



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