

95th

ANNUAL REPORT

2013 - 2014

zandu realty limited

Corporate Information

BOARD OF DIRECTORS

Mr. Abhijit Datta, *Chairman*

Mr. Hari Mohan Marda

Mr. Aditya Poddar

Mr. Amar Bhalotia

Mr. Sandeep Jhunjhunwala, *Director & Manager*

CEO (Commercial) & Company Secretary

Mr. Anand R. Mundra

STATUTORY AUDITORS

M/s. S. K. Agrawal & Co.

Chartered Accountants

BANKERS

Central Bank of India

The North Kanara G. S. B. Co-Op Bank Limited

ICICI Bank Limited

REGISTERED OFFICE

Emami Tower

687, Anandapur, 2nd Floor, E. M. Bypass

Kolkata - 700 107

Phone : (033) 6613 6264

Fax : (033) 6613 6249

E-mail : investors@emamirealty.com

Website : www.emamirealty.com

CIN : L24239WB1919PLC136397

REGISTRAR AND TRANSFER AGENT

M/s. Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor

Kolkata - 700 001

Phone : (033) 2243 5809/5029

Fax : (033) 2248 4787

Email : mdpl@cal.vsnl.net.in

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Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their 95th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial performance of the Company for the year ended on 31st March, 2014 is summarised below :

Particulars	(₹ in Lacs)	
	2013-14	2012-13
Revenue from Operations	2,904.00	-
Other Income*	2,743.90	568.09
Total Income	5,647.90	568.09
Total Expenses	692.74	356.55
Profit Before Taxation	4,955.16	211.54
Tax Expense	1,295.60	76.74
Earlier Year Income Tax (Net)	(183.65)	-
Profit after Taxation	3,843.21	134.80
Profit Brought Forward from previous year	(5,167.88)	(5,302.68)
Transfer to General Reserve	-	-
Balance Carried Forward	(1,324.67)	(5,167.88)

* Includes ₹ 2674.06 Lacs proportionate transfer from Revaluation Reserves.

DIVIDEND

In order to conserve existing resources of the Company, your Directors do not recommend any dividend for the year.

REVIEW OF OPERATIONS

In respect of Company's Project, "Zandu Sigma Estate" at Dadar, Mumbai, Building 1A is ready for fit out and the construction work of entire project is expected to be completed in the next financial year. As on 31st March, 2014, your Company has been able to sell around 70% of its Units in the said Project. In case of sale of units in respect of Building 1A, where more than 50% of the realisation has been received by 31st March, 2014, your Company has recognised such sale of units as Revenue in the Statement of Profit & Loss for the year ended 31st March, 2014.

SCHEME OF AMALGAMATION

During the year under review, the Board of Directors of your Company in their meeting held on 8th July, 2013 accorded their approval to a business restructuring plan consisting of Scheme of Amalgamation ("the Scheme") under the Companies Act, 1956 with the objective of achieving synergies in operations. The Scheme envisages merger of Emami Realty Limited with the Company with effect from 1st April 2013, being the Appointed Date.

Directors' Report

The Scheme was filed with the BSE Limited (BSE), being the Designated Stock Exchange and National Stock Exchange of India Limited (NSE) seeking in-principal approval under Clause 24(f) of the Listing Agreement. BSE vide letter dated August 5, 2013 and NSE vide letter dated August 19, 2013, both addressed to the Securities and Exchange Board of India ('SEBI') have accorded their 'no-objection' to the said Scheme. Thereafter, vide Letter dated May 2, 2014, BSE has conveyed that the Exchange is unable to grant its "no-objection" to the draft Scheme in view of the observations made by SEBI. Your Company is considering appropriate action in consultation with the respective Consultants.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, unpaid dividend pertaining to financial year 2005-06 (2nd Interim Dividend & Final Dividend) and financial year 2006-07 (Fractional Bonus & Interim Dividend) amounting to ₹ 20,50,414/- which was lying with the Company for a period of seven years were transferred to the Investors' Education and Protection Fund during the year under review.

DISCLOSURES

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is appended as *Annexure A* and forms part of this Report.

DIRECTORS

The Board of Directors comprises of 5 Directors, out of which 4 Directors are Independent Directors. The composition of the Board is in compliance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange(s).

The Companies Act, 2013 ("the Act") provides for appointment of Independent Directors. Sub-section (10) of Section 149 of the Act (effective from April 1, 2014) provides that Independent Directors shall hold office for a term of upto five consecutive years on the Board of a company and shall be eligible for re-appointment on passing a special resolution by the shareholders of the company. Sub-section (11) states that no Independent Director shall be eligible for more than two consecutive terms of five years each. As per sub-section (13), Independent Directors shall not be liable to retire by rotation.

Therefore, Mr. Sandeep Jhunjhunwala, being the only Non-Independent Director on the Board of the Company retires from office by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

In order to align the term of Independent Directors with the provisions of the Act, the Board of Directors in their meeting held on 21st May, 2014 has proposed the appointment of Mr. Abhijit Datta, Mr. Hari Mohan Marda, Mr. Aditya Poddar and Mr. Amar Bhalotia as Independent Directors of the Company for a term upto 31st March, 2019, subject to the approval of the members.

PARTICULARS OF EMPLOYEES

The particulars required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

AUDITORS

The Board, on recommendation of the Audit Committee, has proposed that M/s. S. K. Agrawal & Co., Chartered Accountants, who retires at the conclusion of the ensuing Annual General Meeting, be re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting. M/s. S. K. Agrawal & Co., Chartered Accountants have signified their consent, in writing, for such appointment along with a certificate stating that their appointment, if made, shall be in accordance with Section 139 read with Section 141 of the Companies Act, 2013.

APPOINTMENT OF COST ACCOUNTANT UNDER COMPANIES (COST ACCOUNTING RECORDS) RULES, 2011

M/s. B. Mukhopadhyay & Co., a Practicing Cost Accountants were appointed as Cost Accountant to issue the Compliance Report for the financial year 2013-2014 in terms of The Companies (Cost Accounting Records) Rules, 2011 issued by the Ministry of Corporate Affairs vide GSR 430(E) dated 3rd June, 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state that :

Directors' Report

- a) in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them accordingly from time to time and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014, and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the accounts for the year ended 31st March, 2014 on a going concern basis.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement, a separate section on Corporate Governance practices followed by the Company together with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Report.

ACKNOWLEDGEMENTS

Your Directors wish to extend their thanks and appreciation for the valuable and continued support received from the Shareholders, Employees, Company's Bankers, Central and State Government Authorities, Stock Exchange(s), CDSL, NSDL and all other Business Associates for the growth of the organization.

For and on behalf of the Board

Kolkata
May 21, 2014

Abhijit Datta
Chairman

Annexure 'A' to the Directors' Report

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY :

Your Company is into real estate business and is not included in the list of industries under Schedule to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. Therefore, Form A and the disclosures contained therein are not applicable to the Company.

B) TECHNOLOGY ABSORPTION :

Form B : Disclosure of particulars with respect to absorption

Research & Development (R & D)

Specific areas in which R & D carried out by the Company		The Company has not undertaken any activity relating to research and development during the year under review.	
Benefits derived as a result of the above R&D			
Future plan of action			
Sl. No.	Expenditure on R & D	2013-14 (₹)	2012-13 (₹)
1.	Capital Expenditure	NIL	NIL
2.	Recurring Expenditure	NIL	NIL
	Total	NIL	NIL
	Total R & D expenditure as a percentage of total turnover	N.A.	N.A.

Technology absorption, adaptation and innovation

Efforts, in brief, made towards technology absorption, adaptation and innovation	Not Applicable
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported (b) Year of import (c) Has technology been fully absorbed ? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	Not Applicable

C) FOREIGN EXCHANGE EARNING AND OUTGO :

Activities relating to exports; Initiatives taken to increase exports; Development of new export markets for products and services; & Export plans	Not Applicable	
Total foreign exchange used and earned	FY 2013-14 (₹)	FY 2012-13 (₹)
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Outgo	NIL	NIL



Management Discussion and Analysis Report

INDUSTRY STRUCTURE AND DEVELOPMENTS

“Despite being burdened with high construction costs and increased cost of borrowing, the Indian construction and real estate sector continues to be a favoured destination for global investors,” said the Grant Thornton International Business Report.

The year 2013 saw a series of reform-oriented moves by the Indian government in an effort to infuse cash flows and bolster the sector. The Real Estate (Regulation and Development) Bill, 2013 was introduced in the Rajya Sabha in August, 2013 to promote the real estate sector and bring transparency. Another milestone in this direction has been the enactment of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 which has come into effect from January 1, 2014 replacing the century old Land Acquisition Act, 1894. The new Act is aimed at protecting the rights of land owners while ensuring fair compensation and resettlement in lieu of sale of their land to either private developers for commercial development or government for public purposes. The securities market regulator, Securities and Exchange Board of India has come up with draft regulations on Real Estate Investment Trusts (REITs) which is a welcome step. Introduction of REITs is going to provide a timely opportunity to both investors and the real estate industry to develop a mature and transparent market. The Indian Government has amended its SEZ norms to make them more inclusive by attracting more small and medium enterprises to its scheme.

OPPORTUNITIES AND THREATS

India Ratings & Research has maintained a negative to stable outlook on the real estate sector for 2014-15 on the back of continued weak end-user demand and adverse consumer sentiments.

The urban population is expected to surge in the coming years, which, coupled with growth in employment, education and health care, will push the demand for residential and commercial space. Things will start looking up for the sector only in the second half of 2014.

While we continue to be optimistic about the markets we operate and growth therein but we remain cautious about the macro-economic changes and the regulatory headwinds being faced by the sector as a whole.

PERFORMANCE AND OUTLOOK

The construction work of the Company’s Project at Dadar, Mumbai is nearing completion and is expected to be completed in the next financial year. As on 31st March 2014, your Company has been able to sell around 70% of its Units in the said Project.

CHALLENGES, RISKS AND CONCERNS

Your Company operates in an environment which is effected by various factors some of which are beyond its control. The management periodically reviews the control mechanisms in place, so that risks can be minimized to the optimum.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against misuse or losses from unauthorized use or disposition.

Management Discussion & Analysis Report

FINANCIAL PERFORMANCE

These financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and the Accounting Standards notified in Companies (Accounting Standard) Rules, 2006 to the extent applicable. Our management accepts responsibility for the integrity and objectivity of these financial statements. The networth of your Company has increased from ₹ 20,136.27 Lacs as on 31st March, 2013 to ₹ 21,305.39 Lacs as on 31st March, 2014.

HUMAN RESOURCE AND INDUSTRIAL RELATION

Your Company's business is managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the sector.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations maybe "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.



Report on Corporate Governance

CORPORATE GOVERNANCE

Sound Corporate Governance practices are guided by culture, conscience and mindset of an organization and are based on principles of openness, fairness, professionalism, transparency and accountability with an aim to build confidence of its various stakeholders and paving way for its long-term success. Achievement of excellence in good Corporate Governance practices requires continuous efforts and focus on its resources, strengths and strategies towards ensuring fairness and transparency in all its dealings with its stakeholders including society at large.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Zandu, corporate governance has always been a focal point of attention with emphasis on the complete well-being of all constituents. Good corporate governance encompasses law, procedures, practices and implicit rules that determine the management's ability to take sound and informed business decisions vis-à-vis all its stakeholders i.e. shareholders, creditors, employees and the State. The Company's philosophy on corporate governance envisages attainment of the highest level of transparency, accountability, integrity and equity in all facets of its operations and in its interaction with stakeholders.

The Board of Directors of your Company is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a pivotal role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under continuous review and benchmark ourselves to the best practices across the globe.

BOARD OF DIRECTORS

Composition of Board of Directors

The Company has an optimum composition of Board of Directors in conformity with Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Board as on 31st March, 2014, consists of 5 directors out of which 4 directors are Independent Directors.

The composition and category of the directors on the Board are as follows :

Sl. No.	Name	Designation	Category
1	Mr. Abhijit Datta	Chairman	Non-Executive Independent
2	Mr. Hari Mohan Marda	Director	Non-Executive Independent
3	Mr. Aditya Poddar	Director	Non-Executive Independent
4	Mr. Amar Bhalotia	Director	Non-Executive Independent
5	Mr. Sandeep Jhunjhunwala	Director & Manager	Executive

Board Meetings & Procedure

The Board ensures that the Company's reporting and disclosure practices meet highest standards of Corporate Governance and that the business practices followed by the Company are oriented towards meeting obligations towards various stakeholders and enhancing shareholders value.

Report on Corporate Governance

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from normal business. The Agenda of the meeting is circulated well in advance to the Board members backed by comprehensive background information to enable them to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary.

Number and dates of Board Meetings held during the year

Five Board meetings were held during the year under review on 29th May 2013, 8th July 2013, 12th August 2013, 11th November 2013 and 10th February 2014. Details of board meetings held during the financial year and the number of Directors present are listed below :

Sl. No.	Date of Board Meeting	Total strength of the Board	No. of directors present
1	May 29, 2013	5	2
2	July 8, 2013	5	4
3	August 12, 2013	5	3
4	November 11, 2013	5	4
5	February 10, 2014	5	4

The maximum time gap between any two meetings was less than four months as stipulated under Clause 49.

Attendance at aforesaid Board Meetings, at the last Annual General Meeting and the number of Directorships and Committee Chairmanship / Memberships in other Companies of each of the Directors as on 31st March, 2014 are below:-

Name of Director	Board meeting attended during the year	Attendance at the last AGM	Number of other Directorships and Committee Membership [@] / Chairmanship [@] as on 31st March, 2014		
			Other Directorship #	Committee Membership [^]	Committee Chairmanship
Mr. Abhijit Datta	4	Yes	4	3	1
Mr. Hari Mohan Marda	5	Yes	6	3	–
Mr. Aditya Poddar	3	No	–	–	–
Mr. Amar Bhalotia	No	No	3	–	–
Mr. Sandeep Jhunjunwala	5	Yes	–	–	–

Excluding Alternate Directorships and Directorships in the Foreign Companies, Section 25 Companies and Private Limited Companies.

@ Includes only Audit Committee and Stakeholders Relationship Committee (Shareholders'/Investors' Grievance Committee).

^ Includes Chairmanship.

None of the Directors on the Board is a member of more than 10 board level committees or Chairman of more than 5 such committees as specified in Clause 49 of the Listing Agreement, across all the companies in which he is a Director.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The minutes of the meetings of all the Committees are placed before the Board for review.

The Board has currently established the following statutory and non-statutory Committees :

- Audit Committee.
- Stakeholders Relationship Committee.
- Business Re-organisation/Re-structuring Committee.
- Corporate Social Responsibility Committee.
- Nomination & Remuneration Committee.

Report on Corporate Governance

Audit Committee

As on 31st March, 2014, the Committee consists of 4 Directors, who bring with them vast experience in the field of operations, finance and accounts. The Committee comprises of :

Sl. No.	Name	Category	Designation
1	Mr. Hari Mohan Marda	Non-Executive Independent	Chairman
2	Mr. Aditya Poddar	Non-Executive Independent	Member
3	Mr. Amar Bhalotia	Non-Executive Independent	Member
4	Mr. Sandeep Jhunjunwala	Director & Manager	Member

The Audit Committee was re-constituted on 29th May, 2013 with the appointment of Mr. Sandeep Jhunjunwala as a member.

The Chairman of the Audit Committee is an Independent Director and the Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee attended the previous Annual General Meeting held on 12th August, 2013.

The Committee's composition and its terms of reference meet the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Audit Committee is empowered, pursuant to its terms of reference, *inter-alia*, to :

- Investigate any activity within its terms of reference.
- Seek information from any employee.
- Obtain outside legal or other professional advice.
- Secure attendance of outsiders with relevant expertise, if it considers necessary.
- Have full access to information contained in the records of the Company.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and *inter-alia* performs the following functions :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, remuneration, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to :
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013 (clause (2AA) of section 217 of the Companies Act, 1956).
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Examination of financial statements and the auditors' report thereon.
6. Approval or any subsequent modification of transactions with related parties.
7. Scrutiny of inter-corporate loans and investments.

Report on Corporate Governance

8. Valuation of undertaking or assets of the Company, wherever necessary.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
10. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
12. Reviewing, with the management, performance of internal auditors, and adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Evaluation of internal financial controls and risk management systems.
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
18. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors.
19. To review the functioning of the Whistle Blower Mechanism.
20. Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the financial year ended 31st March 2014, Audit Committee met 5 times on 29th May 2013, 8th July 2013, 12th August 2013, 11th November 2013 and 10th February 2014. The details of the number of meetings held and attendance of the directors thereat is given herein below :

Sl. No.	Name of Directors	No. of Meetings held	No. of Meetings Attended
1	Mr. Hari Mohan Marda	5	5
2	Mr. Aditya Poddar	5	3
3	Mr. Amar Bhalotia	5	1
4	Mr. Sandeep Jhunjunwala	5	4

Stakeholders Relationship Committee

As on 31st March 2014, the Committee comprises of :

Sl. No.	Name	Category	Category
1	Mr. Hari Mohan Marda	Non-Executive Independent	Chairman
2	Mr. Aditya Poddar	Non-Executive Independent	Member
3	Mr. Amar Bhalotia	Non-Executive Independent	Member
4	Mr. Sandeep Jhunjunwala	Director & Manager	Member

The Committee was re-constituted on 29th May, 2013 with the appointment of Mr. Sandeep Jhunjunwala as a member. The Committee was re-named on 21st May, 2014 to align with the requirements of Section 178 of the Companies Act, 2013. The composition and the terms of reference of the Committee meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013. The Company Secretary acts as Secretary to the Committee.

Report on Corporate Governance

During the period under review, 3 meetings were held on 16th April, 2013, 11th November, 2013 & 20th February, 2014. All the then members of the Committee except Mr. Amar Bhalotia were present at the said meetings.

The Committee looks into redressal of Shareholders'/Investors' complaints like transfer of shares, non-receipt of declared dividend, non-receipt of annual report etc., besides complaints from SEBI, Stock Exchange and Registrar of Companies etc.

The Company received 4 complaints from shareholders regarding non-receipt of annual reports, dividend & share certificate, all of which were resolved to the satisfaction of shareholders and none of them are pending as on 31st March 2014.

Compliance Officer

Mr. Anand R. Mundra, Company Secretary is the Compliance Officer of the Company for complying with the requirements of Securities Laws and Listing Agreements with the Stock Exchanges.

Business Re-organisation/Restructuring Committee

As on 31st March 2014, the Committee comprises of :

Sl. No.	Name	Category	Designation
1	Mr. Abhijit Datta	Non-Executive Independent	Chairman
2	Mr. Hari Mohan Marda	Non-Executive Independent	Member
3	Mr. Aditya Poddar	Non-Executive Independent	Member
4	Mr. Sandeep Jhunjunwala	Director & Manager	Member

The Committee was reconstituted on 29th May, 2013 with the appointment of Mr. Hari Mohan Marda as a member.

The Company Secretary acts as Secretary to the Committee.

During the year under review, no meeting of this Committee was held.

Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee was constituted by the Board of Directors in their meeting held on 21st May, 2014 in terms of the requirements of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules 2014.

The Committee comprises of :

Sl. No.	Name	Category	Designation
1	Mr. Abhijit Datta	Non-Executive Independent	Chairman
2	Mr. Aditya Poddar	Non-Executive Independent	Member
3	Mr. Sandeep Jhunjunwala	Director & Manager	Member

The composition and the terms of reference of the Committee meet with the requirements of the Companies Act, 2013. The Company Secretary acts as Secretary to the Committee.

Terms of Reference of the Committee, *inter-alia*, includes the following :

- To formulate and recommend to the Board, a Corporate Social Responsibility ("CSR") Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule-VII of the Act;
- To recommend the amount of expenditure to be incurred on the CSR activities in a financial year;
- To monitor the CSR Policy of the Company from time to time;
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;

Report on Corporate Governance

- Any other matter/thing as may be considered expedient by the members in furtherance of and to comply with the CSR Policy of the Company.
- To carry out any other function as is mandated by Board from time to time and/or enforced by any statutory notification, amendment or modification as may be necessary or appropriate for performance of its duties.

Nomination & Remuneration Committee

The Committee comprises of :

Sl. No.	Name	Category	Designation
1	Mr. Hari Mohan Marda	Non-Executive Independent	Chairman
2	Mr. Aditya Poddar	Non-Executive Independent	Member
3	Mr. Amar Bhalotia	Non-Executive Independent	Member

The Committee was constituted by the Board of Directors in their meeting held on 21st May, 2014 in terms of section 178 of the Companies Act, 2013. The composition and the terms of reference of the Committee meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013. The Company Secretary acts as Secretary to the Committee.

Terms of Reference of the Committee, *inter alia*, includes the following :

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal;
- To formulate criteria for and carry out evaluation of Independent Directors and the Board;
- To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- To devise a policy on Board diversity;
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification or modification as may be applicable;

Remuneration Policy

The success of the organization in achieving good performance and good governing practices depends on its ability to attract and retain individuals with requisite knowledge and excellence as executive and non-executive directors.

With this objective, the Board decides on the remuneration to be paid to the directors. While deciding on the remuneration, the Board of Directors considers the performance of the Company, the current trends in the industry, the qualifications of the appointee, his experience, past performance and other relevant factors.

Criteria for payment to Non-Executive Directors

As per the present policy, the Company does not pay remuneration to any Independent Director except sitting fees for attending the meetings of the Board/Committees.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors except payment of sitting fees. The Company has not granted any Stock Options to any of its Non-Executive Directors.

Details of the sitting fees paid to the Independent Directors during the Financial Year 2013-14

Name of the Directors	Category	Sitting Fees (₹)
Mr. Abhijit Datta	Non-Executive Independent	40,000
Mr. Hari Mohan Marda	Non-Executive Independent	1,10,000
Mr. Aditya Poddar	Non-Executive Independent	75,000
Mr. Amar Bhalotia	Non-Executive Independent	7,500

No commission was paid to Directors during the year ended 31st March 2014.

Report on Corporate Governance

Shares held by Non-Executive Directors

The table below gives details of shares held by the Non-executive Directors as on 31st March 2014 :

Name of Directors	Category	No. of shares
Mr. Abhijit Datta	Non-Executive Independent	Nil
Mr. Hari Mohan Marda	Non-Executive Independent	Nil
Mr. Aditya Poddar	Non-Executive Independent	Nil
Mr. Amar Bhalotia	Non-Executive Independent	Nil

GENERAL BODY MEETINGS

A) Location and time, where last three annual general meetings (AGMs) were held :

Year	Day, Date & Time	Venue	Special resolution passed
2012-13	Monday, 12th August, 2013 at 2.30 P.M.	Emami Tower, 687 Anandapur, E. M. Bypass, Kolkata - 700 107	NIL
2011-12	Friday, 21st September 2012 at 2.30 P.M.	Emami Tower, 687 Anandapur, E. M. Bypass, Kolkata - 700 107	NIL
2010-11	Saturday, 24th September 2011 at 2.30 P.M.	Emami Tower, 687 Anandapur, E. M. Bypass, Kolkata - 700 107	NIL

- B) No extra-ordinary general meeting of the shareholders was held during the year.
- C) No Special Resolution passed through postal ballot during the financial year 2013-14.
- D) None of the business proposed to be transacted at the ensuing Annual General Meeting which requires passing a resolution through postal ballot.

DISCLOSURES

1. Related party transactions :

All contracts with our affiliates entered into during the said period have no potential conflict of interests of the Company at large and are being carried out at an arm's length at fair market value.

Details of such transactions as per requirement of Accounting Standard 18 are disclosed in Note No. 2.17 to the audited accounts. A statement of these transactions was also placed before the Audit Committee and in the Board meetings from time to time.

2. Details of non-compliance by the Company :

There has been no non-compliance and no strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during the last three years.

3. Accounting treatment in preparation of financial statement :

The financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and the Accounting Standards notified in Companies (Accounting Standard) Rules, 2006.

4. Compliance with Clause 49 of the Listing Agreement :

The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this report.

Report on Corporate Governance

CODE OF CONDUCT

The Board has laid down the Code of Conduct for its Members and designated Senior Management Personnel of the Company. The Code has been posted on the Company's website www.emamirealty.com. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

CEO/CFO CERTIFICATION

In terms of requirement of Clause 49(V) of the Listing Agreement, CEO/CFO of the Company have certified to the Board regarding financial statements for the year ended 31st March, 2014.

MEANS OF COMMUNICATION

- i) Publication of results : The Company publishes its quarterly and annual results in newspapers such as "Business Standard", "Financial Express", "Ek Din" and "El Samay". The same are also submitted to the Stock Exchanges.
- ii) News, Releases etc: The Company has its own website www.emamirealty.com and all vital information relating to the Company and its performance including financial results are regularly posted on the Company's website.
- iii) During the year under review, the Company did not make any presentation to institutional investors or to analysts.

GENERAL SHAREHOLDER INFORMATION

i. AGM Details

Date	:	5th September, 2014
Time	:	3:15 P.M.
Venue	:	Emami Tower, 687, Anandapur E. M. Bypass, Kolkata - 700 107

ii. Financial Calendar

Financial year -1st April, 2014 to 31st March, 2015
Financial Reporting for the Year 2014-15 :

Particulars	Quarter/half year/ year ending	Tentative Schedule*
Unaudited Financial Results (1st Quarter)	Q.E. 30.06.2014	On or before 14th August, 2014
Unaudited Financial Results (2nd Quarter)	Q.E. 30.09.2014	On or before 14th November, 2014
Unaudited Financial Results (3rd Quarter)	Q.E. 31.12.2014	On or before 14th February, 2015
Audited Financial Results (4th Quarter/Annual)	Y.E. 31.03.2015	On or before 30th May, 2015

* tentative and subject to change

- iii. Book closure Dates : 1st September, 2014 to 5th September, 2014
(Both days inclusive)
- iv. Dividend Payment Date : Not Applicable
- v. Listing on Stock Exchanges : BSE Limited (BSE)
National Stock Exchange of India Ltd. (NSE)

The listing fees for financial year 2013-14 & 2014-15 to BSE & NSE have been paid.

- vi. Stock Code : Trading symbol
BSE Limited - 506720
NSE - ZANDUREALT
- Demat ISIN No. : ISIN No. : INE719A01017
- Corporate Identity No : L24239WB1919PLC136397

Report on Corporate Governance

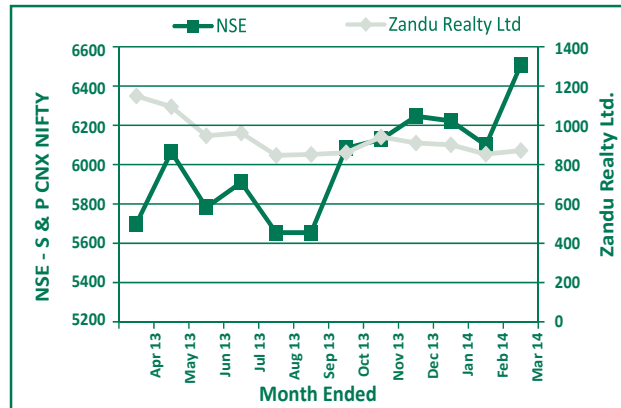
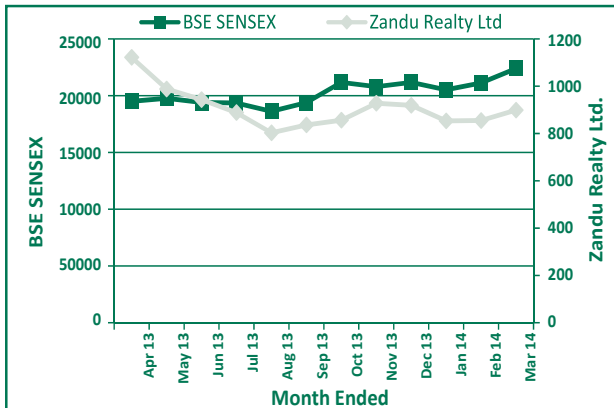
vii. Market Price Data

High, Low during each month in the last financial year at BSE and NSE :

Month	BSE Zandu Price (₹)		NSE Zandu Price (₹)	
	High	Low	High	Low
April, 2013	1,269.00	1,101.00	1,266.95	989.60
May, 2013	1,175.00	981.00	1,168.75	980.00
June, 2013	1,114.40	850.00	1,114.00	852.45
July, 2013	1,075.00	847.40	1,076.00	844.80
August, 2013	936.90	789.00	936.90	790.90
September, 2013	975.00	809.00	1,023.30	804.85
October, 2013	950.00	811.80	940.00	803.70
November, 2013	1,068.00	868.15	1,075.00	860.00
December, 2013	981.95	850.00	985.00	831.00
January, 2014	995.95	846.00	985.00	842.15
February, 2014	920.00	840.00	921.90	835.70
March, 2014	929.00	840.00	938.00	841.10

(Source : This information is compiled from the data available from the website of BSE & NSE)

viii. Performance in comparison to broad based indices such as BSE Sensex, etc.



ix. Registrar and Share Transfer Agent and Share Transfer System

The Company's share transfers are handled by Maheshwari Datamatics Pvt. Ltd., Registrar and Transfer Agents (RTA).

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor
Kolkata – 700 001
Tel No.: 033 2243 5809 / 5029
Fax No.: 033 2248 4787
Email Id : mdpl@cal.vsnl.net.in

x. Share Transfer System

The shares received in physical mode by the Company/RTA are transferred expeditiously provided the documents are complete and shares under transfer are not under dispute. Confirmation in respect of the request for dematerialization of shares is sent to respective depositories – National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL) within stipulated period.

Report on Corporate Governance

xi. Distribution of Shareholding and shareholding pattern as on 31st March, 2014

a. Distribution of Shareholding :

No. of Equity Shareholding	Holders	%age	No. of shares	% age
Upto 500	29,996	99.74	3,74,857	46.49
501 to 1,000	53	0.18	35,424	4.39
1,001 to 2,000	15	0.05	21,187	2.63
2,001 to 3,000	1	0.00	2,936	0.36
4,001 to 5,000	3	0.01	14,196	1.76
5,001 to 10,000	2	0.01	11,970	1.48
10,001 and above	3	0.01	3,45,830	42.89
Total	30,073	100.00	8,06,400	100.00

b. Shareholding Pattern :

Sl. No.	Holders	No. of shares	Percentage of capital
I.	Promoter and promoter group	2,86,329	35.51
II.	Financial Institutions/Banks	2,184	0.27
III.	Bodies Corporate	75,748	9.39
IV.	Individuals	3,90,453	48.42
V.	Non Resident Individual	12,312	1.53
VI.	Clearing Member	39,374	4.88
	Total	8,06,400	100.00

xii. Dematerialization of shares and liquidity

As on 31st March 2014, 7,77,462 shares of the Company, aggregating to 96.41% of the paid-up share capital of the Company was held in dematerialised form with the NSDL and CDSL.

xiii. Outstanding convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any Convertible instruments.

xiv. Plant Locations

Not Applicable.

xv. Address For Correspondence

For any assistance, queries regarding transfer or transmission of shares, dematerialization, non-receipt of dividend, non-credit of shares in demat account and any other query relating to the shares of the Company and Annual Report, the shareholders may write to the following :

(i) Zandu Realty Limited

Emami Tower, 2nd Floor
687, Anandapur E.M. Bypass
Kolkata - 700 107
Tel No. (033) 6613 6264
Fax No. (033) 6613 6249
E-mail : investors@emamirealty.com

(ii) Registrar and Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Tel No. (033) 2243 5809 / 5029
Fax No. (033) 2248 4787
E-mail : mdpl@cal.vsnl.net.in

Certificate

CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of financial year 2013-14.

For **Zandu Realty Limited**

Place : Kolkata
Date : 21st May, 2014

Sandeep Jhunjhunwala
Director & Manager

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

To,
The Members of
Zandu Realty Limited

We have reviewed the records of Zandu Realty Limited for the year ended on March 31, 2014 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the listing agreements of the Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our review was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and according to the information and explanations given to us, we state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency nor effectiveness with which the management has conducted the affairs of the Company.

For S. K. AGRAWAL & COMPANY
Firm Registration No. 306033E
Chartered Accountants

Place : Kolkata
Dated : 21st May, 2014

Radhakrishnan Tondon
Partner
M. No. 060534

Independent Auditors' Report

To
The Members of
Zandu Realty Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **ZANDU REALTY LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) In the case of the Balance Sheet, of the State of affairs of the Company as at 31st March, 2014;
 - ii) In the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 & 5 of the order.
 2. As required by Section 227(3) of the Act, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.

Independent Auditors' Report

- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs).
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S. K. AGRAWAL & COMPANY
Firm Registration No. 306033E
Chartered Accountants

Radhakrishan Tondon
Partner
M. No. 060534

Place : Kolkata
Dated : 21st May, 2014

Annexure to the Independent Auditors' Report

1. The Company does not have any fixed assets and accordingly the provisions of clause 1(a), 1(b) & 1(c) of the order are not applicable to the Company.
2.
 - a. As explained to us, land under development held by the Company has been physically verified during the year by the management at the reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory. As explained to us, there was no material discrepancies noted on physical verification of inventories as compared to Book Records.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and for the sale of goods. We have not observed any continuing failure to correct major weaknesses in the internal control system.
5. According to information and explanation given to us, we are of the opinion that there are no transactions made in pursuance of contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits as defined under Section 58A & 58AA or other relevant provisions of the Companies Act, 1956.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of the business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. According to the information and explanations given to us in respect of statutory and other dues :
 - a. The Company has been regular in depositing undisputed statutory dues, including Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Cess and other Statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, there were no undisputed amount payable in respect of these statutory dues which have remained outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - b. According to the information and explanation given to us, there are no disputed dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, cess except the following :

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (₹ in Lacs)	Financial Year to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	12.77	2004-05	High Court
Income Tax Act, 1961	Income Tax	12.54	2009-10	CIT (A)
Income Tax Act, 1961	Income Tax	29.86	2010-11	CIT (A)
Income Tax Act, 1961	Income Tax	3.60	2011-12	CIT (A)

Annexure to the Independent Auditors' Report

10. The Company does not have accumulated losses exceeding fifty percent of its net worth at the end of the financial year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
11. The Company has not raised Loans from Financial Institution or Banks or by issue of Debentures and hence Clause 4(xi) of the order is not applicable to the company.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a Nidhi/Mutual Benefit Fund/Society. Accordingly, the provisions of clause 4(xiii) of the order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanation given to us, the Company has not given guarantees for loan taken by others from a bank or financial institution.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not availed any term loan during the year.
17. According to the information and explanation given to us and on an overall examination of Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act 1956 during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
19. The Company has not issued any secured debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For S. K. AGRAWAL & COMPANY
Firm Registration No. 306033E
Chartered Accountants

Radhakrishan Tondon
Partner
M. No. 060534

Place : Kolkata
Dated : 21st May, 2014

Balance Sheet as at 31st March, 2014

Amount in ₹

	Note	As at 31.03.2014		As at 31.03.2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	8,06,40,000		8,06,40,000	
Reserves and Surplus	2.2	2,04,98,99,239		1,93,29,86,652	
			2,13,05,39,239		2,01,36,26,652
Current Liabilities					
Other Current Liabilities	2.3	45,32,50,302		70,59,889	
Short-Term Provision	2.4	10,70,69,330		–	
			56,03,19,632		70,59,889
TOTAL			2,69,08,58,871		2,02,06,86,541
ASSETS					
Non-Current Assets					
Non-Current Investments	2.5		1,25,20,60,000		91,50,60,000
Current Assets					
Inventories	2.6	1,04,25,09,000		1,09,03,08,000	
Trade Receivable	2.7	4,56,50,596		–	
Cash and Bank Balances	2.8	3,44,48,900		55,69,068	
Short-Term Loans and Advances	2.9	31,61,90,375		97,49,473	
			1,43,87,98,871		1,10,56,26,541
TOTAL			2,69,08,58,871		2,02,06,86,541

Summary of Significant Accounting Policies and Notes to Accounts 1 & 2

As per our report of even date

For S. K. AGRAWAL & COMPANY

Firm Registration No. 306033E

Chartered Accountants

Radhakrishnan Tondon

Partner

M. No. 60534

Place : Kolkata

Date : 21st May, 2014

For and on behalf of the Board

Abhijit Datta

Chairman

Hari Mohan Marda

Director

Sandeep Jhunjunwala

Director & Manager

Aditya Poddar

Director

Anand R. Mundra

CEO (Commercial) & Company Secretary

Statement of Profit & Loss for the year ended 31st March, 2014

Particulars	Note	Amount in ₹	
		2013-14	2012-13
INCOME			
Revenue from Operation	2.10	29,04,00,000	–
Other Income	2.11	27,43,89,811	5,68,09,014
Total Revenue (I)		56,47,89,811	5,68,09,014
EXPENSES			
(Increase)/Decrease in Inventories	2.12	4,77,99,000	2,56,07,000
Finance Cost	2.13	34,15,359	–
Other Expenses	2.14	1,80,59,533	1,00,48,385
Total Expenses (II)		6,92,73,892	3,56,55,385
Profit/(Loss) before Tax (I-II)		49,55,15,919	2,11,53,629
Tax Expenses			
- Current Tax		12,95,60,000	76,74,000
- Earlier Year Income Tax (net)		(1,83,65,132)	–
Profit/(Loss) for the period		38,43,21,051	1,34,79,629
Earnings per equity share of face value of ₹ 100 each			
Basic & Diluted	2.17	476.59	16.72

Summary of Significant Accounting Policies and Notes to Accounts

1 & 2

As per our report of even date

For S. K. AGRAWAL & COMPANY

Firm Registration No. 306033E

Chartered Accountants

Radhakrishan Tondon

Partner

M. No. 60534

Place : Kolkata

Date : 21st May, 2014

For and on behalf of the Board

Abhijit Datta

Chairman

Hari Mohan Marda

Director

Sandeep Jhunjunwala

Director & Manager

Aditya Poddar

Director

Anand R. Mundra

CEO (Commercial) & Company Secretary

Cash Flow Statement for the year ended 31st March, 2014

	Amount in ₹	
	2013-14	2012 -13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	49,55,15,919	2,11,53,629
Adjustments for :		
Dividend on Long Term Non Trade Investments	(38,185)	(7,500)
Interest on Call Money Deposits	-	(5,36,09,685)
Interest on Loan Given	(11,81,769)	-
Interest on Fixed Deposits	(1,27,123)	-
Finance Costs	34,15,359	-
Proportionate transfer from Revaluation Reserve	(26,74,08,464)	-
Operating Profit before Working Capital Changes	23,01,75,737	(3,24,63,556)
Adjustments for :		
Increase/(Decrease) in Other Current Liabilities	44,29,06,645	(18,25,132)
Decrease/(Increase) in Inventories	4,77,99,000	2,56,07,000
Decrease/(Increase) in Trade Receivable	(4,56,50,596)	-
Decrease/(Increase) in Short-Term Loans and Advances	(96,69,108)	(2,51,025)
Cash Generated from Operations	66,55,61,678	(89,32,713)
Direct Taxes paid	(93,82,457)	(4,11,45,641)
Net Cash Flow from Operating Activities (A)	65,61,79,221	(5,00,78,354)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Long-Term Non Trade Investment	(33,70,00,000)	(91,50,00,000)
Dividend on Long-Term Non Trade Investment	38,185	7,500
Interest on Fixed Deposits	1,27,123	-
Interest on Call Money Deposits	46,66,894	4,97,08,693
Loans/Deposits to Bodies Corporate	(42,75,00,000)	(10,68,968)
Realisation of Loans/Deposits from Bodies Corporate	13,25,00,000	91,52,68,968
Net Cash Flow from Investing Activities (B)	(62,71,67,798)	4,89,16,193
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short-Term Borrowings	19,71,00,000	-
Repayment of Short-Term Borrowings	(19,71,00,000)	-
Interest Paid	(1,31,591)	-
Net Cash Flow from Financing Activities (C)	(1,31,591)	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	2,88,79,832	(11,62,161)
Cash and Cash Equivalents at the beginning of the year *	55,69,068	67,31,229
Cash and Cash Equivalents at the end of the year *	3,44,48,900	55,69,068

* Represents Cash and Bank Balances as indicated in Note 2.8

As per our report of even date

For and on behalf of the Board

For S. K. AGRAWAL & COMPANY

Firm Registration No. 306033E

Chartered Accountants

Radhakrishnan Tondon

Partner

M. No. 60534

Place : Kolkata

Date : 21st May, 2014

Abhijit Datta

Chairman

Sandeep Jhunjunwala

Director & Manager

Hari Mohan Marda

Director

Aditya Poddar

Director

Anand R. Mundra

CEO (Commercial) & Company Secretary

Note I: Summary of Significant Accounting Policies for the year ended 31st March, 2014

I. BASIS OF PREPARATION

These accounts have been prepared under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the Accounting Standards notified in Companies (Accounting Standard) Rules, 2006 to the extent applicable.

II. USE OF ESTIMATES

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized.

III. FIXED ASSETS

Fixed Assets are stated at cost less depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalized till the start of its intended use.

IV. DEPRECIATION

Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

V. INVESTMENTS

Long term investments are stated at cost. Current investments are stated at cost or fair value whichever is lower. Diminution in value of long term investments other than temporary in nature is charged to Statement of Profit & Loss.

VI. INVENTORIES

Inventories are valued at lower of cost and net realisable value.

VII. REVENUE RECOGNITION

Revenues are recognised in accordance with the guiding principles of Accounting Standard - 9, notified in Companies (Accounting Standards) Rules, 2006.

VIII. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation. Provisions and Contingent Liabilities are revalued at each Balance sheet date.

IX. BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of assets. All other borrowing costs are charged to revenue. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

X. TAXATION

Provision for tax is made for both current and deferred taxes. Provision for current tax is made at the current tax rates based on assessable income. Deferred income tax reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Note I: Summary of Significant Accounting Policies for the year ended 31st March, 2014

XI. EMPLOYEE BENEFITS

- a) Short term employee benefits are recognised as expense at the undiscounted amount in the Statement of Profit & Loss of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognised as expense in the Statement of Profit & Loss for the year in which the employees have rendered services. The expenses are recognised at the present value of amounts payable determined using the actuarial valuation techniques at the end of each financial year. Actuarial gains or losses in respect of post employment and other long term benefits are charged to Statement of Profit & Loss.

XII. IMPAIRMENT OF ASSETS

The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, notified in Companies (Accounting Standards) Rules 2006, for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, are charged against revenues for the year.

XIII. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects for all dilutive potential equity shares.

XIV. SEGMENT REPORTING

Based on the guiding principles given in the Accounting Standard - 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India, the Company's primary business segment is Real Estate. Hence, the disclosure requirements of AS-17 in this regard is not applicable.

XV. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise current account bank balance, cash in hand and bank deposit account balance (with maturity of three months or less as at the balance sheet date).

Note 2: Notes to Financial Statements for the year ended 31st March, 2014

		Amount in ₹	
		31st March 2014	31st March 2013
2.1	SHARE CAPITAL		
	Authorized Shares		
	20,00,000 Equity Shares of ₹100/- each	20,00,00,000	20,00,00,000
	Issued, subscribed & fully paid-up shares		
	8,06,400 Equity Shares of ₹100/- each	8,06,40,000	8,06,40,000
		8,06,40,000	8,06,40,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31st March 2014		31st March 2013	
	No of shares	Amount (₹)	No of shares	Amount (₹)
Equity Shares				
At the beginning of the period	8,06,400	8,06,40,000	8,06,400	8,06,40,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	8,06,400	8,06,40,000	8,06,400	8,06,40,000

b. Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹100/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in Company

	31st March 2014		31st March 2013	
	No of shares	% holding in the class	No of shares	% holding in the class
Equity shares of ₹ 100 each fully paid				
Emami Rainbow Niketan Private Limited, Associate	2,86,329	35.51%	2,86,329	35.51%

		Amount in ₹	
		31st March 2014	31st March 2013
2.2	RESERVES & SURPLUS		
	Revaluation Reserve		
	At the beginning of the year	1,28,48,86,621	1,28,48,86,621
	Less : Amount transferred to Statement of Profit & Loss	26,74,08,464	-
	Closing Balance	1,01,74,78,157	1,28,48,86,621
	General Reserve		
	At the beginning of the year	1,16,48,88,052	1,16,48,88,052
	Surplus/(Deficit) in the Statement of Profit & Loss		
	At the beginning of the year	(51,67,88,021)	(53,02,67,650)
	Add : Surplus/(deficit) transferred from Statement of Profit & Loss	38,43,21,051	1,34,79,629
	Net Surplus/(Deficit) in the Statement of Profit & Loss	(13,24,66,970)	(51,67,88,021)
	Total Reserves and Surplus	2,04,98,99,239	1,93,29,86,652

Note 2: Notes to Financial Statements for the year ended 31st March, 2014

		Amount in ₹	
		31st March 2014	31st March 2013
2.3	OTHER CURRENT LIABILITIES		
	Interest accrued but not due on borrowings	32,83,768	–
	Unclaimed Dividend	28,69,530	46,82,684
	Advances from Customers	42,75,47,446	–
	Liabilities for Expenses	1,45,63,279	9,76,388
	Tax Payable	49,86,279	14,00,817
		45,32,50,302	70,59,889
2.4	SHORT-TERM PROVISION		
	Provision for Taxation (Net of advance tax)	10,70,69,330	–
		10,70,69,330	–
2.5	NON-CURRENT INVESTMENTS		
	A. Trade Investments		
	i. Investments in Debentures - Unquoted fully paid up		
	Emami Buildcon Private Limited * 45 Optionally Fully Convertible Debentures of ₹ 50,00,000/- each	22,50,00,000	22,50,00,000
	Emami Estates Private Limited * 25 Optionally Fully Convertible Debentures of ₹ 1,00,00,000/- each	25,00,00,000	25,00,00,000
	Emami Home Private Limited * 30 Optionally Fully Convertible Debentures of ₹ 1,00,00,000/- each	30,00,00,000	30,00,00,000
		77,50,00,000	77,50,00,000
	B. Other Investments		
	i. Investments in Equity Instruments - Unquoted fully paid up		
	The North Kanara G.S.B. Co-Operative Bank Limited 5,000 Equity Shares of ₹ 10/- each	50,000	50,000
	The Saraswat Co-op. Bank Limited 1,000 Equity Shares of ₹ 10/- each	10,000	10,000
	Emami Biotech Limited 10,00,000 (Nil) Equity Shares of ₹ 10/- each	6,50,00,000	–
	Natural Synergies Limited 4,16,750 Equity Shares of ₹ 10/- each	41,67,500	41,67,500
		6,92,27,500	42,27,500
	Less : Provision for Diminution in value of Investments	41,67,500	41,67,500
		6,50,60,000	60,000

Note 2: Notes to Financial Statements for the year ended 31st March, 2014

		Amount in ₹	
		31st March 2014	31st March 2013
2.5	NON-CURRENT INVESTMENTS (Contd.)		
	ii. Investments in Preference Shares - Unquoted fully paid up		
	Emami Paper Mills Limited # 10,30,000 (3,50,000) Preference Shares of ₹ 100/- each	41,20,00,000	14,00,00,000
		41,20,00,000	14,00,00,000
		1,25,20,60,000	91,50,60,000
	Aggregated amount of unquoted investments	1,25,20,60,000	91,50,60,000

* These Optionally Fully Convertible Debentures (OCD) are redeemable at par or premium at the end of five (5) years from the date of allotment. The date of allotment of the above OCDs is tabled below :

Name of the Issuing Company	No. of OCDs	Date of Allotment
Emami Buildcon Private Limited	45	30.01.2013
Emami Estates Private Limited	25	22.01.2013
Emami Home Private Limited	30	07.03.2013

However, the Company has an option to redeem these debentures before the redemption period.

10,30,000 Preference Shares are redeemable at a premium of ₹ 500/- per share; out of which 3,50,000 Nos on 27th March, 2025, 2,00,000 Nos on 12th August, 2025 and 4,80,000 Nos on 20th January, 2026. However, the Company has an option to redeem these Preference Share before the redemption period.

		Amount in ₹	
		31st March 2014	31st March 2013
2.6	INVENTORIES		
	Land under Development	1,04,25,09,000	1,09,03,08,000
		1,04,25,09,000	1,09,03,08,000

		31st March 2014	31st March 2013
2.7	TRADE RECEIVABLE		
	(Secured, considered good)		
	Less than six month :		
	- Others	4,56,50,596	-
		4,56,50,596	-

		31st March 2014	31st March 2013
2.8	CASH AND BANK BALANCES		
	Cash and Cash Equivalents :		
	- Balances with banks	3,15,53,476	8,63,092
	- Cash in hand	25,894	23,292
	Other Bank balances :		
	- Unclaimed Dividend	28,69,530	46,82,684
		3,44,48,900	55,69,068

Note 2: Notes to Financial Statements for the year ended 31st March, 2014

		Amount in ₹	
		31st March 2014	31st March 2013
2.9	SHORT-TERM LOANS AND ADVANCES		
	(Unsecured considered good)		
	Loans to Related Party	–	20,46,623
	Loans to Other Body Corporates	29,60,63,592	25,02,094
	Advance Income Taxes (Net of provisions)	–	49,49,731
	Debenture Application Money	18,00,000	–
	Service Tax Credit Receivable	75,58,333	–
	Income Tax Receivable	1,02,06,650	–
	Other Receivable	5,61,800	2,51,025
		31,61,90,375	97,49,473
		31st March 2014	31st March 2013
2.10	REVENUE FROM OPERATION		
	Sale of Property (Refer Note No. 2.15)	29,04,00,000	–
		29,04,00,000	–
		31st March 2014	31st March 2013
2.11	OTHER INCOME		
	Interest Income :		
	- Call Money Deposit	–	5,36,09,685
	- Loan Given	11,81,769	–
	- Fixed Deposit	1,27,123	–
	- Income Tax	14,63,306	–
	Dividend from Long-Term Non Trade Investments	38,185	7,500
	Commission	3,38,192	2,03,731
	Miscellaneous Receipts	38,32,772	29,88,098
	Proportionate transfer from Revaluation Reserve (Refer Note No. 2.15)	26,74,08,464	–
		27,43,89,811	5,68,09,014
		31st March 2014	31st March 2013
2.12	(INCREASE)/DECREASE IN INVENTORIES		
	I. Opening Stock		
	Land under Development	1,09,03,08,000	1,11,59,15,000
		1,09,03,08,000	1,11,59,15,000
	II. Closing Stock		
	Land under Development	1,04,25,09,000	1,09,03,08,000
		1,04,25,09,000	1,09,03,08,000
	Net (Increase) / Decrease (I-II)	4,77,99,000	2,56,07,000

Note 2: Notes to Financial Statements for the year ended 31st March, 2014

		Amount in ₹	
		31st March 2014	31st March 2013
2.13	FINANCE COST		
	Interest Expenses	34,15,359	–
		34,15,359	–
2.14	OTHER EXPENSES		
	Advertisement & Publicity	1,05,394	1,47,313
	Electricity Charges	5,49,359	1,64,144
	Rent	16,29,426	33,648
	Repair to Others	13,54,692	32,134
	Rates and Taxes	54,081	36,352
	Legal & Professional Fees	27,50,978	29,77,467
	Directors' Sitting Fees	2,32,500	1,71,068
	Travelling & Conveyance	1,28,284	71,156
	Donation	1,50,000	50,00,000
	Service Charges	96,00,000	–
	Miscellaneous Expenditures	13,10,819	12,52,181
	Auditors Remuneration (Refer Note No. 2.18)	1,94,000	1,62,922
		1,80,59,533	1,00,48,385

2.15 Following the accounting policies for revenue recognition, the Company has recognised revenue attributed to 12,100 sq.ft. carpet area in relation to the project at 70 Gokhale Road, Mumbai - 400 025 and as such the proportionate Revaluation Reserve amounting to ₹ 26,74,08,464 has been transferred to Statement of Profit & Loss.

		31st March 2014	31st March 2013
2.16	EARNINGS PER SHARE (EPS)		
	Earnings per Share is calculated as follows :		
	Net Profit/(Loss) after tax attributable to Equity Shareholders	38,43,21,051	1,34,79,629
	Weighted average number of equity shares Basic and Diluted (in nos.)	8,06,400	8,06,400
	Nominal value of equity share	100	100
	Basic and Diluted Earnings per share	476.59	16.72

2.17 RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below :

- i) **List of related parties where control exists and related parties with whom transactions have taken place and their relationships :**

Emami Rainbow Niketan Private Limited	Associate (35.51%)
Emami Realty Limited	Holding Company of Emami Rainbow Niketan Pvt. Ltd. (upto 24.08.2012)
- ii) **Key Management Personnel**

Shri Sandeep Jhunjunwala	
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Note 2: Notes to Financial Statements for the year ended 31st March, 2014

Amount in ₹

iii) Transactions during the year with related parties :

Nature of Transactions	Associate and Holding Company of the Associate	
	31st March 2014	31st March 2013
Loans Given	–	68,968
Realisation of Loan Given	–	74,07,68,968
Interest Received	–	3,96,61,623
Reimbursements	–	1,02,44,470
Balance as on 31st March 2014		
Interest Receivable	–	20,46,623
	31st March 2014	31st March 2013
2.18 AUDITORS REMUNERATION		
Statutory Audit Fees	1,00,000	1,12,360
Fees for Limited Review & Other Certification	94,000	50,562
	1,94,000	1,62,922

2.19 During the year under review, the Board of Directors in their meeting held on 8th July 2013 accorded their approval to the Scheme of Amalgamation of Emami Realty Limited (ERL) with the Company (“the Scheme”) under the Companies Act, 1956 w.e.f. 1st April 2013, being the Appointed Date. The Scheme was filed with the BSE Limited (BSE), being the Designated Stock Exchange and National Stock Exchange of India Limited (NSE) seeking in-principle approval under Clause 24(f) of the Listing Agreement. BSE vide letter August 5, 2013 and NSE vide letter dated August 19, 2013, both addressed to Securities and Exchange Board of India (‘SEBI’) have accorded their ‘no-objection’ to the said Scheme. Thereafter, vide Letter dated May 2, 2014, BSE has conveyed that the Exchange is unable to grant its “no-objection” to the Scheme in view of the observations made by SEBI. The Company is taking appropriate actions in the matter. Therefore, no effect of the Scheme has been given in these accounts.

2.20 **Contingent Liabilities not provided for in respect of :**
Disputed Direct Taxes of ₹ 42,40,427/- net of advances.

2.21 The Company operates in a single Business Segment i.e. Real Estate Development.

2.22 Previous year’s figures have been rearranged or regrouped wherever necessary.

As per our report of even date

For S. K. AGRAWAL & COMPANY
Firm Registration No. 306033E
Chartered Accountants

Radhakrishnan Tondon
Partner
M. No. 60534

Place : Kolkata
Date : 21st May, 2014

For and on behalf of the Board

Abhijit Datta
Chairman

Hari Mohan Marda
Director

Sandeep Jhunjunwala
Director & Manager

Aditya Poddar
Director

Anand R. Mundra
CEO (Commercial) & Company Secretary