

ANNUAL REPORT
2017-18



BUILT FOR
CHALLENGES.
PREPARING
FOR GROWTH.

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The Year in Review

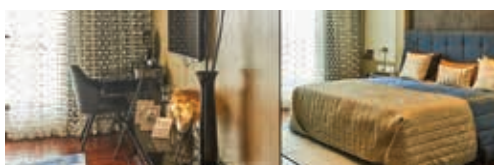
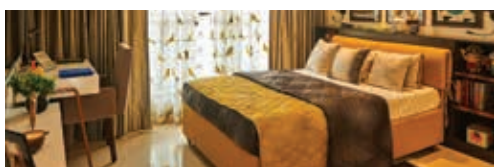
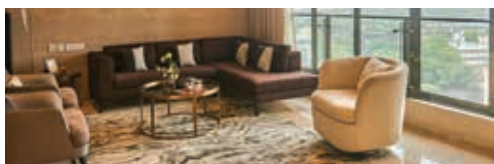
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Corporate Information

Board of Directors

Ms. Urvi A. Piramal

Non-Executive Chairperson

Mr. Rajeev A. Piramal

Executive Vice-Chairman
& Managing Director

Mr. Mahesh S. Gupta

Group Managing Director

Mr. Nandan A. Piramal

Whole-Time Director

Ms. Bhavna Doshi

Independent Director

Lt. Gen. Deepak Summanwar (Retd.)

Independent Director

Mr. Sudhindar Khanna

Independent Director

Mr. Sajit Suvarna

Independent Director
(June 5, 2017 onwards)

Group CFO

Mr. Dinesh Jain

CFO

Mr. Bharat Sanghavi

Company Secretary

Mr. Rajashekhar Reddy

Statutory Auditors

S R B C & CO LLP
Chartered Accountants

Bankers/Financial Institutions

Allahabad Bank
Axis Bank Limited
HDFC Bank Limited
HDFC Limited
ICICI Bank Limited
JM Financial Products Limited
Kotak Mahindra Bank Limited
L&T Finance Limited
RBL Bank Limited
Standard Chartered Bank
State Bank of India

Registered Address

Peninsula Spenta
Mathuradas Mills Compound,
Senapati Bapat Marg,
Lower Parel,
Mumbai – 400 013.
CIN: - L17120MH1871PLC000005

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Built for Challenges. Preparing for Growth.

2017-18 was a year that tested our resolve. Given the overall slowdown in the real estate sector for the last couple of years, Peninsula Land too has not remained isolated from the current sentiment in the real estate market. But still facing the indifference surrounding the sector, we have sharpened focus on timely execution of projects within approved budget and stringent evaluation of the potential opportunities coming our way. We firmly believe that in the long run good execution is the key to success in the real estate industry in India.

We responded by evolving our business model, adapting to newer realities and ensuring that we continue to strive to create enduring value. We are confident that these strategies will translate into encouraging outcomes in the ensuing fiscal and allow us to remain on-track to achieve our larger vision.

We are passionately moving ahead to create a better world anchoring our belief on the core values of respect, integrity, service and excellence in all undertakings. Our track record on execution quality and timelines gives us credibility with our customers.

Introducing Peninsula Land

Destination for world-class properties

Peninsula Land develops premium-quality projects in the domains of retail, commercial and residential. Since 1997, the Company delivered several landmark properties, it has a robust pipeline of high-quality projects.

The Company is known for its professional management, international quality and value additions across its projects. Over the years, it has garnered industry-specific knowledge and is well poised to meet the key challenges in developing properties.



Track Record of Performance

01

One of the first real estate companies to get listed on BSE

02

Developed Mumbai's first luxurious residential tower in Central Mumbai – Ashok Towers

03

Built Mumbai's first retail mall – Crossroads

04

Set a commercial benchmark in Lower Parel with Peninsula Corporate Park

05

Re-developed Mumbai's first textile mill project



287
Team size



20+
Years of experience



3
Cities under geographic focus*
*Mumbai, Pune and Bengaluru



7.4 mn sq. ft.
Of project development track record



7.8 mn sq. ft.
Of projects under development and in the pipeline



Pillars of Strength

Experience

Entrenched experience spanning over two decades in project execution and management provides capability to obtain timely permissions, which is key for effective execution and profitability

Long-standing relationships

Enjoy enduring relationships with construction contractors, material and service providers, channel partners, capital providers and customers

Quality compliance

Delivers projects adhering to international quality standards leading to quality consistency, derived from process discipline

Planning

Well researched concept planning provides enriching end-user experience with accurate estimates, efficient project management and effective cost control

State-of-the-art technology

Best-in-class designs and engineering expertise backed by sophisticated equipment, skilled team and competent leadership

Robust team

Proficient team with established and structured corporate processes that facilitate smooth project execution

Vision

To become the most trusted Real Estate Developer in India by:

1. Building distinctive capabilities in sales and marketing, project management and development
2. Inculcating a high-performance culture
3. Being the partner of choice

Vice-Chairman & Managing Director's Message

Delivering through challenges



Rajeev A. Piramal
Executive Vice-Chairman &
Managing Director

Dear Shareholders,

It gives me great pleasure to address you while highlighting your Company's performance during Financial Year (FY) 2017-18. The strategy of your company has been to enhance revenues while executing projects on time and in reducing the debt of the Company. To that end, during the year 2017-18, we successfully closed sale of 3 land parcels one each in Mumbai, Pune and Bengaluru. Your Company has also made good progress towards monetisation of some other non-core assets during 2017-18, the results of which you should see in the next year. During the year 2017-18, the Company sold 4,05,293 sq. ft. across its projects compared to 5,73,299 sq. ft. during 2016-17, the reduction being primarily due to impact of GST. The revenue for 2017-18 stood at ₹673 crore compared to ₹454 crore in 2016-17, registering a growth of 48.24%.

India's real estate sector saw two major reforms in the fiscal – the Real Estate (Regulation & Development) Act (RERA) and the Goods and Services Tax Act (GST). Rollout of reforms like that of GST and RERA will spur the growth of the real estate sector in the long run. Immediately after the introduction of

GST, there has been a lot of resistance in sales of high-value ticket sizes, since an effective post-GST levy of 12% has led to considerable escalation in ticket size for the buyer. The savings assessed in any on-going project, due to introduction of GST, have only been partial since substantial construction progress has taken place in most of our projects. Moreover, the percentage of land cost, as a proportion of the total project cost, in most of the projects located in Mumbai, is very high and is exempt from GST. Hence, the benefits accruing due to the introduction of GST that could be passed on to existing customers have been limited. With GST in place, however, customers should see real benefit in the near future from reduced construction costs, in new projects.

Within the residential asset class, Peninsula Land Ltd. has been catering to the demand in the premium and ultra-luxury segment, in which, the demand has been muted because of the considerable increase in absolute value of taxes, post introduction of GST. Although the Company has been doing reasonably well in this segment, the overall macro-economic situation has

We have entered affordable housing by launching the addressOne Brand which is aimed at providing affordable luxury to consumers.

limited the growth in this segment. In the context of the present Government's vision of "Housing for All" by 2022 and several initiatives and policies planned around the vision, your Company has now embarked on addressing the needs in the affordable housing segment through our development at Gahunje, in Pune. We have entered the affordable housing segment by launching the "addressOne" project which is aimed at providing affordable luxury to consumers.

Exploring new opportunities

The Company is also closely evaluating the opportunities in the mid-income housing segment and also scouting for opportunities in commercial asset class to add to the portfolio. We are also carefully monitoring the changing trends in real estate like commercial REITS, to prepare for the future.

Growth strategy

With the focus on future growth, the business strategy is built on the following pillars:

a) Efficient capital structure

The Company is working towards managing an optimal capital structure with alignment of cash inflows from sale of Inventory with cash outflows towards construction cost, debt servicing etc.



b) Commercial portfolio

The Company is looking to grow our commercial portfolio.

c) Residential

The Company is also looking forward to acquire new projects in Mumbai, Pune and Bengaluru under Asset light models. However, the focus will be to acquire projects in which the time to market from the point of acquisition is minimal.

Our people

At the end of the day, Peninsula Land's strongest asset is our people. They enable us to deliver on our purpose. It is an honour and a privilege to lead a team of such passionate and creative thinkers. We are united by a commitment to our purpose, to our customers and to our community.

Looking ahead

The key challenges are stagnation in market prices and the inability to match current inventory costs vis-a-vis pricing of inventory in new projects launched after introduction of GST. Further, customers have been fence-sitters for

a long time with the consideration that market prices have not yet bottomed out. However, the right product along with the right pricing is seeing traction in the market.

Going forward, your Company plans to go about executing on-going projects within envisaged time frame, reduce debt by monetising non-core land parcels and by adopting asset-light models in the acquisition of any new projects. We expect to achieve sales volumes and sales price realisation in each of our projects amidst the tough environment in the real estate space. Towards this objective, the Company is revamping the entire sales and marketing Organisational structure and approach, to make it more effective. Simultaneously, the Company is also working to create a unique value proposition to position ourselves in the market in addition to scouting opportunities across different asset classes and geographies to diversify risks and grow further.

In closing, I would like to thank all of our customers, consumers and shareholders for your continued support.

Regards,

Rajeev A. Piramal
Executive Vice-Chairman &
Managing Director



Operational Highlights

Showcasing resilience in a challenging year

Despite a challenging year on the account of weak consumer sentiments and changes in regulatory framework, we demonstrated resilience. During the year, we

- Sold 4,05,293 sq. ft. during 2017-18 as against 5,73,299 sq. ft. during 2016-17
- Completed new sales value of ₹635 crore during 2017-18 vis-à-vis ₹904 crore during 2016-17
- Recorded collections worth ₹635 crore for 2017-18 compared to ₹557 crore during 2016-17
- Delivered two residential projects

Project	Sq. ft.	No. of units
Ashok Astoria (Phase 1), Nashik	4,98,108	338
Ashok Meadows, Pune	5,07,484	336
Total	10,05,592	674



₹433 cr

Sold non-core land parcels/assets



Ongoing Projects (cumulative as on March 31, 2018)

We are also going strong with several projects nearing completion

Projects	Saleable Area (sq. ft. in 000's)	Location	PLL Share (%)	No. of units sold	Area Sold (sq. ft. in 000's)	Sales Value (₹ in crore)	Average Realisation (₹ / sq. ft.)	Collections (₹ in crore)
Residential								
Bishopsgate	93	Mumbai	50%	10	78	540	69,619	447
Celestia Spaces – PLL share	490	Mumbai	100%	167	324	734	22,630	351
Carmichael Residences	146	Mumbai	40%	16	83	642	76,896	370
Salsette 27	915	Mumbai	57%	204	332	925	27,864	209
Ashok Meadows – Phase 1*	507	Pune	55%	332	499	249	4,999	240
Peninsula Heights, JP Nagar	620	Bengaluru	80%	88	366	358	9,784	235
Ashok Astoria Phase 1*	498	Nashik	100%	277	432	153	3,544	141
Ashok Nirvaan	352	Lonavala	25%	13	101	65	6,467	57
Ashok Beleza	200	Goa	58%	26	66	38	5,741	33
Ashok Beleza (Plot A)	115	Goa	58%	18	111	22	1,939	19
Total	3,936			1,151	2,392	3,726		2,102

* Completed projects

Future Development

Out of the land parcels available with the Company, it has commenced the project planning process in respect of following land parcels and plan to launch them in near future.

Project/Land	Saleable Area Planned	Location	Development Model
Celestia Spaces, Sewree, Phase 2	15,00,000	Mumbai	JV
addressOne, Gahunje [#]	28,00,000	Pune	Owned
Ashok Astoria, Phase 2 Plotted land	40,000	Nasik	Owned
Ashok Astoria, Phase 3 Development	3,60,000	Nasik	Owned

Note: Saleable area potential mentioned above is subject to requisite approvals.

[#] Phase 1 of Project addressOne launched

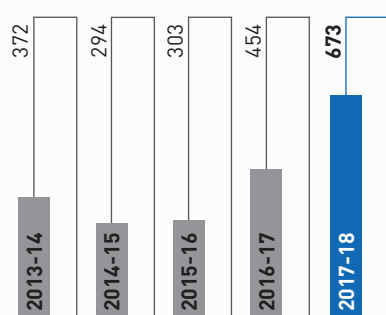
Financial Highlights

Navigating a challenging business landscape

Profit & Loss Metrics

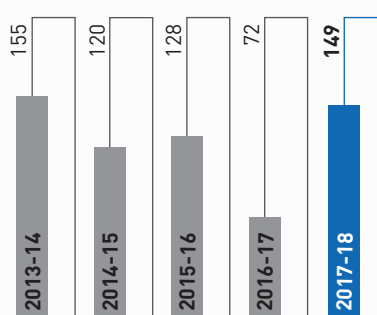
Revenue

(₹ in crore)



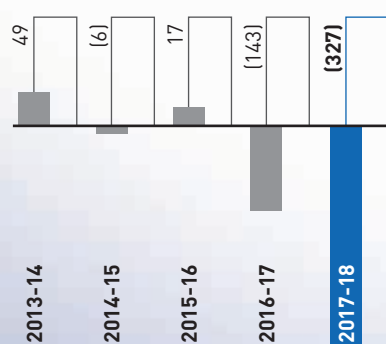
EBITDA

(₹ in crore)



Profit After Tax

(₹ in crore)



Earnings Per Share (Basic)

(₹)

