



Message from the Chairperson

Dear Shareholders,

It is a matter of privilege to present to you Peninsula Land's performance for 2013-14. Countries across the globe witnessed a bit of a slowdown in their economic growth in the first half of 2013-14 but showed improvement in the second half. Despite the volatile economic condition, your Company performed reasonably well and our projects have been received well by all stakeholders.

World Economy:

Global economic growth remained subdued during the year at 3% as against 3.2% the previous year. According to International Monetary Fund (IMF), the global economic recovery is predicted to pick up pace this year but likely to remain weak and uneven. The recovery in global growth is likely to witness new risks. The conflicts in Iraq, Libya, Palestine and Ukraine add significant geopolitical risk to this outlook. Large disruptions in gas supplies to Eastern Europe or oil supplies in Libya and Iraq could put upward pressure on gas and oil prices and further dampen global economic growth, says the IMF report.

Indian Economy:

India's economic growth slowed to 4.6% in 2013-14. It fell short of the estimated 4.9% predicted at the beginning of the year.

The Reserve Bank of India has said that the Indian economic growth is poised for a take-off in 2014-15 amid signs of fiscal consolidation and projected improvement in investments. It has forecast that India's GDP is likely to grow about 5.5% in 2014-15, after two consecutive years of sub 5% growth.

The investment demand in India is likely to pick up gradually in 2014-15, as the Cabinet Committee on Investments (CCI) is expected to clear more projects. Fast tracking of projects is expected to provide the much required fillip to the construction activity in India and generate fresh employment. The land acquisition process has become easier, post implementation of the new land acquisition act and likely to benefit the real estate sector.

The Real Estate Sector:

The sector had its share of upheavals as the performance of the sector is linked to the global and domestic economic scenario. During the year, the demand for real estate

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remained subdued, compounded by a cautious approach by investors and home buyers.

The Indian real estate sector continues to be a favourable destination for investors across the globe. The surge in the urban population will continue to put pressure on creating more housing stock. According to ASSOCHAM, there is a shortage of almost 27 million dwelling units today.

The real estate sector has been a major contributor to India's economic growth and accounts for 6.3% of the nation's GDP. It is also a source of revenue for the Central, State and Local governments and provides employment to more than 50 million people. The sector also supports ancillary industries such as building material and cement.

On the negative side, the real estate sector is burdened with high costs: construction cost has increased by 40% in the last two years. On its part, the government took a few positive steps during the year which will provide the much-desired fillip to the sector.

The government's move to introduce Real Estate Investment Trusts (REITs) is a progressive step. REITs are a great instrument to tap cash flow into the Indian economy, and help smaller investors' access income-generating real estate assets. It will help both developers and investors, by creating liquidity in the market.

The announcement by the government during the Budget to raise the taxable limit on interest payable on home loan from ₹ 1.5 lakhs to ₹ 2 lakh is likely to make home buying more attractive.

Peninsula Land:

Your Company has performed well during the year and the projects have received encouraging response.

During the year, your Company launched new projects in Mumbai and Pune. The ground work for launching the first project in Bengaluru has been completed and it is likely to be launched soon. This is in line with our business strategy to expand our operations in west and south India.

In Mumbai, work is in progress on two projects: Bishopgate at Breach Candy and Celestia Spaces (phase I) at Sewree. These projects have generated keen interest from investors.

Construction work is progressing as scheduled at Ashok Beleza at Goa, Ashok Astoria at Nasik, Ashok Nirvan at Lonavala and Ashok Meadows at Pune. All these residential projects have evinced interest from the investors and we have sold a substantial share of the completed portions of these projects.

We will continue with our focus on Mumbai, Pune and Bengaluru as these are growing markets.

Your Company will concentrate on timely execution of projects. Currently, Peninsula Land has 6 projects under execution with a salable area of 2.3 mn sq ft. With another 16 mn sq.ft. of development in the pipeline, your Company will continue to generate healthy revenues going forward.

While on one hand, Peninsula Land concentrated on creating value for all shareholders, on the other, your Company focused on strengthening itself internally. During the year, we introduced the cluster concept to focus on timely execution and handover of projects to our customers.

Each cluster has an individual head, supported by a design and execution team. Each cluster handles one or more projects, depending on the size and location of the projects. This will ensure timely execution of projects that in turn will help arrest cost over-runs.

All these initiatives along with our strong governance practices will further strengthen Peninsula Land.

Way Ahead:

Peninsula Land has always followed a risk-averse policy backed by a prudent investment strategy. Over the years, your Company has strengthened internal systems, created a strong pipeline of projects and focused on timely completion of projects.

Going forward, I am confident that Peninsula Land will continue to deliver good performances. Last but not the least, I would like to thank all of you for the support and confidence you have reposed in us.

Warm Regards
Urvi Piramal