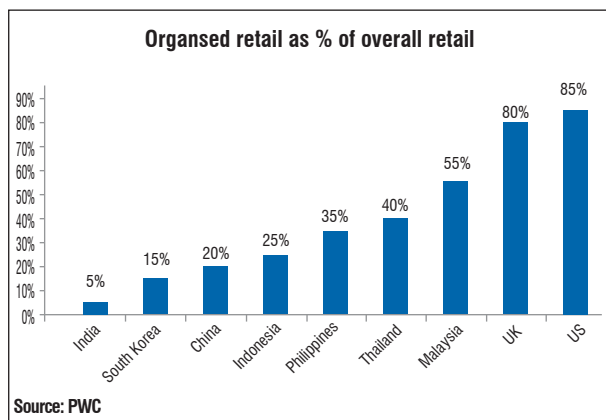
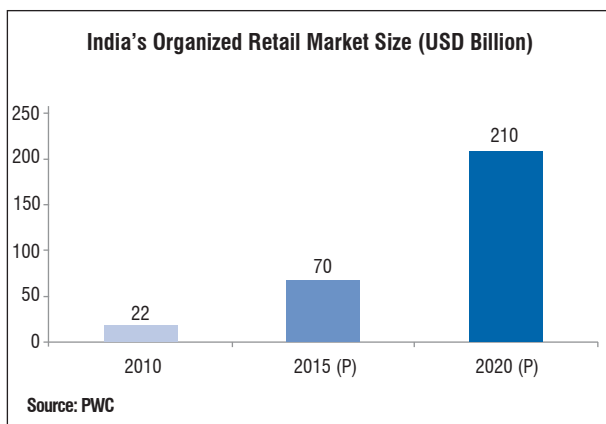


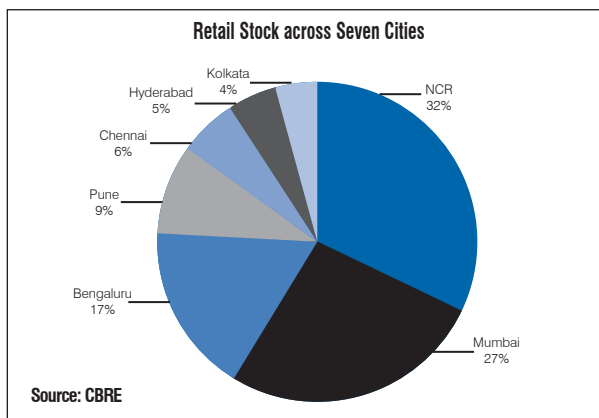
Demand-wise, for the period June 2012- Mar 2013, Bengaluru accounted for the maximum demand amongst the top seven cities, accounting for a little less than 29 percent of the total demand, followed by Mumbai which accounted for 23 percent of the total demand and NCR accounting for close to 20 percent of the total demand.

### Retail Segment

India has one of the largest yet one of the least organised retail markets in the world. As per a study by Deloitte, over the next few years while the retail industry will continue to grow in double digit, the share of modern retail is slated to increase multifold with its penetration expected to increase from the current less than 5 percent to over 20 percent by the year 2020.



Like other real estate segments, the demand in the retail segment was impacted by the economic slowdown over the last two years. But the recent government policy actions including passage of the Bill for allowing 51 percent



FDI in multi-brand retail after permitting 100 percent FDI in single brand retail is likely to provide a strong fillip to the organised retail sector and should help increase its demand momentum.

During the year, there was continued expansion in all major cities by international apparel and F&B retailers. Retail being a location driven activity, there has been an increase in competition between domestic and international retailers in select pockets. Despite the slowing growth momentum, many international brands including IKEA, Walmart, Tesco, Carrefour, Pavers, Fossil, Brooks Brothers, Damiani, Decathlon Sports, Lotus Arts De Vivre, Officina Farmaceutica Italiana, Le Creuset, Uniqlo and Starbucks among others have evinced interest to expand their operations in India.

City-wise, Delhi holds a little less than a third of the total organised retail assets in India's top seven cities followed by Mumbai which holds a little over a quarter.

### Business Overview

Peninsula Land Limited is a leading Indian real estate developer headquartered at Mumbai and is part of Ashok PIRAMAL Group, a leading Indian conglomerate having business interests in textiles, auto – components, cutting tools, infrastructure, family entertainment and sports besides real estate.

Peninsula Land Limited has its focus on all the three major business segments viz. Residential, Retail and Commercial. In the residential segment, the company has delivered projects measuring about 2.8 million sq ft till date. It has projects totalling over 3 million sq ft under

various stages of execution besides another 21 million sq ft of saleable area in the pipeline across 6 cities in India.

Peninsula Land's commercial real estate business has been more active in Mumbai compared to other cities. The Company has developed over 3 million sq ft of commercial space till date. Most of its commercial projects are located in Lower Parel. During the year, the Company sold around 3,00,000 sq ft of space in Peninsula Business Park (PBP). PBP had a total saleable area of 1.2 million sq ft out of which the company currently is left with an inventory of around 1,20,000 odd sq feet.

In the retail segment, the company is credited for developing India's first organised retail mall, Crossroads, at par with international standards. The Company has completed two premium malls namely Crossroads and CR2 in South Mumbai.

#### Snapshot of Past Projects

Over the last fifteen years, the Company has developed landmark properties that stretch over 6.4 million sq ft across all three segments in the financial capital of India, Mumbai, as listed below:

Projects	Type
Crossroads	Retail
Peninsula Centre	Commercial
Palm Beach	Residential
CR2	Retail
Peninsula Corporate Park	Commercial
Kanjur Marg	Low income housing project
Bayside Mall	Retail
Center Point	Commercial
Ashok Towers	Residential
Ashok Gardens	Residential
Peninsula Business Park	Commercial
Peninsula Technopark	Commercial

#### Business Segment Review

During the year, despite the macroeconomic environment being a lot tougher than initially anticipated and despite continued weakness in the real estate demand especially in the commercial segment, Peninsula Land, well supported by the strong demand for its brands, has comfortably managed to achieve targets it had set for itself in FY'13, both within and outside Mumbai.

#### Projects currently under execution

Listed below are the projects which are currently under execution, aggregating to around 3 million sq ft of saleable area:

Projects	Location	Type
Ashok Astoria	Nasik	Residential
Ashok Beleza	Goa	Residential
Ashok Nirvaan	Lonavala	Residential
Bishopsgate	Mumbai	Residential
Ashok Meadows	Pune	Residential

#### Future Projects in Pipeline

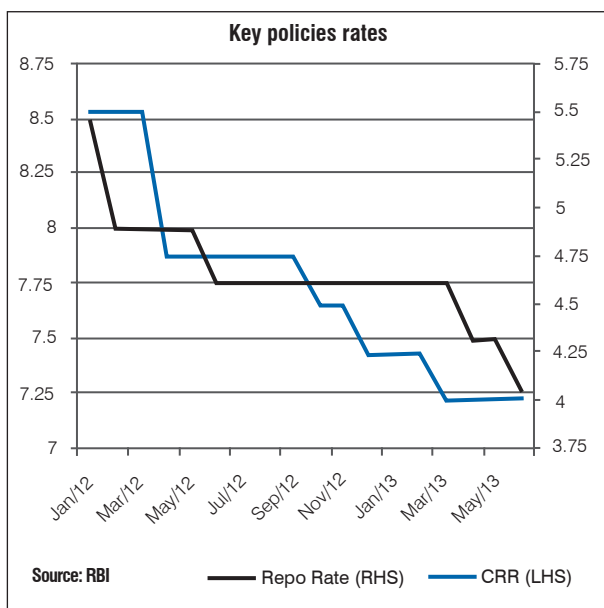
Following table gives the snapshot of the projects that the Company plans to start over the next few years, aggregating around 21 million sq ft of total saleable area:

Projects	Type
Carmichael Road - Mumbai	Residential
Napeansea Road - Mumbai	Residential
Sewri (Phase I) - Mumbai	Residential
Sewri (Phase II) - Mumbai	Residential
Mamurdi Gahunje - Pune	Mixed Use
Tathavade - Pune	Residential
Alibaug - Saralgaon	Residential
Alibaug - Sogaon	Residential
Nasik - Gangapur	Mixed Use
JP Nagar - Bengaluru	Residential
Patancheru - Hyderabad	Residential
Mehdipatnam - Hyderabad	Residential

#### Outlook

To a large degree, all three key segments of the real estate sector get influenced by the macroeconomic environment. There have been a few indications lately; both at domestic and global level that make the Company believe that the economy has moved the worst phase of the current economic slowdown. Globally, the stability of Euro region, continued recovery in US and improvement in Japanese growth outlook are expected to maintain the interest of global companies and investors in India

Since January 2012, RBI has already reduced CRR by 150 bps and repo rate by 125 bps. The banks are yet to pass the complete benefits of these reductions to the end user and generally the positive impact of such reductions become



evident only after a period. Additionally, the momentum and direction of inflation appears to have moved down. The declining inflation provides additional headroom to RBI to reduce rates. Reduction in interest rates has much more positive impact on the profitability of the real estate sector as it helps to increase top-line through pick-up in demand and also improves profit margin due to reduction of the interest burden.

The speed of recovery is expected to be gradual and not as robust as was in FY'10, immediately after the year 2008 financial crisis. In line with same, the Company expects that the recovery in the first half of the FY'14 to be driven by sentiments rather than any on-ground changes, while it expects to see perceptible improvement in the real economy in the second half of the FY'14.

Leveraging its strong understanding of the real estate market backed by strong brand in each of its business segment, well-established track record, proven design capabilities, execution skill-set and large pool of highly satisfied customer base, the Company is gradually expanding its footprints outside Mumbai as well. The key focus markets are located in southern and western India. The Company has moved into the cities which are established or upcoming IT hubs like Pune, Hyderabad and Bengaluru and in cities where there is already an established second home market like Alibaug, Lonavala and Nasik.

While in near future, the projects in south and central Mumbai would continue to drive bulk of the revenues, the Company expects projects outside Mumbai to gradually increase their contribution to the overall revenues and growth. The Management would also continue to closely monitor the business environment and evaluate opportunities for optimizing its land holdings to derive the best potential.

## Risk Management

For any company, an internal risk management framework is an important ingredient of its sustainable business model. It counters the impact of unfavorable internal and external events and attempts to ensure business continuity across different stages of the economic cycle. Peninsula Land has put in place a robust risk management framework that is periodically reviewed and updated. The framework facilitates risk assessment and mitigation procedure, lays down reporting procedure and enables timely reviews by the management. Company's key risk areas are similar to other players in the business of real estate development. A few of the key risks and the mitigation measures are as follows:

### 1. Economic Risk

- Risk: An unexpected development in any of the macroeconomic variables that may adversely impact the company's profitability or viability. Real estate being a cyclical industry gets impacted more by the changes in macroeconomic variables like interest rate, GDP Growth, employment, purchasing power, inflation, et al than a non cyclical industry like FMCG.
- Mitigation Plan: Peninsula Land strives to be conservative and has defined internal prudential norms. The company maintains a low debt equity ratio, high liquidity, strong brand premium and focus on select markets minimize the impact in adverse.

### 2. Execution Risk:

- Risk: Execution delay may results in cost overruns and may also negatively impact company's reputation. A real estate project generally is a long gestation project and generally spans across multiple years. Also being an asset heavy business, any execution delay can impact the

project viability due to increase in interest burden and also increase in project cost especially in high inflationary environment like we have in India currently. A drop in project quality also negatively impacts company's reputation.

- b. Mitigation Plan: Peninsula Land has put in place processes that include milestone based time & quality checks that help to ensure adherence to quality, cost and delivery as per the plan. The company deploys a well-defined standard operating procedure – from project planning to delivery – and adheres to rigorous internal checks and balances with regard to every project.

### 3. Land Acquisition Risk

- a. Risk: Risk to project earning and viability due to delay in acquisition of land due to title ambiguity, interference from local residents or any other reason may impact. For real estate companies, land is nearly irreplaceable raw material and also the largest contributor to the overall expenditure.
- b. Mitigation Plan: Peninsula Land undertakes meticulous due diligence and multi layered verification of title ownership. It deploys its pool of competent counsels. It also undertakes physical verification of the land to be acquired for ascertaining the development.

### 4. Credit Risk:

- a. Risk: Risk to earnings arising from vendor's (borrower's) failure to meet the terms as stated in the contract. A vendor may not be able or willing to meet the commitment as indicated in the contract.
- b. Mitigation Plan: Given the strong history and lineage of Peninsula Land, the company has developed a list of preferred vendors and strong working relationship with them. The company due to its close association is also aware of their financial condition.

### 5. Input Price Risk

- a. Risk: Risk to earnings arising from the volatility in the price of input. Many of the real estate projects

are usually sold on “no price escalation” basis, leaving the adverse impact of rise in input cost to be borne by the Company. Also given that real estate projects generally are long gestation project, the likely hood of such event happening is high.

- b. Mitigation Plan: Peninsula Land takes this risk into account at the time of launch, and usually sells the projects it offers, in a phased manner. The phases launched later cover the rise in cost of construction due to higher ticket size.

## Internal Control Systems

Peninsula Land has always understood the importance of internal control systems, since they are critical to the company's growth and expansion plans. The company has a well defined organizational structure, documented guidelines on its policy, structured and definite authority matrix. These ensure efficiency of operations, compliance with internal policies and applicable regulations in markets in which the company has got presence.

The company already has got a professionally managed internal team in place, which carries out the internal audits from time to time. The team reviews the practices carried out by company in following various regulations and while executing projects. It suggests benchmark policies followed in the sector, to upgrade the methods followed by company.

The company has also extended its technical expertise which it built up in Mumbai projects, for designing and execution of new projects to other cities and towns, to prop up the cost efficiency and ensure timely delivery of projects. This is likely to boost the outlook and help building the company's brand across southern and western parts of country.

## Human Resource

The talent, commitment and enthusiasm of our people provide the winning combination behind the company's unbroken record of growth. Whatever the scope of project Peninsula Land undertakes, its location or its complexity, it will involve the team members exercising individuality, flair and a commitment to achieving success. The company has employee appraisal schemes in place that facilitate the review of employees' performance with their managers

and which seek to identify training and development needs and opportunities.

The management understands that motivated and appropriately qualified employees are key to the success of its business. The human resource policy ensures that the company provides a safe, professional and stable working environment, that all employees are afforded equal opportunities. The company aims to become a preferred employer and employ best-in-class talent. To facilitate the same, it has a well drawn recruitment policy and a performance-based compensation policy including an 'Employee Stock Option Plan', which enables the employees to develop a sense of ownership with the organization.

As on 31st March 2013, Peninsula Land had 328 employees on its payrolls.

## Cautionary Statement

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, or predictions may be forward looking statements within the meaning of applicable laws or regulations. These statements are based on certain assumptions and reasonable expectation of future events. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include domestic demand – supply conditions, raw materials cost & availability, changes in Government regulations and tax structure, economic developments within India and other factors such as litigation and availability of manpower. The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent development, information or events.

Ashok Nirvaan Interior

