



emami*

Realty Limited

Annual Report
2019-20



Our founders Shri R. S. Goenka and Shri R. S. Agarwal





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Corporate Information

BOARD OF DIRECTORS

Mr. Abhijit Datta, *Chairman*
Mr. Hari Mohan Marda
Mr. Ram Gobind Ganeriwala
Mr. Debasish Bhaumik
Mrs. Karabi Sengupta
Mr. Basant Kumar Parakh
Mr. Girija Kumar Choudhary, *Whole-time Director & CFO*
Mr. Rajesh Bansal, *Whole-time Director*

CHIEF EXECUTIVE OFFICER

Dr. Nitesh Kumar Gupta

COMPANY SECRETARY

Mrs. Payel Agarwal

STATUTORY AUDITOR

M/s Agrawal Tondon & Co.,
Chartered Accountants

BANKERS

ICICI Bank Limited
RBL Bank Limited

REGISTERED OFFICE

Acropolis, 13th Floor, 1858/1, Rajdanga Main Road,
Kasba, Kolkata -700107
Phone: +91 33 6625 1200
E-mail: infra@emamirealty.com
Website: www.emamirealty.com
CIN: L45400WB2008PLC121426

REGISTRAR AND SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
23, R. N. Mukherjee Road,
5th Floor, Kolkata - 700 001
Phone: +91 33 2243 5809 / 5029
Fax : +91 33 2248 4787
E-mail: mdpldc@yahoo.com

Directors' Report



Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2020.

FINANCIAL PERFORMANCE

The standalone performance of the Company for the year ended on 31st March, 2020 is stated below:

(₹ in Lakhs)		
Particulars	2019-20	2018-19
Revenue from Operations	88,113	6,452
Other Income	19,191	13,080
Total Revenue	1,07,304	19,532
Total Expenses	1,24,116	19,330
Profit / (Loss) before Tax	(16,812)	202
Tax Expenses		
-Current Tax	-	-
-Deferred Tax	(5,650)	124
-Income Tax paid/refund for Earlier Years	(5)	5
Profit/ (Loss) for the Year	(11,157)	73
Profit/(Loss) Brought Forward	276	(47)
Other Comprehensive Income	(4)	250
Other Appropriations:		
-Adjustment for adoption of IND AS 116	(3)	-
-Amount transferred from Revaluation Reserves	802	-
Net Surplus/(Deficit) in the Statement of Profit & Loss	(10,086)	276

DIVIDEND

Your Directors have not recommended any dividend for the financial year 2019-20.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to the Reserves for the year under review.

SCHEME OF ARRANGEMENT

During the year under review, the Board of Directors of the Company have approved the Scheme of Arrangement for Demerger ("Scheme") between the Company and Oriental Sales Agencies (India) Private Limited ('OSAPL') and their respective shareholders under Section 230 to 232 of the Companies Act, 2013 ("Act") in their meeting held on 5th March, 2020. The Scheme inter alia involves demerger of the 'Real Estate Undertaking' of OSAPL and vesting of the same into the Company with effect from 1st April, 2019 (being the Appointed Date). As a consideration for the said demerger, the Company would issue 2.83 fully paid up Equity Shares of ₹ 2/- each, of the Company, to the shareholders of OSAPL for every 1 fully paid up shares of ₹ 10/- each, held by such shareholder in OSAPL. The Scheme would be given effect on receipt of requisite approvals from the applicable statutory authorities.

OPERATIONS

Your Company reported a total revenue of ₹ 1,07,304 Lakhs in 2019-20 against ₹ 19,532 Lakhs in 2018-19, and EBITDA of ₹ 20,458

Lakhs against ₹ 26,982 Lakhs in the previous year. The Company reported loss of ₹ 11,157 Lakhs in the current year as compared to profit after tax of ₹ 73 Lakhs in the previous year.

Your Company's consolidated revenues stood at ₹ 1,08,254 Lakhs for the year under review against ₹ 19,668 Lakhs in the previous year, and EBITDA of ₹ 20,236 Lakhs in 2019-20 as compared to ₹ 27,128 Lakhs reported in the previous year. The Company reported a consolidated loss of ₹ 11,445 Lakhs in 2019-20 as compared to profit of ₹ 50 Lakhs reported in the previous year.

Your Company has obtained completion certificate for both of our projects namely, Emami City at Kolkata and Emami Tejomaya at Chennai. We are happy to inform that your Company has already handed over possession of 670 units (approx.) in our Project Emami City and 319 units (approx.) in our Project Emami Tejomaya. Nearly 200 families have started residing in Emami City and 240 families have started residing in Emami Tejomaya.

Making housing affordable and providing quality living has been one of Company's targets. The financial year 2019 - 20 was a depressed market for High Ticket Size sales, and Real Estate Market was also going through a tough phase. To tide over this difficult market, your Company had launched a few campaigns which were first of its kind and received huge response in the market. 'Live Now Pay Later', 'Now or Never' offer were a runaway success and helped us achieve record sales, which were the best in this category. Your Company recently introduced Smart Housing at Emami city with advanced features for the luxurious and comfortable living with one of a kind discount offers.

NON-CONVERTIBLE BONDS

During the year, your Company has allotted Unlisted Redeemable Non-Convertible Debentures of ₹ 1,00,00,000/- each, aggregating to ₹ 600,00,00,000/- on private placement basis.

AWARDS & ACCOLADES

You would be glad to learn that your Company has been awarded with the "West Bengal Best Employer Brand Awards 2019" at the 14th Employer Branding Awards 2019, hosted by World HRD Congress. During the year, our Project, Emami City, Kolkata, has been awarded "Mid Segment Project Of The Year (East)" at the 11th Annual Estate Award 2019, hosted by Remax & Franchise India in media partnership with Zee Business & Economic Times.

CHANGE IN NATURE OF BUSINESS, IF ANY

During the year under review, there has been no change in the nature of business of the Company.

MATERIAL CHANGES AND COMMITMENTS AFTER THE BALANCE SHEET DATE

There has been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

SUBSIDIARIES/ASSOCIATES/JOINT VENTURES

In compliance with Ind AS 110, your Company has prepared Consolidated Financial Statements, which forms part of this Annual Report. Further, pursuant to Section 129(3) of the Act, a statement containing the salient features of the financial statements of the subsidiaries & associates in the prescribed Form AOC-1 has also been provided as a part of this Annual Report. The Company does not have any joint venture.

The highlights of performance of subsidiaries & associate companies and their contribution to the overall performance of the Company during the year under review, is tabulated below:

(₹ in Lakhs)

Particulars	Turnover	Profit / (Loss) after Tax	Profit / (Loss) considered in consolidation	Networth attributable to the Company as on 31.03.2020
Subsidiaries				
Sneha Ashiana Pvt. Ltd.	1442	(320)	(320)	(325)
Delta PV Pvt. Ltd.	-	(0.20)	(0.20)	9
New Age Realty Pvt. Ltd.	-	(0.32)	(0.32)	(698)
Associates				
Roseview Developers Pvt. Ltd.	-	(0.19)	-	(0.50)
Prajay Urban Pvt. Ltd.	-	(0.50)	-	(0.50)
Bengal Emami Housing Ltd.	*	*	*	*
Swanhousing & Infra Pvt. Ltd.	*	*	*	*

* The Financial Accounts of Bengal Emami Housing Ltd. and Swanhousing & Infra Pvt. Ltd., associates of the Company, not being ready have not been considered for consolidation for the year ended 31st March, 2020

As per the provisions of Section 136 of the Act, the audited Financial Statements of the Company along with separate audited financial statements of the subsidiaries are being placed on the Company's website www.emamirealty.com and a copy of such separate audited financial statements of the subsidiaries will be provided to the shareholders on request.

A Policy has been formulated for determining the Material Subsidiaries of the Company in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended. The said Policy has been posted at the Company's website at the weblink: <https://www.emamirealty.com/emami-realty-ltd/>.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186 of the Act in relation to loans or guarantee/ security are not applicable to the Company, being an infrastructure company as defined under Schedule VI to the Act. The particulars of loans given and investment made by the Company have been disclosed in the Notes to the Audited Financial Statements.

PARTICULARS OF MATERIAL CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There are no material related party transactions made by the Company with Related Parties referred to in Section 188(1) of the Act, which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure of related party transactions, as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to the Company. All transactions with related parties were reviewed and approved by the Audit Committee. Prior omnibus approval of the Audit Committee is obtained for related party transactions which are of repetitive nature. A statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis.

A policy on 'Materiality of and Dealing with Related Party Transactions' has been devised by the Board of Directors and the same may be referred to, at the Company's website at the weblink: <https://www.emamirealty.com/emami-realty-ltd/>.

PUBLIC DEPOSITS

The Company has not invited or accepted deposits from the public covered under Section 73 of the Act and The Companies (Acceptance of Deposits) Rules, 2014, as amended.

AUDITORS & AUDITORS' REPORT

At the Annual General Meeting held on 19th September 2019, M/S Agarwal Tondon & Co., Chartered Accountants, (Firm Registration No. 329088E) has been appointed as the Statutory Auditors of the Company to hold office till the conclusion of the 16th Annual General Meeting of the Company. The Statutory Auditors have confirmed they are not disqualified from continuing as Auditors of the Company.

The Auditors' Report to the shareholders for the year under review does not contain any qualification.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/S MKB & Associates, Practising Company Secretaries as Secretarial Auditor of the Company. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith as "Annexure - 1". In connection with the Secretarial Auditor's observation in the report, it is clarified that the Company shall take approval of shareholders for a material related party transaction under Regulation 23(1) of the Listing Regulations in the ensuing Annual General Meeting, which the Company believes is sufficient compliance with the provisions of Regulation 23(1).

MAINTENANCE OF COST RECORDS AND COST AUDIT

In terms of the Section 148 of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Act.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Re-appointment of Independent Director

The term of appointment of Mr. Debasish Bhaumik (DIN: 06933306) as Independent Director of the Company will be completing on 21st July, 2021. Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors, being of the opinion that his skills and knowledge would be of immense benefit to the Company, at their meeting held on 30th June, 2020, has proposed his re-appointment for another term of 5 years with effect from 22nd July, 2021. Proposal for his re-appointment is being placed before the shareholders for approval at the ensuing Annual General Meeting.

Retirement by Rotation

As per the provisions of Section 152(6)(c) of the Act, Mr. Basant Kumar Parakh (DIN: 00103176) retires by rotation, and being eligible, offers himself for re-appointment. In view of his considerable experience and contribution to the Company, your Directors recommend his re-appointment.

Statement on declaration given by Independent Directors under sub-section (7) of Section 149:

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, as amended.

Familiarization Programme undertaken for Independent Directors:

The details of familiarization programmes to Independent Directors about the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are available on the website of the Company at the weblink: <https://www.emamirealty.com/emami-realty-ltd/>.

Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations

read with Guidance Note issued by SEBI, the Nomination and Remuneration Committee evaluated the performance of all Directors on criteria such as qualification, level of governance in meetings, preparedness for the meeting, experience, knowledge and competence, fulfilment of functions, ability to function as a team, initiative, availability and attendance, integrity, adherence to the code of conduct, etc. Independent Directors were additionally evaluated on criteria like independence of views and judgement and the Chairman of the Board was additionally evaluated on criteria like effectiveness of leadership and ability to steer the meeting, impartiality, commitment and ability to keep shareholders' interest in mind. The Independent Directors of the Company in their separate meeting, reviewed the performance of Non- Independent Directors, the Board as a whole and of the Chairperson of the Company.

The Board, after taking into consideration the evaluation exercise carried out by the Nomination and Remuneration Committee and by the Independent Directors, carried out an evaluation of its own performance and that of its Committees. The individual performance of all Directors (including the Independent Directors) was also carried out by the entire Board (excluding the director being evaluated).

The Directors expressed their satisfaction over the evaluation process and results thereof.

MEETINGS OF BOARD OF DIRECTORS

During the financial year ended 31st March, 2020, eight meetings of the Board of Directors were held, details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Act.

MEETING OF INDEPENDENT DIRECTORS

During the year under review, a meeting of Independent Directors was held on 14th February, 2020 wherein the performance of the non-independent directors and the Board as a whole was reviewed. The Independent Directors at their meeting also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "Annexure - 2".

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in the Annual Report, which forms part of this Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report (excluding

the aforesaid information) is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

CORPORATE SOCIAL RESPONSIBILITY

The CSR Committee of your Company comprises of Mrs. Karabi Sengupta as the Chairperson and Mr. Debasish Bhaumik and Mr. Girija Kumar Choudhary as members. In compliance with the provisions of Section 135 of the Act, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a CSR Policy which is available on the Company's website at weblink: <https://www.emamirealty.com/emami-realty-ltd/>.

The Annual Report on CSR as required under the Rules is enclosed as "Annexure – 3" to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) and 134(5) of the Act, with respect to Directors' Responsibility Statement, the Directors hereby confirm that:-

- (i) in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards, have been followed and there are no material departures from the same;
- (ii) the 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 the end of the financial year and of the loss of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.
- (v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

A Report on Corporate Governance and Management Discussion and Analysis for the financial year ended 31st March, 2020 is presented in separate sections forming part of this Annual Report.

CEO & CFO CERTIFICATION

As required by Regulation 17(8) of the Listing Regulations, the

CEO & CFO certification has been submitted to the Board and a copy thereof is contained elsewhere in this Annual Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with its size, requirement and the nature of operations. The Company's system of internal control has been designed to provide a reasonable assurance with regard to maintenance of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate financial controls commensurate with the size, scale and complexity of its operations. The Company has policies and procedures in place to properly and efficiently conduct its business, safeguard its assets, detect fraud and errors, maintain accuracy and completeness of accounting records and prepare financial records in a timely and reliable manner.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The composition and terms of reference of the Stakeholders Relationship Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

REMUNERATION POLICY

The Policy of the Company on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Section 178(3) of the Act, is appended as "Annexure – 4" to this Report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has formed a Whistle Blower Policy/ Vigil Mechanism as required under Section 177 of the Act and Regulation 22 of the Listing Regulations. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy may