

# Directors' Report

Dear Shareholders,

- The Directors have pleasure in presenting their 140<sup>th</sup> Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March, 2012 together with the Auditor's Report thereon.
- Financial Results**

(₹ in Crores)

Particulars	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Total Income	618.83	611.05
Profit Before Tax	182.36	302.51
Less : Tax	25.47	56.73
Profit after Tax	156.89	245.78
Balance of Profit and Loss Statement Previous Year	549.46	408.84
Net Profit available for appropriation	706.35	654.62
<b>Appropriation :</b>		
Transfer to General Reserve	30.00	50.00
Proposed Dividend on Preference Shares	0	0
Proposed Dividend on Equity Shares	30.71	47.46
Distribution Tax Thereon	4.98	7.70
Balance of Profit and Loss Statement	640.66	549.46

### 3. Dividend

#### Preference Shares

The Board of Directors have recommended dividend of ₹ 0.50/- per Preference Share of ₹ 10/- each for the year ended 31<sup>st</sup> March, 2012.

#### Equity Shares

The Board of Directors have recommended dividend of ₹ 1.10/- per Equity Share of ₹ 2/- each for the year ended 31<sup>st</sup> March, 2012.

The dividend will be free of tax in the hands of the shareholders. Total cash outflow on account of these dividend payments together with distribution tax will be ₹ 35.69 crores.

### 4. Operations of the Company

During the year ended 31<sup>st</sup> March, 2012, the Company has earned revenue of ₹ 618.83 crores as compared to ₹ 611.05 crores for the previous year ended 31<sup>st</sup> March, 2011. Profit after Tax was ₹156.89 crores as against ₹ 245.78 crores in the previous year ended 31<sup>st</sup> March, 2011.

### 5. Management Discussion and Analysis Report

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis Report is appended to this report.

### 6. Corporate Governance

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended together with a Certificate on Corporate Governance from M/s. Nilesh G. Shah, Practising Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49.

As a part of good Corporate Governance, the Board of Directors of the Company has appointed M/s. Mahesh S. Darji, Practising Company Secretary to conduct Secretarial Audit of the Company. The Secretarial Compliance Certificate which entails the compliance of all rules, regulations under the various applicable provisions of the Companies Act, 1956, SEBI Regulations and the applicable regulations under the Listing Agreement entered with the Stock Exchanges has been enclosed in the Annual Report.

### 7. Directorate

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Jaydev Mody, Mr. C. M Hattangdi and Mr. Sudhindar Khanna Directors of the Company retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

### 8. Auditors

The Auditors, M/s. Haribhakti & Co., retire at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment as Auditors to audit the accounts of the Company for the financial year 2012- 2013.

The Company has received letter from the Auditors to the effect that their re-appointment, if made, will be within the prescribed limits under Section 224(1B)

of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

## 9. Particulars of Employees

The Directors acknowledge with thanks the contribution made by employees towards the growth of the Company and appreciate their unstinted co-operation and support to the Management.

Any member interested in obtaining a copy of the statement of particulars of employees referred to in Section 217(2A) of the Companies Act, 1956, may write to the Company Secretary at the Registered Office of the Company.

## 10. Subsidiary Companies

The Company has 4 Subsidiary Companies and 19 step-down Subsidiary Companies, names of which have been entailed below:

1. Peninsula Holdings and Investments Private Limited
2. Peninsula Mega Properties Private Limited
3. Renato Finance & Investments Private Limited
4. Peninsula Crossroads Private Limited

Peninsula Holdings and Investments Private Limited, in turn, holds the investments of the Company in the following Subsidiary Companies:

- (i) City Parks Private Limited
- (ii) Goodtime Real Estate Development Private Limited
- (iii) Inox Mercantile Company Private Limited
- (iv) Peninsula Facility Management Services Limited
- (v) Peninsula Investment Management Company Limited
- (vi) Peninsula Mega-City Development Private Limited
- (vii) Peninsula Mega Township Developers Private Limited
- (viii) Peninsula Pharma Research Centre Private Limited
- (ix) Peninsula Real Estate Management Private Limited
- (x) Peninsula Trustee Limited
- (xi) Planetview Mercantile Company Private Limited

- (xii) RR Mega Property Developers Private Limited
- (xiii) RR Real Estate Development Private Limited
- (xiv) Takenow Property Developers Private Limited
- (xv) Flaxo Real Estate Private Limited
- (xvi) Wismore Real Estate Private Limited
- (xvii) Bridgeview Real Estate Development Private Limited
- (xviii) Pavurotti Finance And Investments Private Limited
- (xix) HEM Infrastructure and Property Developers Private Limited

**Details of the significant operational Subsidiary / Step-down Subsidiary Companies are as under:**

### i. Peninsula Crossroads Private Limited ("Peninsula Crossroads")

Peninsula Crossroads total revenue was ₹ 4.50 crores as against the previous year's revenue of ₹ 5.39 crores. The profit after tax for the current year was ₹ 1.83 crores as against ₹ 3.65 crores for the previous year.

### ii. Peninsula Facility Management Services Limited ("PFMS")

PFMS is into the business of Facility Management Services. During the year ended 31<sup>st</sup> March 2012, PFMS earned total revenue of ₹ 33.15 crores and profit after tax of ₹ 1.67 crores as against the total revenue of ₹ 20.68 crores and profit of ₹ 0.16 crores for the previous year.

### iii. Peninsula Investment Management Company Limited ("PIMCL")

PIMCL functions as an Asset Management Company, rendering mainly investment advisory services to the Peninsula Realty Fund. During the year ended 31<sup>st</sup> March, 2012, PIMCL earned total revenue of ₹ 4.20 crores and profit of ₹ 1.52 crores as against the total revenue and profit of ₹ 3.68 crores and ₹ 1.08 crores respectively for the previous year.

### iv. Peninsula Mega Township Developers Private Limited ("PMTDPL")

PMTDPL is into real estate development and is presently engaged in the development of its project at Nashik named Ashok Astoria. The project comprises of Residential Apartment buildings, Town houses, row houses and

amenity buildings aggregating to around 5.88 lac sq. feet till 31<sup>st</sup> March 2012. During the year, the Company achieved 34% project completion and also sold around 27% of the saleable area for ₹ 50.19 crores. Accordingly, PMTDPL recognised total revenue of ₹ 17.07 crores and posted an operating loss of ₹ 5.40 crores as against the total revenue and losses of ₹ Nil and ₹ 0.58 crores respectively for the previous year. The interim loss during the current year was attributable largely due to lower sales realisation at launch stage which is expected to be re-couped from future sales at better rates.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary / step-down Subsidiary Companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the Subsidiary Companies / step-down Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies / step-down Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary / step-down Subsidiary Companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary / step-down Subsidiary Companies.

The Annual Report will also be displayed on our website [www.peninsula.co.in](http://www.peninsula.co.in)

## 11. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 ("the Act"), we hereby state that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- ii) your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup>

March, 2012 and its profit for the year ended on that date;

- iii) your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) your Directors have prepared the Annual Accounts for the year ended 31<sup>st</sup> March, 2012 on a going concern basis.

## 12. Employee Stock Option Scheme

During the year under review, the Company has not granted any options. Disclosures as required by Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines – 1999 are attached herewith and marked as Annexure A.

## 13. Conservation of energy and technology absorption

In view of the nature of activities which are being carried on by the Company, particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with Section 217(1)(e) of the Companies Act, 1956, are not applicable.

## 14. Foreign Exchange earning and outgo

There was no Foreign Exchange earning during the year under review. In respect of the Foreign Exchange outgo, disclosure of information as required under Rule 2(C) of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is already given in Para 20 of Note No. 23 Notes forming part of Financial Statements.

## 15. Acknowledgement

The Directors express their deep gratitude and thank the Central and State Governments as well as their respective Departments and Development Authorities connected with the business of the Company, contractors and consultants and also Banks, Financial Institutions, shareholders and employees of the Company for their continued support and encouragement.

By Order of the Board

**Urvi A. Piramal**  
Chairperson

Mumbai: 17<sup>th</sup> May, 2012

## ANNEXURE – “A”

### DISCLOSURES REGARDING STOCK OPTIONS

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the SEBI Guidelines”), as on 31<sup>st</sup> March, 2012 are given below:

	Grant 3 <sup>rd</sup> October, 2006	Grant 25 <sup>th</sup> October, 2007	Grant 6 <sup>th</sup> June, 2008	Grant 27 <sup>th</sup> June, 2010
Options granted	11,25,000	1,17,500	7,70,000	75,000
The pricing formula	The options were granted at a consideration of ₹ 70/- per option.			
Options vested during the year	NIL	NIL	NIL	NIL
No. of Options exercised and the total number of shares arising as a result of exercise of options	NIL	NIL	NIL	NIL
Options Lapsed till date	11,16,337	1,17,500	3,51,725	75,000
Variation of terms of options	NIL	NIL	NIL	NIL
Money realised by exercise of options	NIL	NIL	NIL	NIL
Total number of options in force	8,663	NIL	4,18,275	NIL
Employee wise details of options granted to				
(i) Senior managerial personnel;	All Stock Options as aforesaid, have been granted to Senior Management Personnel of the Company.			
(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year;	The following employees received a grant amounting to 5% or more of the options granted during the period 2006-2007	Only Mr. Anil Pandit, the then Chief Operating Officer received a grant amounting to 5% or more of options granted during the year 2007-2008.	Only Mr. Rajesh Jaggi, Managing Director received a grant amounting to 5% or more of options granted during the year 2008-2009.	Only Mr. Vinay Pandya, the then Group CFO received a grant amounting to 5% or more options granted during the year 2010-2011.
	i. Mr. Rajesh Jaggi – Managing Director			
	ii. Mr. Giridhar Rajagopalan – Vice President – Projects			
	iii. Mr. Sanjay Mhapankar – Chief Executive Officer			

	Grant 3 <sup>rd</sup> October, 2006	Grant 25 <sup>th</sup> October, 2007	Grant 6 <sup>th</sup> June, 2008	Grant 27 <sup>th</sup> June 2010
(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL	NIL	NIL
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	₹ 5.62			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Had the Company followed fair value method for accounting the cost of stock options, there would have been no impact on the employee compensation expense for the year or on the EPS.			
	Risk free Interest Rate - 7.1%	Risk free Interest Rate - 7.7%	Risk free Interest Rate - 7.25%	Risk free Interest Rate - 7.5%
	Expected life - 3 years	Expected life - 3 years	Expected life - 3 years	Expected life - 3 years
	Volatility - 121%	Volatility - 36.20%	Volatility- 45.26%	Volatility- 70.13%
	Dividend Yield - 0.61%	Dividend Yield - 0.71%	Dividend Yield - 1.28%	Dividend Yield - 1.50%
	Market price of share at the time of grant - ₹ 61.28	Market price of share at the time of grant - ₹ 131.30	Market price of share at the time of grant - ₹ 71.50	Market price of share at the time of grant - ₹ 74.40
Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock on the grant date.	Weighted average exercise price of options is ₹ 70/-	Weighted average fair value of options is ₹ 27.58/-		