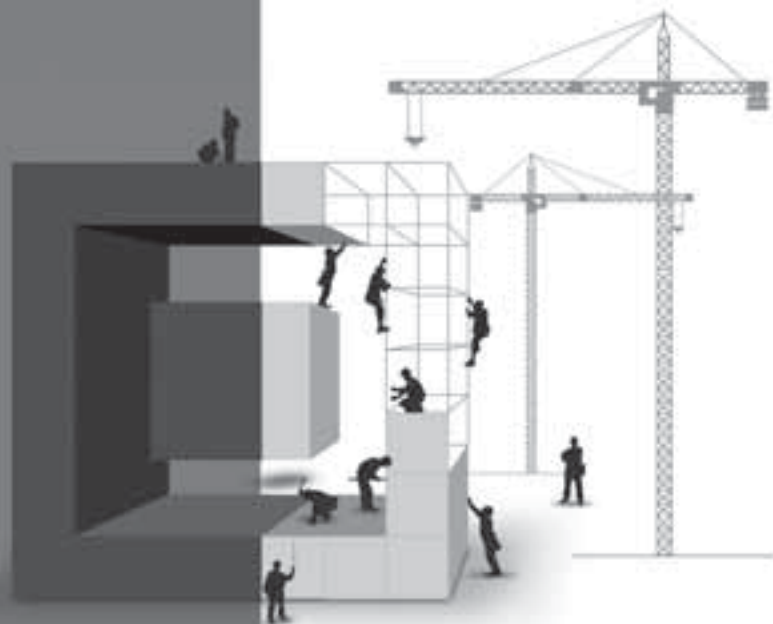
Actual Picture

Execution: The better half of strategy

Organizations devise strategies to stay relevant and ahead of the curve. At Peninsula, we strongly believe that a sound strategy must be complemented by an equally sound implementation. While strategy is a beacon of light that provides a guiding path to the organization, it is only through a sound implementation of the identified strategy that an organization can navigate through this path to achieve the desired outcome.

Strategy implementation is an area where most organizations falter. At Peninsula, we are not just devising fool proof strategies but also implementing them with utmost care. Our strategy implementation banks on our sound Planning, flawless Execution and brand led Sales; all of which work in tandem to ensure our all around success.

Our planning team works in close coordination with the sales team, to understand the changing customer aspirations and the demand outlook. They use this understanding to create a unique blend of features and service offerings in each of our projects that can holistically meet the aspirations of our focused segment. The execution team works in tandem with both sales and planning team to effectively bring project enhancements, value additions, refine existing processes, improve delivery capabilities and enhance overall customer experience. The sales team leverages on strong brand in each of our focused segment alongside with the benefits of modern technologies like Business Intelligence to better segment and reach out to our prospective clients.





Dear Shareholders,

It is a matter of privilege to present to you the Company's performance for 2012-13. Food, clothing & housing are basic needs of people. In our country, we all grew up with an ambition to own a house. Your Company, Peninsula Land, recognizes this and has developed projects in several locations in the country to suit every desire and pocket. We have performed reasonably well in spite of the difficult economic conditions in India and globally. Our valued customers and stake holders have continued to support us and our projects have been well-received.

World Economy

As you are aware the world economy slowed down in 2012. As per IMF, the global growth reduced from 4% in 2011 to 3.2% in 2012 and is projected to grow to 3.3% in 2013. The slowdown was more apparent in southern European nations like Portugal, Italy, Spain and Greece. As a result of this, international trade slowed, companies went sluggish on their expansion plans and even curtailed expenses. Global investment funds reduced their exposure to developing markets and preferred investing in risk free treasury bonds. This has affected growth of some sectors like real estate. However, your Company had anticipated this slowdown in the industrial and services sector and prepared well for it. During the year under review, we successfully completed sales of a substantial portion of Peninsula Business Park.

In 2013, the world economy is expected to grow at 3.3%. Most economies have used the difficult times of 2012 to get their economies in order. The transition to stability should hopefully be completed in 2013. The economy is expected to expand in 2014 at 4% and in 2015 at 3.3%

Your Company has been using this period of global uncertainty to continue to build a robust pipeline of projects and be ready

for the next wave of growth. We shall closely monitor the global developments and its impact on the Indian economy in general and the real estate sector in particular.

Indian Economy

The year gone by was a very challenging year for all the sectors in India. GDP, which was projected to grow at 6.7% ended up at 5.0%. High inflation resulted in high interest costs, low investments, high fiscal deficit and a very weak rupee.

The government is taking steps to combat inflation and implement policy changes that are conducive for industrial growth. These measures should eventually yield results and improve the situation towards the end of the financial year and the RBI should lower interest rates and enable investments by corporate houses.

The situation improved towards the end of the financial year. Inflation slowed to its lowest in more than three years in March 2013. Wholesale price inflation cooled to 5.96 % in March, lower than 6.84 % in February 2013.

With elections round the corner, India's performance and economic growth will be largely determined by the reforms adopted by the government. Towards this, the RBI, in its mid-quarter monetary policy review, reduced the repo rate by 25 basis points from 7.75 to 7.50%.

The World Bank sees India's economic growth rising to 5.7 per cent in 2013-14, buoyed by gradual strengthening of external demand. Growth is projected to accelerate to 6.5 per cent in 2014-15 and 6.7 per cent in 2015-16.

The Real Estate Sector

Real estate is a cyclical and long-term business. The performance of a real estate company is best evaluated in long-term. 2012 was a year of upheaval for the sector.

Message from the Chairperson

One of the long pending demands of the sector of conferring “infrastructure status” was not announced in the budget. However, residential housing got a boost, wherein first time home buyers were allowed a one-time benefit of interest deduction up to ₹ 1, 00,000 on a home loan.

Due to difficult market conditions, overall office space absorption remained lower as compared to 2011 though residential demand improved. Project launches declined by as much as 30% in 2012 as compared to 7% decline in the previous year.

Home and commercial buyers are now more cautious while entering real estate deals and the government has proposed new regulations on the sector. This is a good move and would bode well for reputed developers like your Company. Our strong corporate governance practices have ensured that our projects are well received, notwithstanding the market conditions.

In spite of the difficult macro-economic conditions, India ranked 20th among the top real estate investment markets globally. FDI inflow in the sector has tapered off over the past couple of years and was estimated at USD 1.26 billion between April-February 2012-13 by Department of Industrial Policy and Promotion (DIPP).

According to a report by Jones Lang LaSalle, a global real estate consultancy, the sector is set for robust inflows of USD 4-5 billion from overseas investors in the next couple of years, with Bengaluru, Delhi and Mumbai emerging as the favourites.

Peninsula Land

2012 was a year of upheaval for the real estate sector. Despite that, during the year, Peninsula Land performed well and generated healthy revenue from projects outside Mumbai as well, by being able to complete its projects on time.

In addition to this, the first phase at Ashok Astoria at Nasik has been completed and possession has started for the first 100 units.

Construction work is progressing as planned at Ashok Beleza at Goa, Ashok Astoria at Nasik, Ashok Nirvaan at Lonavala and Ashok Meadows at Pune. Work has also started on three residential projects in Mumbai and one at Bengaluru.

While your Company concentrated on timely execution of projects, it continued with its strategy to expand and invest in Western and Southern India. During the year, Peninsula Land deployed approximately ₹ 100 crore towards land acquisition. This is in addition to the over 500 acres of land that we already have.

We have built a solid foundation for the future in all aspects - land bank, internal processes, people and last and most important, strong governance practices

Way Ahead

Our vision is to touch the lives of at least one in five people on the globe, thereby creating enormous value for all our stakeholders. We have started on this exciting journey and made a good beginning. As mentioned earlier, we have over the past year refined and strengthened our systems, created a strong leadership pipeline and increased our engagement with stake holders. The ground work is done. Now we step on the road to a brighter future.

I am confident that going forward, Peninsula Land will continue to deliver good performances. I thank all of you for the support and confidence you have reposed in us and look forward to the same in our march forward.

Warm regards,
Urvi Piramal



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Our business strategy: Cast to last

Fully cognizant of the fact that an effective strategy is a must to achieve desired outcome and that an effective execution cannot make up for a failed strategy, all our strategies are well-analyzed, discussed and deliberated before getting implemented.

At the core of each of our strategy is intent to create a winning combination for our stakeholder universe and to marshal our resources in the most productive way to create products and services that can meet the aspirations of our customers.

From customer perspective, we are focused on affluent, high income, upwardly mobile professionals with discerning taste of global best design and amenities. While Mumbai has been our key focus market, the rise of this segment in the fast growing cities of West and South India have prompted us to expand in cities like Nasik, Pune, Bengaluru and Hyderabad. Increasing preference of second homes has also driven our expansion in the weekend getaway cities of Lonavala, Goa and Alibaug. Given that real estate is a regional business and needs strong understanding of the local market and network to ensure timely completion of the project, we plan to remain focused on these markets over the next few years.

The land acquired in these markets are at vantage locations that allow easy accessibility, open spaces and scenic views. Real estate in such locations is generally in great demand. We ensure that the land acquired is in accordance with our asset-light model - that directs us to acquire land with a development plan executable over 5 year period. This in turn helps us to maintain lean balance sheet with manageable levels of debt-equity ratio.



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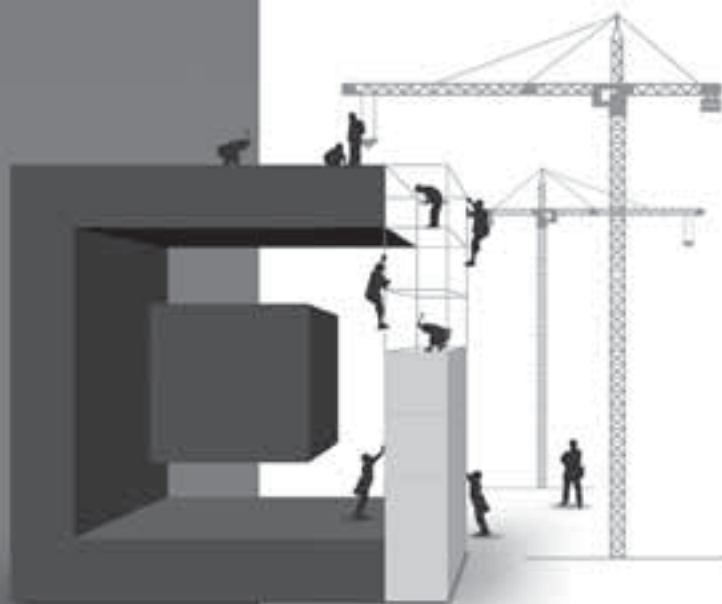
Our project planning: Splendor of modernity

Our state-of-the-art projects are targeted at fast growing discerning upper middle-class customers with a taste of global best spaces. These individuals aspire for contemporary spaces that breathe vitality and freshness. Rightly so, flawless project planning is critical for us to ensure that we are able to meet the aspirations of Indian crème de la crème.

A real estate project involves close interaction between large number of teams including architects, planners, finance, compliance, utilities, construction managers and contractors among others. For a company like us, many of these are geographically spread across different global locations and time zones. Project planning helps to bridge the communication gap, meet coveted quality standards and ensure that a project is completed within prescribed budget and schedule.

Each of our projects adheres to the basics of creating a unique fusion of design, open spaces and modern amenities and recreational options which enhances customers' lives. We leave no stone unturned to deliver quality which is critical to provide a comfortable, engaging and de-stressing environment as part of the regular features of the spaces that we build.

With a clear understanding that buying a home involves lot more than a mere transaction, we have created several touch points to ensure client comfort. These touch-points allow us to extend our world-class services much beyond simply constructing the spaces. Currently our discerning customers enjoy the option to choose from our customized home décor service which enables them to source designer furnishings through our global network. Our properties are managed facilities which contribute greatly to their upkeep, maintenance and longevity. We provide complete support to daily needs of customers in the form of concierge services. All of which adds tremendous value to our offerings.



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