



Message

from the Chairperson

Urvi Piramal

Dear Shareholders,

It is a matter of privilege to present to you the Company's performance for financial year 2011-12. During the year, the deteriorating global economy impacted the real estate sector in India as well. However, even in a hostile environment, Peninsula Land executed its projects in time and launched projects in new cities.

World Economy

The last one year has been tougher than what we expected. The world economy has gone through a very tough time. It clocked an annualized growth of 3.9% in 2011 and the fourth quarter last financial year has been pretty bad.

The debt crisis in Spain, Greece and Italy impacted the stronger countries like Germany, France and UK. Nine Eurozone nations were downgraded by Standard & Poor (S&P).

Over the last few weeks, there have been some positive developments and the financial indicators seem to have stabilized, especially in the US. The US economy has regained some traction but there are concerns about its sustainability. Even as the prospects for recovery have improved a bit, significant risk still remains.

Real GDP growth should pick up gradually during 2012-13. It is forecast to slow to about 3.5% in 2012, from about 3.9% in 2011, and to return to 4% in 2013 as against the 3.6% projected earlier for both years.

Indian Economy

During the year, Indian economy grew at a nine-year low of 6.9% in 2011-12, which can be attributed to external as well as domestic issues. International crude oil prices

have surged and have been consistently over \$100 per barrel for most part of last year. Exports from India to Europe were also affected due to the financial crises in Europe.

During the year, the Inflation has been a major cause of concern and has been on the rise. The Reserve Bank of India did intervene and implemented measures such as increase in interest rates and CRR. Food inflation, after a seasonal decline, rose again. The growth rate of investment in the economy is estimated to have registered a significant decline during the current year.

The Indian economy is estimated to have grown by 6.9% per cent during the financial year 2011-12, after growing at the rate of 8.4% in each of the two preceding years. Agriculture is estimated to grow at 2.5% for 2011-12, a little lower than expected.

The International Monetary Fund (IMF) as well as Asian Development Bank (ADB) has projected only a 6.9% economic growth for India in 2012. This is below the 7% projected in January this year.

India is the only emerging economy for which growth projection has been pared.

Real Estate Sector in India

Over the last one and a half years, though the real estate sector witnessed a gradual consolidation, according to reports by rating agency Fitch: demand for office space is likely to be maintained at 2011 levels. This momentum in demand will basically be driven by the additional hiring momentum by IT/ITeS sector which is the major consumer of office space in India.

Though the real estate sector contributed only 5% of India's overall GDP in 2011-12 as compared to a contribution of 10.6% in FY 2010-11, according to ULI-PricewaterhouseCoopers (PwC) report, India still leads the pack of top real estate investment markets in Asia.

According to industry experts, the real estate sector in India is being recognized as an infrastructure service that is driving the economic growth engine of the country. In fact, foreign direct investment (FDI) in the sector is expected to increase to US\$ 25 billion in the next 10 years, from present US\$ 4 billion, according to a latest industry body report.

Peninsula Land: Way Forward

Peninsula Land has completed and executed 6.4 million sq ft of development in the residential, commercial and retail space till date.

During the year, having completed Mumbai projects, the company spread its wings and launched projects outside Mumbai in new cities like Nasik, Pune, Goa, and Lonavala. With the launch of these projects, the company has undertaken an additional development close to 3 million sq ft in these cities. And the value of these projects will be about ₹1500 crores.

In Goa, Peninsula Land is constructing premium residential development – Ashok Beleza, which is expected to be completed by the end of 2013. Since its launch, this project has received a favourable response from customers.

Ashok Astoria, the residential projects at Nasik has already been launched and part of the project has already been sold. At Lonavala, work has started at Ashok Nirvaan, a second home project which will have modern contemporary villas.

Even as the company is busy breaking ground and launching new projects, acquiring land had been the focus for the last 18-24 months. Over the last two years, the company has strengthened its land bank and acquired land parcels to the tune of ₹1150 crores. During the year, the company acquired properties in Mumbai, Pune and Bengaluru.

With all this, Peninsula Land has embarked on the second phase of growth. And going forward, we will focus on monetizing our land parcels and executing our projects in time that will further strengthen our financial position. The company has a surplus of cash and healthy debt-equity ratio.

Let me thank all of you for the immense support and faith reposed in the company that has helped us to move closer to our goal. I am confident that this continued support will help us sustain our growth.

Yours sincerely

Urvi Piramal