Placement Document

Strictly Confidential and Not for Circulation

Serial Number :[●]

Emami Limited

(Incorporated in the Republic of India with limited liability under the Companies Act, 1956, with Registration Number 21-36030 and Corporate Identification Number L63993WB1983PLC036030)

Emami Limited ("**Emami**" or our "**Company**" or the "**Issuer**") is issuing 1,00,00,000 Equity Shares of face value Rs. 2/- each (the "Equity Shares") at a price of Rs. 310/- per Equity Share, which represents a premium of Rs. 308/- per Equity Share, aggregating Rs. 3100/- million (the "**Issue**").

ISSUE IN RELIANCE UPON CHAPTER XIII-A OF THE SEBI DIP GUIDELINES

THE ISSUE AND THE DISTRIBUTION OF THE PLACEMENT DOCUMENT IS BEING MADE IN RELIANCE UPON CHAPTER XIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS AMENDED (THE "SEBI DIP GUIDELINES"). THE PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE QIB INVESTOR, AND DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR EQUITY SHARES OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA. THE PLACEMENT IS MEANT ONLY FOR QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA.

Invitations, offers and sales of Equity Shares shall only be made pursuant to the Preliminary Placement Document, Placement Document, Confirmation of Allocation Note and the Bid cum Application Form. For further details, please refer to the section titled, "Issue Procedure" of the Placement Document. The distribution of the Placement Document or the disclosure of its contents without our prior consent to any person, other than Qualified Institutional Buyers (as defined in the SEBI DIP Guidelines) and persons retained by Qualified Institutional Buyers to advise them with respect to their purchase of Equity Shares, is unauthorized and prohibited. Each Qualified Institutional Buyer, by accepting delivery of the Placement Document agrees to observe the foregoing restrictions, and to make no copies of the Placement Document or any documents referred to in the Placement Document.

The Placement Document has not been reviewed by the Securities and Exchange Board of India, the Reserve Bank of India, the Bombay Stock Exchange Limited (the "**BSE**"), the National Stock Exchange of India Limited (the "**NSE**"), the Calcutta Stock Exchange Association Limited (the "**CSE**") (NSE, BSE and CSE collectively referred to as the "**Stock Exchanges**") or any other regulatory or listing authority and is intended only for use by QIBs. The Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies in India, and will not be circulated or distributed to the public in India and will not constitute a public offer in India or any other jurisdiction

Investments in equity and equity-related securities involve a degree of risk and prospective Investors should not invest any funds in the Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective Investors are advised to carefully read the "Risk Factors" of the Placement Document before making an investment decision in the Issue. Each prospective Investor is advised to consult its advisors about the particular consequences to it of an investment in the Equity Shares being issued pursuant to the Placement Document.

Our Company having made all reasonable enquiries, accepts responsibility for, and confirms that the Placement Document contains all information with regard to our Company and the Issue, as required by Chapter XIII-A read with Schedule XXIA of the SEBI DIP Guidelines; that the information contained in the Placement Document is true and correct in all material respects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

The information on our Company's website or any website directly or indirectly linked to our Company's website or otherwise on the internet does not form part of the Placement Document (other than information specifically contained in the Placement Document) and prospective Investors should not rely on such information contained in, or available through, such websites or other internet sources.

All of our Company's outstanding Equity Shares are listed on the BSE, NSE and CSE. Applications shall be made for listing of the Equity Shares offered through the Placement Document on the Stock Exchanges. The closing price of our outstanding Equity Shares as reported on the BSE, on the NSE on June 25, 2009 was Rs. 338.55 and Rs. 336.25 per equity share, respectively. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) DELIVER THE PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) REPRODUCE SUCH PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THE PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SEBI DIP GUIDELINES OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of the Preliminary Placement Document and the Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document will also be delivered to the Securities and Exchange Board of India (the "**SEBI**") for record purposes. The Preliminary Placement Document or Placement Document will not be vetted by SEBI or any other regulator.

THE PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S Securities Act") and, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable U.S state securities laws. The Equity Shares are only being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). For further details, please refer to the section titled "Selling Restrictions" and the section titled "Transfer Restrictions" of the Placement Document.

The Placement Document is dated July 6, 2009

The Placement Document will not be circulated or distributed to the public in India and will not constitute a public offer in India.

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS

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Sebi Registration Number: MB/INM000010940
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NOTICE TO INVESTORS

Our Company accepts responsibility for the information contained in the Placement Document and to the best of our knowledge and belief, having made all reasonable enquiries, confirms that the Placement Document contains all information with respect to our Company and the Equity Shares which is material in the context of the Issue. The statements contained in the Placement Document relating to our Company and the Equity Shares are, in every material respect, true and accurate and not misleading, the opinions and intentions expressed in the Placement Document with regard to our Company and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in the Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements. The Global Coordinators and Book Running Lead Managers and the Co-BRLM have not separately verified the information contained in the Placement Document (financial, legal or otherwise). Accordingly, neither the Global Coordinators and Book Running Lead Managers, the Co-BRLM nor any member, employee, counsel, officer, director, representative, agent or affiliate of the Global Coordinators and Book Running Lead Managers or the Co-BRLM makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Global Coordinators and Book Running Lead Managers or the Co-BRLM, as to the accuracy or completeness of the information contained in the Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving the Placement Document acknowledges that such person has relied neither on the Global Coordinators and Book Running Lead Managers, the Co-BRLM nor on any person affiliated with the Global Coordinators and Book Running Lead Managers or the Co-BRLM, in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of our Company and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorized to give any information or to make any representation not contained in the Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of our Company or the Global Coordinators and Book Running Lead Managers or the Co-BRLM. The delivery of the Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No regulatory authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of the Placement Document. Any representation to the contrary may be a criminal offence.

The distribution of the Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, the Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company or the Global Coordinators and Book Running Lead Managers or the Co-BRLM which would permit an offering of the Equity Shares or distribution of the Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither the Placement Document nor any offering materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

In making an investment decision, Investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of the Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters, whether relating to India or any other jurisdiction, concerning the Issue. In addition, neither our Company nor the Global Coordinators and Book Running Lead Managers or the Co-BRLM are making any representation to any offeree or purchaser of the

Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations, both inside and outside India. Each purchaser of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter XIII-A of the SEBI DIP Guidelines and is not prohibited by the SEBI or any other statutory authority from buying, selling or dealing in securities. Each purchaser of Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

The information on our Company's website, Website: www.emamiltd.in or the website of the Global Coordinators and Book Running Lead Managers or the Co-BRLM does not constitute nor form part of the Placement Document.

The Placement Document contains summaries of certain terms of certain documents, but reference is made to the actual documents, copies of which will be made available upon request during the offering period for physical inspection at the Registered Office of our Company located at Kolkata, West Bengal, India, subject to applicable confidentiality restrictions. All such summaries are qualified in their entirety by this reference.

This document has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently the GC-BRLMs and the Co-BRLM, as named in this document, nor any person who controls the GC-BRLMs or the Co-BRLM, any director, officer, employee nor agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from GC-BRLMs or the Co-BRLM.

You are reminded that you have accessed the attached Placement Document on the basis that you are a person into whose possession the Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply via e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

You may not and are not authorized to (1) forward or deliver the attached Placement Document, electronically or otherwise, to any other person or (2) reproduce such Placement Document in any manner whatsoever. Any forwarding, distribution or reproduction of this document and the attached Placement Document in whole or in part is unauthorized. Failure to comply with this directive may result in a violation of the U.S. Securities Act or the applicable laws of other jurisdictions.

You are responsible for protection against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

REPRESENTATIONS BY INVESTORS

By purchasing the Equity Shares under the Issue, you are deemed to have acknowledged and agreed as follows:

- you are a qualified institutional buyer as defined in Clause 2.2.2B(v) of the SEBI DIP Guidelines, and are eligible to participate in the Issue undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter XIIIA SEBI Guidelines;
- you confirm that if allotted Equity Shares pursuant to the Placement Document, you shall not, for a period of one (1) year from the date of allotment, sell the Equity Shares so acquired otherwise than on a recognized stock exchange. As per current regulations, any sale by way of a "bulk deal" or "block deal" in accordance with the procedures prescribed by SEBI and the concerned recognized stock exchange, shall also be treated as a sale on a recognized stock exchange;

- (a) the electronic mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories or possessions and (b) to the extent that you purchase the securities described in the attached Placement Document, you will be doing so in an "offshore transaction" as that term defined in Regulation S
- the securities offered hereby have not been and will not be registered under the U.S. Securities Act;
- you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission. You are reminded that this document has been delivered to you on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this document to any other person. The materials relating to the Issue do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law;
- you are aware that the Equity Shares have not been and will not be registered under the SEBI regulations or under any other law in force in India. The Placement Document has not been vetted, verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Placement Document will be filed with the Stock Exchanges and will be displayed on the website of our Company and the Stock Exchanges;
- you are entitled to subscribe for and / or purchase the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other guarantees and other consents in each case which may be required thereunder and complied with all necessary formalities. You confirm that you are eligible to apply and hold Equity Shares so allotted and together with any Equity Shares held by you prior to the Issue. You further confirm that holding does not and shall not, exceed the level permissible as per any applicable regulations applicable to you
- you are entitled to acquire the Equity Shares under the laws of all relevant jurisdictions and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Placement Document) and will honor such obligations;
- neither the Company nor the GC-BRLMs nor the Co-BRLM is not making any recommendations to you, advising you regarding the suitability of any transactions it may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not be a client of the GC-BRLMs or the Co-BRLM in relation to subscription in the Issue and that the GC-BRLMs and the Co-BRLM have no duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and is in no way acting in a fiduciary capacity;
- you are aware and understand that the Equity Shares are being offered only to QIBs on a private placement basis and are not being offered to the general public and the allotment of the same shall be on a discretionary basis;
- you have made, or been deemed to have made, as applicable, the representations set forth under "Transfer Restrictions";
- you have been provided a serially numbered copy of the Placement Document and shall have read the Placement Document in its entirety;
- that in making your investment decision, (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved, (ii) you have made your own

assessment of our Company, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) you have consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local 1aws, and (iv) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and / or the directors and / or the officers of our Company and the GC-BRLMs and / or the directors and / or the officers of the GC-BRLMs and the Co-BRLM or any other person connected with the Issue whatsoever (other than persons hired / employed by you) for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account;

- you are not a Promoter and are not a person related to the Promoters of our Company, either directly or indirectly and your bid does not, directly or indirectly, represent our Promoter or promoter group of our Company;

- you have no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board of our Company other than the rights acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

- you have no right to withdraw your bid after submitting the bid;

- the Equity Shares, when issued, will be credited as fully paid and will rank *pari passu* in all respects with the then existing Equity Shares including the right to receive all dividends and other distributions declared, made or paid in respect of Equity Shares after the date of issue of the Equity Shares; and

- you are eligible to bid for and hold Equity Shares so allotted and together with any Equity Shares held by you prior to the Issue.

You further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable regulations;

- the bids made by you would not eventually result in triggering a tender offer under the Takeover Code;

- to the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the present Issue shall not exceed 50% of the size of the Issue. For the purposes of this statement:

    a) The expression ‘belonging to the same group’ shall derive meaning from the concept of ‘companies under the same group’ as provided in sub-section (11) of Section 372 of the Companies Act;
    b) “Control” shall have the same meaning as is assigned to it by clause (c) of Regulation 2 of the Takeover Code.

- you shall not undertake any trade in the Equity Shares credited to your depository participant account until such time that the final trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that applications shall be made to the Stock Exchanges for in-principle approval for listing of the Equity Shares. Further applications shall be made for seeking the approval for trading of the Equity Shares on the Stock Exchanges;

- the contents of the Placement Document are exclusively our responsibility and that neither the GC-BRLMs nor the Co-BRLM nor any person acting on their behalf nor any other third party connected with the Issue has or shall have any liability for any information, representation or statement contained in the Placement Document or any information previously published by or on our behalf and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in the Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the GC-BRLMs or the Co-BRLM or on our behalf or any other person and neither the GC-BRLMs nor the Co-BRLM nor we nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- the only information you are entitled to rely on and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by the GC-BRLMs or the Co-BRLM or us and neither the GC-BRLMs nor the Co-BRLM nor we will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- all statements other than statements of historical fact included in the Placement Document, including, without limitation, those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's products), are forward-looking statements; such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements; such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and the environment in which our Company will operate in the future; you should not place undue reliance on forward-looking statements, which speak only as at the date of the Placement Document; our Company assumes no responsibility to update any of the forward-looking statements contained in the Placement Document;

- that you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2000, as amended from time to time, and have not been prohibited by the SEBI or any other court, tribunal or regulatory authority, inside or outside India, from buying, selling or dealing in securities;

- you agree to indemnify and hold us, the GC-BRLMs and the Co-BRLM harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties as contained herein. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares including by or on behalf of the managed accounts;

- that our Company, the GC-BRLMs, the Co-BRLM and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, each of which is given to the GC-BRLMs or the Co-BRLM on your own behalf and on our behalf and each of which is irrevocable; and

- that all references to "you" are to the prospective investors in the Equity Shares.

OFFSHORE DERIVATIVE INSTRUMENTS (P – NOTES)

Foreign Institutional Investors as defined under the SEBI Guidelines or their sub-accounts (together referred to as "**FIIs**"), including FII affiliates of the GC-BRLMs and the Co-BRLM, were permitted under Regulations 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, to issue, deal in or hold, off shore derivative instruments such as participatory notes, equity linked notes or any other similar instruments against Shares allocated in the Issue (all such off shore derivative instruments referred to herein as "**P-Notes**"), for which they may receive compensation from the purchasers of such instruments. The SEBI *vide* Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations, 2008, as further amended by the Securities and Exchange Board of India (Foreign Institutional Investors) (Second Amendment) Regulations, 2008 ("**Amendment Regulations**") has stated that no FII shall issue any offshore derivative instruments to any person other than a person regulated by an appropriate foreign regulatory authority, that they should be issued after compliance with 'know your client' norms and the FIIs are required to cancel, redeem or close out such offshore derivative instruments so issued to a person other than a person regulated by an appropriate foreign regulatory authority, before March 31, 2009. FII's are also required to ensure that no further issue or transfer is made of any P-Notes issued by or on behalf of it to any person other than a person regulated by an appropriate foreign regulatory authority.. Further, no sub-account shall, directly or indirectly, issue offshore derivative instruments: and the offshore derivative instruments issued directly or indirectly by a sub-account, before the commencement of the Amendment Regulations and outstanding as at such commencement shall be cancelled or redeemed or closed out before March 31, 2009. FII's are also required information regarding such P-Notes in such format and at such intervals as is prescribed by SEBI from time to time.

P-Notes have not been and are not being offered or sold pursuant to the Placement Document. The Placement Document does not contain nor will it contain any information concerning P-Notes or the issuer(s) of any P-Notes, including without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and its affiliates do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes.

Any P-Notes that may be issued are not securities of the GC-BRLMs or the Co-BRLM and do not constitute any obligations of, or claims on, the GC-BRLMs or the Co-BRLM.

Prospective Investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of any P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective Investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document or the Placement Document;

2. warrant that our Company’s Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document or the Placement Document has been cleared or approved by Stock Exchanges. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIALS AND OTHER INFORMATION

The financial statements included in the Placement Document are prepared in accordance with Indian GAAP. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. Indian GAAP differs significantly in certain respects from IFRS and U.S. GAAP. We do not provide a reconciliation of any financial statements to IFRS or U.S. GAAP financial statements or a summary of the principal differences between Indian GAAP, IFRS and U.S. GAAP relevant to our business.

In the placement document, unless otherwise indicated or the context otherwise requires, all references to "Emami Limited", "Emami", the "Company", "we", "our", "us", or similar terms are to "Emami Limited" and all references to "you" are to the prospective investors in the Equity Shares. References in the Placement Document to "India" are to the Republic of India and the "Government" are to the Governments of India, central, state or local level, as applicable.

Unless stated otherwise, the financial data in the Placement Document is derived from our financial statements prepared in accordance with Indian GAAP. Our Fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular Fiscal year are to the twelve-month period ended on March 31 of that year.

All references to "Rupees", "Rs" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$", "USD" or "US Dollars" are to United States Dollars, the official currency of the United States of America.

For additional definitions, please refer to the chapter titled '*Glossary of Terms /Abbreviation'* of the Placement Document.

Market and industry data used in the Placement Document have been obtained from publications available in the public domain. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the industry data used in the Placement Document is reliable, it has not been independently verified.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to our business contained in the Placement Document consists of estimates based on data reports compiled by professional organizations and analysts, data from other external sources and our knowledge of markets in which we compete. The statistical information included in the Placement Document has been reproduced from various trade, industry and government publications and websites. This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analyses and estimates, so we rely on internally developed estimates. While we have compiled, extracted and reproduced this data from external sources, including third parties, trade, industry or general publications, we accept responsibility for accurately reproducing such data. However, neither we nor the Global Coordinators and Book Running Lead Managers nor the Co-BRLM have independently verified this data and neither we nor the Global Coordinators and Book Running Lead Managers nor the Co-BRLM make any representation regarding the accuracy of such data. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Global Coordinators and Book Running Lead Managers nor the Co-BRLM can assure potential investors as to their accuracy.

FORWARD-LOOKING STATEMENTS

The Placement Document, as well as the information included in oral statements or other written statements made, or to be made, by us, contain, or will contain, disclosures which are 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue", "could", "may", "should", "would" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. These statements include, among other things, statements about our business strategy, market position, future operations, income and revenue, profitability, liquidity and capital resources. These forward-looking statements are based on our current plans and expectations, speak only as of the date of the Placement Document and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations and our future financial condition and results. These forward-looking statements and any other projections contained in the Placement Document (whether made by us or any third party) are predictions and are not historical facts and therefore, involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or other forward-looking statements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. These factors include, but are not limited to:

- changes in competitors' pricing and other competitive strategies;
- changes in consumer spending pattern;
- general economic and political changes and changes in laws and regulations that apply to the Indian or global industry, including with respect to import duties, excise duties or environmental regulations;
- our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- the market prices and demand;
- the loss of any significant customers;
- Employee unrest or deterioration of relations with employees;
- actions by our suppliers, stockists, distributors, or other business partners that could adversely affect our business;
- governmental and business conditions globally and in India;
- global or local recessionary or inflationary conditions;
- changes in interest rates, and in exchange rates;
- our ability to obtain financing needed to repay maturing obligations and to fund expansion in a timely manner and on satisfactory terms and conditions; and
- the other risk factors discussed in the Placement Document, including those set forth in the section entitled '*Risk Factors*' of the Placement Document.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under '*Industry Overview'*, '*Business Overview' and* '*Management's Discussion and Analysis of Financial Condition and Results of Operations'* of the Placement Document.

The forward-looking statements contained in the Placement Document are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially and substantially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All or substantially all of our Company's Directors and senior management are residents of India and all or substantially all of its assets and the assets of our Company's Directors and senior management are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, of India (the "Civil Code") on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; and
- where the judgment sustains a claim founded on a breach of any law then in force in India.

Under the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such Section, in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties. The United Kingdom, Singapore and Hong Kong have been declared by the GoI to be reciprocating territories for the purposes of Section 44A.

A judgment of a court of a country, that is not a reciprocating territory, may be enforced only by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within two years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. In addition, any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment.

In addition, all or substantially all of our assets are located in India. Majority of our directors and officers are residents of India, and all or a substantial portion of their assets are or may be located in India. As a result, it may difficult for you to effect service of process upon such persons, or to enforce against their judgments obtained in courts or arbitral tribunals outside India predicated upon the laws of jurisdictions other than India, including the civil liability provisions of the United States federal or state securities laws.

GLOSSARY OF TERMS /ABBREVIATIONS

The following list of defined terms is intended for the convenience of the investors and is not exhaustive. Unless the context otherwise requires or otherwise specified, the following words / phrases / abbreviations shall have the following meaning in the Placement Document:

Company related terms

Term	Description
Articles/Articles of Association / AOA	Our Articles of Association.
Board/Board of Directors	Our Board of Directors or a Committee constituted thereof.
Committee	Committee of the Board of Directors.
Director(s)	Director(s) on our Company, unless otherwise specified.
"Emami" / "the Company" / "our Company" / "we" / "us" / "our"	Emami Limited, a public limited Company incorporated under the Companies Act.
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of our Company.
Promoters	Mr. Radheshyam Agarwal and Mr. Radheshyam Goenka.
Proposed Composite Scheme of Arrangement	The following composite Scheme of Arrangement (hereinafter referred to as the **"Proposed Composite Scheme of Arrangement"**) was approved by Board of Directors of the Company and Zandu on June 19, 2009: 1. *Consolidation of FMCG Business into one entity:* The FMCG business of Zandu to be demerged into Emami. 2. *Consolidation of real estate holdings:* The realty undertaking of Emami including Emami Realty Limited and Emami's interests in Zandu's non-core business including real estate will be demerged into a separate company, Slick Properties Private Limited (SPL). For this purpose, SPL is being converted into a public limited company and will subsequently file application for change of name to Emami Infrastructure Ltd. SPL is hereinafter referred to as "Emami Infrastructure Limited".
Zandu / ZPWL	The Zandu Pharmaceuticals Works Limited, a public limited company incorporated under the Companies Act, 1913.

Issue Related Terms

Term	Description
Act/ Companies Act/ the Act	The Companies Act, 1956 , together with any and all modifications, amendments and replacements thereto from time to time.
Allocation/ Allocated	The determination of QIBs and the number of Equity Shares to be allocated to each QIB for the purposes of payment of Bid monies and subsequent Allotment, done at our sole discretion in consultation with the Global Coordinators and Book Running Lead Managers and in compliance with Chapter XIII-A of the SEBI DIP Guidelines.
Allotment	Unless the context otherwise requires, the allotment of Equity Shares to the successful Investors pursuant to the Issue.
Auditors	The statutory auditors of our Company, M/s. S. K. Agrawal & Company, Chartered Accountants.
Bid	An indication of QIBs' interest, including all revisions and modifications of interest as provided in the Bid cum Application Form

Term	Description
	to subscribe to our Equity Shares offered pursuant to the Issue.
Bid Closing Date	Thursday, July 2, 2009
Bid cum Application Form	The form sent to select QIB's, in terms of which the QIB to whom the said Bid cum Application Form is sent can Bid for Equity Shares in the Issue. Any QIB who has Bid for Equity Shares may revise the same as per terms contained in the said Bid cum Application Form.
Bid Opening Date	Tuesday, June 30, 2009
Bidding Period / Issue Period	The period between the Bid Opening Date and Bid Closing Date, inclusive of both dates, during which QIBs may submit their Bids
Bidder	Any QIB to whom an Bid cum Application Form is sent in physical or electronic form, and who Bids for Equity Shares in the Bid cum Application Form.
Chapter XIII-A	Chapter XIII-A of the SEBI DIP Guidelines as amended from time to time, setting out the norms for qualified institutional placement by listed Indian companies.
Co-Book Running Lead Manager / Co-BRLM	Avendus Capital Private Limited (Avendus)
Confirmation of Allocation Note / CAN	Note or advice or intimation to QIBs for Allocation of Equity Shares after discovery of the Issue Price.
Cut-off Price	The Issue Price which shall be finalized by us in consultation with the Global Coordinators and Book Running Lead Managers.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Equity Shares	Our Equity Shares of face value of Rs. 2 each, unless specified otherwise in the context thereof.
Equity Shareholders	Persons holding Equity Shares of our Company, unless otherwise specified in the context thereof
Escrow Account	The Account titled 'Emami - QIP Escrow Account' opened with the Collection Bank pursuant to the Escrow Agreement
Escrow Agreement	The agreement entered into between our Company, ARFSL (GC-BRLM), and HDFC Bank Limited the Collection Bank dated June 29, 2009 to open and operate the Escrow Account in relation to the monies to be received pursuant to the Issue.
Financial Year / Fiscal/ FY	The twelve months ending March 31 of a particular year.
Floor Price	Rs. 276.67 which has been calculated in accordance with clause 13A.3 of the SEBI DIP Guidelines.
Global Coordinators and Book Running Lead Managers / GC - BRLMs	Anand Rathi Financial Services Limited (ARFSL) and India Infoline Limited (IIFL)
Investors	Any prospective investor who makes a Bid pursuant to the terms of the Preliminary Placement Document and the Bid cum Application Form.
Issue	Issue of 1,00,00,000 Equity Shares of Rs. 2/- each to QIBs by our Company at a price of Rs. 310/-, including a premium of Rs. 308/- per Equity Share, pursuant to Chapter XIII-A of SEBI DIP Guidelines.
Issue Price	A price per Equity Share of Rs. 310/-, including a premium of Rs. 308/- per Equity Share.
Issue Size	The Issue of 1,00,00,000 Equity Shares aggregating to Rs. 3100/- million.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Placement Document	The Placement Document dated July 6, 2009 issued in accordance with

Term	Description
	Chapter XIII-A of the SEBI DIP Guidelines, filed with the Stock Exchanges after the Issue and subsequently filed with SEBI within thirty days of the Allotment of the Equity Shares for record purposes only.
Preliminary Placement Document	The Preliminary Placement Document dated June 29, 2009, issued in accordance with Chapter XIII-A of SEBI DIP Guidelines and placed on our website and the website of the Stock Exchanges.
Qualified Institutional Buyers / QIBs	Clause 2.2.2B (v) of SEBI DIP Guidelines defines Qualified Institutional Buyers to mean (i) a public financial institutions as specified in Section 4A of the Companies Act, (ii) a scheduled commercial bank, (iii) a mutual fund registred with SEBI, (iv) a Foreign Institutional Investor registered with SEBI, (v) a multilateral and bilateral development financial institution, (vi) a Venture Capital Fund registered with SEBI, (vii) a Foreign Venture Capital Investor registered with SEBI, (viii) a state industrial development corporation, (ix) an insurance company registered with the Insurance Regulatory And Development Authority (IRDA), (x) a provident fund with a minimum corpus of Rs. 250 million, (xi) a pension fund with a minimum corpus of Rs. 250 million and (xii) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.
Registered Office	Emami Tower, 687, Anandapur, Eastern Metropolitian Bypass, Kolkata – 700 107, West Bengal, India
Registrar of Companies / RoC	Registrar of Companies, West Bengal located at Kolkata
Regulation S	Regulation S under the U.S Securities Act.
Relevant Date	June 28, 2008 (that is, the date which is thirty days prior to July 28, 2008, that is the date on which the special resolution was adopted by the shareholders of our Company pursuant to Section 81(1A) of the Companies Act, declared and approved in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time.
Stock Exchanges	BSE, NSE and CSE.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
U.S. Securities Act	U.S. Securities Act, 1933 as amended

Other Defined Terms

Term	Description
Civil Code	The Code of Civil Procedure, 1908.
Crore	1,00,00,000 i.e. ten million or hundred Lacs.
Indian GAAP	The generally accepted accounting principles in India based on Accounting Standards, Guidance Notes and other principles laid down by the ICAI.
Lakh / Lacs	100,000 i.e. one-tenth of a million.
Million / Mn. / mn.	1,000,000 i.e. Ten Lacs

Abbreviations

Abbreviations	Full Form
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
COO	Chief Operating Officer
CDSL	Central Depository Services (India) Limited
CSE	Calcutta Stock Exchange Association Limited
DGFT	Director General of Foreign Trade
DP	Depository Participant
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
FI	Financial Institution.
FII	Foreign Institutional Investor (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
GAAP	Generally Accepted Accounting Principles
GoI	Government of India
IAS	International Accounting Standards
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
I.T. Act	The Income Tax Act, 1961, as amended from time to time
IT	Information Technology
ITES	Information Technology Enabled Services
MF	Mutual Funds
MOU	Memorandum of Understanding
n.a.	Not Applicable
NAV	Net Asset Value
NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
p.a.	per annum.
P/E	Price/Earnings Ratio
PAN	Permanent Account Number.
PAT	Profit After Tax
PLR	Prime Lending Rate
Re. / Rs.	Indian Rupee /Indian Rupees, the official currency of Republic of India.
RBI	The Reserve Bank of India.
RoC	The Registrar of Companies, West Bengal.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the

Abbreviations	Full Form
	SEBI Act, 1992.
STT	Securities Transaction Tax
US / USA	United States of America
US Dollar / US Dollars / USD / US$ / $	The currency of the United States of America
VAT	Value Added Tax
YOY	Year on year

Company / Industry Related Terms

Abbreviations	Full Form
BPAC	Boroplus Antiseptic Cream
BPPHP	Boroplus Prickly Heat Powder
C & F Agents	Carriage and Forwarding Agents
cGMP	Certificate for Good Manufacturing Practices
ERP	Enterprise Resource Planning
FMCG	Fast Moving Consumer Goods
HFR	Himani Fast Relief
ISO	International Standard Organization
LUP	Low Unit Pack
NRO	Navratna Oil
OTC	Over The Counter
R&D	Research and Development
SCCP	Sona Chandi Chyawanprash
EMT	Emami Mobile Traders

GENERAL INFORMATION

Our Company was incorporated on March 11, 1983 as A.M.P Udyog Viniyog Limited under the Companies Act. In 1994, Himani Limited was merged with our Company, *vide* Calcutta High Court order dated February 8, 1994 and our Company's name was changed as per fresh certificate of incorporation dated May 5, 1994 to Himani Limited. Our Promoters had a partnership firm, 'Khemco Chemicals' which was converted into a company under Chapter IX of the Companies Act named Emami Limited. In 1998, Emami Limited was merged with our Company *vide* Calcutta High Court order dated July 21, 1998 and its name was changed to Emami Limited as per fresh certificate of incorporation dated September 1, 1998. In the year 2000, with a view to concentrate on its core FMCG business, investment undertaking of our Company was de-merged to Pan Emami Cosmed Limited through Scheme of Arrangement *vide* Calcutta High Court order dated September 04, 2000. During March, 2005, our Company came out with a follow on public issue of 50,00,000 (Five million) Equity Shares of 2/- each at a premium of Rs.68/- per share. J.B. Marketing & Finance Limited, a company engaged in marketing and selling of the products of our Company was merged with our Company w.ef. April 01, 2006 *vide* the Calcutta High Court order dated February 23, 2007.

1. Our Registered Office is at Emami Tower, 687, Anandapur, Eastern Metropolitian Bypass, Kolkata – 700 107, West Bengal, India**.**

2. Our main objects which are relevant to our current and proposed operations, as set out in our MOA are as under:

   - To buy, sell, produce, manufacture and deal in all kinds of soaps, hair oils, perfumery cosmetics, toilet preparations and any new materials for the manufacture of soaps, essence and any byproducts and subsidiaries arising therefrom.

   - To carry on the business of makers and manufacturers of dentifrices, inks, polishes, paints, pigments, varnishes, colours, oils, fats, glycerine, disinfectants, sanitary preparations, drugs, acids, chemicals, medicinal and medicated preparations, aromatic chemicals, essentials oils, syrups and allied products.

   - To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in stationery goods, writing instruments, all types of pen, ball point pen, refills, colour pencils, pencils, erasers, rulers, boards, files, gums, adhesive tapes and all kinds of stationery.

   - To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in household and consumer goods, insecticides, cleansing compounds, floor cleaners, dish wash, window cleaner, polishing preparations, deodorants, toothbrushes, toothpaste, all kinds of health and personal care products, confectionery, sweets, food provisions, tinned products, other edible products and other merchandise goods.

   - To carry on and undertake business of hire purchase, leasing, selling on instalments and on deferred payment system, letting on hire of all kinds of movable and immovable assets including motor vehicles, agricultural machinery, other plant & machinery, air-conditioners, air-conditioning plants, equipments, electronic equipments and any other equipments or assets that the Company may think fit, to let on lease or hire or otherwise deal with all or any of them including resale thereof regardless of whether any such item be new or used or reconditioned and to provide advisory or counseling service on lease and leasing operations to any Company or obtain such advice or service from the leasing arm of any other Company.

2.1 Pursuant to the special resolution adopted by our shareholders under Section 149 (2A) of the Companies Act on July 28, 2008, in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, consent was accorded for the commencement of the business of real estate and related activities as covered in Clause 68 of the "Other Objects" Clause of the Memorandum of Association of our Company, which reads as follows:

"To construct, purchase and sale or develop and construct otherwise acquire, purchase on auction, hire, lease or advance and loan money on or arrange loan or mortgage of any buildings, houses, bungalows, factories, trade premises, plant, machinery, public buildings, lands farms or any other kind of asset, estate or property(movable or immovable)rights or things in auction."

Pursuant to the special resolution adopted by our shareholders under Section 149 (2A) of the Companies Act on November 1, 2008, in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001, consent was accorded for new business of Coal Mining and Power Generation & Distribution as covered in Clause 21 of the "Other Objects" Clause of the Memorandum of Association of our Company, which reads as follows:

"To generate, develop, accumulate, produce, manufacture, purchase, process, transform, distribute, transmit, sale, supply and / or otherwise import, export, deal in any kind of power or electricity energy using coal, lignite, petroleum products or any other substances, wind energy, solar energy, wave energy, tidal energy, hydro energy or any other form and any products or by- products derived from any such business of energy and to set up power plants, wind turbines, power stations, hydel power station, solar energy systems or any other source and to produce, buy, import, sale, treat, exchange, renovate, alter, modernize install or otherwise deal in any type of machinery, equipment, implements, materials, articles, and stores for generating, distributing, transmitting energy, including electricity and to deal with all persons including Companies, government and semi-government bodies for these purpose and to deal with all place including cities, towns, villages, districts, docks, markets, theatres, building, industries, offices etc. and to do all such acts deeds and things including construction, laying down, establishing, fixing and to carry out all necessary activities for the aforesaid purpose."

3. The Issue has been approved by a resolution passed by our Board of Directors dated May 28, 2008. Further the Issue is authorized by a special resolution adopted by our shareholders pursuant to Section 81(1A) of the Companies Act on July 28, 2008 in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001.

4. We have received prior approval under clause 24(a) of the Listing Agreement from BSE, NSE and CSE vide their letters dated June 29, 2009, June 29, 2009 and June 29, 2009 for the listing of the Equity Shares on the BSE and NSE respectively.

5. Copies of our Memorandum and Articles of Association will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at our Registered Office.

6. We have obtained all consents, approvals and authorizations required in connection with the Issue, except for consents from the following lenders for which we have applied for, namely State Bank of India, ICICI Bank Limited, Canara Bank, IBH Loan Trust, a trust formed by IL & FS Trust Company Limited, , HSBC, Axis Bank Limited, IDBI Bank Limited, Indusind Bank Limited, Yes Bank Limited, The Bank of Rajasthan Limited

7. Except as disclosed in the Placement Document, there has been no significant change in our financial position since March 31, 2008, the date of our last published financial results.

8. Except as disclosed in the Placement Document, there are no litigation or arbitration proceedings against or affecting us or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of our Company or the Issue of Equity Shares.

9. Our statutory Auditors are M/s S. K. Agrawal & Company, Chartered Accountants, who have audited and reviewed the accounts for the Financial Years ended 2008 and 2007 have consented to the inclusion of their report in the Placement Document

10. We confirm that we are in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

11. We, the Global Coordinators and Book Running Lead Managers and the Co-BRLM accept no responsibility for statements made otherwise than in the Placement Document and anyone placing reliance on any other source of information, including our website, Website: www.emamiltd.in would be doing so at his or her own risk.

12. The Floor Price for the Issue is Rs. 276.67 per Equity Share of face value of Rs. 2 each. The Floor Price is calculated in accordance with clause 13A.3 of the SEBI DIP Guidelines.

DETAILS OF GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS, AND OTHER ADVISORS

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Global Coordinators and Book Running Lead Managers

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Co-Book Running Lead Manager

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SEBI Registration Number: MB / INM000011021
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<u>Legal Advisor to the Issue</u>

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<u>Statutory Auditors</u>

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Fax: +91- 33 2231 6305
E-mail: saxenacompany@vsnl.net

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue:

Issuer	Emami Limited
Issue Size	1,00,00,000 Equity Shares of the Company of Rs. 2 each.
Issue Price	310/- per Equity Share
Eligible Investors	Qualified Institutional Buyers
Equity Shares issued and outstanding immediately prior to and after the Issue	62,145,177 Equity Shares issued and outstanding immediately prior to the Issue. Immediately after the Issue, 72,145,177 Equity Shares will be issued and outstanding.
Listing	Our Company shall make applications to each of the Stock Exchanges to obtain in-principle approvals for the listing of the Equity Shares on the Stock Exchanges. The Equity Shares shall be listed on BSE, NSE and CSE.
Transferability Restriction	The Equity Shares being allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on a recognized stock exchange in India. **Please refer to the section titled *"Selling Restrictions"* and *"Transfer Restrictions"* relating to the sale of the Equity Shares.**
Ranking	The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared after the date of Allotment, in compliance with the Companies Act. Shareholders may attend and vote in shareholders' meetings.
Use of Proceeds	The total proceeds of the issue is Rs. 3100/- million. Subject to compliance with applicable laws and regulations, the Company intends to use the net proceeds received from the Offering to accelerate further growth, fund various expansion plans, long-term working capital requirements, to finance investment opportunities and for general corporate purposes and for any other uses that may be permissible under applicable law. For further details, please refer to the Chapter titled "***Use of Proceeds***" of the Placement Document.
Risk Factors	Prior to making an investment decision in this Issue, see "Risk Factors".
Security Codes:	
ISIN	**INE548C01024**
BSE Code	**531162**
NSE Code	**EMAMILTD**
CSE Code	**18136**
Bloomberg	**HMN IN Equity**
Reuters	**EMAM.BO**

SUMMARY OF BUSINESS

Emami is the flagship company of the Emami Group which is jointly promoted by Kolkata based industrialists Mr. Radheshyam Agarwal and Mr. Radheshyam Goenka.The group is engaged in the business of manufacturing personal care and health care products for over 3 decades and has diversified in the field of real estate, paper, biofuel, cement etc. Our product offering is well diversified across segments like skincare, hair care, therapeutic products, ayurvedic food supplements and Over The Counter segment. Some of our major products have become household names such as Boroplus Antiseptic Cream, Boroplus Prickly Heat Powder, Fair and Handsome Fairness Cream for men, Navratna Oil, Himani Fast Relief, Mentho Plus balm, Sona Chandi Chyawanprash and Amritprash, amongst others.

Our consolidated Total Income for the financial years ending, March 31, 2008 and 2007 was Rs. 6214.11 million and Rs. 5217.45 million respectively, and our Profit After Tax and minority interests for the said years was Rs. 901.86 million and Rs. 661.88 respectively. Our consolidated sales have grown at a CAGR of 41.46% over the last 3 financial years and our Profit After Tax and Minority Interest has grown at a CAGR of 45.53% over the last 3 financial years.

FMCG Business

Our Promoters have been in the FMCG business since 1974. We have a strong presence in the FMCG sector and our product range encompasses the skin care, beauty care, hair care, ayurvedic medicines and OTC products.

Our Strengths

- Robust and visible brands
- Brand Ambassadors
- Strong Research and Development
- Innovative packaging
- Strong professional management team and motivated work force
- Pan India Operations and Distribution Capabilities
- Backward area benefits to achieve cost efficiency
- Experience in the FMCG sector for over three decades

Business Strategy

- Growth through innovation and entry into new categories
- New products to drive growth
- Increased exports and wider international reach
- To undertake new initiatives in increasing our distribution reach through Modern retail outlets, E-choupals, Emami Mobile Traders (EMT), Paan-biri shops, army camps, tie up with Indian Oil Corporation

The task of winning over consumers by drawing them to a particular brand and retaining them however remains challenging. Constant interaction with consumers and accurate insight into the needs and wants of the consumers which then can be converted into products and finally product delivery is the main instrument for tapping this opportunity. The companies in the FMCG sector that will achieve success in the future are likely to be those which focus on meeting the consumer’s stated and unstated needs and at the same time are able to communicate effectively.

RECENT DEVELOPMENTS

A) **Acquisition of stake in Zandu:**

Our Company has acquired controlling stake of 68.9% in The Zandu Pharmaceuticals Works Limited. Zandu, a renowned name in the field of aurveydic medicines, OTC and other health care products, is a listed company and is listed on the BSE and the NSE.

The salient features in relation to the acquisition of Zandu are as set out below:

- A strategic fit as Zandu is an age old ayurvedic, herbal and healthcare company with strong R & D base owning popular brands like Zandu Balm, Zandu Special Chyawanprash and other ayurvedic products.

- Distribution synergies: Rollout of Zandu products through the strong & bigger distribution network of Emami.

- Production synergies: Production of common products of Zandu and Emami in Emami's wide spread production facilities at tax efficient locations.

- For the financial year ended March 31, 2008, Zandu had a total income of Rs. 1,729.61 million, profit after Tax of Rs. 164.99 million and a net worth of Rs. 829.96 million and Book Value Per Share of Rs. 1029.22.

B) **Emami – Proposed Composite Scheme of Arrangement**

The following composite Scheme of Arrangement (hereinafter referred to as the **"Proposed Composite Scheme of Arrangement"**) was approved by Board of Directors of the Company and Zandu on June 19, 2009:

1. *Consolidation of FMCG Business into one entity:* The FMCG business of Zandu to be demerged into Emami.

2. *Consolidation of real estate holdings:* The realty undertaking of Emami including Emami Realty Limited and Emami's interests in Zandu's non-core business including real estate will be demerged into a separate company, Slick Properties Private Limited (SPL). For this purpose, SPL is being converted into a public limited company and will subsequently file application for change of name to Emami Infrastructure Ltd. SPL is hereinafter referred to as "Emami Infrastructure Limited".

Share Swap Details for the Proposed Composite Scheme of Arrangement:

1. Under the terms of the Proposed Composite Scheme of Arrangement, shareholders of Emami will receive 1 (one) equity share of face value Rs. 2/- each of Emami Infrastructure Limited for every 3 (three) equity shares of face value Rs. 2/- each held by them in Emami.

2. Shareholders of Emami shall continue to hold their existing shareholding in Emami comprising of equity shares of face value Rs. 2/- each, and such existing shareholding would not be impacted by the Proposed Composite Scheme of Arrangement.

3. Shareholders of Zandu will receive 14 (fourteen) equity shares of Emami of face value Rs. 2/- each for every 1 (One) equity share of face value Rs. 100/- each held by them in Zandu.

4. Shareholders of Zandu shall continue to hold their existing shareholding in that company comprising of equity shares of face value Rs. 2/- each, and such existing shareholding would not be impacted by the Proposed Composite Scheme of Arrangement.

The Appointed Date for the Proposed Composite Scheme of Arrangement shall be November 5, 2008. The Proposed Composite Scheme of Arrangement is subject to necessary approvals.

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all of the information in the Placement Document, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

The Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Placement Document. Prospective Investors should pay particular attention to the fact that we are an Indian company and are subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned herein under:

Internal Risk Factors

1. Risks arising out of outstanding litigation against our Company

Our company is involved in certain litigations that have been filed by / against it in relation to taxation, intellectual property rights, consumer matters, civil matters and criminal matters. Any final judgement awarding material damages against our Company could have a material adverse impact on the future financial performance of our Company.

Claims made by the consumers due to any accidental presence of defect in the products sold to them may lead to loss of business and reputation. In such an event, we may also be subjected to the imposition of financial liability arising out of the legal proceedings initiated against our Company.

2. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution

The objects for which the funds raised through the Issue will be deployed, as stated in the chapter "Use of Proceeds" in the Placement Document, has not been appraised by a bank or a financial institution. Deployment of Issue proceeds would be at our management's discretion. .Any unplanned major increase in the fund requirements or cost escalation may impact the financial performance of our Company.

3. Failure to successfully identify and conclude acquisitions or manage the integration of the businesses acquired or the performance of such businesses being below expectations may cause profitability and operations to suffer.

We have identified inorganic growth as one of our avenues for growth and have undertaken and further intend to acquire businesses which are strategically important for the growth for our Company. We intend to acquire and enter into strategic relationships in the future as a part of our strategy. We may not be able to identify or conclude appropriate or viable acquisitions in a timely manner. Further, the acquisitions may not necessarily contribute to our profitability and may divert management attention or require us to assume a high level of debt or contingent liabilities. In addition, we may experience difficulty in integrating operations and harmonizing cultures leading to a non-realisation of anticipated synergies or efficiencies from such acquisitions. These difficulties could disrupt our ongoing business.

4. The Promoters will hold significant part of the equity shares of our Company post the proposed Issue, and will continue to control our Company.

After the Issue is completed, our Promoters and promoter group will collectively control, directly or indirectly approximately 75.67 % of our Company's outstanding Equity Shares. As a result, our

Promoters will have the ability to exercise significant control over us and all matters requiring the approval of shareholders, including election of directors, our business strategy and policies and approval of significant corporate transactions such as mergers and business combinations. The interests of our Promoters may conflict with the interest of the other investors, and investors may not agree with the way in which the Promoters exercise their voting rights and powers. This could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving our Company, discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company.

5. In a business that survives on brand equity, even a temporary drop in quality could affect customer perception, reduce off-take and market share.

Over the years, our Company has gradually evolved its quality control from material testing to a systematic discipline. This is reflected in a stringent quality discipline across its life cycle. In spite of the aforesaid, even a temporary drop in quality could affect customer perception, reduce off-take and market share, thereby adversely impacting our Company's revenues and profitability.

6. The availability of spurious, look-alikes, counterfeit products primarily in our domestic market, could lead to losses in revenues and harm the reputation of our products.

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours, including spurious or pirated products. For example, certain entities could imitate our brand name, packaging material or attempt to create look-alike products. This would not only reduce our market share due to replacement of demand for our products, whereby we may not be able to recover our initial development costs or experience loss in revenues, but could also harm the reputation of our brands. The proliferation of unauthorized copies of our products, and the time lost in defending claims and complaints about spurious products and in suing / prosecuting offenders who infringe on our intellectual property rights could decrease the revenue we receive from our products and have a material adverse effect on our reputation, business, financial condition and results of operations.

7. The launch of new products that prove to be unsuccessful could impact our growth plans and may adversely impact earnings.

We have identified new product introductions in our selected business segments as one of the avenues for growth. Each of the elements of the new product initiatives carries significant risks, as well as the possibility of adverse consequences, including:

- the acceptance of the new product initiatives by our retail customers may not be as high as we anticipate;
- sale of the new products to our retail customers may not be as high as we anticipate for a number of factors including product pricing;
- our marketing strategies for the new products may be less effective than planned and may fail to effectively reach the targeted consumer base or engender the desired consumption and the rate of purchases by our consumers may not be as high as we anticipate;
- we may incur costs exceeding our expectations as a result of the continued development and launch of the new products;
- we may experience a decrease in sales of certain of our existing products as a result of the introduction of related new products;
- any delays or other difficulties impacting our ability, or the ability of our third party manufacturers and suppliers, to manufacture, distribute and ship products in a timely manner in connection with launching the new product initiatives.

Each of the risks referred to above could delay or impede our ability to achieve our growth objectives or we may not be successful in achieving our growth objectives at all, through these means, which would have a material adverse effect on our business, results of operations and financial condition.

8. **In a dynamic FMCG industry, market realities change speedily, making it imperative for players to be market-focused at all times to preserve competitiveness. Any delay in doing so could lead to a reduced market share.**

Over the years, our Company has endeavoured to strengthen its market-responsiveness through initiatives like an ongoing dealer communication, a progressive shift towards value-for-money packaging and expansion of the market, a continuous effort to make trade relations attractive and an ongoing mapping of the customer's mind leading to the introduction of new products.

Any delay in our Company’s reactions to changes in market realities, or a shift in its market-focus may affect the competitiveness of our Company’s products, thereby having an adverse impact on the market share and revenues of our Company.

9. **We are applicants in respect of several trademark applications, copyright applications, patent applications and design applications, which are pending registration.**

We are heavily dependant on our intellectual property. We have obtained intellectual property protection for our brands, processes and designs by way of registration under the Trade Marks Act, 1999, the Copyright Act, 1957, the Patent Act, 1970 and the Designs Act, 2000. However, we have not yet obtained registration of some of our trademarks, copyrights, patents and designs.

We cannot assure you that any of these applications shall be granted by the relevant trademark authorities. We may face oppositions in relation to our applications, and incur costly litigation to defend our intellectual property rights from opposition / infringements, in which we cannot assure you that we shall be successful in defending the same.

Further, we have recently made an application dated September 25, 2008 for the registration of the logo of our Company under class 3, 5, 29 and 30 of the Trade Marks Act, 1999, which is pending before the Registrar of Trademarks, West Bengal. In the event that the logo is not registered or there is a delay in the registration, it may adversely affect us.

10. **Negative publicity if any, would adversely affect the value of our brand, and our sales.**

Our business is dependent on the trust our customers have in the quality of our merchandise as well as on our ability to protect our trademarks, copyrights and other intellectual property and to maintain our brand value. If we fail to adequately protect our intellectual property, competitors may market products similar to ours. Any negative publicity regarding the Company, brands, or products and disputes concerning the ownership of intellectual property, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

11. **FMCG business is highly competitive and we cannot assure that we would be successful in the same.**

We operate in a highly competitive market that has players who may have financial and other resources that are far greater than ours. Further, there may be regional or smaller players who may compete with us in specific geographical areas or segments. There is generally increasing competitive pressure in most segments of the industry in which we operate, which makes our goals of increasing market shares and broadening our consumer base a continuing challenge. Increasing competitive pressures may also impact our ability to improve realisations from our products. We need to respond to competitive business strategies adopted by other players and consequently our costs, including advertising and sales promotion expenses increase. We cannot assure that we would be successful in meeting this competition and it may lead to reduction in sales and market shares, loss of revenues, margins and profitability which may have a material adverse effect on our business, results of operations and financial conditions.

12. **Emergence of large-scale organized retail in India in the form of supermarkets and hypermarket chains may adversely affect our pricing ability**

    The FMCG industry in India has been witnessing the emergence of newer channels of distribution, such as direct marketing and new supermarket and hypermarket chains. With urban consumers becoming more affluent, younger on an average and more aspirational, and with supermarket and hypermarket chains emerging in cities across the country, penetration of large-scale organized retail in India is likely to continue to increase. While this provides opportunities to FMCG players like us in terms of improving supply chain efficiencies and the visibility of our brands, it also puts pressure on our margins as volume purchases from large-scale organized retail chains considerably increases their negotiating position, specially in terms of pricing and credit terms, which may have a material adverse effect on our pricing and margins, consequently adversely affecting our results of operations and financial condition.

13. **Product innovation and research and development activities are an integral part of our business model. If our research and product development efforts are not successful, our business may be restricted.**

    Growth of our future operations depends upon our ability to successfully carry out research and development of new processes and produce new and better quality products from a variety of raw materials. These processes must meet quality standards where applicable and may sometimes require regulatory approvals. The development and commercialization process for these products would require time and capital outlay. Our ongoing investments in research and development for future products and processes may result in higher costs without any increase in revenues. Any failure or delay in timely development and commercialization of new products or our inability to obtain legal protection for our future products may have a material adverse effect on our business, results of operations and financial condition.

14. **We depend heavily on our channel partners such as distributors and failure to manage the distribution network efficiently will adversely affect our performance.**

    We have developed a strong network of distributors both in India and certain overseas markets. We are dependent on these channel partners for the distribution of our products. While relationships with them have been satisfactory, we have no long-term contracts with any of these channel partners and most of these distributors function independently. There can be no assurance that we will be successful in continuing to receive uninterrupted and high quality of service from these channel partners for our current and future products.

15. **If our Company is unable to attract and retain key employees, our operations could be adversely affected.**

    Our business substantially depends on the continued service of our key managerial personnel. The loss of the services of our key managerial personnel could have a material adverse effect on us. Our future success will also depend on our ability to attract highly skilled personnel and senior management professionals. Our Company could experience difficulty from time to time in hiring the personnel necessary to support our current business and future growth. If our Company does not succeed in attracting new high quality employees, our reputation may be adversely impacted and our future earnings may be negatively impacted.

16. **Failure to effectively manage labour or failure to ensure availability of sufficient labour could affect the business operations of our Company.**

    Our Company's manufacturing facilities including its outsourcing units are placed at different locations namely Pondicherry, Assam and Kolkata by which our company has the flexibility to produce different products from more than one place. Labour intensive operations call for good monitoring and healthy relations with the work force. Paucity of labour and/or any dispute between the labour and management may affect the business operations of our Company leading to loss of man hours.

17. Non renewal of the statutory and regulatory permissions and approvals required to operate our business may have a material adverse effect on our business.

Being in the manufacturing business, our Company requires several statutory and regulatory permits, licenses and approvals to operate the business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Our Company is required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/ licenses/ approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our Company's operations and may have a material adverse effect on the business.

We have made fresh / renewal applications for some of our permits / licenses for our various plants/manufacturing facilities and cannot assure whether the regulatory authorities will grant us the requisite permission / licenses. Non-receipt of the same, or receipt of the same subject to conditions which may be unfavourable to us, may expose us to higher costs, fines, penalties, regulatory action and sanctions, would have a material adverse effect on our production operations and consequently our business,

18. Certain manufacturing and distributing operations are being conducted on premises that have been taken on lease. Our inability to seek renewal/extension of such lease terms may cause disruption in our operations.

Certain premises on which we operate are taken on lease or leave and license agreements with various third parties. We may also enter into such transactions with third parties in future. Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate or breach of the contractual terms of such leave and license agreements or any inability to renew the said leases / leave and license agreements on terms acceptable to us may impede our business operations.

We have entered into a lease deed dated April 10, 2001 with Pondicherry Industrial Promotion Development and Investment Corporation Limited for taking on lease two "C" type sheds bearing numbers C-46 and C-47 in Industrial Estate at Mettupalayam, Pondicherry for a term of three years commencing from October 11, 2000. The lease deed expired on October 10, 2003. We have received a letter dated October 3, 2008 from Pondicherry Industrial Promotion Development and Investment Corporation Limited stating that the request for execution of lease deed in respect of C-46 and C-47 in Industrial Estate at Mettupalayam, Pondicherry is under consideration. Decision as to non-renewal of lease with us by Pondicherry Industrial Promotion Development and Investment Corporation Limited could affect our operations in the aforementioned premises while renewal on unfavourable terms could adversely impact our business, results of operations and financial conditions.

19. Some of the agreements entered into by our Company with respect to our depots and other leasehold premises are not adequately stamped and registered.

Some of the agreements entered into by our Company with respect to our depots and other leasehold premises are not adequately stamped and registered. The effect of inadequate stamping and non-registration is that the document is not admissible as evidence in legal proceedings, and parties to that agreement may not be able to legally enforce to same, except after paying a penalty for inadequate stamping and non-registration.

20. As per the loan agreements entered into by us with our lenders, there are certain restrictions on us, which may hamper our future business growth and business policies.

We have entered into agreements for availing financial facilities from various lenders. Certain covenants in these agreements require us to obtain approval/ permission from our lenders. These covenants include, amongst others, implementation of any scheme of expansion / diversification / renovation / capital expenditure, formulation of any scheme of amalgamation or reconstruction, undertaking of guarantee obligation, any change in our capital structure, among others. Accordingly, we are required to obtain prior consent from our lenders for the Issue. We are yet to obtain consents for this Issue from our lenders to whom we have applied for, State Bank of India, ICICI Bank Limited, Canara Bank, IBH Loan Trust, a trust formed by IL & FS Trust Company Limited, , HSBC, Axis Bank Limited, IDBI Bank Limited, Indusind Bank Limited, Yes Bank Limited, The Bank of Rajasthan Limited

In the event these approvals are not received by us, and we proceed with the Issue, it may expose our Company to adverse consequences including *inter alia* proceedings in relation to breach of contract and immediate repayment of the outstanding amount(s) due to the relevant bank(s).

21. Any rise in the price of raw materials and packaging products may have a negative impact of the profitability of our Company.

Our Company is dependent on a regular and an un-interrupted supply of raw materials for the manufacture and marketing of its products. Increase in the price or erratic supply of raw material may increase the cost of production which would in turn adversely impact our margins.

22. Costs and availability of raw materials and packaging materials

Costs and availability of key raw materials and packaging materials is crucial for our operations. Any disruption in supply, or increase in the costs of such materials, could adversely affect our ability to meet customer demand, and also have a material adverse effect on our margins and consequently our results of operations and financial condition.

The contingent liabilities of our Company as on March 31, 2009 are as follows (Rs. in Mn.)

PARTICULARS	As on March 31, 2008	As on March 31, 2009
Excise Duty demands (net of advances)	7.37	7.37
Entry Tax (net of advances)	2.61	1.71
Sales Tax demands under appeal (net of advances)	120.49	81.25
Income Tax Demands (net of advances)	1.24	NIL
Guarantees and counter guarantees given	25.07	1,025.14

Apart from above the company has entered into a Put Option Contract Agreement with ICICI Bank and Emami Paper Mills Limited in connection with the External Commercial Borrowings facilities availed of by Emami Paper Mills Limited from ICICI Bank for a sum of US$ 16.50 million.

If any of the aforesaid liabilities materialise, they may adversely affect our results of operations, cash flows and financial condition.

23. We have entered into and shall continue to enter into related party transactions

Our business model involves entering into certain related party transactions. We have entered into certain related party transactions with our Promoters, Directors and Promoter group entities. For further details, refer to the section titled "*Financial Statements*" of the Placement Document.

24. Some of our subsdiaries have incurred losses or have negative reserves (as per their standalone financial statements) for the FY ended March 31, 2008.

(Rs. in Mn.)

Name of the Company	Incurred Losses	Negative Reserves
Emami Rainbow Niketan Private Limited	-0.02	-0.02
Emami Vriddhi Commercial Private Limited	-3.78	-0.03
Nathvar Tracon Private Limited	0.29	-0.02
New Age Realty Private Limited	-0.07	-0.05
Octagon BPO Private Limited	-0.06	-0.06
Emami Skyhigh Private Limited	0.29	-0.01
Emami Ashiana Private Limited	-0.03	-0.02
Emami Properties Private Limited	-0.04	-0.04
Sri Mohamaya Investments Private Limited	-0.77	-0.03
Emami Constructions Private Ltd	-0.05	-0.05
A Raj Abasan Private Limited - Standlaone	0.39	-0.01
Swastik Promoters Private Limited	-0.14	-0.06
Orbit Projects Private Limited	-2.05	-3.20

25. Investors should take note that our Company's Financial Statements are not prepared in accordance with IFRS or US GAAP.

Our Company has not prepared its financial statements in accordance with the International Financial Reporting Standards of the International Accounting Standards Board ("IFRS") or in accordance with generally accepted accounting principles in the United States of America ("US GAAP"). Our Company has prepared its financial statements, and the financial information contained herein, in accordance with Indian GAAP ("Indian Accounting Practices"). The requirements of Indian Accounting Practices differ in certain respects from those of IFRS and US GAAP. Our Company has not presented a reconciliation of its financial statements to IFRS or US GAAP in the Placement Document. Furthermore, our Company has not identified or quantified the impact of the differences between Indian Accounting Practices, IFRS and US GAAP as applied to its financial statements. There may be substantial differences in our Company's results of operations, cash flows and financial position if it were to prepare its financial statements in accordance with IFRS or US GAAP. In particular, greater reliance may be placed by the auditors on representations made by our Company's management and there may be less independent verification of information than would be the case in certain other countries.

26. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on BSE, NSE and CSE in a timely manner or at all.

In accordance with Indian law and practice, final permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on BSE and/or NSE and/or CSE. Any failure or delay in obtaining the approval would restrict your ability to dispose off your Equity Shares.

27. The Proposed Composite Scheme of Arrangement may not fructify

The Proposed Scheme of Arrangement may not fructify on account of pending approvals not being received or otherwise. If the same does not so fructify, our plans to consolidate our FMCG business and real estate holdings as contained in the Proposed Composite Scheme of Arrangment would not fructify, which could have a material adverse effect on our reputation and our standing. in addition to not being able to adequately unlock value from different businesses spread across various entities.

External Risk Factors

28. Political, economic and social developments in India could adversely affect the business of our Company.

Since 1991, the Government of India has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Government may change economic policies which might have an adverse impact on our Company. The rate of economic liberalisation in India could change, as could specific laws and policies, foreign investment, currency exchange rates and other matters affecting an investment in the Equity Shares. Significant changes in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and affect the business of our Company adversely.

29. Any future issuance of Equity Shares by us or the issue of stock options under an employee stock option plan may dilute the investor’s shareholding or adversely affect trading price of the Equity Shares.

Any future issuance of Equity Shares by us or the issue of stock options under an employee stock option plan could dilute the investor’s shareholding. Additionally, sales of our Equity Shares by the Promoters or other significant shareholders could also have an adverse affect on the trading price of the Equity Shares. Such events could also impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

30. After this Issue, our Equity Shares may experience price and volume fluctuations.

The Issue price of the Equity Shares in the Issue will be determined by us in consultation with the Global Coordinators and Book Running Lead Managers, based on the Bids received in compliance with Chapter XIII-A of the SEBI Guidelines and it may not necessarily be indicative of the market price of the Equity Shares after the Issue is complete. You may be unable to resell your Equity Shares at or above the Issue Price and, as a result, you may lose all or part of your investment. The price of the Equity Shares may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian FMCG sector, adverse media reports on us or the Indian FMCG industry, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India’s economic liberalization and deregulation policies, significant development in India’s fiscal regulations or fiscal condition.

31. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller and may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S and Europe Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges have experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similarly, adverse conditions in global securities market have also adversely affected sentiments in Indian markets. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

32. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

We might be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

33. Your ability to sell Equity Shares that you acquire in the Issue areis restricted by the transfer restrictions set forth in the Placement Document.

The Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in the Placement Document under the heading "Transfer Restrictions". We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forthherein.

34. Any change in regulatory environment may have an impact on the business of our Company.

In case our Company is unable to adapt itself to regulatory changes in jurisdictions where our business is conducted, the business of our Company may be impacted adversely.

35. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which our Company imports its raw materials and/ or exports its products to, will have an impact on our Company's profitability.

Our Company's exports and imports are spread to many countries. Whenever such policy changes affect our Company's business, our Company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain its business.

36. Our Company currently benefits from the various tax exemptions and deductions, which are applicable to units established in backward area / states. The Government of India has announced the gradual elimination of some of the tax exemptions. Non-availability of these tax exemptions will increase our Company's future tax liabilities and adversely affect the profitability of Our Company in future.

Our Company's new facility at Guwahati are entitled to 100% exemptions from income tax and excise duty refund upto the financial year 2013 and exemption is also available for sales tax upto Rs. 122.8 million till the year 2010. However, if the government policies change and at the end of the aforesaid exemption period, it would have an adverse impact on the profits of our company.

37. Fierce competition, competitive pricing and a saturated distribution mark the performance of the Indian FMCG industry. Should this trend continue, long-standing investments could become unprofitable.

The FMCG sector in India is affected by fierce competition, competitive pricing and distribution networks. If these challenges continue to grow, it would adversely affect the players in the FMCG sector in India, including our Company.

38. Our Company is subject to risk arising from exchange rate fluctuations.

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect our Company to the extent of such orders being placed by overseas vendors for our Company's products. Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees is likely to adversely affect our Company's profitability.

39. Our Company is subject to risk rising from changes in interest rates and banking policy

Our Company is dependent on various banks and financial institutions for arranging our Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on our Company's profitability.

MARKET PRICE INFORMATION

Our Equity Shares have been listed since 1983.

The table set forth below is for the periods that indicate the high and low prices of our Equity Shares and also the volume of trading activity. On June 25, 2009, the closing price of our Equity Shares on BSE and NSE was Rs. 338.55 and Rs. 336.35 respectively (Equity Shares of face value of Rs. 2 each).

1) The high, low and average market prices of our Equity Shares during the preceding three years.

Year Ending March 31st	BSE						
	Date	High ** (Rs.)	Volume on date of High (No. of shares)	Date	Low ** (Rs.)	Volume on date of Low (No. of shares)	Average (Rs.) *
2010 (30-Jun -09)	16-Jun-09	375.75	32,709	28-Apr-09	200.10	636	245.43
2009	30-May-08	320.10	102,505	17-Mar-09	183.50	21,553	243.95
2008	03-Jan-08	370.90	23,591	05-Apr-07	190.50	635	244.58
2007	11-May-06	309.00	27,348	03-Apr-06	177.75	21,842	251.09

*- Average of daily closing prices
** - Based on daily closing prices
Source: www.bseindia.com

Year Ending March 31st	NSE						
	Date	High ** (Rs.)	Volume on date of High (No. of shares)	Date	Low ** (Rs.)	Volume on date of Low (No. of shares)	Average (Rs.) *
2010 (30-Jun-09)	16-Jun-09	375.25	32,858	28-Apr-09	200.60	687	245.42
2009	30-May-08	317.65	71,785	17-Mar-09	183.05	22,163	243.72
2008	3-Jan-08	373.45	18,772	5-Apr-07	190.70	1,787	244.06
2007 (# 3-Aug-06)	17-Oct-06	300.45	4,241	7-Mar-07	190.30	1,124	255.14

*- Average of daily closing prices
** - Based on daily closing prices
# - Our Equity Shares were listed and started trading on NSE w.e.f 3-Aug-06

Source: www.nseindia.com

2) Monthly high and low prices on the Stock Exchanges for the six months preceding the date of filing of this Placement Document.

Month	BSE						
	Date	High ** (Rs.)	Volume on date of High (No. of shares)	Date	Low ** (Rs.)	Volume on date of Low (No. of shares)	Average (Rs.) *
June, 2009 (30-Jun-09)	16-Jun-09	375.75	32,709	2-Jun-09	324.65	145,323	347.01
May, 2009	29-May-09	337.35	32,615	4-May-09	206.45	3,369	247.80
April, 2009	17-Apr-09	220.65	7,149	28-Apr-09	200.10	636	210.07
March, 2009	27-Mar-09	211.75	9,306	17-Mar-09	183.50	21,553	193.53
February, 2009	25-Feb-09	205.85	6	6-Feb-09	195.10	24	200.87
January, 2009	2-Jan-09	225.00	174	19-Jan-09	201.05	106,157	215.90
December, 2008	15-Dec-08	228.40	63,912	11-Dec-08	213.80	2,237	223.12

*- Average of daily closing prices
** - Based on daily closing prices

Source: www.bseindia.com

Month	NSE						
	Date	High ** (Rs.)	Volume on date of High (No. of shares)	Date	Low ** (Rs.)	Volume on date of Low (No. of shares)	Average (Rs.) *
June, 2009 (30-Jun-09)	16-Jun-09	375.25	32,858	02-Jun-09	329.60	208,048	347.60
May, 2009	29-May-09	335.40	56,882	4-May-09	204.90	2,070	248.18
April, 2009	17-Apr-09	223.05	7,952	28-Apr-09	200.60	687	209.00
March, 2009	30-Mar-09	221.75	18,698	17-Mar-09	183.05	22,163	193.62
February, 2009	09-Feb-09	203.60	202	11-Feb-09	197.40	12,114	201.01
January, 2009	02-Jan-09	225.00	1,458	29-Jan-09	202.35	232,299	215.48
December, 2008	02-Dec-08	230.00	11,778	11-Dec-08	215.80	1,091	223.61

*- Average of daily closing prices
** - Based on daily closing prices

Source: www.nseindia.com

Notes

- In the above data provided, High, Low and Average prices are of the daily closing prices.
- In case of two days with same closing, the date with higher volume has been considered.

3) Market Price on the first working day following the Board Meeting approving the Qualified Institution Placement, in this case being May 28, 2008 and after the approval of the members by postal ballot on July 28, 2008:

Date	BSE						NSE					
	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (Rs. in Mn.)	Open	High	Low	Close	Traded Volume (No. of Shares)	Turnover (Rs. in Mn.)
28-May-08	285.00	302.00	285.00	299.20	29,955	8.87	285.00	304.00	285.00	299.20	45,698	13.49
29-May-08	304.80	308.50	289.10	291.10	35,298	10.69	252.70	307.85	252.70	292.10	77,806	23.52
28-Jul-08	250.00	250.00	235.00	237.50	1,228	0.30	240.00	249.70	237.00	238.65	1,651	0.40
29-Jul-08	241.50	243.50	235.00	241.00	3,742	0.89	244.00	244.00	235.00	241.45	1,721	0.41

Source: www.bseindia.com , www.nseindia.com

4) Volume of business transacted during the last six months on the Stock Exchanges.

Month	BSE		NSE	
	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. In Mn.)	Total Volume of Securities Traded (No. of shares)	Total Value of Securities Transacted (Rs. In Mn.)
June, 2009	7,65,377	268. 85	1,198,037	416.78
May, 2009	1,156,118	293.54	1,952,949	496.14
April, 2009	35,004	7.50	42,979	9.17
March, 2009	242,120	45.66	880,434	174.33
February, 2009	200,305	40.24	187,219	37.47
January, 2009	296,076	61.58	441,841	91.29
December, 2008	102,931	23.94	152,971	35.10
Total	**2,032,554**	**472.46**	**3,658,393**	**843.50**

Source: www.bseindia.com , www.nseindia.com

Note: As there is no or insignificant trading on CSE, price statistics are disclosed for BSE and NSE and are not provided for CSE.

USE OF PROCEEDS

The proceeds of the Issue are estimated to be approximately Rs. 3100/- million, before deducting the expenses of the Issue. The proceeds of the Issue will be used in compliance with applicable laws.

Our Company operates in the Fast Moving Conumser Goods (FMCG) sector, which is essentially governed by the tastes and prefernces of the consumers. Keeping pace with such dynamism requires us to be innovative along with being fast paced. We therefore, we make an endeavour to adequately respond to such environment and hence our aim is to outperform the average industry growth rate.

Subject to compliance with applicable laws and regulations, the Company intends to use the net proceeds received from the Offering to accelerate further growth, fund various expansion plans, long-term working capital requirements, to repay the debts, to finance investment opportunities and for any other uses that may be permissible under applicable law.

Our main objects clause and objects incidental or ancillary to the main objects clause of our Memorandum of Association enables us to undertake our existing activities.

In accordance with the policies instituted by our Board, our management will have the flexibility in deploying the proceeds for the purposes mentioned above. Further the proceeds may also be utilized for general corporate purposes and meeting expenses of the Issue. Pending utilization for the purposes described above, we intend to temporarily invest funds in creditworthy instruments, including money market mutual funds and deposits with banks. Such investments would be in accordance with the investment policies as approved by the Board from time to time.

CAPITALISATION STATEMENT

(Rs. in Mn.)

STANDALONE CAPITALISATION STATEMENT		
Particulars	**Pre-Issue As at March 31, 2008#**	**Post Issue***
Borrowings		
Secured Loans		
- Term Loan	350.00	350.00
- Working Capital Loans	1.95	1.95
Unsecured Loans	30.64	30.64
Total Debt	382.58	382.58
Shareholder's Funds		
Equity Share Capital	124.29	124.29
Fresh Issue for QIP	---	20.00
Reserves & Surplus	2765.73	2765.73
Additional Share premium on fresh Issue for QIP	---	3080.00
Total Shareholders' Funds	2890.02	5990.02
Total Debt / Equity Ratio	0.13 : 1	

* All the details post QIP are as on March 31, 2008, only the increase in equity share capital and Share Premium account pursuant to QIP have been considered.

The balance sheet for March 2009 has been reviewed and not audited till date, the above statement will change to that extent.

CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

Buildup of the equity share capital of our Company is as mentioned below:

Date of Allotment/ made fully paid up	Number Of Equity Shares	Cumulative Number Of Equity Shares	Cumulative equity share capital (Rs.)	Face value (Rs.)	Issue price (Rs.)	Consideration	Remarks
11.03.1983	70	70	700	10	10	Cash	Subscribers to the Memorandum.
05.05.1983	98,930	99,000	990,000	10	10	Cash	Further Allotment
30.08.1983	150,000	249,000	2,490,000	10	10	Cash	Allotted in public issue
17.09.1994	4,480,000	4,729,000	47,290,000	10	*As per swap ratio in scheme of amalgamation	*As per scheme of amalgamation of Himani Limited with our Company	Sanctioned by the High Court at Calcutta
07.09.1998	886,000	5,615,000	56,150,000	10	** As per swap ratio in scheme of amalgamation	**As per scheme of amalgamation of Emami Limited with our Company	Sanctioned by the High Court at Calcutta
30.01.2004	28,075,000	28,075,000	56,150,000	2	2	-	@ - Split of equity share of Rs. 10/- into five Equity Shares of Rs. 2/- each as per shareholders approval on January 30, 2004 (Record date February 24, 2004)
31.03.2004	28,075,000	56,150,000	112,300,000	2	2	Bonus	Bonus Shares issued in ratio 1:1
22.03.2005	5,000,000	61,150,000	122,300,000	2	68	Cash	Follow on public issue
26.04.2007	995,177	62,145,177	124,290,354	2	2	***As per scheme of amalgamation of J. B. Marketing & Finance Limited with our Company	Sanctioned by the High Court at Calcutta

@ - A share split was approved at the EGM of the members of the Company held on January 30, 2004 resulting in 56,15,000 equity shares of Rs.10/- each being subdivided into 2,80,75,000 Equity Shares of Rs. 2/- each, that is, each equity share of face value of Rs. 10/- each was sub-divided into five Equity Shares of face value Rs. 2/- each.

* Amalgamation of Himani Limited with our Company at a consideration of 7 equity shares of our Company issued for 1 equity share of Himani Limited. 44,80,000 equity shares of face value of Rs. 10/- each were allotted pursuant to the scheme of amalgamation as approved by the High Court at Calcutta.

** Amalgamation of Emami Limited with our Company at a consideration of 1 equity share of Emami Limited issued for 1 equity share of our Company. 8,86,000 equity shares of face value of Rs. 10/- each were allotted pursuant to the scheme of amalgamation as approved by the High Court at Calcutta.

*** Amalgamation of J. B. Marketing & Finance Limited with our Company at a consideration of 1 Equity Share issued for 3 equity shares of J. B. Marketing & Finance Limited. 9,95,177 Equity Shares of Rs. 2/- each were allotted pursuant to the scheme of amalgamation as approved by the High Court at Calcutta.

Note: On the implementation of the Proposed Composite Scheme of Arrangement**,** after receiving requisite approvals, the issued share capital would increase to the extent of the shares of Emami issued to shareholders of Zandu pursuant to the Proposed Composite Scheme of Arrangement. For details, please refer chapter titled “Recent Developments” of the Placement Document.

SHAREHOLDING PATTERN

Our shareholding pattern as on June 19, 2009 is as follows:

Category of Shareholder	No. of Shares	% Shareholding
(A) Shareholding of Promoter and Promoter Group		
(1) Indian		
Individuals / Hindu Undivided Family	7,585,959	12.21%
Bodies Corporate	44,355,678	71.37%
Financial Institutions / Banks		
Sub-Total	51,941,637	83.58%
(2) Foreign		
Individuals (NRI/Foreign Individuals)	2,649,616	4.26%
Total shareholding of Promoter and Promoter Group (A)	54,591,253	87.84%
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	20000	0.03%
Financial Institutions Investors	100	0.00%
Others	550	0.00%
Sub-Total	20,650	0.03%
(2) Non Institutions		
Bodies Corporate	5479083	8.82%
Individuals		
Individual shareholders holding nominal share capital upto Rs. 100,000	978102	1.57%
Individual shareholders holding nominal share capital in excess of Rs. 100,000	1071189	1.72%
Any others (specify)		
NRIs/OCBs	4900	0.01%
Clearing Members		
Trusts		
Sub-Total	7,533,274	12.12%
Total Public Shareholding (B)	7,553,924	12.16%
Total (A)+(B)	62,145,177	100.00%
(C) Shares held by Custodians and against which Depository Receipts have been issued	**Nil**	
Total (A)+(B)+(C)	**62,145,177**	**100.00%**

List of Major Shareholders (As on June 19, 2009)

Sl. No.	Name of the Shareholder	No of Shares	% of Shareholding
1.	Suraj Viniyog Private Limited	10,780,476	17.35
2.	Bhanu Vyapaar Private Limited	10,748,700	17.30
3.	Diwakar Viniyog Private Limited	10,687,476	17.20
4.	Suntrack Commerce Private Limited	10,339,500	16.64
5.	Amitabh Goenka	2,649,616	4.26
6.	TMT Viniyogan Limited	1,450,000	2.33
7.	Avees Trading And Finance Private Limited	1,442,592	2.32
8.	Miscrosec Resources Private Limited	1,079,657	1.74
9.	Deevee Commercials Limited	763,442	1.23
10.	Priti Sureka	671,944	1.08
	TOTAL	**50,613,403**	**81.44**

DIVIDEND AND DIVDEND POLICY

We do not have a formal dividend policy. The declaration and payment of dividend will be recommended by our Board and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition and guidelines issued by regulatory authorities this regard.

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both, subject to certain conditions/limitations in this regard.

The table below sets forth the details of the dividends declared by us on Equity Shares during the last two fiscal years:

Particulars	**Fiscal Year Ended March 31st**	
	2008	**2007**
No of Outstanding Equity Shares	62,145,177	61,150,000
Face value of Equity Shares (Rs. per Equity Share)	2	2
Interim Dividend on Equity Shares (%)	Nil	150%
Final Dividend on Equity Shares (%)	225%	50%
Total Dividend on Equity Shares for the year (%)	225%	200%
Total amount of Dividend on Equity Shares (Rs. in Mn.)	279.65	248.58
Dividend Distribution Tax (Rs. in Mn.)	47.53	36.71

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SUMMARY SELECTED FINANCIAL AND OPERATING DATA

The summary financial information as of and for the two years ended March 31, 2008 and 2007 set forth below has been derived from our financial statements included elsewhere in this Placement Document. Our financial statements are prepared and presented in accordance with Indian GAAP. For a summary of our significant accounting policies and the basis of the presentation of our financial statements, please refer to the notes to the financial statements included in the Placement Document. The summary financial information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements included in the Placement Document.

(Rs. in Mn.)

Consolidated	**Un-Audited Limited Reviewed FY 2009**
Net Sales / Income from Operations	7,556.5
Expenditure	-6,339.3
(Increase) / Decrease In Stock In Trade & WIP	725.2
Advertisement Expenses	-1,223.1
Consumption of Raw Materials	-1,918.8
Depreciation	-83.9
Employees Cost	-495.4
Other Expenditure	-1,422.8
Purchase of Traded Goods	-1,281.8
Realty Project Expenses	-638.7
Profit from Operations before Other Income, Interest and Exceptional Items	1,217.2
Other Income	54.4
Profit before Interest and Exceptional Items	1,271.6
Interest	-311.2
Profit after Interest but before Exceptional Items	960.4
Exceptional Items	0.0
Profit (+)/ Loss (-) from Ordinary Activities before Tax	960.4
Tax	-162.1
Net Profit (+)/ Loss (-) from Ordinary Activities after Tax	798.4
Extraordinary Items	0.0
Net Profit	798.4
Minority Interest	-38.9
Share of Profit & Loss of Asso	0.0
Net Profit after Mino Inter & Share of P & L	759.5
Any Other	0.0
Income Attributable to Consolidated Group	759.5
Cost of Investment In Sub	0.0
Equity Capital	124.3
Face Value (in Rs)	2.0
Reserves	0.0
EPS before Extraordinary items (in Rs)	
EPS after Extraordinary items (in Rs)	
Basic & Diluted EPS after Extraordinary items	12.22

(Rs. in Mn.)

Standalone	**Un-Audited Limited Reviewed FY 2009**	**Audited FY 2008**
Net Sales / Interest Earned / Operating Income	6,510.10	5,837.10
Other Income	34.7	26.6
Total Income	6,544.80	5,863.70
Expenditure	-5,420.00	-4,876.90
Operating Profit	1,124.80	986.8
Interest	-256.8	135.3
Profit Before Depreciation and Tax	868	1,122.10
Depreciation	-72.3	-72.8
Profit before Tax	795.7	1,049.30
Tax	-122.1	-121.8
Net Profit	673.6	927.5
Equity Capital	124.3	124.3
Reserves	-	2,765.70
Basic and Diluted EPS after Extraordinary item	10.84	14.92
Operating Profit Margin	17.28	16.91
Net Profit Margin	10.35	15.89

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on April 29, 2009. Limited review of these results, as required under clause 41 of the Listing Agreement, has been completed by the statutory auditors of the respective companies.

2. The unaudited consolidated financial results for the quarter ended and year ended March 31, 2009 comprise of Emami Ltd and its subsidiaries viz. The Zandu Pharmaceutical Works Ltd (Zandu) - Standalone, Emami UK Ltd, Emami International FZE, Emami Bangladesh Ltd, Emami Realty Ltd (ERL) and its subsidiaries. However the results of Zandu Chemicals Ltd (ZCL)(a subsidiary of Zandu, for part of the year) have not been included in the above financial results, since as part of the business restructuring process, ZCL no longer remains subsidiary and does not require consolidation as per provisions of AS-21 (Consolidated Financial Statements).

3. Zandu has become subsidiary of Emami Ltd with effect from November 2008. Hence, the consolidated figures of preceding period are not comparable.

4. The consolidated results does not include profit / loss of the associate companies of Emami Ltd viz, Palace Properties (India) Pvt Ltd, Rosedale Developers Pvt Ltd, Prajay Urban Pvt Ltd, P S Srijan Projects, Shraddha Niketan Pvt Ltd, N K Plaza Pvt Ltd since the accounts for the same are not available. However this will not have any significant impact on consolidated results.

5. As a part of business restructuring during the quarter.

a) Zandu has sold investments in ZCL and has recovered / settled loans and advances from ZCL aggregating Rs 932.46 lakhs out of total outstanding of Rs 1092.46 lakhs as at December 31, 2008 and the balance of Rs 160 lakhs has been charged to the Profit and Loss Account.

b) Zandu has sold investments in associate companies and has recovered loans and advances given to these companies aggregating Rs 1491.28 lakhs (outstanding as at December 31, 2008 Rs 1468.75 lakhs).

The recoverability of the investments / loans and advances referred above was a matter of reference by the Statutory Auditors of Zandu.

6. The Company has opted for accounting the exchange differences arising on reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Government of India on March 31, 2009. Accordingly the effect of exchange differences on Loans is accounted by transfer to "Foreign Currency Monetary Items Translation Difference account" to be amortised in subsequent period. As a result of this change in accounting for exchange difference, profit before tax for the quarter and year ended March 31, 2009 is higher by Rs 315.87 lacs.

7. In standalone results, other expenditure includes forex loss of Rs 962 lacs incurred during the year ended March 31, 2009 and Rs 168 lacs for the quarter ended March 31, 2009.

8. Based on guiding principles given in Accounting Standard on "Segment Reporting" (AS 17) issued by the Institute of Chartered Accountants of India the Company´s standalone business activity falls mainly within Personal and Healthcare segment, the disclosure requirements of AS-17 in this regard are, therefore, not applicable. However, in case of consolidation, the company´s primary business segments are Personal and Healthcare & Real Estate Business.

9. The following composite Scheme of Arrangement (hereinafter referred to as the **"Proposed Composite Scheme of Arrangement"**) was approved by Board of Directors of the Company and Zandu on June 19, 2009:

1. *Consolidation of FMCG Business into one entity:* The FMCG business of Zandu to be demerged into Emami.

2. *Consolidation of real estate holdings:* The realty undertaking of Emami including Emami Realty Limited and Emami's interests in Zandu's non-core business including real estate will be demerged into a separate company, Slick Properties Private Limited (SPL). For this purpose, SPL is being converted into a public limited company and will subsequently file application for change of name to Emami Infrastructure Ltd.

The Appointed Date for the Proposed Composite Scheme of Arrangement shall be November 5, 2008. The Proposed Composite Scheme of Arrangement is subject to necessary approvals. For share swap details, please refer to section titled "Recent Developments" in the Placement Document. Pending receipt of requisite approvals for the Proposed Composite Scheme of Arrangmement, the financial effect, if any, on the above results cannot be ascertained at this stage.

10. In the current year there has been net interest expense of Rs 2568 lacs against net interest income of Rs 1353 lacs earned in previous year in Standalone results. This is due to amount spent on acquisition of business of Zandu through investments in the current year.

11. Comparative figures have been rearranged / regrouped wherever necessary.

STANDALONE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	Schedule	As at 31st March 2008		As at 31st March 2007	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	124.29		124.29	
Reserves & Surplus	2	2,765.73	2,890.02	2,169.94	2,294.23
LOAN FUNDS					
Secured Loans	3	351.95		228.14	
Unsecured Loans	4	30.64	382.58	26.06	254.19
Deferred Tax (Net)	5		21.29		25.82
Total			**3,293.89**		**2,574.24**
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	6	1,057.26		685.91	
Less : Depreciation		279.07		217.89	
Net Block		778.19		468.03	
Capital Work-in-Progress		134.75		344.85	
			912.93		812.88
INVESTMENTS	7		1,029.65		781.79
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	8	401.00		411.99	
Sundry Debtors	9	340.29		457.72	
Cash & Bank Balances	10	28.03		184.18	
Loans & Advances	11	1,526.76		535.23	
		2,296.08		**1,589.11**	
Less :					
CURRENT LIABILITIES & PROVISIONS	12	944.77		609.54	
NET CURRENT ASSETS			1,351.31		979.57
Total			**3,293.89**		**2,574.24**

STANDALONE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	Schedule		For the year ended 31st March 2008		For the year ended 31st March 2007
INCOME					
Operating Income	13		5,837.10		5,157.98
Other Income	14		26.60		34.89
Total			**5,863.71**		**5,192.87**
EXPENDITURE					
Cost of Goods Sold/ Consumed	15		2,483.62		2,258.02
Manufacturing, Administrative & Selling Expenses	16		2,393.30		2,245.12
Interest & Finance Charges	17		(135.26)		(101.75)
Total			**4,741.66**		**4,401.39**
PROFIT					
Profit Before Depreciation & Taxation			1,122.04		791.48
Depreciation			72.76		46.54
Profit Before Taxation			**1,049.29**		**744.94**
Provision for Taxation					
- Current Tax		120.00		84.13	
- Fringe Benefit Tax		4.00		4.30	
- Deferred Tax (Net)		(2.20)	121.80	(2.70)	85.73
Profit After Taxation			**927.49**		**659.21**
Excess Provision for Taxation of earlier years			-		0.09
Balance of Profit & Loss Account of Amalgamating Company transferred			-		22.10
Balance Brought Forward			118.97		23.40
Available for Appropriation			1,046.46		704.80
APPROPRIATIONS					
General Reserve			554.52		300.54
Interim Dividend			-		186.44
Proposed Dividend			279.65		62.15
Corporate Dividend Tax			47.53		36.71
Balance Carried Forward			164.76		118.97
			1,046.46		**704.80**

STANDALONE CASH FLOW OF EMAMI LIMITED

Rs. in Mn.

Particulars			As at 31st March 2008	As at 31st March 2007
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1049.29	744.94
	Add :	ADJUSTMENTS FOR		
		Depreciation	72.76	46.54
		Interest	(135.26)	(101.75)
		Loss / (Profit) on sale of Fixed Assets	(7.15)	3.48
		Loss / (Profit) on sale of Investments	(0.18)	(0.49)
		Foreign Exchange Fluctuations	(5.73)	(8.62)
		Dividend Received	(2.16)	(10.33)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		971.56	673.77
	Add :	DECREASE / (INCREASE) IN WORKING CAPITAL		
		Trade & other Payables	70.23	23.36
		Inventories	10.99	(8.80)
		Trade & other Receivables	(838.82)	(43.03)
		Provision for Sales Tax	16.40	56.93
		Provision for Gratuity and Leave Encashment	7.49	3.10
			(733.71)	**31.56**
	CASH GENERATED FROM OPERATIONS		237.85	705.33
	Less :	Direct Taxes Paid	119.09	92.70
	NET CASH FLOW FROM OPERATING ACTIVITIES		**118.77**	**612.63**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
		Sale of Fixed Assets	20.67	8.74
		Interest Received	149.38	139.40
		Dividend Received	2.16	10.33
		Sale of Investments	650.47	809.61
			822.68	**968.08**
	Less :	Purchase of Fixed Assets	186.33	366.67
		Purchase of Investments	800.15	650.00
		Purchase of Investments in Subsidiary	98.00	-
	NET CASH USED IN INVESTING ACTIVITIES		**(261.80)**	**(48.59)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Borrowings		354.34	27.15
	Less :	Repayment of Loan	226.19	109.86
		Interest Paid	54.72	38.25
		Dividend Paid	81.72	289.08
		Corporate Dividend Tax	10.56	43.30
			373.18	**480.48**
	NET CASH USED IN FINANCING ACTIVITIES		**(18.85)**	**(453.33)**
	Effect of Foreign Exchange Fluctuation		5.73	8.62
	NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)		(156.16)	119.34
	* CASH & CASH EQUIVALENTS-OPENING BALANCE		184.18	64.85
	* CASH & CASH EQUIVALENTS-CLOSING BALANCE		28.03	184.18

CONSOLIDATED BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	Schedule	As at 31st March 2008		As at 31st March 2007	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	125.04		124.29	
Reserves & Surplus	2	2739.33	2864.37	2169.30	2293.59
Minority Interest			4.81		-
LOAN FUNDS					
Secured Loans	3	460.25		357.50	
Unsecured Loans	4	797.78	1258.03	26.06	383.56
Deferred Tax (Net)	5		21.46		25.82
APPLICATION OF FUNDS			4148.66		2702.97
GOODWILL ON CONSOLIDATION			40.08		-
FIXED ASSETS					
Gross Block	6	1071.19		687.00	
Less : Depreciation		283.05		218.18	
Net Block		788.14		468.82	
Capital Work-in-Progress		134.75		344.85	
			922.89		813.67
INVESTMENTS	7		1140.50		777.00
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	8	976.30		422.65	
Sundry Debtors	9	378.25		453.93	
Cash & Bank Balances	10	66.19		231.79	
Loans & Advances	11	1944.46		623.48	
		3365.18		1731.84	
Less :					
CURRENT LIABILITIES & PROVISIONS	12	1321.10		620.89	
NET CURRENT ASSETS			2044.09		1110.96
MISCELLANEOUS EXPENDITURE					
Preliminary Expenses		0.39		0.33	
Preoperative Expenses		0.72	1.11	1.01	1.34
			4148.66		2702.97

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	**Schedule**		**For the year ended 31st March 2008**		**For the year ended 31st March 2007**
INCOME					
Operating Income	13		6180.34		5182.56
Other Income	14		33.77		34.89
			6214.11		5217.45
EXPENDITURE					
Cost of Goods Sold/ Consumed	15		2294.83		2256.99
Project Expenses	16		453.16		-
Manufacturing, Administrative &					
Selling Expenses	17		2454.11		2267.90
Interest & Finance Charges	18		(101.23)		(101.84)
			5100.88		4423.05
Profit Before Depreciation, Taxation & Minority Interest			1113.23		794.40
Depreciation			74.04		46.70
Profit Before Taxation			**1039.19**		**747.69**
Provision for Taxation					
- Current Tax		124.34		84.13	
- Fringe Benefit Tax		4.26		4.30	
- Deferred Tax (Net)		(2.03)	126.56	(2.70)	85.73
Profit After Taxation Before Minority Interest			**912.63**		**661.97**
Share of Pre Acquisition Profit transferred to Goodwill			(6.43)		-
Share of Minority Interest			(4.28)		-
Share of Loss in Associate			(0.05)		-
Profit After Minority Interest			**901.87**		**661.97**
Excess Provision for Taxation of earlier years			0.00		0.09
Balance of Profit & Loss Account of					
Amalgamating Company transferred			-		22.10
Balance Brought Forward			117.67		19.34
Available for Appropriation			1019.54		703.50
APPROPRIATIONS					
General Reserve			554.52		300.54
Interim Dividend			-		186.44
Proposed Dividend			279.65		62.15
Corporate Dividend Tax			47.53		36.71
Balance Carried Forward			137.84		117.67
			1019.54		703.50

CONSOLIDATED CASH FLOW OF EMAMI LIMITED

Rs. in Mn.

Particulars			**For the year ended 31st March 2008**	**For the year ended 31st March 2007**
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1039.19	747.69
	Add :	ADJUSTMENTS FOR		
		Depreciation	74.04	46.70
		Interest	(101.23)	(101.84)
		Loss / (Profit) on sale of Fixed Assets	(7.15)	3.48
		Loss / (Profit) on sale of Investments	(0.85)	(0.49)
		Foreign Exchange Fluctuations	(5.73)	(8.62)
		Dividend Received	(2.36)	(10.33)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		995.92	676.60
	Add :	DECREASE / (INCREASE) IN WORKING CAPITAL		
		Trade & other Payables	103.55	30.62
		Inventories	(172.04)	(16.98)
		Trade & other Receivables	(604.12)	(172.90)
		Provision for Sales Tax	16.40	56.93
		Provision for Gratuity and Leave Encashment	7.49	3.10
			(648.71)	(99.23)
	CASH GENERATED FROM OPERATIONS		347.21	577.37
	Less :	Direct Taxes Paid	128.55	92.68
	CASH FLOW BEFORE EXTRAORDINARY ITEMS		218.66	484.69
	Extraordinary Items		-	-
	NET CASH FLOW FROM OPERATING ACTIVITIES		**218.66**	**484.69**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
		Sale of Fixed Assets	20.69	8.74
		Interest Received	161.15	143.01
		Dividend Received	2.36	10.33
		Sale of Investments	672.51	809.61
			856.71	971.70
	Less :	Purchase of Fixed Assets	193.60	367.44
		Purchase of Investments	1076.36	650.00
		Preoperative and Preliminary Expenses	(0.44)	(0.22)
	NET CASH USED IN INVESTING ACTIVITIES		**(412.82)**	**(45.52)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Borrowings		503.35	156.52
	Share Capital Raised		5.40	-
			508.75	156.52
	Less :	Repayment of Loan	355.82	109.86
		Interest Paid	57.96	41.19
		Dividend Paid	81.72	289.08
		Corporate Dividend Tax	10.56	43.30
			506.07	483.42

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
NET CASH USED IN FINANCING ACTIVITIES	**2.68**	**(326.90)**
Effect of Foreign Exchange Fluctuation	5.58	9.28
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(185.90)	121.56
* CASH & CASH EQUIVALENTS-OPENING BALANCE #	252.09	110.23
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	66.18	231.79

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following discussion of our financial condition and results of operations together with our audited financial statements under Indian GAAP and the notes to those statements included in the Placement Document. The following discussion is based on our audited financial statements and on information available from other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year.

Key factors influencing results of operations

The key factors influencing the company results of operations, profitability and cash flow are:

Competition

There is generally increasing competitive pressure in most segments of the industry in which we operate, which makes our goals of increasing market shares and broadening our consumer base a continuing challenge. Increasing competitive pressures may also impact our ability to improve realisations from our products. We need to respond to competitive business strategies adopted by other players and consequently our costs, including advertising and sales promotion expenses increase.

Supermarket and Hypermarket Chains in India

The FMCG industry in India has been witnessing the emergence of newer channels of distribution, such as direct marketing and new supermarket and hypermarket chains. With urban consumers becoming more affluent, younger on average and more aspirational, and with supermarkets emerging in cities across the country, penetration of supermarkets is likely to continue to increase. This provides the opportunity to improve supply chain efficiencies and the visibility of our brands, however it also puts pressure on our margins as volume purchases from large supermarket chains increases their bargaining position.

Costs and availability of raw materials and packaging materials

Costs and availability of key raw materials and packaging materials is crucial for our operations. Any disruption in supply, or increase in the costs, of such materials could affect our ability to reach our customers with a successful value proposition and satisfy existing demand. We have always been innovative in sourcing of raw materials and packaging materials with a view to source alternative raw materials, to insulate from future rise in prices, and reduce the cost of packaging, and will continue to maintain this approach going forward.

In a business that survives on brand equity, even a temporary quality drop could affect customer perception, reduce off take and market share.

Over the years, the Company has gradually evolved its quality control from material testing to a systematic discipline. This is reflected in a stringent, comprehensive and documented quality discipline across its life cycle. Its coverage commences from vendor sites to factory gates to shop floor to packaging to the dispatch points. Besides, the Company has sought business-enhancing certification - the ISO which endorses the process and products, enabling the Company to make deep inroads into developed geographies. Inspite of all of this, even a temporary quality drop could affect customer perception, reduce offtake and market share, thereby impacting the Company's revenues and profitability.

Responsiveness to dynamics of market environment

In a dynamic FMCG industry, market realities change with speed, making it imperative for us to be market-focused at all times to preserve competitiveness. Any delay in doing so could lead to a reduced market share. Over the years, the Company strengthened its market-responsiveness through the following initiatives: an ongoing communication with dealers which helped it comprehend the market reality at any given time, a progressive shift towards value-for-money packaging that helped it create consumers and expand the market, a continuous incentivisation of trade relations and an ongoing mapping of the customer's mind leading to the introduction of new products.

General Economic Condition

The economic condition of India has a direct impact on our income as most of our businesses and operations are located in India and a substantial majority of our income is derived from India. We believe that the success of our business is dependant on the general economic conditions in India. Growth in the GDP and per capita income of Indians generally results in increased demand for a number of our products as well as our property developments and as such, an increase in our income

The table below sets forth information regarding the company's income, expenditure and profits for the indicated period.

Rs. in Mn.

Particulars	FY 2008 Rs.	FY 2008 % to Net Sales	Increase in 2008 vis-à-vis 2007	FY 2007 Rs.	FY 2007 % to Net Sales
INCOME					
Net Sales	5,837.10	100.0%	13.2%	5,157.98	100.0%
Other Income	26.60	0.5%	-23.7%	34.89	0.7%
Total Income	**5,863.71**	**100.5%**	**12.9%**	**5,192.87**	**100.7%**
EXPENDITURE					
Cost of Goods Sold/ Consumed	2,483.62	42.5%	10.0%	2,258.02	43.8%
Employee Remuneration & Benefits	312.70	5.4%	41.9%	220.32	4.3%
Other Manufacturing Expenses	15.79	0.3%	1.8%	15.51	0.3%
Administration Expenses	294.56	5.0%	6.5%	276.60	5.4%
Freight & Forwarding	148.63	2.5%	10.0%	135.07	2.6%
Advertisement & Sales Promotion	1,029.20	17.6%	-2.0%	1,050.54	20.4%
Selling & Distribution Expenses	592.43	10.1%	8.3%	547.08	10.6%
Interest & Finance Expenses (Net)	(135.26)	-2.3%	32.9%	(101.75)	-2.0%
Total Expenditure	**4,741.66**	**81.2%**	**7.7%**	**4,401.39**	**85.3%**
Profit Before Depreciation & Taxation	1,122.04	19.2%	41.8%	791.48	15.3%
Depreciation	72.76	1.2%	56.3%	46.54	0.9%
Profit Before Taxation	**1,049.29**	**18.0%**	**40.9%**	**744.94**	**14.4%**
Provision for Taxation					
- Current Tax	120.00			84.13	
- Fringe Benefit Tax	4.00			4.30	
- Deferred Tax (Net)	(2.20)			(2.70)	
Total Provision for Tax	121.80	2.1%	42.1%	85.73	1.7%
Profit After Taxation	**927.49**	**15.9%**	**40.7%**	**659.21**	**12.8%**
Excess Provision for Taxation of earlier years	-			0.09	
Balance of Profit & Loss Account of Amalgamating Company transferred	-			22.10	
Balance Brought Forward	118.97			23.40	
Available for Appropriation	**1,046.46**			**704.80**	
APPROPRIATIONS					
General Reserve	554.52			300.54	
Interim Dividend	-			186.44	
Proposed Dividend	279.65			62.15	
Corporate Dividend Tax	47.53			36.71	
Balance Carried Forward	164.76			118.97	
	1,046.46			**704.80**	

COMPARISON OF FISCAL YEAR 2008 VIS -VIS WITH FISCAL YEAR 2007

Total Income and Sales

The total income for the year 2008 stood at Rs. 5863.71 million in comparison to Rs. 5192.87 million for the previous year 2007 depicting a growth of 12.9%. The Company has largely seen good growth in the revenues due to increase in the sales of products manufactured by the company in domestic and export markets. Net sales increased from Rs. 5837.10 million to 5157.98 million, an increase of 13.2%. Export sales have increased from Rs. 557 million to Rs. 622 million showing an increase of 11.7%.

1. Cost of Good Sold / Consumed

The cost of goods sold / consumed was at 42.5% in FY 2008 vis-à-vis 43.8% a reduction in cost of 1.3%. In absolute terms the cost increased by 10.0% compared to rise in sales of 13.2%. This was due to effective cost management strategies and utilisation of improved raw materials and better packaging materials.

2. Administrative & Other Expenses

The administrative expenses stood at Rs. 294.56 million in FY 2008 against Rs. 276.60 million in FY 2007, an increase of 6.5% in absolute terms. It constituted 5.0% of the net sales for FY 2008 as compared to 5.4% for FY 2007, a reduction of 0.4%.

3. Freight & Forwarding

The Freight & Forwarding expenses have marginally decreased by 0.1% from 2.6% of net sales in FY 2007 to 2.5% of net sales in FY 2008. In absolute terms, the cost has increased by 10.0% from the previous year.

4. Advertisement and Sales Promotion

The advertisement and sales promotion expenses for the year was 17.6% of our net sales as against 20.4% during 2007, a fall of 2.8% in terms of percentage to net sales. In absolute terms also there has been a fall of 2.0% since FY 2007. As our brands are maturing, they are more self sustainable, hence even with reasonable expenditure, it is adequately visible in the market. Thus the expenditure towards advertising and sales promotion has reduced.

5. Selling & Distribution Expenses

The selling & distribution expenses for the year were 10.1% of our net sales as against 10.6% during 2007. In absolute terms these expenses have increased by 8.3% as compared to last year.

6. Interest and Finance Expenses (Net)

Interest and finance expenses paid for the year FY 2008 is at Rs. 54.32 million as compared to Rs. 37.65 million in FY 2007, an increase of 44.3%. The secured and unsecured loans taken have increased from Rs. 254.19 million in FY 2007 to Rs. 382.58 million in lieu of the expansion and growth objectives of our Company.

7. Depreciation

Depreciation for the FY 2008 is 1.2% of our net sales as compared to 0.9% in the FY 2007. It increased by 56.3% in absolute terms as compared to the previous year. The gross fixed assets stood at Rs. 1057.26 million, an increase of Rs. 371.35 million since the previous year. This increase was primarily due to capitalisation of work in progress of our office, Emami Tower, at E. M. Bypass Road.

8. Profit Before Tax and Profit After Tax

Our Profit Before Tax increased by Rs. 304.35 million from Rs. 744.94 million in FY 2007 to Rs. 1049.29 million in FY 2008 a 40.9% jump in absolute terms. PBT percentage has improved from 14.4% to 18.0%.

Our Company posted a huge jump in the Profit After Tax for FY 2008 standing at Rs. 927.49 million up from Rs. 659.21 million in FY 2007, a 40.7% jump from previous year. This was mainly on account of improved plant performance, cost optimization, customer focus and prudent forex and financial management.

Cash Flows Statement

(Rs. in Mn.)

Particulars	**For the period ending March 31, 2008**	**2007**
Net Cash Flow From Operating Activities	118.77	612.63
Net Cash Used In Investing Activities	(261.80)	(48.59)
Net Cash Used In Financing Activities	(18.85)	(453.33)
Effect Of Foreign Exchange Fluctuation	5.73	8.62
Net Changes In Cash & Cash Equivalents (a+b+c)	(156.16)	119.34
Cash & Cash Equivalents-opening Balance	184.18	64.85
Cash & Cash Equivalents-closing Balance	28.03	184.18

Cash Flow from Operating Activity

Our net cash flow from operating activity was Rs. 118.77 million for the financial year 2008 vis-à-vis Rs. 612.63 million in FY 2007. The difference was mainly attributed to the increase in the trade and other receivables by Rs. (838.82) million.

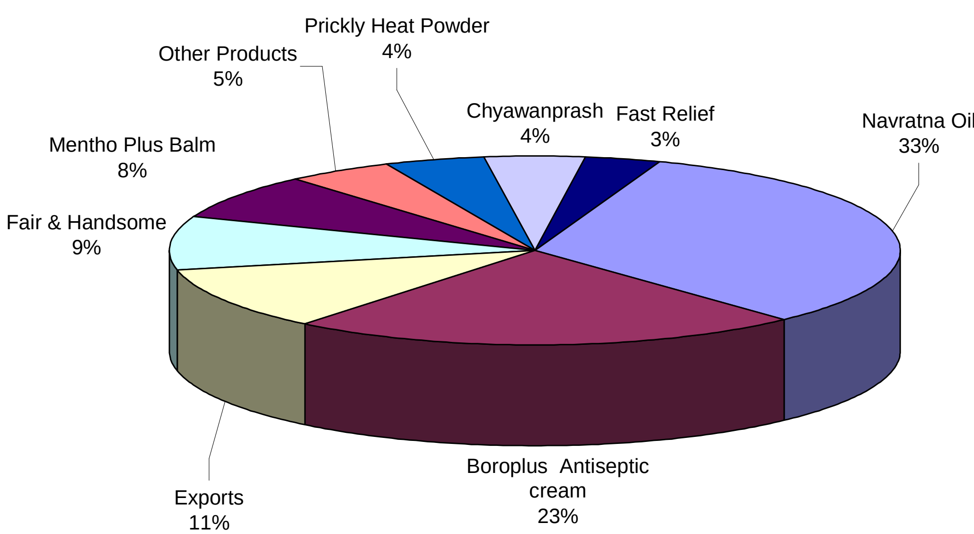
Cash Flow from Investing Activity

Our net cash flow from investing activity mainly represents the purchase and sale of fixed assets and purchase and sale of investments. The net cash flow from investing activity were Rs. (261.80) million and Rs. (48.59) million for the financial year ended March 2008 and March 2007 respectively.

Cash Flow from Financing Activity

Our net cash used in financing activities is determined primarily by the level of principal and interest payments due on, and any additional incurrence of, indebtedness. Our Net cash flow from financing activity for the financial year ended March 2008 and March 2007 were Rs. (18.85) million and Rs. (453.33) million respectively. In the year ended March 2008, our borrowings increased by Rs. 354.34 million since the FY 2007, we had also repaid loan amounting to Rs. 226.19 million, in the FY 2008.

Distribution of our revenues is as given below:



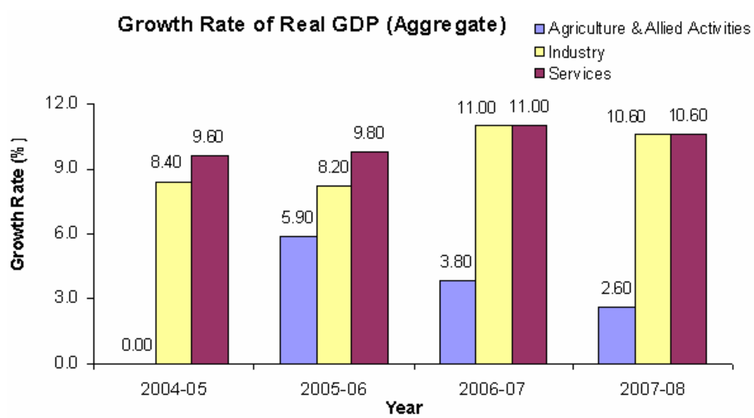
INDUSTRY OVERVIEW

The information presented in this section has been obtained from publicly available documents, from various sources including stock exchange and industry related websites, from publications; and is based on government and company estimates. Industry websites and publications generally state that the information contained thereon has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry, market and government data used in the Placement Document is reliable and that website data is as current as practicable, these have not been independently verified by us or any agency on our behalf. Similarly, our Company's internal estimates, which we believe to be reliable, have not been verified by any independent agencies.

Indian Economy

Notwithstanding the recent turmoil in the major financial markets of the world, the Indian economy has remained steadfast, propelling towards growth supported by rising foreign exchange reserves, a booming capital market and a rapid rise in Foreign Direct Investment. As per data released in the Economic Survey for the year 2007-08, India is likely to witness an average real GDP growth rate of 8.74% over the last five years. This phenomenal growth has been mainly fueled by the growth of the industrial and services sector.

The measure of growth in India is in terms of meeting planned targets as laid down under the 5-year plan model. The magnitude of increase in India's per capita income is unprecedented. While per capita GDP grew at an annual average rate of approximately 3-4% from 1980-81 to 2002-03, there has been a marked increase since the year 2003-2004 up to 2007-2008, the new average being 7.2%.



Source: Macroeconomic and Monetary Developments, Third Quarter review 2007 - 2008

The parameters which are indicative of this skyrocketing growth are mentioned hereinbelow:

- FDI inflows have almost tripled to US$ 15.7 billion in 2006-07 as against US$ 5.5 billion in 2005-06.
- India's National Stock Exchange (NSE) ranks first in the stock futures trade in the world.
- The number of companies with a market capitalization of US$ 1 billion or more has increased 40 per cent to total 209 at the end of November 2007 compared to 148 at end of 2006.
- The boom in the stock market has contributed to making India's 48 billionaires the wealthiest group in all of Asia.

The fast moving consumer goods (FMCG) industry represents consumer goods required for daily or frequent use. It can be broadly classified into personal care, oral care and household products. Domestic FMCG industry lacks a clear definition and scope and there are attempts to widen its scope. The Indian FMCG sector, valued at Rs.60,000 cr is an important contributor to the country's GDP.

The Indian FMCG industry is characterized by a well-established distribution network, intense competition between the organized and unorganized sector and low operational costs. The FMCG market is set to increase from US$ 11.6 billion in 2003 to US$ 33.4 billion in 2015. (Source: www.ibef.org).
The FAST Moving Consumer Goods (FMCG) industry is poised to clock a 16 per cent growth in sales during 2008-09, against a growth rate of 14.5 per cent achieved during 2007-08.

In the past decade, this industry has witnessed a boom. This has been due to liberalization, urbanization, an increase in the disposable incomes, altered lifestyle and especially a heightened level of awareness among the rural community consequent to the introduction of satellite televisions. Furthermore, the boom has also been fuelled by the reduction in the excise duties, de-reservation from the small-scale sector and the concerted efforts of the companies engaged in the business of manufacturing of personal care and beauty care products to woo the burgeoning affluent segment of the middle class through the introduction of innovative methods of packaging the products.

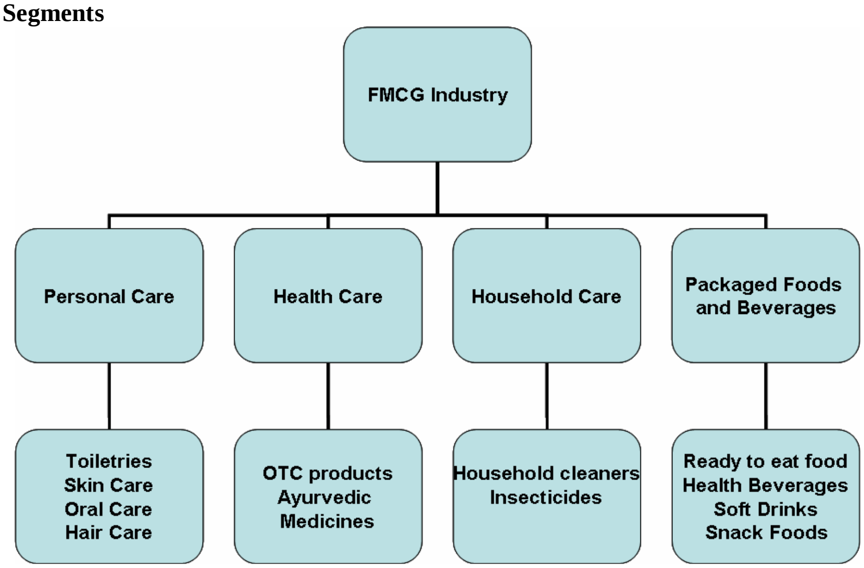
The industry requires intricate distribution network and heavy expenditure on brand building. These two factors have been the major deterrents for the new players to enter into the market. The business per se is not capital intensive.

Contrary to the perception, the FMCG sector caters to the needs of the masses. It does not merely address the needs of the rich and the elite. Low-priced products for the lower income and lower middle income groups account for over 60 per cent of the sector's sales. Moreover, rural markets account for 56 per cent of total domestic FMCG demand.

The FMCG sector is the fourth largest sector of the Indian economy with a present market size in excess of USD 13.1 billion. (Source: www. ibef.org). It is a key component of India's GDP and is a significant (direct and indirect) employer accounting for 5% of the total factory employment in the country. The broad FMCG industry in India grew at a CAGR of about 6% in last three years.

The sector also creates employment for three million people in downstream activities, much of which is disbursed in small towns and rural India. The sector has strong links with agriculture and around 71% of the sales come from agro-based products. The consumption of FMCG products in these pockets grew by 17% in the first ten months (April-December 2007) of 2007-08 [source: FICCI], one of the highest in any financial year.

Constituent Segments



Salient Features of the Industry

Cost Dynamics

The industry demands expenditure on manufacturing, administration, marketing and advertising. Unlike other sectors, production cost in this industry is less. The industry is marked by enormous cost factor consisting of advertising and brand building. The capital to sales ratio is low on account of outsourcing and relatively less investment in fixed assets. Supply chain and brand management are the key factors in the industry. Costs incurred on advertisement range from 5% to 25% of the revenue and at times even more depending upon the life cycle of the product, brand value, competition in the segment and the marketing strategy of the players.

Brand Equity

Creating strong brands is important for FMCG companies and considerable money and effort is spent in developing these brands.. With competition being stiff, branding helps in achieving customer loyalty and helps us maintain the volume of sales.

Brand equities are built over a period of time by innovations in technology, consistent quality, aggressive advertising and marketing.

Building, positioning and extending a brand plays a crucial role in the success of a product. Slowdown in demand and fierce competition has forced the key players to focus on their brands and work towards cost reduction besides focusing on aggressive marketing.

Occasionally products are re-launched by repositioning the brands to improve the life cycle of a product and extract better value there from.

Distribution Channels

Accessibility of the products is an important factor which contributes towards its success. According to estimates, there are around seven lac FMCG outlets in urban India and over three lac outlets in rural areas.

The players in this industry derive their strength from high capital turnover, strong brand equity and effective management of logistics as regards distribution. The strength of the distribution network is a key element in building a successful brand and helping it garner volumes through increased penetration levels..

However, well integrated network of distribution can only succeed when it is coupled with the right packaging and pricing. In the price-sensitive rural economy, companies have to constantly launch value-for-money products which cater to the needs of a rural consumer. This has led to the introduction of the concept of “mini-packs” which now enjoys widespread popularity.

Demand Drivers

Growing numbers in the strata of middle class has led to an increase in the awareness about health, hygiene and preference for packaged food which has given a major boost to the demand of FMCG products. Further, an increase in the disposable income, constant innovations in the product, aggressive advertising and efforts to increase the visibility have acted as the driving force behind the growing demand of the products.

Consumers’ preference for FMCG products is shifting towards higher lifestyle categories like skin care, shampoos, deodorants, anti-aging solutions, fairness products and men’s products.

Pricing

An average Indian consumer is price conscious. The FMCG sector allows the companies to partially shift the increase in the cost on to the consumer. . Most brands have introduced products with mass-market pricing, so as to build volumes. The increased promotional activity has relegated brand loyalty to the backseat. Moreover, the stiff competition has restricted the players in this industry to increase the price of their products thereby benefiting the consumer. With the rise in disposable income of the consumers, players in the premium-product categories will be able to increase volume of their sales.

In 2003-04, as the Indian FMCG industry was hit by staggered offtake which made, prudent pricing vital to marketing. As a result, manufacturers gave discounts and freebies to the consumers to push volume of sales. As consumers increasingly demanded value-for-money packs, smaller packing ruled the shelf space. Sachets, tubes and dibbies were introduced and were priced between the range of Re.0.50/- to Rs. 5/- to push the volume of sales in the rural markets.

Huge costs incurred on the launch of new products, ongoing advertisement and promotion

Companies incur huge expenditure on the launch of new products. The entire process goes involves a series of sub-processes such as product development, market research, test marketing etc. All this requires heavy cash outflow. Further, in order to build awareness about the brand and develop franchise for a new brand initial expenditure is incurred on the launch of the product, advertising of the product, distribution of free samples and promotion of the product. Launch costs are as high as 50-100% of revenue earned in the first year and these costs progressively reduce as the brand matures, gains consumer acceptance and subsequently the turnover rises. For the established brands, the advertisement expenditure varies from 5 - 12% depending on the product. It is common to give occasional push to the volume of sales of a product by re-launches, which involves repositioning of brands with sizable marketing support.

Low capital intensive

The sector is not so capital intensive as majority of the products require very low investment in fixed assets. The sector is also characterised by high turnover to investment ratio; turnover is typically five to eight times the investment made in a greenfield plant at full capacity. Another reason for this sector to be less capital intensive is that the bulk of sales from the manufacturers take place on a cash basis.

Herbal Products

The global market for herbal products (health supplements, herbal beauty and toiletry products) is estimated at around US $ 62bn. A forecast by "WHO' indicates that the global market for herbal products could grow to US$ 5 trillion by 2050. Diversity in population of over one billion arising out of the geographical vastness makes India one of the world's largest markets for beauty, health and personal care products. The Indian Ayurvedic market is huge and is growing at an attractive rate. It is estimated that the rural markets account for 56 percent of the total FMCG demand in the country.

OTC (over-the-counter) products

Over-the-counter (OTC) drugs are medicines that may be marketed without a prescription (as opposed to drugs that require prescriptions). These items can be found on the shelves of grocery or cosmetic stores and bought like any other packaged product in some countries, or in others may be bought 'over-the-counter' from the pharmacy.

In 2007, the Indian OTC segment was estimated at Rs. 6,000 crore. With a fast-paced life, people are shifting from drugs which require medical prescription to OTC products. As far as the distribution is concerned the accessibility of the chemists is about 4% while that of a general store is 14%, a grocer is 52% and others 22%, if OTC drugs are made accessible to these outlets then the volume of sales will rise exorbitantly.

<u>There are a number of reasons supporting India's growth story</u>

Population: The population growth of a country indicates a sustainable increase in the demand for consumer goods thereby benefiting the FMCG manufacturers. India has a population of 1.1 billion which is growing at the annual rate of 1.19% and is expected to touch 1.33 billion by 2020-21. Simultaneous economic growth will reduce the population below the poverty line from 54% 2005 to 22% by 2025 in urban areas and from 65% to 29% in the rural areas. Some 291 million people are expected to move out of the BPL category while 322 million people are likely to be added to the country's population. This is indicative of the fact that by 2025 India will have 465 million people added to the mainstream section which can afford basic amenities.

Incomes: Incomes are rapidly on the rise in India thereby indicating the strengthening of purchasing power and the levels of consumption. Indian salaries reported a double-digit hike of 14.5% for the fourth year consecutive in 2007, which is the highest in the Asia-Pacific region. The average Indian today is twice as rich as he was in 1985 and in another 20 years, this pace is likely to further accelerate; by 2025, per capita income is expected to increase almost three times from the level recorded in 2005 which is reflective of the fact that India would graduating from being the twelfth largest consuming economy to the fifth largest consuming economy. The optimism is reinforced by the fact that 882 million Indians will be between the age group of 15-64 years age by 2020, discretionary spending will rise and household savings rate is expected to decline from 28% to 22% by 2025. Consequently, India's consumer market will grow to up to USD8.2 trillion

Retail boom: India's retail industry is estimated to be about USD 350 billion in 2007 and is estimated to double by 2015 due to the constant investment being made in the shopping malls, retail chains, department stores and hypermarkets thereby widening the accessibility of the consumer goods to the public. The Indian retail sector is dominated by more than 12 million small outlets – one of the highest in the world. This is notwithstanding the fact that there is a growing influence of the modern organised retail sector. Only 4% of India's retail industry is organized thereby limiting the reach of FMCG companies. With modern retail space now being commissioned faster than ever before and supermarkets, department stores and hypermarkets emerging as viable and visible structure, Indian FMCG companies are entering into partnerships with retail outlets for distribution and other advantages accruing therefrom. The country is expected to have 400 malls by 2015 creating a vast potential for its FMCG sector.

Increasing households: The number of rural households using FMCG increased from 136 million in 2004 to 143 million in 2007.

<u>Changing face of Rural India</u>

Rural India' dependence on monsoon has progressively declined due to better irrigation. Interestingly, around half of rural India's GDP is derived from non-agricultural activity thereby stabilizing the offtake of various products and services. India's per capita income increased from Rs. 11,672 in 2003-04 to Rs. 24,321 in 2007-08. Rural India accounted for a 34% off-take of FMCG products and grew by 17% in 2007.

Higher aspirations

Due to higher incomes and greater visibility due to promotion of the products through television, there is now a drastic shift to high-value branded products. A rise in the disposable incomes has encouraged a higher spending on personal hygiene and grooming.

Demographics

The FMCG growth in rural and semi-urban markets was fuelled by the ever expanding financially independent youth of this country (estimated at 180 million). The Company responded to this reality through the launch of relevant products and endorsements by youth icons.

Emergence of Young Working Class

India's leadership in the ITES sector and the BPO boom has given rise to large numbers of young consumers, who typically live with their families and have large disposable incomes that can be spent at their discretion. These young consumers are experimental and willing to try new products. Understanding and capturing their needs and synthesizing these into actionable strategies and then into final product is important for FMCG players. This may lead to the launch of products specifically designed for the young people.

Income-consumption cycle

FMCG sector in India is enjoying the positive impact of higher consumption due to rising income level. India's low level of investment reflects that consumption has played a bigger role in the Indian growth story than in case of any other developing country. At 62% of GDP, India's consumption share is proportionally closer to that of the developed economies like Japan and the US than it is to China

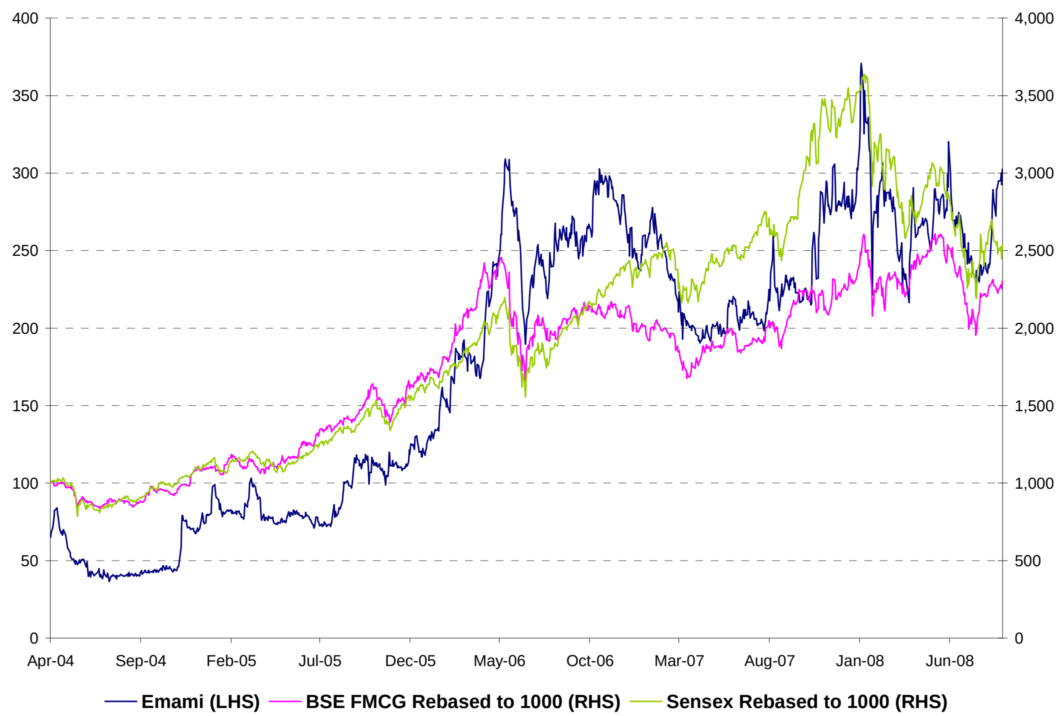
Untapped rural areas
The government has invested more than USD1 billion in Bharat Nirman, a four-year plan for strengthening India's rural infrastructure through construction of road, electrification, telecom and sanitation facilities etc.This will enhance rural employment opportunities and reduce the dependence on agriculture. In turn, average household incomes in India are set to increase at 3.8% annually over the next 20 years.

Outlook

FMCG Industry is showing early signs of growth. Volume of sale of the products like soaps, shampoos, detergents, toothpaste, etc. has increased after the reduction in their prices. Clearly tables have turned in the favour of the branded products. However, the regional competition continues to be fierce, putting pressure on the profitability, as the increasing pressures of rising costs is not shifted to the market

In sync with industry dynamics
The Indian FMCG industry grew by about 16% in 2007-08, almost twice the national GDP growth. Going ahead, the USD17.36-billion Indian FMCG sector is projected to grow to USD33.4 billion by 2015 [Source: FICCI].

With the market in a bearish phase, the FMCG sector has found flavour among investors. The sector's defensiveness is demonstrated by the stability in returns generated even during times of slow economic growth. While the Sensex is down by 28% since the beginning of this year, the ET FMCG index comprising the top 20 stocks in the sector, has fallen only by 7%.

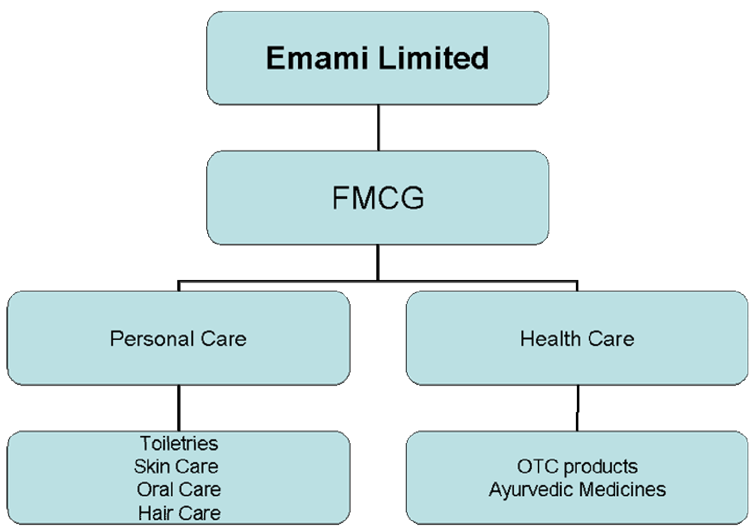


The task of winning over consumers by drawing them to a particular brand and retaining them however remains challenging. Constant interaction with consumers and accurate insight into the needs and wants of the consumers which then can be converted into products and finally product delivery is the main instrument for tapping this opportunity. The companies in the FMCG sector that will achieve success in the future are likely to be those which focus on meeting the consumer's stated and unstated needs and at the same time are able to communicate effectively.

BUSINESS OVERVIEW

Emami is the flagship company of the Emami Group which is jointly promoted by Kolkata based industrialists Mr. Radheshyam Agarwal and Mr. Radheshyam Goenka. The group is engaged in the business of personal care and health care products for over 3 decades and has diversified in the field of real estate, paper, biofuel, cement etc. Our product offering is well diversified across segments like skincare, hair care, therapeutic products, ayurvedic food supplements and Over The Counter segment. Some of our major products have become household names such as Boroplus Antiseptic Cream, Boroplus Prickly Heat Powder, Fair and Handsome Fairness Cream for men, Navratna Oil, Himani Fast Relief, Mentho Plus balm, Sona Chandi Chyawanprash and Amritprash, amongst others.

Our products like Boroplus Antiseptic Cream, Navratna Oil and Fair and Handsome cream are market leaders in their respective categories.
Our consolidated Total Income for the financial years ending, March 31, 2008 and 2007 was Rs. 6214.11 million and Rs. 5217.45 million respectively, and our Profit After Tax and minority interests for the said years was Rs. 901.86 million and Rs. 661.88 respectively. Our consolidated sales have grown at a CAGR of 41.46% over the last 3 financial years and our Profit After Tax and Minority Interest has grown at a CAGR of 45.53% over the last 3 financial years.
Our business can be categorised as depicted in the chart:



<u>FMCG Business</u>

Our Promoters have been in the FMCG business since 1974. We have a strong presence in the FMCG sector and our product range encompasses the skin care, beauty care, hair care, ayurvedic medicines and OTC products.

Our Strengths

- **Robust and visible brands**: Our brands enjoy great visibility in the market with immense recall value. Further many of our products are market leaders in their respective categories. We have maintained our focus on unique FMCG products in niche categories like antiseptic creams, cooling oils, chyawanprash, balms. Some of our power brands are:
    - Boroplus Antiseptic Cream, the market leader with 73% market share,
    - Navratna Oil with 54% market share is again a market leader in its category,
    - Boroplus Prickly Heat Powder with a 22% market share,
    - Mentho Plus Balm with 16.6% market share,
    - Himani Fast Relief with a 11.5% market share,

  - Sona Chandi Chyawanprash and Amritprash.
  - Fair and Handsome Cream

- **Brand Ambassadors**: The focus of our marketing strategy is to gain mass appeal through popular personalities endorsing our products. Celebrities like Amitabh Bachchan, Shahrukh Khan, Madhuri Dixit, Kareena Kapoor, Sunny Deol and many other eminent personalities are the brand ambassadors of our products thereby adding value to our brand and enhancing brand recall.

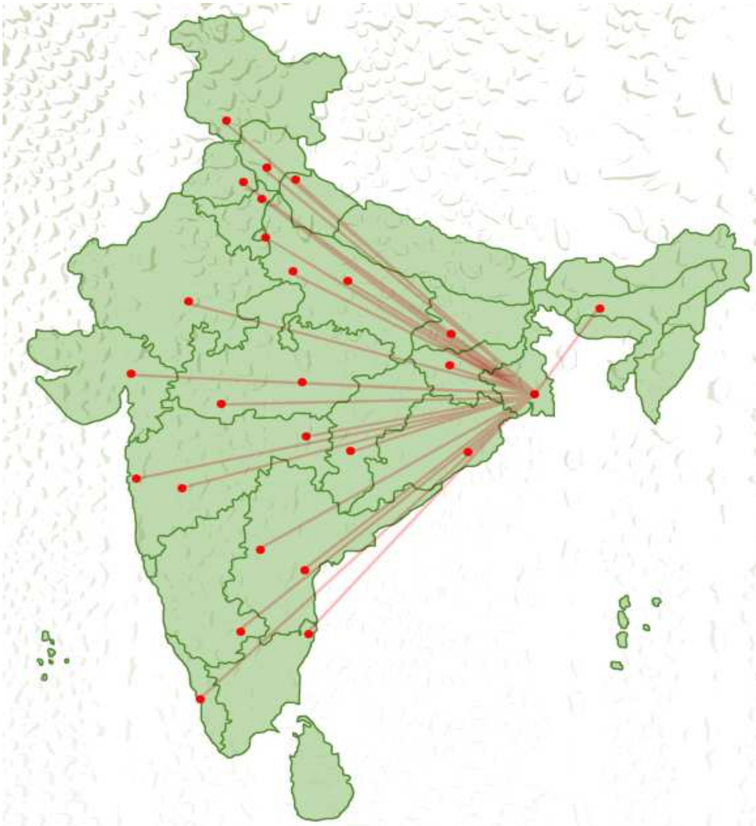
- **Strong Research and Development (R&D)**: Our Company's advisory panel consists of Ayurvedic experts from India and abroad, including Padamshree Vaidya Suresh Chaturvedi, Dr. Hari Shankar Sharma (former dean of Jamnagar University and Ayurvedacharya), Dr. Hiroe Inamura (Director of Ayurvedic Research Society, Osaka, Japan), Dr. S. K. Mishra (ex-commissioner of Indian System of Medicines and Homoeopathy, Department of Health and Family Welfare, New Delhi) and Dr. Pawan Sharma (MD-Ayurveda and gold medallist). They provide guidance and direction to our in house Research and Development activities. Our Manufacturing units in West Bengal, Assam and Tamil Nadu have received certificate of Good Manufacturing Practices (cGMP).

- **Innovative packaging:** We have always been innovative in the packaging of our products with a view to suit customer requirements. We have introduced many of our products in Low Unit Packs (LUP's), sachets, dibbies and small tubes which helped us expand our customer base by creating new customers thereby resulting in an increased market share across various segments.

- **Strong professional management team and motivated work force:** Our Company is managed by a team of qualified and highly experienced professionals who exclusively deal in their area of expertise be it research and development, marketing, manufacturing or finance. Our promoters and our management has vast experience in business of personal care and health care products which has led us achieve greater heights and aim for higher goals.

- **Pan India Operations and Distribution Capabilities:** It is vital in the FMCG business to market the products adequately which requires a strong backing of an efficient supply chain management to ensure that the products reach the right consumer at the right time. Hence we lay a lot of emphasis on developing newer ways of reaching out to our widely dispersed customers and strengthening the existing network.

  Keeping in line with our ideology, the function of marketing and distribution which was initially handled by our group company J. B. Marketing & Finance Limited which was merged with Our Company to bring on board better operational synergies. This has ensured a smooth and efficient supply chain management for placing our products on the shelf in minimum time and among wide section of consumers spread across the country. Today our products are distributed through various innovative channels which have widened our coverage through direct distributors and has increased the distributor strength to more than 2,800 sub-distributor strength to approximately 200 and van routes to approximately 450, thereby resulting in a direct coverage of 4 Lac outlets. Our products are available across 2.6 million outlets.



- **Backward area benefits to achieve cost efficiency:** Our Company commissioned a Rs. 4000 Lacs greenfield manufacturing unit at Abhaypor in Guwahati, a tax free zone. There are various tax incentives of operating through this plant. Further our Amingaon unit at Guwahati is also eligible for tax incentives. These tax sops provide us an edge in costing our products. The major tax benefits available to our company in relation to the location and time of setting up the manufacturing facilities are set out below:

Act	Units	Eligible upto Asst. Year	Eligible upto Asst. Year
		100%	30%
Income Tax	Pondicherry II	2003-2004	2008-2009
	Pondicherry III	2005-2006	2010-2011
	Pondicherry IV	2006-2007	2011-2012
	Amingaon	2013-2014	
	Abhoypur	2018-2019	

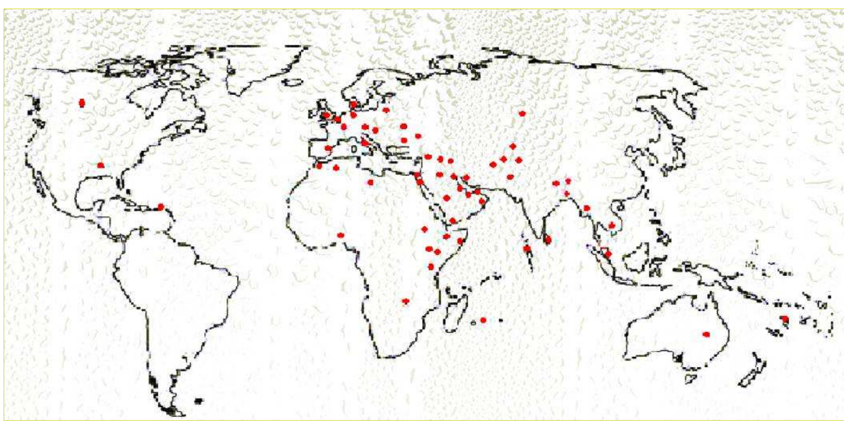
Act	Units	Eligible upto Year
		99%
Local Sales Tax	Amingaon	Sep-2010
	Abhoypur	Jul-2015

Our Company enjoys certain benefits of central excise.

Business Strategy

- **Growth through innovation and entry into new categories:** Emami is well established in categories such as antiseptic creams, cooling oils, chyawanprash, balms, etc. Growth in these segments will be derived from low unit packs and deeper penetration into the rural markets. For further growth, we shall extend our brand offerings in existing segments and enter into new segments. Brand extensions would not only ensure growth in the existing segment but would also lead to our entry into new segments, which would become large categories in future.
- **New products to drive growth:** Our Company expects to **'**invent' new categories as it did with men's fairness cream. We will respond to the emerging lifestyles and increasing stress levels through the development of effective healthcare Ayurvedic medicines.
- **Increased exports and wider international reach:** We export approximately to 60 countries. Our presence across the continents is felt in Africa, North America, Asian and Europe. Our international business grew by 12% in 2007-08, despite rupee appreciation against the USD. Exports contributed about 10% to revenue for the year 2007-08. Our international operations remained buoyant and we have tied up with strong distributors who focus on modern retail formats, stronger supply chain and distribution linkages in the GCC countries (Gulf Co-operation Council). We have penetrated into regions like:
    - East Africa which continued to be a strong sales market for Mentho Plus Balm and Naturally Fair Cream. Mentho Plus Balm is now a number two brand in its category in Kenya.
    - Boroplus Antiseptic Cream continued to remain the number one brand in Russia, Commonwealth of Independent States and SAARC countries.

  Given below is our international reach, representing approximately 60 countries:



Recently to widen our reach to the end customer in the urban competitive markets and sell in remote areas, we have tied up and entered into alliances with various private, government, semi-government organisations as mentioned hereinbelow:

- **Modern retail outlets**: Our Company is targeting customers in shopping malls and lifestyle outlets.
- **E-choupals**: We have tied up with ITC Limited for the distribution of our products through e-choupals which aims at strengthening our rural penetration. The contract, which commenced within Uttar Pradesh, extended to Maharashtra, Madhya Pradesh and Rajasthan and will be progressively widened.
- **Emami Mobile Traders (EMT)**: We have appointed youth from rural areas to act as direct-to-consumer distributors, carrying products to rural households and strengthening our base in the rural parts of this country. These EMTs earn performance-based incentives. We have over 11000 EMTs operating in various states.

- **Paan-biri shops, army camps**: Emami's distribution network is extensive enough to include local *paan-biri* shops to reach the lower and lower-middle income population group. Besides army CSDs have also served as a significant mode of penetration into otherwise inaccessible areas.

- **Indian Oil Corporation:** Tie up with the Indian Oil's petrol pumps located in the rural areas has made it possible for us to access the untapped rural markets

<u>Key growth and value drivers for Our Company</u>

Raw material management
With the growing volatility in the price of raw material our management ensures efficient raw material management which will in turn lead to high profitability, coherent flow of investment and sustain organizational growth.

Our principal raw materials comprise of petroleum-based LLP, vegetable oil (crude and refined til oil, rice bran oil) and agricultural products (herbs and menthol). We also use commodities like sugar, mentha, gold and silver foil in our manufacturing and packing process. We have in place a proper hedging policy in order to mitigate the risk of volatile commodity prices. We have ensured that there is constant improvement in the yield and quality of our products through innovative methods of alteration and substitution of raw material. We have altered our raw material usages and substituted our inputs thereby improving the product yield and quality. As a deliberate strategy, our Company procured its raw materials from vendors in non-excisable areas i.e. Assam, Uttranchal & Himachal Pradesh - at affordable costs. We have created a dedicated vendor community in non-excisable zones, protecting their interests through assured offtake. We have moved from a multi-vendor to single-vendor focus within plant proximity, reducing freight. This resulted into decline in inventory costs coupled with enhanced working capital efficiency.

Farm forestry: Another attempt at protection against volatile commodity prices is the farm forestry initiatives by our Company. This backward integration will ensure an un-interrupted supply of herbs from Orissa, Madhya Pradesh and Uttar Pradesh.

We plan to put in place a green channel system of star suppliers where the quality check will be completed at the vendor's site, and the raw material shall be directly sent to our manufacturing units. Besides, we expect to counter raw material cost increases with a corresponding cost reduction through the use of alternative inputs and packaging adaptations. Our effective cost-management system also reduced costs through a prudent change in specifications, sizes and dimensions of raw materials as well as the introduction of substitutes.

Operations
Since our business is marked by competitive margins, it is our priority to leverage operational efficiency and circumvent rising costs.

Our Company has responded through a number of initiatives such as increase in the number of manufacturing plants along with an increase in their production capacities, manufacturing in tax-free zones, focussing on operational efficiency, ensuring vendor proximity to the production units, adoption of upgraded technology and better working capital management. Presently approximately 80% of our products are manufactured in tax free zones.

Contract manufacturing
We outsourced the production of talcum powder from units which are located near to raw material manufacturing units, saving freight on raw material and also capital investment as well as man-power.
In order to cut down on our expenses incurred on transportation and manpower, we have re – located the manufacturing facilities of talcum powder closer to the manufacturing unit of raw material. Our other cost management measures include waste reduction, better technology, ever expanding manufacturing base and shifting from single cavity to multi cavity equipment thereby reducing labour and processing time.

Quality
Our principal objective of the quality agenda is to achieve customer delight. It becomes particularly relevant in a business where a multitude of products are used every minute across several countries. Personal care and health

care products must be manufactured with a responsibility that makes their use safe, benign and effective at all times.

We believe that such a high level of commitment is the outcome of continuous emphasis on discipline and quality which encompasses mindset, processes, inputs, vendors, products and standards. The result is that quality in delivery is infused right from product conceptualisation and it ends with the proof of our efficacy months after the products have been manufactured.

Such an attitude has fetched us endorsement from our satisfied customers and has led to acceptance of our product and increased market share.

Quality initiatives
We maintain extremely high standards of quality through:

- Training of our workforce to maintain accountability and infuse robustness
- Stringent controls using standard operating procedures
- Systematic monitoring through audit observations and taking the requisite corrective and preventive actions

Human resource
In a business where the cost of quality lapses could be significant, recurring and enduring, our Company has remained focused on right recruitment, adequate training, encouragement through empowerment and reliability resulting in retention.

Our Company has strengthened its recruitment policies and has been recruiting professionals from reputed business schools. Our employees undergo extensive training programmes in areas such as business communication, personality development, information technology, SAP etc. Adequate focus is given to employees' aspirations and key skills which can be then leveraged in an appropriate manner for the betterment of the organisation as well as the employee. Spiritual trainings included Art of Living, *Brahmakumari*'s session etc., facilitating stress management and work-life balance. Informal interaction with employees has helped us understand them better and has improved inter-personal relationships thereby creating a healthy work environment. Emami has sponsored one-year programmes at reputed management institutes like the IIMs.

Information Technology
Our business demands quick and informed decision making. Information technology has been a tremendous help in this regard. Therefore, in order to increase responsiveness and efficiency we stress and will continue to emphasize on the adoption of upgraded technology. We are well connected across 28 states and 60 countries since we have proper systems in place.

We have invested in a comprehensive information backbone which is visible in our supply chain management.
Besides this, the SAP ECC 5.0 implementation project *Udaan* was rated as one of the top 10 studies in innovation in India by IBM.

All this investment has made it possible for us to transfer information and to remain connected with 36 Emami locations within India. The implementation of supply chain optimisation tools like SAP in 2008-09 will facilitate cost-effectiveness, better production scheduling and quicker dispatch thereby helping us to utilize the available resources in an optimum manner. It will thus give us a competitive edge and enable is to enable us to capitalise on the market opportunities.

In future, we aim to integrate SAP ECC 5.0 with bar code or Radio Frequency Identification (RFID). Wireless devices and mobiles will ensure ready availability of information.

Research & Development

Research and Development forms the backbone of any business which requires gauging the ever changing needs of the consumers. "Innovation" therefore, becomes the key word of our business and helps us to create new products or categories.

Our philosophy is to conduct pharmaceutical, pharmacognostical, pharmacological & clinical evaluation in order to expand are product range and experiment with innovative concepts with the purpose of creating better products which are at par with the international standards.

We have also established Himani Ayurvedic Science Foundation which is a state-of-the-art Kolkata-based research hub. It focuses on product development, promoting ayurveda as an effective medicinal science, developing effective and innovative ayurvedic products, improving efficacy of existing products and processes and developing systems for evaluation.

Our Company received recognition from DST CSIR (Department of Science and Technology/Council of Scientific and Industrial Research), Delhi, for its in-house Research and Development facility. In the financial year 2007 - 2008 we completed research on 20 new products which resulted in the introduction of new product launches like Keshkala, Navratna Extra Thanda Oil, Navratna Oil Lite, Malai Kesar Cold Cream and Hair Life.

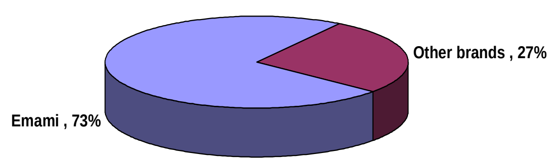
Our Brands our Strength

Our products have been launched and positioned in a manner that they have emerged as dominant players in the market. Some of them are clearly the market leaders in their respective categories.

We have a well balanced portfolio of personal care and health care products. We have successfully blended ayurvedic principles into some of the most prominent brands in India. We have proven ability to launch winning products in niche gaps where MNCs are not interested and small Indian players lack the financial and management bandwidth, e.g. Cooling oil (Navratna Oil).

Boroplus Antiseptic Cream and Body Lotion
Twacha ka suraksha kawach

Market share in Boro brands segment



Product ideology: A preventive, curative and healing Ayurvedic ointment. Positioned not only as an antiseptic cream but also as a protector from minor skin diseases and harsh weather conditions. It keeps the skin moisturised throughout the year.

Major players: Peer brands include Boroline and Borosoft.

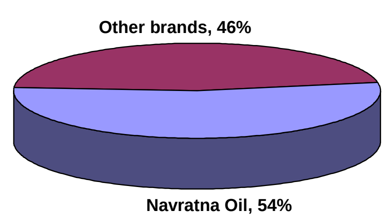
Market share: The market size of Boro Brand was worth Rs. 190 crore during the year ; the market share of our Company's brand grew to 73% in volume, an increment of 3.3% basis points over the previous year; in terms of value, the market share of the brand grew by 74%.

Advertising: Boroplus Antiseptic cream is endorsed by superstar Amitabh Bachchan and Kareena Kapoor

Product extensions: We introduced Boroplus Winter Lotion and Boroplus Summer Lotion, which are milder and lighter variants of Boroplus Antiseptic Cream; its non-greasy moisturising formula hydrates the skin without making it oily.

Himani Navratna Oil
"Sirdard, Tension, Anidra aur Thakan Jao Bhool - Raho Thanda Thanda Cool Cool"

Volume Market share of Navratna Oil in Ayurvedic Cool Oil category



Product ideology: A potent therapeutic oil, meticulously prepared from a combination of nine ayurvedic herbs, it soothes frayed nerves which reduces stress and gives a sense of relaxation and rejuvenation - thereby enabling one to get on with life.
Navratna Oil is the undisputed leader in its category since it provides multiple benefits to its satisfied and ever growing consumer base.

Major players: Competitors includes Himgange, Marico Maha Thanda, Dabur Super Thanda, Banphool and Rahat Rooh

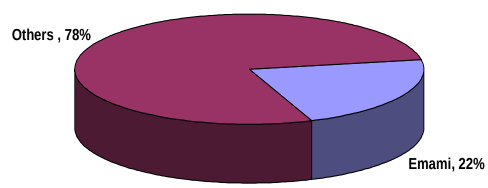
Product extensions: Navratna has been quite discerning and successful in its extension efforts. With the introduction of two strategic variants such as Navratna Extra Thanda and Navratna Lite we have provided more choices to our consumers– with the same fundamental value proposition.

The brand extension in the form of Navratna Cool Talc, which is positioned as *'Duniya Ka Sabse Chota AC'* – is hugely successful and presently the fastest growing brand in its category across India.

Advertising spend: Navratna is one of the top investors in Above The Line (ATL) advertising among all hair oil brands - across media and markets. Apart from ATL, the brand also invests heavily in Below The Line (BTL) to generate trial and awareness throughout the year.

Boroplus Prickly Heat Powder

Competitive edge: We have enhanced the popularity of our product by incurring expenditure on advertising and brand endorsement through actor Kareena Kapoor. It is also supported by a comprehensive distribution network. It is a product which provides value for money since it combines the benefit of being an antiseptic and cosmetic cream.



Mentho Plus Balm
Dus siron ka dard bhagaye!

Product ideology: It is an effective and superior headache reliever as well as an effective remedy for cough, cold, tiredness, backache, sprain and muscular pain.

Major players: Peer group brands like Amrutanjan balm, Tiger balm and Monison's balm

Market share: Presently the market share stands at 16.6%. It grew by 160 basis points (volume) and 180 basis points (value) in the year 2007-08. We expanded our presence through an increased visibility in 110,000 outlets. The highest growth was achieved in Assam (78 %), while Maharashtra, Andhra Pradesh, Tamil Nadu and Karnataka accounted for 75% of the revenues.

Himani Fast Relief
Dard mitaye chutki mein

Product ideology: Expert in providing instant relief from pain.

Major players: Moov and Iodex.

Market share: The market share of Himani Fast Relief rose to 11.5% in volume and 11% in value with robust growth in Madhya Pradesh (18%), Uttar Pradesh (16%), Bihar (17%) and West Bengal (14%).

Sona Chandi Chyawanprash

Surakshit tan, tez dimag chaho, to Sona Chandi Chyawanprash khao

Product ideology: A complete ayurvedic health supplement which enhances immunity, rejuvenates health and provides round the year protection.

Major players: Dabur, Baidyanath and Zandu

Market share (volume): The market share of Sona Chandi grew to 10% marked by a strong consumption in Uttar Pradesh and Uttaranchal which stood at 12%, Madhya Pradesh (10%) and Maharashtra (8%). In the medium-sized markets of Delhi, Rajasthan, Punjab and Haryana the brand enjoyed a market share of 16%, 21%, 11% and 22% respectively.

Product extensions: We have introduced Sona Chandi Kesar Chyawanprash which has a higher nutritional value due to the presence of extra saffron and dry fruits. We target senior citizens as our consumers. We have also created a variant for summers called Sona Chandi Amritprash and a chocolate variant for children called Chocoprash.

Advertising: During 2007-08, our Company invested aggressively in the building and subsequent enhancement of the brand value of Sona Chandi Chyawanprash. The brand is being endorsed by Shah Rukh Khan.

Emami Fair & Handsome
Hi handsome hi Handsome!

Product ideology: Emami created a completely different genre of products by introducing India's first fairness cream customised for men.

Major players: Peer brands include Nivea whitening, Menz Active, Fairever, Fairone Man, Setwet Get Fair, Lovely and Fair One.

Advertising: We invested aggressively in the promotion of the product by making celebrities like Shah Rukh Khan as our brand ambassador and actor Surya as our brand ambassador in South India.

Navratna Cool Talc
"Duniya Ka Sabse Chota AC"

Product ideology: Navratna Cool Talc provides a refreshing break from usual talcum powders. It counters heat and humidity through its cooling property. It prevents excessive sweating and curbs body odour and keeps one cool and fresh all day long.

Major players: Dermicool, Ponds

Category growth: The brand registered a volume growth of 33% over the last year (2006-07), (as per ACN ORG MAT) because of the advanced and contemporary packaging launched all over India, which evoked a very favourable response among consumers.

Product extension: We have successfully launched a new variant called 'Navratna Cool Talc – Active Deo'

Advertising: Aptly positioned as 'Duniya Ka Sabse Chota AC'**,** the brand is endorsed by Shah Rukh Khan at the national level and by the Tamil superstar Surya, for southern India.

Zandu Brands

- Zandu is a century old household name in India and a leading Ayurveda healthcare company
- It has a strong research and development base in Ayurveda
- It has a leadership position in pain balm (rubificient) category
- Zandu brand has regularly figured in the Economic Times Survey of Most Popular brands in India, some of its prominent brands include
    - Zandu Balm
    - Zandu Chyawanprash
    - Kesri Jeevan
    - Pancharishta
    - Nityam Churna

Our Employees

As of March 31, 2009, we employed a total of 980 individuals. Some of our employees are covered by collective bargaining agreements. We have not experienced any strikes or work stoppages over two decades and we consider our relationship with our employees to be cordial and cooperative.

Intellectual Property

We currently have the rights to the “Emami” and “Himani” trademarks and other trademarks for our products and brands. Pursuant to the scheme of amalgamation we are now the owners of the all the trademarks and copyrights originally registered in the name of the erstwhile Himani Limited and Kemco Chemicals. We are thus entitled to exclusively use and reproduce the trademarks and artistic labels on our goods in respect of which the trademarks have been registered or are pending registration.

Our Company has various copyrights, including on the word “Emami” and certain copyright registrations are pending. Further, our Company has also obtained patent registrations on some of our processes and for some registration is pending. We have also obtained design registrations for some of our packaging materials and for some registration is pending.

Insurance

We maintain insurance coverage with leading insurers in India. Some of the major risks covered for our business assets are against risk of fire, natural calamities, transit, burglary, implosion and explosion for boilers. We also have keyman Insurance policies for some of our Directors and Key Managerial Personnel.

Properties

Our Registered Office is situated at Emami Tower, 687, Anandapur, Eastern Metropolitan Bypass Kolkata – 700 107, West Bengal, India. Our operational manufacturing units are located at Pondicherry, Amingaon, Abhoypur and Kolkata.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Composition

The composition of the Board of Directors is governed by the provisions of the Companies Act and and the listing agreements with the Stock Exchanges where the Equity Shares of the Company are listed. The Articles of Association provide that the number of directors shall not be less than three or more than 15 unless otherwise approved in a general meeting.

The following table sets out the composition of the Board of Directors as of the date of the Placement Document.

Name	Age	Designation	Address
Mr. Radheshyam Agarwal	63	Executive Chairman	118, Southern Avenue, Kolkata - 700 029.
Mr. Radheshyam Goenka	62	Non-Executive Director and Non-Independent	110 A, Southern Avenue, Kolkata - 700 029.
Mr. Sushil Kumar Goenka	53	Managing Director	110A, Southern Avenue Kolkata -700 029.
Mr. Aditya Vardhan Agarwal	34	Whole-time and Executive Director	118, Southern Avenue Kolkata - 700 029.
Mr. Harsh Vardhan Agarwal	33	Whole-time and Executive Director	118, Southern Avenue Kolkata - 700 029
Mr. Mohan Goenka	36	Whole-time and Executive Director	110A, Southern Avenue Kolkata-700 029.
Mr. Kashi Nath Memani	70	Non-Executive Independent Director	177,C W7 Western Avenue, Sainik Farm, New Delhi -110062
Mr. Krishna Kumar Khemka	77	Non-Executive Independent Director	25, Ballyganj Park, Rajnigandha Apartment (4th floor), Kolkata- 700019
Mr. Shrawan Kumar Todi	68	Non-Executive Independent Director	2, Queen Park Kolkata – 700 019
Mr. Shyamanand Jalan	75	Non-Executive Independent Director	6/7 A, A.J.C. Bose Road, Kolkata -700017
Mr. Viren J Shah	83	Non-Executive Independent Director	6ª, Sunita, B G Kher Marg, Mumbai – 400006.
Padamshree Vaidya Suresh Chaturvedi	81	Non-Executive Independent Director	“Shakti”, Charat Singh Colony, M.V. Road, Andheri (E), Mumbai 400 053.

Brief Biographies of our Directors

Mr. Radheshyam Agarwal

Mr. Radheshyam Agarwal is 63 years old and is a resident of India. He holds a Bachelors' degree in law and is a qualified Chartered Accountant and Company Secretary. He began his career as a Senior Executive of Birla Group. Gradually, he became associated with other projects of Birla Group including Industrial Plants Ltd., and foreign projects in Indonesia and Bangkok. In the year 1974, he left the job and started a Joint Venture with Mr. Radheshyam Goenka by setting up an ayurvedic medicine and cosmetic manufacturing unit in Kolkata, West Bengal. He is a leading industrialist and has vast experience in strategic planning, corporate affairs and finance. He is also on the Board of several other companies such as The Zandu Pharmaceutical Works Ltd, Emami Paper Mills Ltd. Emami Realty Ltd., Advance Medicare & Research Institute Ltd, South City Projects (Kolkata) Ltd., Bengal South City Matrix Infrastructure Ltd, Bengal Anmol South City Infrastructure Ltd., Bengal NRI Complex Ltd , Rupa & Co Ltd., Merchants Chambers of Commerce and others.

Mr. Radheshyam Goenka

Mr. Radheshyam Goenka is 62 years old and is a resident of India. He holds a Masters' degree in Commerce and Bachelors degree in law. He started his career in the year 1970 with Birla Group of Industries. He has deep understanding of taxation, strategic planning, corporate affairs and finance, and financial planning of industries. In the year 1974, he left the service of Birla Group and started a Joint venture with Mr. Radheshyam Agarwal by setting up an ayurvedic medicine and cosmetics manufacturing unit in Kolkata, West Bengal. He is on the Board of several other companies such as The Zandu Pharmaceutical Works Ltd, Emami Paper Mills Ltd., Bengal South City Matrix Infrastructure Ltd., Bengal Anmol South City Infrastructure Ltd., Advance Medicare & Research Institute Ltd., South City Projects (Kolkata) Ltd., Khaitan (India) Ltd., Merchants Chambers of Commerce, etc. He is closely associated with many cultural, charitable and social service organisations

Mr. Sushil Kumar Goenka

Mr. Sushil Kumar Goenka is 53 years old and is a resident of India. He holds a Bachelors' degree in Commerce. He joined the Emami Group after completing his graduation. He has spent almost three decades in the business and has served as Director of several other leading Indian companies. He is secretary of Aradhana Trust, Vishwa Jagriti Mission Trust (Kolkata) and Vivekananda Hospital and Research Center, Kolkata. He looks after the production, operations, human resources, distribution and public relations of Emami Limited.

Mr. Aditya Vardhan Agarwal

Mr. Aditya Vardhan Agarwal, is 34 years old and a resident of India. He holds a Bachelors' degree in Commerce. He is the former President of Merchants' Chamber of Commerce (MCC), former Director of West Bengal Industrial Development Corporation, Committee Member and Chairman (FMCG) of ASSOCHAM and holds the position of an advisor in the Academy of Ayurvedic Doctors of India, Kolkata.

Mr. Harsh Vardhan Agarwal

Mr. Harsh Vardhan Agarwal, is 33 years old and a resident of India. He holds a Bachelors' degree in Commerce. He has served as Director on the Board of several other companies. He has extensive knowledge and experience in the field of marketing as well as brand development. He is the Joint Managing Director of The Zandu Pharmaceutical Works Limited

Mr. Mohan Goenka

Mr. Mohan Goenka is 36 years old and a resident of India. He holds a Bachelors' degree in Commerce and holds a Masters' degree in Business Administration from the United Kingdom. He is the Vice Chairman of the Marketing Committee of Confederation of Indian Industry (CII), Eastern Region. He is also a member of Merchants' Chamber of Commerce (MCC) and Young Entrepreneur Organization. He has more than 10 years of experience in the FMCG sector with specialization in marketing and brand development. He is the Joint Managing Director of The Zandu Pharmaceutical Works Limited

Mr. Kashi Nath Memani

Mr. Kashi Nath Memani is 70 years old and is resident of India. He is a Senior Chartered Accountant. He is the former Chairman and Managing Partner (India) of Ernst & Young, India. Mr. Memani specializes in business and corporate advisory, foreign taxation, financial consultancy etc. and is consulted on the corporate matters by several domestic and foreign companies. He was associated with several multi-national companies in setting up businesses in India. He is on the Board of many companies such as DLF Limited, Hindustan Times, ICICI Venture Funds Management Company Ltd., HEG, Indo Rama, NEI, Aegon etc. Mr. Memani was also a member of the Expert Committee constituted by the Ministry of the Company Law for the amendment of the Companies Act; he was on the External Audit Committee (EAC) of the International Monetary Fund and was appointed the Chairman of EAC for the year 1999-2000. Mr. Memani is a member of the National Advisory Committee on Accounting Standards (NACAS).

Mr. Krishna Kumar Khemka

Mr. Krishna Kumar Khemka, is 77 years old and is a resident of India. He holds a Bachelors' degree in Science. He has set up several mega size projects in the field of tyres, pulp & paper, heavy chemicals etc. He had served as the Chairman of Indian Paper Mills Association, former President of Rotary Club of Calcutta, former President of Indo - American Chamber of Commerce and former President of Indo-Italian Chamber of Commerce etc. He is the Honorary Consul General of Philippines. He has served as a Director on the Board of several companies and has 40 years of industrial experience.

Mr. Shrawan Kumar Todi

Mr. Shrawan Kumar Todi is 68 years old and is a resident of India. He holds a Maters' degree in Commerce. He is the Chairman of Shrachi Group of Companies and is on the Board of Directors of several Companies such as Advance Medicare & Research Institute Limited, Bengal NRI Complex Limited, Bengal Shrachi Housing Development Limited, Bengal Tools Limited, Emami Paper Mills Limited, Bhaskar Shrachi Alloys Limited, South City Kolkata Projects Limited, Khaitan (India) Limited, Pratidin Prakashani (P) Limited, Shrachi Securities Limited, Web Development Company Limited and others. He is a member of the Managing Committee of Associated Chamber of Commerce and Industries, New Delhi, member the Executive Committee of Merchants' Chamber of Commerce (MCC) and the Chairman of Development Committee of Marwari Hospital. He is also associated with the various institutions such as Refugee Handicrafts, Manovikas Kendra Rehabilitation & Research Institute for Handicapped, Building Committee, Hindustan Club Limited etc.

Mr. Shyamanand Jalan

Mr. Shyamanand Jalan, is 75years old and is a resident of India. He holds a Bachelors' degree in Commerce and a Bachelors' degree in law. He is an Attorney in Law and Member of Incorporated Law Society, India and is a member of the Bar Council of India. His expertise lies in areas of real estate and property laws, laws related to finance & infrastructure Projects.

Mr. Viren J. Shah

Mr. Viren J. Shah is 83 years old and is a resident of India. He is an AMP (Harvard Business School) U.S.A. with special expertise in General Business Management. He has served as the Governor of West Bengal from December 1999 to December 2004. Prior to that he was the Chairman of Mukund Limited for 27 years. He was a Member of Parliament for 16 years and was on the board of several Parliamentary Committees. He has also served as a Director on the Board of several companies in the past. Mr. Viren J. Shah is a member on the Board of Trustee of the Asiatic Society.

Padamshree Vaidya Suresh Chaturvedi

Padmashree Vaidya Suresh Chaturvedi is 81 years old and a resident of India. He is a Kaviraj, Ayurvedacharya, BIMS, MAMS. He has held key positions in Rastriya Ayurveda Mandal, India Academy of Sexology, Indian Association of Traditional Asian Medicines. He is a member of Occult India, All India Ayurveda Congress, Medvisa International, Bharata Kalyan Manch and National Institute of Ayurveda. He is an Honorary Physician to the Governor of Maharashtra and a Consultant Physician of the Bombay Hospital. He was awarded the Padmashree by the Government of India, the Bharat Nirman Pracharya award by the Government of Tripura and was felicitated at the International Conference on Alternative Medicines.

BORROWING POWERS OF BOARD OF DIRECTORS

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, the current borrowing powers of the Board of Directors of Emami Limited, as approved by the shareholders of the Company is Rs. 1500 crores.

COMPENSATION OF DIRECTORS

Managing Director

Our Managing Director, Mr. Sushil Kumar Goenka, is entitled to the following remuneration, benefits and perquisites:

The ***Managing Director*** shall be entitled to the following remuneration, perquisites and benefits:

Salary	Rs. 4,00,000 per month	
Perquisites and Allowances	(i)	Leave Travel Allowance for self and family once in a year as per Rules of the Company
	(ii)	Medical expenses actually incurred by him and his family subject to maximum of one month salary i.e. Rs. 4,00,000/-
	(iii)	Provision for use of car for official business and personal use of car will be billed to the Managing Director
	(iv)	Provision for telephone at residence - personal long distance calls will be billed to the Managing Director
Other benefits	(i)	The Company will make suitable contribution towards Provident fund, Superannuation fund and Annuity fund
	(ii)	Gratuity will be payable as per Rules of the Company
	(iii)	Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure

Executive Chairman

Our Executive Chairman, Mr. Radheshyam Agarwal, shall be entitled to the following remuneration, perquisites and benefits:

Salary	a)	Rs. 8,00,000 per month with the Annual increments of Rs 2.00 lac (Rupees Two Lac only) per month which shall be effective from 1st April 2010.
	b)	Commission not exceeding 2% , 3% and 4% for the financial year 2009 – 2010, 2010 – 2011, 2011 – 2012 respectively
Perquisites and Allowances	(i)	Leave Travel Allowance for self and family once in a year as per Rules of the Company
	(ii)	Medical expenses actually incurred by him and his family
	(iii)	Provision for use of car for official business and personal use of car will be billed to the Chairman
	(iv)	Provision for telephone at residence - personal long distance calls will be billed to the Chairman
	(v)	Club membership fees subject to the maximum of two clubs
Other benefits	(i)	The Company will make suitable contribution towards Provident fund, Superannuation fund and Annuity fund
	(ii)	Gratuity will be payable as per Rules of the Company
	(iii)	Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure

Whole-time Directors

Our Whole-time Directors, Mr. Aditya Vardhan Agarwal, Mr. Harsh Vardhan Agarwal and Mr. Mohan Goenka, are each entitled to the following remuneration, perquisites and benefits:

Salary	Rs. 3,00,000 per month	
Perquisites and Allowances	(i)	Leave Travel Allowance for self and family once in a year as per Rules of the Company
	(ii)	Medical expenses actually incurred by him and his family subject to maximum of one month salary i.e. Rs. 3,00,000/-
	(iii)	Provision for use of car for official business and personal use of car will be billed to the Whole-time Director
	(iv)	Provision for telephone at residence - personal long distance calls will be billed to the Whole-time Director
Other benefits	(i)	The Company will make suitable contribution towards Provident fund, Superannuation fund and Annuity fund
	(ii)	Gratuity will be payable as per Rules of the Company
	(iii)	Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure
	(iv)	The Company will provide Rent free Accommodation to the Whole-time Directors

Compensation of Executive Directors/ Non – Executive Directors for the year ended March 31, 2008 is as follows:

Sr. No.	Name of the Director	Sitting fees	Salary	Comm-ission	Contribution to PF	Value of perquisites	Total
1.	Mr. Radheshyam Agarwal (Chairman)	-	6,600,000	10,000,000	1,008,000	15,000	**17,623,000**
2.	Mr. Radheshyam Goenka	120,000	-	-			**120,000**
3.	Mr. Sushil Kumar Goenka (Managing Director)	-	4,200,000	-	504,000	8,142	**4,712,142**
4.	Mr. Mohan Goenka	-	3,075,000	-	369,000	228,307	**3,672,307**
5.	Mr. Aditya Vardhan Agarwal	-	3,075,000	-	369,000	261,908	**3,705,908**
6.	Mr. Harsh Vardhan Agarwal	-	3,075,000	-	369,000	143,801	**3,587,801**
7.	Mr. Viren J. Shah	20,000	-	-	-	-	**20,000**
8.	Mr. Kashi Nath Memani	40,000	-	-	-	-	**40,000**
9.	Mr. Shrawan Kumar Todi	320,000	-	-	-	-	**320,000**
10.	Mr. Shyamanand Jalan	105,000	-	-	-	-	**105,000**
11.	Padamshree Vaidya Suresh Chaturvedi	60,000	-	-	-	-	**60,000**
12.	Mr. Krishna Kumar Khemka	205,000	-	-	-	-	**205,000**
	Total	**870,000**	**20,025,000**	**10,000,000**	**2,619,000**	**657,158**	**34,171,158**

Pursuant to Section 309(4) and all other applicable provisions, if any, of the Companies Act, 1956 approval was accorded for payment of commission to the Non-Executive Independent Directors of the Company for a period of five years, of such sums as the Board may deem fit commencing from financial year 1st April, 2008 provided that maximum amount of commission that may be paid to them in totality during a year shall not exceed 1 % of the net profit of the Company computed in accordance with the provisions of Section 349 of the Companies Act, 1956.

Corporate Governance

We stand committed to good corporate governance – transparency, disclosure and independent supervision to increase the value of its stakeholders. We have complied with SEBI DIP Guidelines in respect of corporate governance specially with respect to broad basing the Board, constituting the Committees *viz.*, Share Transfer and Shareholders'/Investors' Grievance Committee, Audit Committee *etc.*. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and the constitution of the Board Committees. Functional Committees of the Board have been also constituted in order to look into the various matters in respect of compensation, shareholding, audit, *etc.*, details of which are as follows:

Audit Committee

Pursuant to Clause 49 of the Listing Agreement, the current constitution of the Audit Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Shrawan Kumar Todi	Independent Director	Chairman
Mr. Krishna Kumar Khemka	Independent Director	Member
Mr. Radheshyam Goenka	Non-executive and Non-Independent	Member
Mr. Shyamanand Jalan	Independent Director	Member

Brief terms of reference

(i) Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
(ii) Review of the quarterly, half-yearly and annual financial statements before submission to the Board
(iii) Reviewing with the management, external and internal auditors, the adequacy of internal control systems
(iv) Reviewing the adequacy of internal audit function
(v) Reviewing the company's financial and risk management policies.
(vi) Discussing with internal and external auditors any significant finding and follow-up on such issues
(vii) Review of key accounting matters and developments and
(viii) Other matters as directed by the Board

Remuneration Committee

Pursuant to Clause 49 of the Listing Agreement, the current constitution of the Remuneration Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Krishna Kumar Khemka	Independent Director	Chairman
Mr. Shyamanand Jalan	Independent Director	Member
Mr. Shrawan Kumar Todi	Independent Director	Member

Brief terms of reference

The Committee evaluates, recommends, and approves to the Board, the remuneration of the Executive Directors to bring about the objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders. The Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendation to the Board. On recommendation of the Remuneration Committee, the Board decides remuneration to be paid to Executive Directors, subject to approval of shareholders in terms of provisions of the Companies Act, read with Schedule XIII thereof. The Committee aims towards rewarding, on the basis of performance, reviewed on a periodical basis.

Share Transfer and Shareholders'/Investors' Grievance Committee

Pursuant to Clasue 49 of the Listing Agreement, the current constitution of the Share Transfer and Shareholder's/Investors' Grievance Committee is as follows:

Name of the Director	Nature of Directorship	Designation in the Committee
Mr. Shrawan Kumar Todi	Independent Director	Chairman
Mr. Mohan Goenka	Executive Director	Member
Mr. Aditya Vardhan Agarwal	Executive Director	Member

Brief terms of reference

The Committee reviews the status of investors' grievances on a periodical basis. All the complaints and/or grievances as received from the investors are promptly responded to and satisfactorily replied.
The business usually transacted by the Committee is as follows:

(i) Approval of share transfers and transmissions
(ii) Taking note of the re-materialisation of shares
(iii) Issue of share certificates on re-materialisation
(iv) Taking actions on routine complaints of shareholders
(v) To do any allied matter(s) out of and incidental to these functions and such other acts assigned by the Board.

Executive Committee

At the Board Meeting held on January 31, 2008, the Company constituted a separate Executive Committee for the purpose of exploring possibilities of acquisitions, takeovers, business alliances, tie-ups etc. in addition to the other business as may be delegated by the Board of Directors from time to time. Currently the Committee consists of:

Members of the Committee	Nature of Directorship	Designation in the Committee
Mr. Radheshyam Agarwal	Executive Chairman	Chairman
Mr. Radheshyam Goenka	Non – Executive and Non Independent Director	Member
Shrawan Kumar Todi	Independent Director	Member
Mr. Krishna Kumar Khemka	Independent Director	Member

Finance Committee

The Finance Committe comprises of five Directors all of whom belongs to promoter group. The current constitution of the Finance Committee is as follows:

Members of the Committee	Nature of Directorship	Designation in the Committee
Shri R S Goenka	Non executive and Non- Independent	Chairman
Shri S K Goenka	Managing Director	Member
Shri Mohan Goenka	Whole-time and Executive	Member
Shri A V Agarwal	Whole-time and Executive	Member
Shri H V Agarwal	Whole-time and Executive	Member

Terms of reference:

(i) Review banking arrangements and cash management
(ii) Exercise all powers to borrow moneys (otherwise than by issue of debentures), and taking necessary actions connected therewith including refinancing for optimisation of borrowing costs

(iii) Giving of guarantees/ issuing letters of comfort/ providing securities within the limits approved by the Board
(iv) Provide corporate guarantees / performance guarantee by the Company within the limits approved by the Board
(v) Approve opening and operation of Bank Accounts
(vi) Carry out any other function as is mandated by the Board from time to time and or/ enforced by any statutory notification, amendment or modification as may be applicable
(vii) Other transactions or financial issues that the Board may desire to have them reviewed by the Finance Committee
(viii) Delegate authorities from time to time to the Executives/ Authorised persons to implement the decisions of the Committee

Brief terms of reference

The Board of Directors has assigned various jobs to this new Committee including availing of opportunities of acquisition/takeover of companies or brands or business and investments.

Business Reorganization/ Restructuring Committee

At the meeting of the Board of Directors of the Company held on March 30, 2009, the specific Committee was constituted to explore various options for restructuring and reorganizing FMCG and Realty business carried on by Emami Limited and subsidiary companies i.e. Zandu Pharmaceutical Works Limited and Emami Realty Limited.

Terms of Reference

(i) To examine and evaluate restructuring and reorganizing of FMCG and realty business being carried on by these companies through merger, demerger or any other arrangement
(ii) To appoint advocates, legal advisors, valuers, merchant bankers and any other experts for taking their views and opinions in this respect
(iii) To frame appropriate scheme and recommend to the Board of Directors of the Company
(iv) To do all such acts and deeds which are necessary in this respect

Members of the Committee	Nature of Directorship	Designation in the Committee
Mr. Viren J. Shah	Independent Director	Chairman
Mr. Radheyshyam Agarwal	Promoter and Executive	Member
Mr. Radheyshyam Goenka	Promoter and Non Executive	Member
Mr. Kashi Nath Memani	Independent Director	Member
Mr. Shrawan Kumar Todi	Independent Director	Member
Mr. Krishna Kumar Khemka	Independent Director	Member
Mr. Shyamanand Jalan	Independent Director	Member

Shareholding of Directors in the Company as on June 19, 2009

Sr. No.	Name of the Director	No. of Shares	% of Paid Up capital
1	R. S. Agarwal	873,500	1.41%
2	Harsha Vardhan Agarwal	613,563	0.99%
3	Aditya Vardhan Agarwal	363,716	0.59%
4	Radheshyam Goenka	290,046	0.47%
5	Sushil Kumar Goenka	59,000	0.09%
6	Mohan Goenka	52,150	0.08%
7	Viren J. Shah	5100	0.01%
9	Shrawan Kumar Todi	100	0.00%
	Total	**2,257,175**	**3.63%**

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

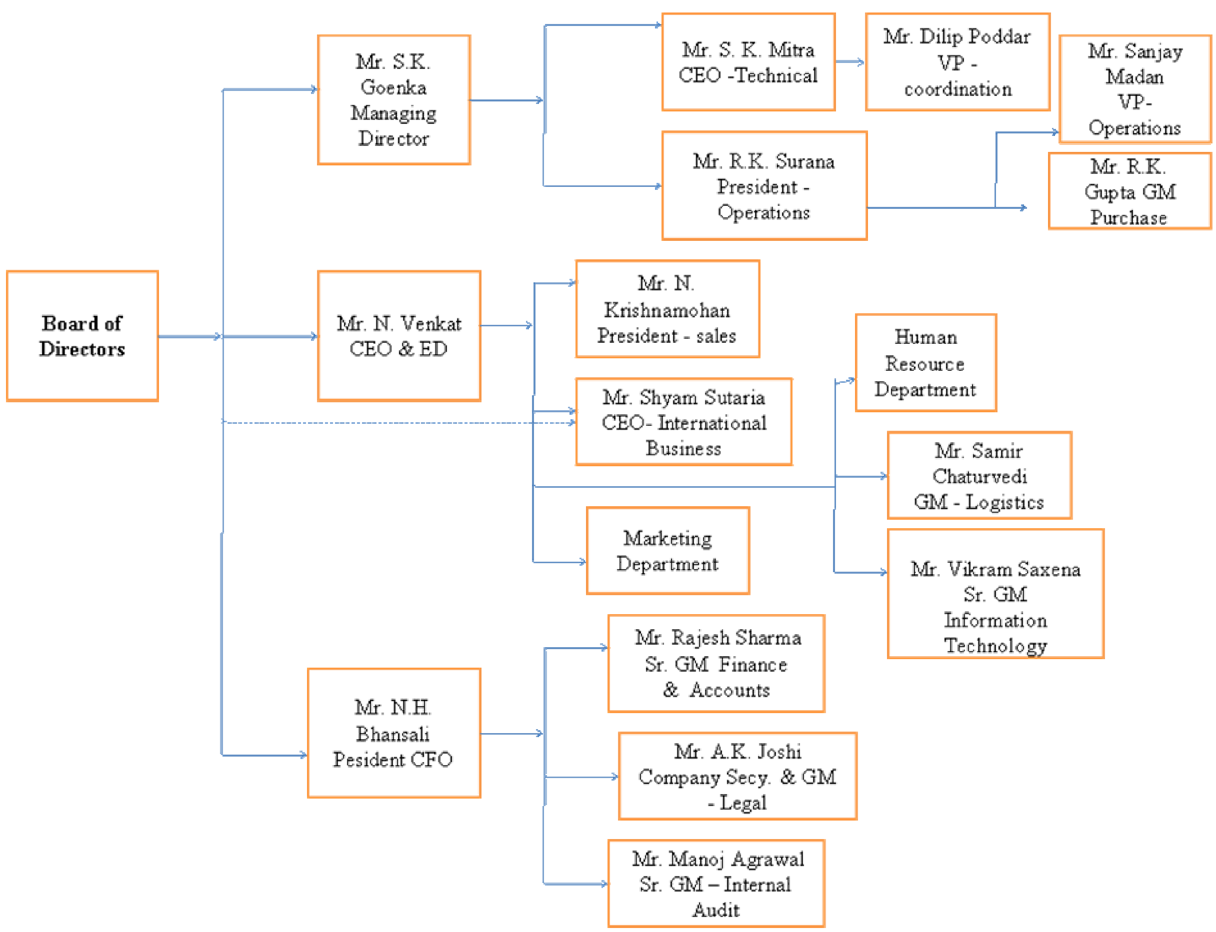
Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 applies to us and our employees, and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. We have already implemented an internal code of conduct in line with the SEBI (Prohibition of Insider Trading) Regulations, 1992 in this regard.

Interest of Directors

The Directors of our Company do not have any interest except to the extent of the compensation as mentioned above, the shares held by them, directly or indirectly and the agreements entered into with our Company pursuant to which the payments have been provided for, as disclosed under the section *"Financial Statements"* under the heading *"Related Party Transactions"*.

All our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company or other entity with any company in which they hold directorships or they or their relatives hold significant shareholding or beneficial interest any partnership firm in which they or their relatives are partners as declared in their respective declarations.

Organization Structure



Key Managerial Personnel:

In addition to our Board as set forth above, the following form a part of our senior management

Sr. No.	Name	Designation	Qualification	Year of experience
1.	Mr. N.Venkateswarlu	CEO & Executive Director	MBA from IIM, Ahemdabad, BE - Mech. From NIT	19 years
2.	Mr S K Mitra	CEO -Technical	MBBS & MD	17 Years
3.	Mr Krishna Mohan	President Sales	MBA	17 Years
4.	Mr. Shyam Sutaria	CEO –International Business	B.TECH (Chem) from IIT Bombay, Masters in Management Studies in University of Mumbai	26 Years
5.	Mr. N.H.Bhansali	President- CFO	FCA	17 Years
6.	Mr. Rajkumar Surana	President - Operations & Commercial	B.Com	26 Years
7.	Mr. Sanjay Madan	VP-Operation	AMIE, PGDBM	13 Years
8.	Mr. Dilip Poddar	VP-Coordination	B.Com	29 Years
9.	Mr. Rajesh Sharma	Sr.GM-Finance & Accounts	ACA,ACS	11 Years
10.	Mr. Vikram Saxena	Sr. GM -IT	M.SC, MBA	17 Years
11.	Mr. Manoj Agarwal	Sr. GM- Internal Audit	LLB, FCA, CIA	15 Years
12.	Mr. A K Joshi	Company Secretary & GM-Legal	FCS	16 Years
13.	Mr. Raj Kumar Gupta	GM- Purchase	ACA	13 Years
14.	Mr. Samir Chaturvedi	GM- Supply Chain	BE, (IND. ENGG.) from Roorkee University (1988), ME from Rorkee University (1990)	17 Years

REGULATIONS AND POLICIES

BUSINESS RELATED REGULATIONS

Drugs and Cosmetics Act, 1940

The Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 regulate the import into, manufacture, distribution and sale of drugs and cosmetics in India. The enforcement of the Drugs and Cosmetics Act and the Drugs and Cosmetics Rules, is entrusted to the Director General of Health Services, Ministry of Health and Family Welfare, Government of India. The Drugs and Cosmetics Act imposes stringent penalties on persons indulging in the manufacture or sale of adulterated or spurious drugs not of standard quality which are likely to cause death or grievous hurt to the user. Disclosure of ingredients of the drugs on the label of the container is mandatory under section 18 (a)(iii) for the preservation of health and safety of the purchasers. The central government has the power to prohibit import or manufacture of drugs and cosmetics in the public interest where the government is satisfied that the use of any drug or cosmetic is likely to involve any risk to human beings or animals or that any drug does not have therapeutic value claimed for it and that in the public interest it is necessary to prohibit the import of such drugs or cosmetics. Where an offence is committed by the company, every person who at the time when the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company is deemed to be guilty of the offence and is be liable to be proceeded and punished accordingly.

The Factories Act, 1948

The Factories Act, 1948 ("Factories Act") defines a factory to cover any premises which employs ten (10) or more workers and in which the manufacturing process is carried on with the aid of power and any premises where there are at least twenty (20) workers even though there is no electricity aided manufacturing process being carried on. The Factories Act which is a social legislation provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in case of a company, any of the directors, must ensure the health, safety, welfare, working hours, leave and other benefits for workers employed in factories. It was enacted primarily with the object of protecting workers from industrial and occupational hazards. Under this statute, an approval must be granted prior to the setting up of the factory and a license must be granted post the setting up of the same, by the Chief Inspector of Factories. In case of contravention of any provision of the Factories Act or rules framed there under, the occupier and the manager of a factory may be punished with the imprisonment for a term of up to two (2) years or with a fine of up to Rs. 100,000 or with both, and in case of a contravention continuing after conviction, with a fine of up to one thousand rupees per day of the contravention

The Standard of Weights and Measures Act, 1976

The Standard of Weights and Measures Act, 1976 (the "**Weights and Measures Act**") aims at introducing standard in relation to weights and measures used in trade and commerce. The Weights and Measures Act stipulates that every unit of weight or measure shall be based on the units of the metric system. The Weights and Measures Act provides to prescribe specification of measuring instruments used in commercial transaction, industrial production and measurement affecting public health and human safety. The specifications are given in the Standard of Weights and Measures (General) Rules 1987. The Weights and Measures Act contains penal provisions for violating the provisions of the Weights and Measures Act. While the Weights and Measures Act is a central legislation, its enforcement lies with the state governments through the Standards of Weights and Measures (Enforcement) Act, 1985. The Weights and Measures Act also gives powers to inspectors to search, seize and forfeit non-standard weight or measures. The Packaged Commodities Rules 1977 framed under the Weights and Measures Act contains provisions laying down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce.

Prevention of Food Adulteration Act, 1954

In order to sell foodstuffs in India, we are required to comply with the Prevention of Food Adulteration Act, 1954. The Prevention of Food and Adulteration Act, is considered to be a consumer protection legislation, which has been designed to prevent, curb and check the adulteration of foodstuffs and to adequately punish the offenders. It covers various aspects of food processing such as food colour, preservatives, pesticide residue, packaging and labelling and regulation of sales. To give effect to the provisions of the Prevention of Food Adulteration Act, 1954, the Prevention of Food Adulteration Rules, 1955 were promulgated. The offence of adulteration under the Prevention of Food Adulteration Act is a cognizable offence. If any offence is committed by a company under the Prevention of Food Adulteration Act, then the nominee shall be liable to be proceeded against and punished accordingly. The courts are empowered to impose penalties on the offenders for the contraventions of the provisions of the Prevention of Food Adulteration Act. The liabilities of the manufacturers, dealers and retailers are also prescribed thereunder.

ENVIRONMENT RELATED REGULATIONS

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 ("Water Act") prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("SPCB"). This statute provides that prior permission from the relevant SPCB is required for the setting up of any industry, which is likely to discharge effluents.

The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specification and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards fro trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981, aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

This statute seeks to prevent and abate the level of air pollution and grants certain powers to the SPCB to ensure the same. Under the provisions of this legislation, every facility has to obtain a consent order from the relevant SPCB in order to carry on its industrial operations. The SPCB is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipments to be installed.

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 and the rules made thereunder provides for ambient standards in respect of noise for different categories of areas (residential, commercial, and industrial) and silence zones have been notified. Noise limits have been prescribed for automobiles, domestic appliances and construction equipment at the manufacturing stage. The Noise Pollution (Regulation and Control) Rules 2000 (as amended in 2002) provides that the owner of any diesel generator set with upto 1000 KVA requires an acoustic chamber and must have a conformance certificate.

The Environment Act has been enacted for the protection and improvement of the environment. The Act empowers the central government to take measures to protect and improve the environment such as by laying down the standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

FISCAL REGULATIONS

Central Excise

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

Value Added Tax Act

VAT is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT, is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

Central Sales Tax Act

The tax on sale of movable assets within India is governed by the provisions of the Central Sales Tax (CST) Act, or the state legislations depending upon the movement of goods pursuant to such sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the CST Act. On the other hand, when the taxability of an arrangement of sale of movable assets which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax/VAT legislations in place within the states

The Income Tax Act, 1961

The Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every tax payer to apply to the assessing officer for a Permanent Account Number.

EMPLOYMENT RELATED REGULATIONS

The Employee's State Insurance Act, 1948

The Employees State Insurance Act, 1948 is applicable to all factories and to such establishments as the Central Government may notify, unless a specific exemption has been granted. The employers in such factories and establishments are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from the aforesaid requirement if the employees are receiving benefits which are similar or superior to the benefits prescribed under the Employees State Insurance Act, 1948.

Employee's Provident Funds and Miscellaneous Provisions Act, 1952

Under the Employee's Provident Funds and Miscellaneous Provisions Act, 1952, compulsory provident fund, family pension fund and deposit linked insurance is payable to employees in factories and other establishments for their benefit. The legislation provides that an establishment employing more than twenty (20) persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee's provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee's contribution to the provident fund, subject to a minimum contribution of 12% of the basic wages, dearness allowance and retaining allowance, if any payable to each of the employee's.

Payment of Bonus Act, 1965

An employee in a factory who has worked for at least thirty (30) days in a year is eligible to be paid bonus. 'Allocable surplus' is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit. The minimum bonus fixed by the statute must be paid irrespective of the existence of any allocable surplus. If allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of twenty per cent of such salary or wage. Contravention of the provision of the legislation is punishable by imprisonment up to six (6) months or a fine up to one thousand rupees or both.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 an employee in a factory is deemed to be in 'continuous service' for a period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock out or cessation of work not due to the fault of the employee, or the employee has worked at least two hundred and forty (240) days in a period of twelve (12) months or one hundred and twenty (120) days in a period of six (6) months immediately preceding the date of reckoning. An employee, who after having completed at least five (5) continuous years of service in an establishment resigns, retires, or is disabled due to an accident or disease, is eligible to receive gratuity. To meet this liability, employers of all establishments to which the legislation applies are liable to contribute towards gratuity.

LABOR RELATED REGULATIONS

The Trade Unions Act, 1926

The Trade Unions Act, 1926 was enacted to provide for the registration of trade unions and for defining the law in relation to trade unions. This legislation sets out the procedure for registration of trade unions and also provides the rights and liabilities of registered trade unions. The statute also provides immunity to registered trade unions from civil suits in certain cases. This legislation is of great significance for those organizations whose workers have organized and formed registered trade unions.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 provides the machinery and procedure for the investigation and settlement of industrial disputes and for providing certain safeguards to the workers. The Industrial Disputes Act aims to improve the service conditions of industrial labour. When a dispute exists or is apprehended, the appropriate government is empowered to refer to the dispute to an authority mentioned under the Industrial Dispute Act in order to prevent the occurrence or continuance of the dispute. Reference may be made to a labour court, tribunal or arbitrator, as the case may be, to prevent a strike or lock out while a proceeding is pending. Wide powers have been given to the labour courts and tribunals under the Industrial Disputes Act while adjudicating a dispute to grant appropriate relief such as modification of contract of employment or reinstate workmen with ancillary relief.

REGULATIONS RELATED TO INTELLUTUAL PROPERTY RIGHTS

Trademarks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods and services so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark, once applied for, is advertised in the trademarks journal. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

Patents Act, 1970

The laws on patents in India are governed by the Patents Act, 1999. Under the existing legislation, two types of patents are granted, i.e. Product Patent and Process Patent. An application is made for the grant of patent is made under Section 24 (2) is made before the Controller of Patents. The application contains in detail the specifications of the invention or the innovation, as the case may be. The applicant must make out a prima facie case for the grant of patent. The same is investigated by the Controller. If upon the investigation of the evidence, a prima facie case for the grant of patent is made out, then the applicant receives the patent under the Act, or else the application is rejected. The patent is granted by the Controller of patents. Once granted, the infringement is punishable offence under Sections 58 and 59 of the Act. The patent is granted for duration of twenty years.

Copyright Act, 1957

The Copyright Act, 1957 ("**Copyright Act**") covers registration of copyrights of original literary, dramatic, musical and artistic works, cinematographic films and sound recordings. A copyright board has been constituted under the Copyright Act, which ordinarily hears all proceedings instituted before it under the Copyright Act. Licensing and assignment of copyright is permitted in accordance with the provisions of the Copyright Act. Infringement of copyright may amount to either a civil or criminal offence, depending on the circumstances in which the offence was committed.

REGULATION OF FOREIGN INVESTMENT IN INDIA

Foreign Exchange Management Act, 1999

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations promulgated thereunder. The RBI, in exercise of its powers under FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") which prohibit, restrict and regulate, transfer or issue of securities, to a person resident outside India. Pursuant to the FEMA Regulations, no prior consent or approval is required from the RBI for foreign direct investment under the "automatic route" within the specified sectoral caps prescribed for various industrial sectors. In respect of all industries not specified under the automatic route, and in respect of investments in excess of the specified sectoral limits under the automatic route, approval for such investment may be required from the FIPB and/or the RBI.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

EXPORT PROMOTION CAPITAL GOODS SCHEME ("EPCG")

This scheme framed under the Foreign Trade Policy facilitates import of capital goods at a concessional rate of duty coupled with an appropriate export obligation to be fulfilled by the person availing the benefits under the scheme within a designated period of time.

In addition to the above, the Company is required to comply with the provisions of the Companies Act, 1956 and other applicable statutes.

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the bidding, payment, Allocation and Allotment of Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the Investors are assumed to have appraised themselves of the same from our Company or the GC-BRLMs. The Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them, and are required to consult their respective advisers in this regard. Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the GC-BRLMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the GC-BRLMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Qualified Institutional Placement

The Issue is being made in reliance upon Chapter XIII-A of the SEBI DIP Guidelines through the mechanism of qualified institutional placements wherein a Indian listed company may issue and allot equity shares/ fully convertible debentures/ partly convertible debentures or any other security (excluding warrants) on a private placement basis to Qualified Institutional Buyers as defined in Clause 2.2.2B (v) of the SEBI DIP Guidelines.

We have received prior approval under clause 24(a) of the Listing Agreement from BSE, NSE and CSE vide their letters dated June 29, 2009 June 29, 2009 and June 29, 2009 for the listing of the Equity Shares on BSE and NSE

We have also filed a copy of the Preliminary Placement Document and the Placement Document with the Stock Exchanges.

Issue procedure

1. Our Company and the GC-BRLMs shall circulate serially numbered copies of the Preliminary Placement Document and the Bid cum Application Form, either in electronic form and/or physical form to not more than 49 QIBs.

2. The list of QIBs to whom the Bid cum Application Form is delivered shall be determined by our Company and the GC-BRLMs at their sole discretion. Unless a serially numbered Preliminary Placement Document and the Bid cum Application Form is addressed to a particular QIB; no invitation to subscribe shall be deemed to have been made. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. Our Company shall intimate the Bid/Issue Opening Date to the Stock Exchanges.

4. QIBs may submit their Bids through the Bid cum Application Form during the Issue period to the GC-BRLMs.

5. QIBs may submit such Bid cum Application Forms to the GC-BRLMs and would have to indicate the following in the Bid cum Application Form:
   a. Name of the QIB to whom Equity Shares are to be allotted
   b. Number of Equity Shares Bid for
   c. Price at which they are agreeable to Bid for the Equity shares provided that QIBs may also indicate that they are agreeable to submit a Bid at “Cut-off Price” which shall be any price as may be determined by our Company in consultation with the GC-BRLMs at or above the minimum price calculated in accordance with Clause 13A.3 of the SEBI DIP Guidelines which shall be the Floor Price;

d. The details of the dematerialised account(s) to which the Equity Shares should be credited.

Note: Each sub-account of an FII will be considered as an individual QIB and separate Bid cum Application Form will be required from each sub-account for submitting Bids.

6. Once the Bid cum Application Form is submitted by the QIB, the Bid constitutes an irrevocable offer and cannot be withdrawn. The Bid may be revised till Bid/Issue Closing Date, for which the QIB will have to revise the Bid in a Revision Form available with the GC-BRLMs. Revision Forms received after the closure of the Issue on Bid/Issue Closing Date shall not be considered as valid and original Bid will stand. Upon the receipt of duly completed Bid cum Application Form, the GC-BRLMs shall issue the CAN to the applicants.

7. Upon receipt of the duly completed Bid cum Application Form, our Company shall, in consultation with the GC-BRLMs, after the closure of the Issue, decide (i) the Issue Price and (ii) the number of Equity Shares to be Allocated and the Applicants to whom the same would be Allocated. Our Company shall notify the Stock Exchanges of the Issue Price. On determination of the Issue Price, the GC-BRLMs will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIBs. The CAN shall contain details like the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for the Allotment of Equity Shares in its name and the Pay-in Date as applicable to the respective QIB. The decision of our Company and the GC-BRLMs in this regard shall be at their sole and absolute discretion, and may not be proportionate to the number of Equity Shares applied for.

8. QIBs would have to deliver the cheque /confirmation of payment through electronic transfer for the subscription monies to the designated bank account of the Company by the Pay-In Date as specified in the CAN sent to the respective QIBs.

9. Upon receipt of the application monies from QIBs, our Company shall issue and allot the Equity Shares to those QIBs as per the details provided in their respective CANs. Our Company shall intimate to the Stock Exchanges the details of the Allotment. The allottees shall in no event exceed 49 (Forty-nine) in number.

10. After receipt of the in-principle approval of the Stock Exchanges, our Company shall allot the shares. Then it shall apply for listing of the Equity Shares. After receiving the listing (final in-principle) approval Equity Shares shall be credited into the depository participant accounts of the QIBs.

11. Our Company shall then apply for the final trading permission from the Stock Exchanges.

12. The Equity Shares that have been so allotted and credited to the depository participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading approval from the Stock Exchanges.

13. As per the applicable laws, the Stock Exchanges shall notify the final trading and listing permissions, which are ordinarily available on their websites, and our Company shall communicate the receipt of the final trading and listing permissions from the Stock Exchanges to those QIBs to whom the Equity Shares have been allotted. Our Company shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. QIBs are advised to appraise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Qualified Institutional Buyers

Only QIBs as defined in clause 2.2.2B (v)of the SEBI DIP Guidelines are eligible to invest. For the purposes of this Issue, the term "QIB" means the following**(See Note 1 below)**:

- Public financial institutions as defined in section 4A of the Companies Act, 1956;
- Scheduled commercial banks;

- Mutual funds registered with SEBI;
- Foreign Institutional Investors registered with SEBI;
- Multilateral and bilateral development financial institutions;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI;
- State industrial development corporations;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million;
- Pension Funds with minimum corpus of Rs. 250 million; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.

Note 1: SEBI, vide Circular bearing No. SEBI/CFD/DIL/DIP/32/2008/28/08 dated August 28, 2008 (the "**Circular**"), effected certain changes in relation to the definition of the term "Qualified Institutional Buyer" under the SEBI DIP Guidelines. The changes comprise of the definition of the term "Qualified Institutional Buyer" being shifted to clause 1.2.1 (xxiv a) from Clause 2.2.2B (v) of the SEBI DIP Guidelines, and excluding from the aforesaid definition sub-accounts of FIIs, being foreign corporates or foreign individuals. Clause 3.1 of the Circular, which determines the applicability of the Circular, reads as follows:

"3.1 The amendments made vide this circular shall be applicable as under:
(a) Amendments to clause 1.2.1(xxiva) shall be applicable after the date of this circular to:

(i) *all notices for general meeting sent to shareholders for approval of the issue, in case of preferential allotment and QIP; and*

(ii) *all prospectuses (in case of a fixed price issue) and Red Herring Prospectuses (in case of a book built issue) filed with the Registrar of Companies or letters of offer filed with Designated Stock Exchange, as the case may be."*

Hence, in terms of the aforesaid clause concerning applicability of the Circular, the amendment to the definition of "Qualified Institutional Buyer" would be applicable only to notices of general meetings sent to shareholders for approval of the issue, in case of QIP's. However, in case of our Company, the notice to the shareholders for approval for this Issue has been sent prior to the date of the Circular, and approval of our shareholders was received by a special resolution adopted pursuant to section 81(1A) of the Companies Act on July 28, 2008 [in accordance with the provisions of Section 192A of the Companies Act read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001], that is prior to the date of the Circular. Hence, the amendment in the Circular to the definition of "Qualified Institutional Buyer" will not be applicable to this Issue, and the definition contained under the erstwhile clause 2.2.2B (v) of the SEBI DIP Guidelines would continue to be applicable.

FIIs are permitted to participate in this Issue including through the Portfolio Investment Scheme (PIS). Persons resident outside India are permitted to participate in the issue subject to compliance with all applicable laws and such that the shareholding of such persons does not exceed specified limits as prescribed under applicable laws in this regard.

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital of the Company in case each sub-account is a foreign corporate or an individual.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being our promoter or any person related to our Promoter(s). QIBs, who have all or any of the following rights shall be deemed to be a person related to Promoter(s):

a) rights under a shareholders agreement or voting agreement entered into with our Promoters or persons related to our Promoters;

b) veto rights; or

c) right to appoint any nominee director on our Board.

We and the GC-BRLMs and the Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single Bid cum Application Form from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Placement Document. Further, QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code, and the QIB shall be solely responsible for compliance with tender offer and disclosure obligations under the Takeover Code, SEBI (Prohibition of Insider Trading) Regulations, 1992 and other applicable laws, rules, regulations, guidelines and circulars.

A minimum of 10% of the Equity Shares in the Issue shall be allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be allotted to other QIBs.

Note: Affiliates or associates of the GC-BRLMs or Co-BRLM who are QIBs may participate in the Issue in compliance with applicable laws.

Bid/Issue Programme

Bidding Period / Issue Period:

BID/ISSUE OPENED ON	**Tuesday, June 30, 2009**
BID/ISSUE CLOSED ON	**Thursday, July 02, 2009**

Application Process

Bid cum Application Form
QIBs shall only use the specified serially numbered Bid cum Application Form supplied by the GC-BRLMs in either electronic form or by physical delivery for the purpose of making an Application (including revision of Application) in terms of the Preliminary Placement Document and the Placement Document.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, SUBACCOUNTS OF A FII WOULD BE CONSIDERED AS AN INDEPENDENT QIB.

IF SO REQUIRED BY THE GC-BRLMs, THE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE GC-BRLMs TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE GC-BRLMs, COLLECTION BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

The submission of the Bid cum Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer by the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Each scheme / fund of a mutual fund will have to submit separate Application Forms. Demographic details like address, bank account etc. will be obtained from the Depositories as per the demat account details given above. QIBs shall only use the specified and serially numbered Bid cum Application Form supplied by the GC-BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of the Preliminary Placement Document and the Placement Document.

By making an Application (including revision) for Equity Shares pursuant to the terms of the Preliminary Placement Document and the Placement Document, the QIB will be deemed to have made the representations and warranties as contained in the paragraph titled "Representations by Investors" of the Placement Document, in addition to the representations, warranties and agreements made under "Selling Restrictions" of the Placement Document:

The QIBs may also be sent a serially numbered Preliminary Placement Document either in electronic form or by physical delivery.

Bids by MFs

The Bids made by the asset management companies or custodian of MFs shall specifically state the names of the concerned schemes for which the Bids are made. Each scheme/fund of a mutual fund will have to submit separate Bid cum Application Form.

In case of a MF, a separate Bid can be made in respect of each scheme of the MF registered with SEBI and such Bids in respect of more than one scheme of the MF will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by MFs:

No MF scheme shall invest more than 10% of its net asset value in Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No MF under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The above information is given for the benefit of the Bidders. We and the GC-BRLMs or Co-BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Placement Document. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under the applicable laws and regulations.

Submission of Bid cum Application Form

All Bid cum Application Forms shall be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied. The Bid cum Application Form shall be submitted to the GC-BRLMs either through electronic form or through physical delivery at the following address:

Name: Anand Rathi Financial Services Limited
Address: 11th Floor, Times Tower, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013.
Tel: (B) :+91-22-4047 7000 (F) :+91-22-4047 7070
E-mail: emami.qip@rathi.com

Name : India Infoline Limited
Address: 10th Floor, One IBC, 841 Senapati Bapat Marg,
Elphinstone Road (W), Mumbai - 400 013.
Tel: (B) +91-22-46464600 (F): +91-22-46464700
Email: ib@iiflcap.com

The GC-BRLMs shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids through the Bid cum Application Form within the Issue period to the GC-BRLMs who shall maintain the Book.

Price discovery and allocation

We, in consultation with the GC-BRLMs, shall finalize the Issue Price for the Equity Shares which shall be at or above the Floor Price.

After finalization of the Issue Price, we shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Method of Allocation

We shall determine the Allocation in consultation with the GC-BRLMs on a discretionary basis and in compliance with Chapter XIII-A of the SEBI Guidelines.

Bid cum Application Form received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation shall be decided by us in consultation with the GC-BRLMs on a discretionary basis. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid applications being received at or above the Issue Price.

THE DECISION OF OUR COMPANY AND GC-BRLMs IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT OUR SOLE AND ABSOLUTE DISCRETION AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATIONS AT OR ABOVE THE ISSUE PRICE. NEITHER WE NOR THE GC-BRLMs ARE OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

Number of Allottees

The minimum number of allottees in the Issue shall not be less than:
(a) two, where the Issue Size is less than or equal to Rs. 2.5 billion; or
(b) five, where the Issue Size is greater than Rs. 2.5 billion.

Provided that no single allottee shall be allotted more than 50% of the Issue size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single allottee for the purpose of this clause. For details of what constitutes “same group” or “common control” see “Application Process— Bid cum Application Form.”

THE DECISION OF US AND GC-BRLMs IN RESPECT OF ALLOTMENT SHALL BE FINAL AND BINDING ON ALL QIBS.

The maximum number of allottees of Equity Shares shall not be greater than 49 allottees.

CAN

Based on the Bids received and the Issue Price decided, the Company and the GC-BRLMs will, in their sole and absolute discretion, decide the QIBs to whom the CAN shall be sent containing details of the Equity Shares allocated to them and the details of the amounts payable by them for Allotment of the Equity Shares in their respective names. Additionally, the CAN would include details of the bank account for transfer of funds if done electronically, Pay - in Date as well as the probable Designated Date, being the date of credit of the Equity

Shares to the investor's account, as applicable to the respective QIBs. The dispatch of the serially numbered Preliminary Placement Document and the CAN shall be deemed to be a valid, binding and irrevocable non-negotiable and non transferable obligation on QIB to furnish all details that may be required by the GC-BRLMs and to pay the entire Issue Price for all the Equity Shares allocated to such QIB.

QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allocated/Allotted to them pursuant to this Issue.

Bank Account for Payment of Application Money

We have opened a special bank account with HDFC Bank Limited ("**Collection Bank**") in terms of the arrangement between ARFSL (GC-BRLM), our Company and the Bank. The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-in Date as mentioned in the respective CAN.

If the payment is not made favouring the Collection Bank Account within the time stipulated in the CAN, the Bid cum Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, we and the GC-BRLMs have the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to statutory limits.

Payment Instructions

- The payment of application money shall be made by the QIBs in the name of "**Emami - QIP Escrow Account**" as per the payment instructions provided in the CAN.

- QIBs may make payment through cheques or electronic fund transfer, or such as other mode as may be required by GC-BRLMs.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payments through cheques should be only through high value cheques payable at **Mumbai**.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be allotted unless the QIBs pay the amount payable as mentioned in the CANs issued to them, into the bank account with the Collection Bank as stated above.

2. In accordance with the SEBI DIP Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

3. We reserve the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Post Allotment and credit of Equity Shares into the QIBs depository participant account, we would apply for trading approval from the Stock Exchanges.

5. In the unlikely event of the any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us. On cancellation of the Issue, monies received from investors in the Issue shall be refunded within a reasonable time, without interest or penalty as stated above.

Submission to SEBI

We shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number (PAN)

Applicants should mention its PAN allotted under the Income Tax Act, 1961. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid cum Application Form.** Bid cum Application Forms received without PAN are liable to be rejected. It is to be specifically noted that applicant should not submit the GIR number instead of the PAN as the Bid cum Application Form is liable to be rejected on this ground.

Our Right to Reject Bids

We, in consultation with the GC-BRLMs, may reject Bids without assigning any reasons whatsoever. Our decision with the GC-BRLMs in relation to the rejection of any Bid shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in the Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

(a) A QIB applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
(b) Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.
(c) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
(d) The trading of our Equity Shares would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.
(e) The Collection Bank (that is HDFC Bank Limited) shall not release the monies lying to the credit of the "**Emami - QIP Escrow Account"** till such time, that it receives an instruction in pursuance to the Escrow Agreement, alongwith the approval of the Stock Exchanges for the listing / trading of the Equity Shares offered in the Issue.
(f) We shall not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Bid cum Application Form or on the part of the QIBs.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document are advised to take legal advice with regard to any restrictions which may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorised or permitted.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold except (i) pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with the applicable U.S. state securities laws or (ii) in a transaction not subject to the registration requirements of the U.S. Securities Act. The Equity Shares are being offered and sold in the Issue outside the United States pursuant to Regulation S. The Equity Shares are not being offered or sold in the Issue in the United States and you may not purchase Equity Shares in the Issue if you are in the United States.

European Economic Area

Each GC-BRLM, severally but not jointly, has represented that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Equity Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Equity Shares to the public in that Relevant Member State at any time:

a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, in the case of (2) and (3) as shown in its last annual or consolidated accounts;

c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of each GC-BRLM; or

d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offering of Equity Shares shall result in a requirement for the publication by the Company or any GC-BRLM of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom (in addition to European Economic Area restrictions, above)

The Equity Shares cannot be promoted in the United Kingdom to the general public. Each GC-BRLM, severally but not jointly, has represented, warranted and agreed in the Placement Agreement that (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") to persons who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or circumstances in which section 21(1) of the FSMA does not apply to the Company; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Shares in, from or otherwise involving the United Kingdom. Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with, or relating to, the sale or purchase of any Equity Shares, may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to an investment in Equity Shares in, from or otherwise involving, the United Kingdom.

Hong Kong

No Equity Shares have been offered or sold, and no Equity Shares may be offered or sold, in Hong Kong, by means of any document, other than to "professional investors" as defined in the Securities and Futures Ordinance, Chapter. 571 of the laws of Hong Kong ("Securities and Futures Ordinance") and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Chapter. 32 of the laws of Hong Kong ("Companies Ordinance") or which do not constitute an offer to the public within the meaning of the Companies Ordinance. No document, invitation or advertisement relating to the Equity Shares has been issued or may be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to Equity Shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This Placement Document and the Equity Shares have not been and will not be registered with the Securities and Futures Commission of Hong Kong and/or the Stock Exchange of Hong Kong. There are no public markets or platforms in Hong Kong for the purchase or disposal of the Equity Shares. If you are in doubt as to the contents of this Placement Document, you must immediately seek legal and investment advice from your solicitor, accountant and/or professional advisors.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Future Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the Equity Shares are subscribed or purchased under Section 275 by a relevant person which is:

- a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on the terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, in accordance with the conditions, specified in Section 275 of the SFA as applicable; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. Subject to the foregoing:

Each purchaser of the Equity Shares in the Issue will be deemed to have represented and agreed as follows:

- It is authorized to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S) or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S).

- It agrees that it will not offer, sell, pledge or otherwise transfer such Equity Shares except in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction, including India.

- It acknowledges that we, the GC-BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements deemed to have been made by virtue of its purchase of the Equity Shares are no longer accurate, it will promptly notify us. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions will not be recognized by us.

INDIAN SECURITIES MARKET

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from SEBI, BSE and the NSE, and has not been prepared or independently verified by us or the Global Coordinators and Book Running Lead Managers or the Co-BRLM, or any of their respective affiliates or advisers.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulation

India's stock exchanges are regulated primarily by SEBI, as well as by the GoI acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956 (''SCRA'') and the Securities Contracts (Regulation) Rules, 1957 (''SCRR''), which, along with the rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership and the manner in which contracts are entered into and enforced between members.

The Securities and Exchange Board of India Act, 1992 granted powers to SEBI to regulate the Indian securities markets, including stock exchanges and other intermediaries in the capital markets, to promote and monitor self-regulatory organisations, to prohibit fraudulent and unfair trade practices and insider trading and to regulate substantial acquisitions of shares and takeovers of companies, to call for information, to undertake inspections and conduct inquiries and audits of stock exchanges, self-regulatory organisations, intermediaries and other persons associated with the securities market. SEBI has also issued guidelines and regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisition of shares and takeovers of companies, buyback of securities, delisting of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors (''FIIs''), credit rating agencies and other capital market participants.

Listing

The listing of securities on a recognised Indian stock exchanges is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreement of the respective stock exchanges. In particular, SEBI has issued detailed guidelines through the SEBI Guidelines concerning disclosures and investor protection by public companies making a public offering of securities. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of company's obligations under such listing agreement or for any other reason, subject to the company being given reasonable opportunity by prior notice of such intent from the relevant stock exchange to show cause against the suspension.

In the event that a suspension of the company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("SAT") established under the SEBI Act to set aside the suspension. SAT has the power to set aside stock exchange decisions in this regard. Further, SEBI has the power to waive or relax strict enforcement of the listing requirements and to amend the listing agreements and direct stock exchanges to amend their bye-laws.

The listing agreement requires that all listed companies are required to ensure a minimum level of public shareholding at 25 per cent of the total number of issued shares of a class or kind for the purpose of continuous listing.The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the SCRR; (ii) have 20 million or more outstanding shares; (iii) have a market capitalization of Rs. 10,000 million or more and the minimum public shareholding to be maintained by such companies is 10%. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement

A listed company can be delisted under the provisions of the SEBI (Delisting of Equity Shares) Guidelines 2009 (the "**Delisting Guidelines**"), which govern voluntary and compulsory delisting of equity shares of Indian companies from the stock exchanges. The Delisting Guidelines have been recently notified, and replace the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. A company may be delisted through a voluntary delisting or a compulsory delisting by a stock exchange(s) concerned. A company may voluntarily delist from the stock exchange where its securities are listed subject to, *inter alia*, approval of its Board of Directors and shareholders and the in-principle approval of the stock exchange(s) concerned, further provided that an exit opportunity has been given to the investors at an exit price. The exit price is a minimum of a floor price determined in accordance with a specified formula with the final offer price being determined based on a "book building process" specified in the Delising Guidelines. For certain listed companies of paid up share capital of upto Rupees One crore and either upto 300 public shareholders or no trading in equity shares for one year (as per specific criteria in the Delisting Guidelines), the exit price determination lies with the promoter seeking delisting and not with the shareholders. However, shareholders may choose whether to accept the exit price or not. The procedure for compulsory delisting also requires the company to make an exit offer to the shareholders in accordance with the above-mentioned Delisting Guidelines.

The Delisting Guidelines provide that if for any reason the securities of a company become liable to be delisted from the relevant stock exchange, the promoter may, if it desires to maintain listing of the company, follow the procedure laid down in the Delisting Guidelines for such continuous listing. Pursuant to the Delisting Guidelines, the company may, within six months, issue new shares to the public or the promoter(s) of the company may sell a portion of their shares to the public by way of offer for sale or sale in open market through transparent mechanism, such that the minimum level of public shareholding is re-established.

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit-breakers for most stocks, which do not allow transactions beyond certain price volatility. An index-based market-wide (equity and equity derivatives) circuit-breaker system has been implemented and applies at three stages of the index movement – at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the "SENSEX" of the BSE or "NIFTY" of the NSE, whichever is breached earlier. Circuit-breakers are not applicable to certain stocks listed in the "A" category of the BSE, on which stocks, futures and options are traded. The Indian stock exchanges can also require the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by stockbrokers. At the discretion of stock exchanges and under instructions from SEBI, stock exchanges can also impose ad-hoc margins for specific stocks in the event of extreme volatility in price movements.

Listing Agreement

Our Company has entered into listing agreements with the Stock Exchanges for the continuous listing of our Equity Shares. A listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish unaudited financial statements on a quarterly basis and to inform the stock exchanges immediately of all the events which will have a bearing on the performance / operations of the company as well as any stock price-sensitive information. The listing agreements also provide that whenever a take over offer is made or there is any change in the control of the management of the company, the person who secures the control of the management of the company and the company whose shares have been acquired shall comply with the relevant provisions of the Takeover Code.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI DIP Guidelines. The prospectus must be filed with the Registrar of Companies having jurisdiction over the place where a company's registered office is situated, which in our case is currently the Registrar of Companies located in West Bengal. A company's directors and promoters may be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. SEBI has issued detailed guidelines concerning disclosure by public companies and investor protection.

Public limited companies are required under the Companies Act and SEBI DIP Guidelines to prepare, file with the Registrar of Companies and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the listing agreement. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange. Accordingly, companies are now required to publish unaudited financial statements (subject to a limited review by the auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the Institute of Chartered Accountants of India (the "**ICAI**"). The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, to consolidate their accounts with subsidiaries, to provide segment wise sector reporting, to increase their disclosure of related party transactions from April 1, 2001 and to account for investments in associated companies and joint ventures in consolidated accounts and interim financial reporting from April 1, 2002. From April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004, these accounting standards also regulate accounting for impairment of assets.

Indian Stock Exchanges

There are various recognised Stock Exchanges in India. BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. SEBI proposes to subsequently move to a T+ 1 settlement system. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

To restrict abnormal price volatility, SEBI has instructed stock exchanges to apply the fol1owing price bands calculated at the previous day's closing price (there are no restrictions on price movements of index stocks):

Market Wide Circuit Breakers. In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers, which do not allow transactions beyond certain price volatility. An index based market-wide (equity and equity derivatives) circuit breaker system has been implemented and the circuit breakers are applied to the market for movement by 10%, 15% and 20% for two prescribed market indices: the BSE Sensex for the BSE and the Nifty for the NSE, or the NSE Nifty, whichever is breached earlier. If any of these circuit breaker thresholds are reached, trading in al1 equity and equity derivatives markets nationwide is halted.

Price Bands. Price bands are circuit filters of 20% movements either up or down, and are applied to most securities traded in the markets, excluding securities included in the BSE Sensex and the NSE Nifty and derivatives products. In addition to the market-wide index based circuit breakers, there are currently in place varying individual scrip wise bands (except for scrips on which derivative products are available or scrips included in indices on which derivative products are available) of 20% either ways for all other scrips.

Circuit-breakers are not applicable to certain stocks listed in the "A" category of BSE, on which stocks, futures and options are traded. The stock exchanges of India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by stockbrokers. At the discretion of the stock exchanges and under instructions from SEBI, the stock exchanges can also impose ad hoc margins on the stockbrokers, for specific stocks in the event of extreme volatility in price movements.

The Bombay Stock Exchange Limited

The BSE, the oldest stock exchange in India, was established in 1875. It is the first stock exchange in India to have obtained permanent recognition in 1956 from the Government of India under the SCRA. It has evolved over the years into its present status as the premier stock exchange of India. The BSE switched over from an open outcry trading system to online trading (''BOLT'') from May 1995. Earlier an association of persons, BSE is now a corporatised and demutualised entity incorporated under the provisions of the Companies Act, 1956, pursuant to the BSE (Corporatisation and Demutualisation) Scheme, 2005 notified by SEBI. Only a member of the BSE has the right to trade in the stocks listed on the BSE.

Derivatives trading commenced on the BSE in 2000. The BSE has wholesale and retail debt trading segments. Retail trading in government securities commenced in January, 2003.

The National Stock Exchange of India Limited

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen based trading facilities for market makers with an electronic order-based trading system, and electronic clearing and settlement for securities, including government securities, debentures, public sector bonds and units. The principal aim of the NSE is to enable investors to buy or sell securities from anywhere in India and to serve as a national market for securities. Deliveries for trades executed ''on-market'' are settled through the National Securities Clearing Corporation Limited. The NSE does not categorise shares into groups as in the case of BSE, except in respect of the trade-to-trade category. Screen- based paperless trading and settlement is possible through the NSE from 333 cities in India. The NSE commenced operations in the wholesale debt market in June 1994, in capital markets in November 1994 and in derivatives in June 2000. The NSE launched the NSE 50 Index, now known as S&P CNX NIFTY on April 22, 1996 and the mid-cap index on January 1, 1996. The securities in the NSE 50 Index are highly liquid. With a wide network in major metropolitan cities, screen-based trading, a central monitoring system and greater transparency, the NSE has recently recorded high volumes of trading.

Calcutta Stock Exchange Association Limited

Incorporated in 1908, the CSE has approximately 945 members which includes corporate and institutional members. The number of companies listed on the CSE is more than 3,200. In 1997, the CSE replaced the old manual trading system with a computerized on-line trading and reporting system known as "C-STAR" (CSE Screen Based Trading and Reporting).

Stock Market Indices

There is an array of indices of stock prices on NSE. The popular indices are the S & P CNX Nifty, CNX Nifty Junior, S & P CNX 500, CNX Midcap, CNX 100, S & P CNX Industry indices and CNX segment indices

The following two indices are generally used in tracking the aggregate price movements on the BSE:

- The BSE Sensitive Index (the "Sensex") consists of listed shares of 30 large market capitalisation companies. The companies are selected on the basis of market capitalisation, liquidity and industry representation. The Sensex was first compiled in 1986 with the fiscal year ended March 31, 1979 as its base year. This is the most commonly used index in India; and
- The BSE 100 Index (formerly the BSE National Index) consists of listed shares of 100 companies including the 30 comprising the Sensex. The BSE 100 Index was introduced in January 1989 with the fiscal year ended March 31, 1984 as its base year.

Internet-based securities trading and services

SEBI approved internet trading in January, 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the equities as well as the derivatives segments on the NSE.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code which prescribes certain thresholds or trigger points that give rise to these obligations, as applicable. The Takeover Code is under constant review by the SEBI and was last amended on February 13, 2009. Since our Company is an Indian listed company, the provisions of the Takeover Code will apply to acquisition of its shares. The Takeover Code prescribes certain thresholds or trigger points that give rise to these obligations.

Certain important provisions of the Takeover Code are as follows:

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire equity shares or voting rights in a company, or agrees to acquire control over a company, either by himself or with any person acting in concert) who acquires equity shares or voting rights that would entitle him to more than 5%, 10%, 14%, 54%, or 74% of the equity shares or voting rights, as the case may be, in a company (together with the company's equity shares or voting rights, if any, already held by him) is required to disclose at every stage the aggregate of his equity shareholding or voting rights in that company to the company (which in turn is required to disclose the same to each of the stock exchanges on which the company's equity shares are listed) and to each of the stock exchanges on which the company's equity shares are listed within two days of (a) the receipt of allotment information; or (b) the acquisition of equity shares or voting rights, as the case may be. The term "shares" has been defined under the Takeover Code to mean equity shares or any other security which entitles a person to acquire shares with voting rights but shall not include preference shares. A person who holds more than 15% of the shares or voting rights in any company is required to make annual disclosure of his holdings as at March 31 to that compant within 21 days of the financial year ending March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's equity shares are listed).

- A person who, together with persons acting in concert with him, holds 15% or more but less than 55% of the equity shares or voting rights in any company is required to disclose any purchase or sale representing 2% of the equity shares or voting rights of that company (together with the aggregate shareholding after such acquisition or sale) to that company and the stock exchanges on which the company's equity shares are listed within two days of the purchase or sale and is also required to make annual disclosure of his holdings to that company (which in turn is required to disclose the same to each of the stock exchanges on which the company's equity shares are listed) and to each of the stock exchanges on which the company's equity shares are listed within two days of (i) the receipt of intimation of the allotment of shares; or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of shares or voting rights held by them along with person acting in concert with them, in the same manner, annually within 21 days of the end of the financial year as well as from the record date for entitlement to a dividend. The listed company is also required to make annual disclosure of holdings of its promoters or persons in control as on March 31 of the respective year to each of the stock exchanges on which its equity shares are listed.
- In addition to the above, every promoter and every person forming a part of the promoter group was required, within seven working days of the commencement of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2009, to disclose

details of the company pledged by him, to that company. Further, details of creation and invocation of pledge are required to be communicated to the company within seven working days of such creation/invocation. The company concerned is required to inform the stock exchanges where its shares are listed, within seven working days of receipt of such information, if during any quarter ending March, June, September and December of any year, (i) the aggregate number of pledged shares taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate pledged shares taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer cannot acquire equity shares or voting rights which (taken together with existing equity shares or voting rights, if any, held by him or by persons acting in concert with him) would entitle such acquirer to exercise 15% or more of the voting rights in a company, unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the equity shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than promoters) and within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered, on the date on which such announcement is published, to SEBI, the company and the stock exchanges on which the company's equity shares are listed.

- No acquirer who, together with persons acting in concert with him, has acquired, in accordance with law, 15% or more but less than 55% of the shares or voting rights in a company, shall acquire, either by himself or through or with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights in any financial year ending March 31, unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the equity shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, has acquired, in accordance with law, 55% or more but less than 75% of the equity shares or voting rights in a listed company (or, where the company concerned had obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, less than 90% of the shares or voting rights in the company) would require such an acquirer to make an open offer to acquire a minimum of 20% of the shares or voting rights which it does not already own in the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, such open offer would not be required (uptil the 75% limit stated hereinabove) if acquirer, either by himself or through persons acting in concert with, acquires additional shares or voting rights entitling him upto 5% additional voting rights in the concerned listed company, subject to the following: the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk deal/block deal/negotiated deal/preferential allotment, or the increase in shareholding or voting rights is pursuant to the buyback of shares of the concerned listed company.

- However, if an acquisition made pursuant to an open offer results in the public shareholding in the target company being reduced below the minimum level required under the listing agreement with the stock exchanges, the acquirer would be required to take steps to facilitate compliance by the target company with the relevant provisions of the listing agreement with the stock exchanges, within the time period prescribed therein.

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights in a target company (or, where the concerned company had obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, less than 90% of the shares or voting rights in the listed company), intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only by making an open offer in accordance with the Takeover

Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, which is consistent with the target company meeting the requirements of minimum public shareholding laid down in the listing agreement with the stock exchanges.

- In addition, regardless of whether there has been any acquisition of equity shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the voting equity shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each subsidiary company which is listed.

The open offer for the acquisition of a further minimum 20% of shares of the company or such other percentage as prescribed under the Takeover Code has to be made by way of a public announcement which must be made within 4 working days of entering into an agreement for the acquisition of, or deicison to acquire directly, shares or voting rights exceeding the relevant percentages of shareholding in the company and / or control over the company.

The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In case the shares are frequently traded, then the minimum offer price would be the higher of:

- The negotiated price under the agreement for the acquisition of shares in the company;
- The highest price paid by the acquirer or persons acting in concert with him for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26 week period prior to the date of public announcement; and
- The average of the weekly high and low of the closing prices of the shares of the company quoted on the stock exchange where the shares of the company are most frequently traded during the 26 week period prior to the date of public announcement, or the average of the daily high and low of the closing prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of public announcement, whichever is higher.

The Takeover Code permits conditional offers as well as an acquisition and consequent delisting of the shares of a company and provides specific guidelines for the gradual acquisition of shares or voting rights.

Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been specified. Acquirers making a public offer are also required to deposit in an escrow account a percentage of the total consideration which amount will be forfeited in the event that the acquirer does not fulfil his obligations.

The general requirements to make such a public announcement do not, however, apply entirely to bailout takeovers when a promoter (i.e. a person or persons in control of the company, persons named in any offer document as promoters and certain specified corporate bodies and individuals) is taking over a financially weak company but not a "sick industrial company" pursuant to a rehabilitation scheme approved by a public financial institution or a scheduled bank. A "financially weak company" is a company which has at the end of the previous financial year accumulated losses which have resulted in the erosion of more than 50% but less than 100% of the total sum of its paid up capital and free reserves as at the end of the previous financial year. A "sick industrial company" is a company registered for more than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

Further, in the event that the board of directors of any company have been have been removed by Central Government or State Government any other regulatory authority, and such government or authority has appointed other persons to hold office as directors under the provisions of any law for the time being in force for the orderly conduct of the affairs of the company, and if certain other pre-conditions are met, then SEBI has the power to relax compliance with the provisions of Chapter III of the Takeover Code (which consists of Regulations 10 to 29A), which provide, inter alia, for the trigger for making an open offer, manner of making open offer, obligations of parties and other incidental matters.

The Takeover Code, subject to certain conditions specified in the Takeover Code, exempts certain specified acquisitions from the requirement of making a public offer, including, among others, the acquisition of shares (1) by allotment in a public issue or a rights issue, (2) pursuant to an underwriting agreement, (3) by registered stockbrokers in the ordinary course of business on behalf of clients, (4) in unlisted companies,(5) pursuant to a scheme of reconstruction or amalgamation, (6) pursuant to a scheme under Section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985, (7) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and relatives, (8) by way of transmission through inheritance or succession, (9) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with SEBI, to promoters of a venture capital undertaking or venture capital undertaking pursuant to an agreement between such venture capital funds or foreign venture capital investors with such promoters or venture capital undertaking, (10) by the Government of India controlled companies, unless such acquisition is made pursuant to a disinvestment process undertaken by the Government of India or a state government, (11) change in control by takeover/restoration of the management of the borrower company by the secured creditor in terms of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (12) acquisition of shares by a person in exchange of equity shares received under a public offer made under the Takeover Code and (13) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions either on their own account or as a pledgee. An application may also be filed with the takeover panel seeking exception from the open offer requirements of the Takeover Code. In addition, the Takeover Code does not apply to the acquisition of Global Depository Receipts or American Depository Receipts so long as they are not converted into equity shares carrying voting rights.

Under the Takeover Code, the term "promoter" includes any person who is control of the company or any person identified as a promoter in any document for the offer of securities to the public or existing shareholders or in the shareholding information disclosed under the listing agreement, whichever is later, or any person named as a relating to or belonging to the promoter group as defined under the Takeover Code.

Minimum level of public shareholding

In order to ensure availability of floating stock of listed companies, SEBI has recently notified amendments to the listing agreement. All listed companies are required to ensure that their minimum level of public shareholding remains at or above 25%. This requirement does not apply to those companies who at the time of their initial listing had offered at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, and which fulfil the following conditions (i) a minimum of 20,00,000 securities were offered to the public, (ii) the size of the issue was at least Rs. 1,000 million and (iii) the issue was made only through book building method with allocation of 60% of the issue size to qualified institutional buyers as specified by SEBI or to those companies that have reached a size of 2,00,00,000 or more in terms of the number of listed shares and Rs. 10,000 million or more in terms of market capitalisation, that is, the average market capitalisation over the previous financial year. However, such listed companies are required to maintain the minimum level of public shareholding at 10% of the total number of issued ordinary shares of a class or kind for the purposes of listing. Failure to comply with this clause in the listing agreement requires the listed company to delist its shares pursuant to the terms of the Delisting Guidelines and may result in penal action being taken against the listed company pursuant to the SEBI Act.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 1992 (''Insider Trading Regulations'') have been notified by SEBI to prevent insider trading in India by prohibiting and penalising insider trading in India. The Insider Trading Regulations prohibit an ‘‘insider’’ from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchange when in possession of unpublished price-sensitive information. The terms “insider”, ‘‘unpublished’’ and ‘‘price-sensitive information’’ are defined in the Insider Trading Regulations. The Insider Trading Regulations define an insider to mean any person who (i) is or was connected with the company or is deemed to have been connected with the company and who is reasonably expected to have access to unpublished price sensitive information in respect of securities of a company or (ii) has received or has had access to such unpublished price sensitive information.

Price sensitive information means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of the company, such as the periodical financial results of the company, intended declaration of dividends (both interim and final), issue of securities or buy-back of securities The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who whilst in possession of such unpublished price-sensitive information shall not deal in securities. The prohibition under the Insider Trading Regulations also extends to all persons, including a company dealing in the securities of a company listed on any stock exchange whilst in the possession of unpublished price-sensitive information. It is to be noted that recently SEBI has amended the Insider Trading Regulations to provide certain defences to the prohibition on companies in possession of unpublished price-sensitive information dealing in securities.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct.

Further, the Insider Trading Regulations specify a model code of corporate disclosure practices to prevent insider trading which must be implemented by all listed companies. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors / officers / designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, *inter alia,* reporting requirements have also been extended to dependants of directors and designated employees of the company.

The Insider Trading Regulations require any person who holds more than 5% of the shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person, on becoming such holder, within 4 working days of either

- the receipt of intimation of allotment of the shares; or
- the acquisition or the sale of the shares or voting rights, as the case may be.

Every listed company within 5 days of receipt, shall disclose the above information to all stock exchanges on which the company is listed.

On a continuing basis, under the Insider Trading Regulations, any person who holds more than 5 per cent of the shares or of the voting rights in any listed company is required to disclose to the company,- the number of shares or voting rights held by him and any change in shareholding or voting rights,- (even if such change results in the shareholding falling below 5 per cent) if there has been change in such holdings from the last disclosure made, provided such change exceeds 2 per cent of the total shareholding or voting rights in the company. Such disclosure is required to be made within four working days of:

- the receipt of intimation of allotment of the shares; or
- the acquisition or the sale of the shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such persons in such company within four working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act 1996 (the ''Depositories Act'') which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations 1996 which provide for the formation of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, the company, the beneficial owners and the issuers. The depository system has significantly improved the operations of the Indian securities markets.

Trading of securities in book-entry form commenced in December 1996. In January 1998, SEBI notified scripts of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scripts for all retail investors. SEBI has subsequently significantly increased the number of scripts in which dematerialised trading is compulsory for all investors. However, even in the case of scripts notified for compulsory dematerialised trading, investors, other than institutional investors, may trade in and deliver physical shares on transactions outside the stock exchange where there are no requirements to report such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialized form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company gives an option to subscribers, shareholders or investors either to receive the security certificates or to hold the securities in book-entry form with a Depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depositary participants registered with the depositaries established under the Depositories Act. Upon delivery, the shares shall be registered in the name of the relevant depositary in the company's books and this depositary shall enter the name of the investor in its records as the beneficial owner, thus effecting the transfer of beneficial ownership. The beneficial owner shall be entitled to all rights and benefits of a shareholder and be subject to all liabilities in respect of his shares held by a depositary. Every person holding equity share capital of the company and whose name is entered as a beneficial owner in the records of the depository is deemed to be a member of the concerned company.

The Companies Act read with the provisions of the SEBI DIP Guidelines compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialized form in accordance with the provisions of the Depositories Act and the regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRA Rules and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities," as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of the SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2000, July 2001 and November 2001, respectively.

EXCHANGE CONTROLS

Restrictions on Conversion of Indian Rupees

There are restrictions on conversion of Rupees into foreign currencies. Before February 29, 1992, RBI determined the official value of the Rupee in relation to a weighted basket of currencies of India's major trading partners. In the February 1992 budget, a new dual exchange rate mechanism was introduced by allowing conversion of 60% of the foreign exchange received on trade or current account at a market-determined rate and the remaining 40% at the official rate. All importers were, however, required to buy foreign exchange at the market rate except for certain priority imports. In March 1993, the exchange rate was unified and allowed to float. In February 1994 and again in August 1994, RBI announced relaxations of the payment restrictions previously applicable to certain transactions. Since August 1994, the GoI has substantially complied with its obligations to the International Monetary Fund, under which India is committed to refrain from using exchange restrictions on current international transactions as an instrument to manage the balance of payments. Effective July 1995, the process of current account convertibility was advanced by relaxing restrictions on foreign exchange for various purposes, such as foreign travel and medical treatment. The GoI has also relaxed restrictions on capital account transactions by resident Indians since 1999.

DESCRIPTION OF SHARES

*Set forth below is certain information relating to our share capital, including a brief summary of some of the provisions of our Memorandum and Articles of Association, the Securities Contracts Regulations) Act, 1956 (as amended) (the "**SCRA**"), the Companies Act and certain related legislation of India, all as currently in effect.*

General

The authorized share capital of the Company is Rs.15,00,00,000/- (Rupees Fifteen Crore) divided into 7,50,00,000 Equity Shares of Rs.2/- (Rupees Two) each.

Dividend

Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which shall from time to time be determined to divide in respect of any years or other period shall be applied in the payment of a dividend on the equity shares of Company but so that a partly paid-up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid-up share as the amount paid thereon beats to the nominal amount of such share and so that where capital is paid up in advance of calls such capital shall not rank for dividend or confer a right to participate in profits. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment. No larger dividend shall be declared than is recommended by the board, but the company in General Meeting may declare a smaller dividend. Subject to the provisions of Section 205 of the Act no dividend shall be payable except out of the profits of the Company or of money's provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company. Subject to the provisions of the Act, the declaration of the board as to the amount of the net profits of the Company shall be conclusive. The Board may from time to time pay to the members such interim dividends as in its judgement the position of the Company justifies. A transfer of shares shall not pass the rights of any dividend declared thereon before the registration of the transfer by the company. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the company for payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 136.

Capitalization of Reserves/Profits

Any General Meeting may resolve that any moneys, investment, or other assets forming part of the undivided profits of the Company standing to the credit of the reserves, or any capital redemption reserve account, or in the hands of the Company and available for dividend, or representing premiums received on the issue of share and standing to the credit of the share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such share holders in paying up in full any unissued shares, of the company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum, provided that any sum standing to the credit of a share premium account of capital redemption reserve account may, for the purposes of this Article, only be applied in paying up unissued share to be issued to shareholders of the Company as fully paid bonus shares. The Company in General Meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from the receipt of moneys or recovered in respect of or arising from the realization of any capital assets of the Company or any investment representing the same instead of being applied in the purchase of other capital assets or for other capital purposes be distributed amongst the equity shareholders on the footing that they receive the same as capital and in the share and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend, provided always that no such profit as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the company for the time being and provided further that such distribution shall be subject to the sanction of such authority as is imposed by the Act.

Alteration of Capital

The Company in general meeting may:-

(a) Consolidate and divide all or any of its shares capital into like shares of larger amount than its existing share.

(b) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

(c) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any amount of the share is so cancelled.

(d) Reduce its capital in any manner authorized by law.

The resolution whereby any share is sub-divide may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital voting, or otherwise over or as compared with the other or others, subject, nevertheless, to the provisions of Sections 85, 87, 88, 93 and 106 of the Act. Subject to the provisions of Sections 100 to 104 inclusive of the Act the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of these shares.

Shares at the Disposal of the Directors

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and it so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Further issue of shares

Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then :

(a) Such further shares shall be offered to persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors, may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company

(3) Nothing in sub-clause (c) of clause (11) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company.

(i) To convert such debentures or loans into shares in Company; or
(ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

(a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

General Meetings of Shareholders

In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of section 166(2) of the Act, at such times and places as may be determined by the board. Each such general meeting shall be called an "Annual General

Meeting" and shall be specified as such in the notice convening the meeting. Any other meeting of the company shall be called an "Extra-ordinary General Meeting". The board may whenever it thinks fit, and it shall on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extra-ordinary General Meeting. The requisitionists may in default of the Board convening the same, convene the Extra-ordinary General Meeting as provided by Section 169 of the Act, provided that unless the board shall refuse in writing to permit the requisitionists to hold the said meeting at the office, it shall be held at the office. The Company shall comply with the provisions of Section 188 of the Act as to giving notice or resolutions and circulating statements on the requisition of members. Subject to the provisions of Section 171 and 176(2) of the Act notice of every meeting of the Company shall be given to such persons and in such manner as provided by section 172 of the Act. Where any business consists of "special business" as hereinafter defined in said Article there shall be annexed to the notice a statement complying with section 193(2) and (3) of the Act. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and the Reports of the Directors and the Auditors, to elect Directors in place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Extra-ordinary General Meeting shall be deemed special business. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members personally present shall be a quorum. If within half-an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon the requisition of members, as aforesaid, shall be dissolved, but in any other case it shall stand adjourned in accordance with the provisions of Sub-section, (3) (4) and (5) of Section 174 of the Act. Any act of resolution which, under the provisions of the Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act. The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman, or if at any meeting, shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall on a show of hands or on a poll if properly demanded, elect one of their member, being a member entitled to vote, to be Chairman. Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of equality of votes both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member. At any general meeting unless a poll is (before or no the declaration of the result on the show of hands) demanded in accordance with the provisions of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried either unanimously or be a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of Company shall be conclusive evidence of the fact without proof the number of proportion of the votes cast in favour of, or against the resolution.

If a poll is demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject, as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

The demand of a poll may be withdrawn at any time.

Where poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.

On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Voting Rights

Subject to any special conditions or restrictions as to voting upon which any shares may be issued or may, for the time being, be held on a show of hands every member present shall have one vote and on a poll every member present on person or by proxy shall have one vote for every share held by him in respect of which he is entitled to vote. On a poll the voting rights of a holder of equity shares shall be as specified in Section 87 of the Act. No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered. Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stands first in the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands, shall, for the purpose of this Article, be deemed joint-holders thereof. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or if such appointor is a body corporate be under its common seal or the hand of its officer or attorney duly authorized. A proxy who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called a general proxy. A person may be appointed as a proxy though he is not a member of the Company and every notice convening a meting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

A vote given in accordance with the terms of an instrument appointing proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Every instrument appointing a special proxy shall be retained by the company and shall, as nearly as circumstances will admit, be in any forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.

No member shall be entitled to exercise in voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right of lien.

Any objection as to the admission or rejection of a vote either on a show of hands or on poll, made in due time shall be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

Transfer and Transmission of Shares

Subject to the provisions of Section 108 of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf on the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the shares. The transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the register in respect thereof.

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall in the case of partly paid share be effected unless the Company has given notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Increase and Reduction of Capital

The Company may from time to time, by Ordinary Resolution increase its capital by the creation of new shares of such amount as may be deemed expedient. The Company may from time to time by Special Resolution, reduce its capital and any capital redemption reserve account or share premium account in any manner and with any subject to any incident authorized and consent required by law.

Buy-back of Shares

Subject to and in full compliance of the requirements of Section 77A, 77AA and 77B of the Companies Act, 1956 or corresponding provisions of any re-enactment thereof and any Rules & Regulations that may be prescribed by the Central Government, the Securities of Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company in a General Meeting may, upon the recommendation of the Board, at any time and from time to time, by a special resolution authorize buyback of any part of share capital of the Company fully paid up on that date. Subject to the provisions of these Articles, the Company shall have power to issue preference shares carrying a right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purposes of such redemption or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it thinks fit.

TAXATION ASPECTS RELATING TO THE INSTRUMENT

To,
The Board of Directors,
Emami Limited

Dear Sirs,

Subject: Statement of Possible Tax Benefits

We hereby report that the enclosed annexure states the probable tax benefits that may be available to the Shareholders of Emami Limited (the "Company") under the provisions of the Income Tax Act, 1961 and other allied direct and indirect tax laws presently prevailing and in force in India.

Several of these benefits are subject to the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to fulfillment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor are they conclusive. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

We do not express any opinion or provide any assurance as to whether:

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.
- The revenue authorities / courts will concur with the views expressed herein.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. While all reasonable care has been taken in the preparation of this opinion we accept no responsibility for any errors and omissions therein or for any loss sustained by any person who relies on it.

This report is intended solely for information and for the inclusion in the Placement Document in connection with the proposed Qualified Institutional Placement of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **S. K. Agrawal & Company**
Chartered Accountants
Sd/-
Radhakrishnan Tondon
Partner
Membership No.: 60534
Date: 23rd June, 2009
Place: Kolkata

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Qualified Institutional Investors (not being individuals or HUFs) investing in the Equity Shares are stated as follows:

1. Benefits available to resident shareholders

1.1 Dividends exempt under Section 10(34) Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Income Tax Act, 1961 (" the Act").

1.2 Computation of capital gains

1.2.1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

1.2.2. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

1.2.3. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and various education cesses). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bonds calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and various education cesses).

1.2.4. Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains of equity shares on or after 1st October, 2004, where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

1.2.5. Exemption of capital gain from income tax
Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax ("STT").

According to the provisions of sections 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10 (38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only the part of capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified assets will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition the amount of capital gain exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. In order to claim benefit, the individual or HUF should not own more than one residential house on the date of transfer. For the purpose of this section, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

1.3 Deduction in respect of Securities Transaction Tax paid against Business Income Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as “Profits and gains of Business or profession” shall be allowable as a deduction against such Business Income

2. Benefits available to Non-residents (other than FIIs and Foreign Venture Capital Investors):

2.1 Dividends exempt under Section 10(34) Dividends (whether interim or final) declared, distributed or paid by the Company u/s 115-O are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

2.2 Computation of capital gains

2.2.1. Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or zero coupon bonds will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

2.2.2. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company’s shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. Benefit of indexation of costs is not available in the above case.

2.2.3. According to the provisions of section 112 of the Act, long term capital gains as computed above that are not exempt under section 10 (38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge, education cess and secondary higher education cess). In case investment is made in Indian Rupees, the long-term capital gains that are not exempt u/s. 10(38) of the Act are to be computed after indexing the cost.

2.2.4. However, as per the proviso to section 112 (1) (c), if the tax on long term gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge, education cess and secondary higher education cess).

2.2.5. Gains arising on transfer of short term capital assets are currently chargeable to tax at the rate of 30 percent (plus applicable surcharge, education cess and secondary higher education cess) at the discretion of assessee. However, as per the provisions of section 111A of the Act, short-term capital gains of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge, education cess and secondary higher education cess).

2.2.6. Exemption of capital gain from income tax

- Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.

- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act.

- However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested the prescribed period in a residential house, the exemption shall be allowed proportionately. In order to claim benefit, the individual or HUF should not own more than one residential house on the date of transfer. For the purpose of this section, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Further thereto, if the individual purchases within a period of two years or constructs within a period of three years after the date of transfer of the long term capital asset, any other residential house, other than the residential house referred to above, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is purchased or constructed.

2.3 Deduction in respect of Securities Transaction Tax paid against Business Income
Under Section 36 (1) (xv) of the Act, the amount of Securities Transaction Tax paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

2.4 Provisions of the Act vis-à-vis provisions of the tax treaty As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

3. Benefits available to Foreign Institutional Investors ('FIIs')

3.1 Dividends exempt under section 10(34) Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

3.2 Taxability of capital gains 3.2.1 Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or units of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profits under section 115JB. 3.2.2 The income by way of short term capital gains or long term capital gains [in case not covered under section 10 (38) of the Act] realized by FII's on sale of the shares of the Company would be taxed at the following rates as per section 115AD of the Act.

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge, education cess and secondary higher education cess).
- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge, education cess and secondary higher education cess).
- Long term capital gains @10% (plus applicable surcharge, education cess and secondary higher education cess) (without cost indexation). It may be noted that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

3.2.3 According to provisions of section 54EC of the Act and subject to the condition specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. Provided that investments made on or after 1st April 2007, in the said bonds should not exceed fifty lakh rupees.

3.2.4 However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempt earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

3.2.5 Further the tax benefits related to capital gains are subjected to the CBDT circular no. 4/2007 dated 15th June 2007, and on fulfillment of criteria laid down in the circular, the Company will be able to enjoy the consessional benefits of taxation on capital gains.

3.3 Provisions of the Act vis-à-vis provisions of the tax treaty As per Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the relevant tax treaty to the extent they are more beneficial to the non-resident.

4. Benefits available to Mutual Funds As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

5. Benefits to the Venture Capital Companies/ Funds As per the provisions of section 10(23FB) of the Act, any income of Venture Capital Companies/ Funds (set up to raise funds for investment in a venture capital undertaking registered and notified in this behalf) registered with the Securities and Exchange Board of India, would be exempt from income tax, subject to the conditions specified therein. However, the exemption is restricted to the Venture Capital Company and Venture Capital Fund set up to raise funds for investment in a Venture Capital Undertaking, which is engaged in the business as specified under section 10(23FB)(c). However, the income distributed by the Venture Capital Companies/ Funds to its investors would be taxable in the hands of the recipients.

6. Tax Treaty benefits An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

7. Benefits available under the Wealth-tax Act, 1957 Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include Equity Shares in companies and hence, Equity Shares are not liable to wealth tax.

8. Benefits available under the Gift-Tax Act, 1958 Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift Tax.

The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as investment (and not as stock in trade). The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2008 and will be available only to the sole / first named holder in case joint holders hold the shares.
2. In respect of non – residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non- residence has fiscal domicile.
3. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme. The tax implications of and investment in the equity shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.
4. This summary is not intended to constitute a complete analysis of the tax consequences or a legal opinion under Indian law or the law of any other jurisdiction of the acquisition, ownership and sale of the shares by potential investors.

For **S. K. Agrawal & Company**
Chartered Accountants
Sd/-
Radhakrishnan Tondon
Partner
Membership No.: 60534
Date: 23rd June, 2009
Place: Kolkata

LEGAL PROCEEDINGS

Our Company is involved in various legal proceedings pending before relevant Courts/statutory authorities, including tax-related litigation, civil matters, criminal matters, intellectual property related disputes and consumer disputes. Our Company does not expect these legal proceedings to have a material adverse impact on our business, results of operations and financial condition.

INDEPENDENT ACCOUNTANTS

Our audited financial statements as of and for the two years ended March 31, 2008 and 2007 were prepared in accordance with the generally accepted accounting standards and accounting principles followed in India and are included in reliance on the report of M/s. S. K. Agrawal & Company, Chartered Accountants, given on the authority of such firm as experts in auditing and accounting.

DECLARATION

The Company certifies that all relevant provisions of Chapter XIII-A of the SEBI DIP Guidelines have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter XIII-A of the SEBI DIP Guidelines and that all approvals and permissions required to carry on this Issue have been obtained, are currently valid and have been complied with. We further certify that all the statements in this Placement Document are true and correct.

Sd/-
Managing Director

Date: July 6, 2009

Place: Kolkata

ANNEXURE – AUDITORS REPORT AND FINANCIAL STATEMENTS

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To The Board of Directors
Emami Limited.
Kolkata

In terms of the appointment for the purpose of certification of the financial information of Emami Ltd. ('the Company') annexed to this report, which is required to be prepared in accordance with Chapter XIII-A read with Schedule XXIA of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines'), issued by Securities and Exchange Board of India ('SEBI') on 19 January 2000 in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992, as amended from time to time, we state as follows:

1. The financial statements referred to in this report are proposed to be included in the Preliminary Placement Document / Placement Document of the Company in connection with the proposed issue of shares to Qualified Institutional Buyers. ('QIBs')

2. The financial statements have been prepared by the management of Emami Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements, Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27- Financial Reporting of Interests in Joint Ventures, issued by the Institute of Chartered Accountants of India.

3. Based on our audit and to the best of our information and according to the explanations given to us, in our opinion, the financial statements together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

    a. In the case of the Consolidated Balance Sheets of Emami Limited and its subsidiaries as at March 31, 2008 and March 31, 2007

    b. In the case of the Consolidated Profit and Loss Accounts and Consolidated Cash Flow Statements for the years ended March 31, 2008 and March 31, 2007

    c. In the case of the accompanying notes to accounts along with accounting policies for the year ended March 31, 2008 and March 31, 2007.

    d. In the case of the Standalone Balance Sheets of Emami Limited as at March 31, 2008 and March 31, 2007

    e. In the case of the Standalone Profit and Loss Accounts and Cash Flow Statements for the years ended March 31, 2008 and March 31, 2007

    f. In the case of the accompanying notes to accounts along with accounting policies for the year ended March 31, 2008 and March 31, 2007.

4. In the Consolidated Balance Sheet the following subsidiaries are included

Name of the Subsidiaries	Percentage of Holding as on 31-03-2007	31-03-2008
Emami UK Limited	100%	100%
Emami Bangladesh Limited	100%	100%
Emami International FZE	100%	100%
Emami Realty Limited	NIL	100%
Emami Rainbow Niketan Private Limited *	NIL	100%
Emami Vriddhi Commercial Private Limited *	NIL	100%
Nathvar Tracon Private Limited *	NIL	100%
New Age Realty Private Limited *	NIL	60%
Octagon BPO Private Limited *	NIL	100%
Emami Skyhigh Private Limited *	NIL	100%
Emami Ashiana Private Limited *	NIL	100%
Emami Properties Private Limited *	NIL	100%
Sri Mohamaya Investments Private Limited*	NIL	100%
Emami Constructions Private Ltd *	NIL	80%
A. Raj Abasan Private Limited *	NIL	60%
Basera Enclave Makers Private Limited #	NIL	60%
Swastik Promoters Private Limited #	NIL	60%
Orbit Projects Private Limited #	NIL	60%
* subisdiary of Emami Realty Limited		
# 100% subisdiary of A. Raj Abasan Private Limited		

5. The Company's management is responsible for the preparation of the financial statements. Our responsibility is to report based on the work done. We have performed such tests and procedures, which, in our opinion, were necessary for our reporting to you. These procedures include comparison of the annexed financial information with the Company's audited financial statements for the years ended March 31, 2008, and March 31, 2007. Based on such procedures carried out by us and review of the records produced to us and the information and explanations given to us by the Company's management, and our comments in the foregoing paragraphs, we confirm that nothing has come to our attention to show non-compliance with the SEBI Guidelines.

6. This report is intended solely for your information and for the Company to comply with the provisions of the Chapter XIII-A read with Schedule XXIA of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and may not be suitable for any other purpose.

   This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.

   For S. K. Agrawal
   Chartered Accountants

   Radhakrishan Tondon
   Partner
   Membership No. 60534
   Kolkata
   Date: 12-09-2008

AUDITORS REPORT

To
The Members of **EMAMI LIMITED**

We have audited the Balance Sheet of Emami Limited as at 31st March, 2008 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We further report that:

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.

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.

The Balance Sheet, Profit & Loss Account & Cash flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with other notes on accounts as per schedule 18 give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

In the case of Balance Sheet of the State of Affairs of the Company as on 31st March, 2008;

In the case of the Profit & Loss Account of the Profit for the year ended on that date; and

In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

As required by the Companies (Auditors Report) order, 2003 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) The fixed assets were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) Fixed assets disposed of during the year were not substantial, and therefore, do not effect the going concern assumption.

2) (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedure 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. The discrepancies noted on physical verification of stocks as compared to book records were not significant and the same have been properly dealt with in the books of accounts.

3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii)(b), (c) and (d) of the Order are not applicable.

(b) The company has taken unsecured loans from three companies covered in the register maintained under section 301 of the Companies Act, 1956, against whom the maximum amount outstanding at any time during the year is Rs 170 lacs. The year end balance is nil.

(c) The rate of interest and other terms and conditions in respect of above loans are prima facie not prejudicial to the interest of company

(d) The payment of the principal amount and interest are also regular.

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 fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weaknesses in the internal control system.

5) (a) According to the information and explanations given to us, particulars of contracts or agreements that needed to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.

(b) According to the information and explanations given to us, the company has not entered into any transactions in pursuance of such contracts or arrangements aggregating during the year to Rs 5,00,000 or more in respect of each party listed in the register maintained under Section 301 of the Companies Act, 1956 for purchase of goods, materials and sales of goods.

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 its business.

8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9) According to the information and explanations given to us in respect of statutory and other dues:
a) The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, 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 2008 for the period of more than six months from the date they became payable.

Contingent dues on account of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess disputed by the company and not being paid vis-à-vis forums where such disputes are pending are mentioned below:

Name of the statute	Nature of Dues	Amount under dispute not yet deposited Rs. Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Central Sales Tax and State Sales Tax	Sales tax including interest and penalty, as applicable	34.66	2004-05	AC
		14.59	2002-03 to 2003-04	AC(A)
		14.27	2005-06	ADC
		75.89	2000-01 to 2002-03	Board of Revenue
		281.14	1996-97 to 1998-99	DC(A)
			2002-03,2005-06	
		722.81	2000-01 to 2005-06	JC (Appeals)
			2007-08	
		85.63	2001-02	JC
		15.71	1994-95 to 1995-96	Revisional Board
		183.61	1997-98	Tribunal
			1999-00 to 2004-05	
		280.32	1982-83 to 1993-94	High Court
			1999-00, 2005-06 to 2006-07	
Excise Duty	Excise Duty	4.83	1983-84 to 1990-91	Assistant Commissioner of Central Excise
		68.85	1981-82 to 1986-87, 1989-90	Deputy Commissioner of Excise
Income Tax	Interest	12.4	2000-01	Director General of Income Tax & High Court
Entry Tax	Entry Tax	17.05	2001-02 to 2002-03	Board of Revenue
		9.04	2003-04	JC(A)

10) The Company does not have accumulated losses as at the end of the year and the company has not incurred cash losses during the current and the immediately preceding financial year.

11) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution and banks.

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) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

14) According to the information given to us, the company has given a guarantee for loan taken by others from a Bank. As explained the terms and conditions thereof are not prejudicial to the interest of the company.

15) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied by the company for the purposes for which the loans were obtained.

16) According to the cash flow statement and other records examined by us and the information and explanations given to us on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment.

17) 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.

18) The company concluded its public offering during the financial year 2004-05. Out of Rs 3500 lacs raised, Rs 2969.97 lacs have been used as per the details given in note no. 5 of schedule 18 and the balance funds have been used in reducing working capital borrowings temporarily.

19) 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.

Place: Kolkata
Dated: May 28, 2008

For S. K. Agrawal & Company
Chartered Accountants

(S. K. Agrawal)
Partner
Membership No. 9067.

AUDITORS' REPORT

To
The Members of **EMAMI LIMITED**

We have audited the Balance Sheet of Emami Limited as at 31st March, 2007 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

WE CONDUCTED OUR AUDIT IN ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN INDIA. THOSE STANDARDS REQUIRE THAT WE PLAN AND PERFORM THE AUDIT TO OBTAIN REASONABLE ASSURANCE ABOUT WHETHER THE FINANCIAL STATEMENTS ARE FREE OF MATERIAL MISSTATEMENT. AN AUDIT INCLUDES EXAMINING, ON A TEST BASIS, EVIDENCE SUPPORTING THE AMOUNTS AND DISCLOSURES IN THE FINANCIAL STATEMENTS. AUDIT ALSO INCLUDES ASSESSING THE ACCOUNTING PRINCIPLES USED AND SIGNIFICANT ESTIMATES MADE BY MANAGEMENT AS WELL AS EVALUATING THE OVERALL FINANCIAL STATEMENT PRESENTATION. WE BELIEVE THAT OUR AUDIT PROVIDES A REASONABLE BASIS FOR OUR OPINION.

We further 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.

c) The Balance Sheet, Profit & Loss Account & Cash flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.

d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.

e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with other notes on accounts as per schedule 18 give the information required by the Companies Act, 1956 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 Balance Sheet of the State of Affairs of the Company as on 31st March, 2007;
   ii) In the case of the Profit & Loss Account of the Profit for the year ended on that date; and
   iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

As required by the Companies (Auditors Report) order, 2003 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

   (b) The fixed assets were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

   (c) Fixed assets disposed of during the year were not substantial, and therefore, do not effect the going concern assumption.

2) (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedure 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. The discrepancies noted on physical verification of stocks as compared to book records were not significant and the same have been properly dealt with in the books of accounts.

3) (a) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

(b) The Company has granted unsecured loans to a Company listed in the register maintained under section 301 of the Companies Act, 1956, against whom the maximum amount outstanding at any time during the year is Rs 12751 Lacs, and the rate of interest and other terms & conditions of which are not prima facie prejudicial to the interest of the company. Receipt of principal amount of such loan and interest are regular. As at year end the said company is no longer listed in the register maintained under section 301 of the Companies Act.

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 fixed assets and for the sale of goods. We have not observed any continuing failure to correct major weaknesses in the internal control system.

5) (a) According to the information and explanations given to us, particulars of contracts or agreements that needed to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.

(b) According to the information and explanations given to us, the company has not entered into any transactions in pursuance of such contracts or arrangements aggregating during the year to Rs 5,00,000 or more in respect of each party listed in the register maintained under Section 301 of the Companies Act, 1956 for purchase of goods, materials and sales of goods.

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 its business.

8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

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 Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities during the year.
b) Contingent dues on account of Sales Tax, Income Tax, Customs Duty, Cess disputed by the company and not being paid vis-à-vis forums where such disputes are pending are mentioned below:

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited Rs. Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Central Sales Tax and State Sales Tax	Sales tax including interest and penalty, as applicable	1.35	2001-02	AC
		14.59	2002-03 to 2003-04	AC(A)
		12.98	2000-01,	ADC
			2005-06	
		82.39	2000-01 to 2002-03	Board of Revenue
		285.12	1994-95,	DC(A)
			1996-97 to 1998-99	
			2002-03,2005-06	
		126.04	2000-01	JC (Appeals)
		85.63	2001-02	JC Sales Tax
		11.21	1995-96	Revisional Board
		127.51	1997-98	Tribunal
			1999-00 to 2004-05	
		70.43	1982-83 to 1993-94	High Court
Excise duty	Excise duty	4.83	1983-84 to 1990-91	Assistant Commissioner of Central Excise
		68.85	1981-82 to 1986-87 1989-90	Deputy Commissioner of Excise
Income Tax	Interest	33.55	2000-01	Director General of Income Tax(High Court)

10) The Company does not have accumulated losses as at the end of the year and the company has not incurred cash losses during the current and the immediately preceding financial year.

11) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution and banks.

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) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

14) According to the information given to us, the company has given a guarantee for loan taken by its subsidiaries and others from a Bank. As explained the terms and conditions thereof are not prejudicial to the interest of the company.

15) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were applied by the company for the purposes for which the loans were obtained.

16) According to the cash flow statement and other records examined by us and the information and explanations given to us on an overall basis, funds raised on short term basis have, prima-facie, not been used during the year for long term investment.

17) 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.

18**)** The company concluded its public offering during the financial year 2004-05. Out of Rs 3500 lacs raised, Rs 2969.97 lacs (PY Rs 1839.62 lacs) have been used as per the details given in note no. 5 of schedule 18 and the balance funds have been used in reducing working capital borrowings temporarily.

19) 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.

Place: Kolkata
Dated: June 29, 2007

For S. K. Agrawal & Company
Chartered Accountants

(S. K. Agrawal)
Partner
Membership No. 9067.

STANDALONE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

PARTICULARS	**Schedule**	**As at 31st March 2008**		**As at 31st March 2007**	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	124.29		124.29	
Reserves & Surplus	2	2,765.73	2,890.02	2,169.94	2,294.23
LOAN FUNDS					
Secured Loans	3	351.95		228.14	
Unsecured Loans	4	30.64	382.58	26.06	254.19
Deferred Tax (Net)	5		21.29		25.82
			3,293.89		**2,574.24**
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	6	1,057.26		685.91	
Less : Depreciation		279.07		217.89	
Net Block		778.19		468.03	
Capital Work-in-Progress		134.75		344.85	
			912.93		812.88
INVESTMENTS	7		1,029.65		781.79
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	8	401.00		411.99	
Sundry Debtors	9	340.29		457.72	
Cash & Bank Balances	10	28.03		184.18	
Loans & Advances	11	1,526.76		535.23	
		2,296.08		**1,589.11**	
Less :					
CURRENT LIABILITIES & PROVISIONS	12	944.77		609.54	
NET CURRENT ASSETS			1,351.31		979.57
			3,293.89		2,574.24
Significant Accounting Policies & Notes on Accounts	18				

STANDALONE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	Schedule	For the year ended 31st March 2008		For the year ended 31st March 2007	
INCOME					
Operating Income	13		5,837.10		5,157.98
Other Income	14		26.60		34.89
Total			**5,863.71**		**5,192.87**
EXPENDITURE					
Cost of Goods Sold/ Consumed	15		2,483.62		2,258.02
Manufacturing, Administrative & Selling Expenses	16		2,393.30		2,245.12
Interest & Finance Charges	17		(135.26)		(101.75)
Total			**4,741.66**		**4,401.39**
PROFIT					
Profit Before Depreciation & Taxation			1,122.04		791.48
Depreciation			72.76		46.54
Profit Before Taxation			**1,049.29**		**744.94**
Provision for Taxation					
- Current Tax		120.00		84.13	
- Fringe Benefit Tax		4.00		4.30	
- Deferred Tax (Net)		(2.20)	121.80	(2.70)	85.73
Profit After Taxation			**927.49**		**659.21**
Excess Provision for Taxation of earlier years			-		0.09
Balance of Profit & Loss Account of Amalgamating Company transferred			-		22.10
Balance Brought Forward			118.97		23.40
Available for Appropriation			1,046.46		704.80
APPROPRIATIONS					
General Reserve			554.52		300.54
Interim Dividend			-		186.44
Proposed Dividend			279.65		62.15
Corporate Dividend Tax			47.53		36.71
Balance Carried Forward			164.76		118.97
			1,046.46		**704.80**
Significant Accounting Policies & Notes on Accounts	18				
EARNINGS PER SHARE - BASIC & DILUTED			**Rs. 14.92**		**Rs. 10.61**

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	As at 31st March 2008		As at 31st March 2007	
1. SHARE CAPITAL				
Authorised				
7,50,00,000 Equity Shares of Rs. 2/- each		150.00		150.00
		150.00		150.00
Issued & Subscribed				
6,21,45,177 (6,11,50,000) Equity Shares of Rs. 2/- each fully paid up *		124.29		122.30
Share Capital Suspense		-		1.99
		124.29		**124.29**
* a. Includes 2,80,75,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - Rs. 25 Mn. - and Revenue Reserves - Rs. 31.15 Mn.				
b. Includes 2,78,25,177 (2,68,30,000) Equity Shares allotted for consideration other than cash				
2. RESERVES & SURPLUS				
Capital Reserve		7.96		7.96
Share Premium				
At commencement of the year	316.17		312.60	
Added on Amalgamation	-	316.17	3.57	316.17
Amalgamation Reserve				
At commencement of the year	26.84		-	
Added on Amalgamation	-	26.84	26.84	26.84
Revaluation Reserve				
At commencement of the year	-		2385.90	
Adjusted with Intangible Assets	-		(1533.79)	
Transferred to General Reserve	-	-	(852.11)	-
General Reserve				
At commencement of the year	1,700.00		500.00	
Added on Amalgamation	-		47.35	
Transferred from Revaluation Reserve	-		852.11	
Employee benefits adjusted (net off deferred tax)	(4.52)		-	
Transferred from Profit & Loss Account	554.52	2,250.00	300.54	1,700.00
Profit & Loss Account		164.76		118.97
		2,765.73		**2,169.94**

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	As at 31st March 2008	As at 31st March 2007
3. SECURED LOANS		
Term Loans	350.00	98.08
Secured by charge/mortgage of specific fixed assets		
Cash Credits	1.95	130.06
Secured by hypothecation of stocks, book debts and second charge on specific fixed assets		
	351.95	**228.14**

4. UNSECURED LOANS		
Trade Deposits	30.64	26.06
	30.64	**26.06**
5. DEFERRED TAX (Net)		
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	54.65	50.65
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statements but allowance under tax law deferred *		
* Includes deferred tax of Rs. 23.27 lacs on Employee benefits adjusted as per AS-15 (Revised)	(33.36)	(24.84)
Net Deferred Tax (Liability)	21.29	25.82

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED FY 2008

Rs. in Mn.

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
PARTICULARS	**As on 01.04.2007**	**Additions during the Year**	**Sales/ Adjust ments**	**Total**	**As on 01.04.2007**	**For the Year**	**Sales/ Adjust ments**	**Total**	**As on 31.03.2008**	**As on 31.03.2007**
Land										
Leasehold	6.9	13.51	0.37	20.05	0.45	0.24	0.00	0.68	19.36	6.45
Others	26.94	-	-	26.95	-	-	-	-	26.95	26.95
Buildings	173.88	234.544	3.48	404.95	33.60	9.77	0.81	42.55	362.40	140.29
Plant & Machinery	316.98	62.41	8.277	371.11	125.41	36.81	4.00	158.22	212.89	191.57
Furniture, Equipments & Computers	115.67	73.23	11.32	177.58	]\50.15	19.45	5.93	63.66	113.92	65.52
Motor Vehicles	19.94	12.72	1.64	31.01	6.23	2.34	0.82	7.75	23.26	13.70
Intangible Assets										
Software	25.60	0.02	-	25.62	2.06	4.12	-	6.21	19.41	23.55
Total	**685.91**	**396.43**	**25.08**	**1057.26**	**217.89**	**72.76**	**11.57**	**279.07**	**778.19**	**468.03**
Capital Work-In-Progress	344.85	81.26	291.37	134.75	-	-	-	-	134.75	344.85
Grand Total	**1030.77**	**477.69**	**316.45**	**1192.00**	**217.89**	**72.76**	**11.57**	**279.07**	**912.93**	**812.88**

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED FY 2007

Rs. in Mn.

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
PARTICULARS	**As on 01.04.2006**	**Addition on Amal-gamation**	**Additions during the Year**	**Sales/ Adjust-ments**	**Total**	**As on 01.04.2006**	**Addition on Amal-gamation**	**For the Year**	**Sales/ Adjust-ments**	**Total**	**As on 31.03.2007**	**As on 31.03.2006**
Land												
Leasehold	6.90	-	-	-	6.90	0.34	-	0.10	-	0.45	6.45	6.56
Others	26.92	0.02	-	-	26.95	-	-	-	-	-	26.95	26.92
Buildings	167.17	5.65	1.85	0.79	173.88	27.24	1.19	5.33	0.16	33.59	140.29	139.94
Plant & Machinery	277.03	1.36	55.08	16.49	316.98	104.74	0.97	26.68	6.98	125.41	191.57	172.29
Furniture, Equipments & Computers	74.58	15.49	30.09	4.49	115.67	34.28	9.32	10.42	3.87	50.15	65.52	40.30
Motor Vehicles	16.04	4.45	1.99	2.54	19.94	4.08	1.28	1.94	1.08	6.23	13.70	11.96
<u>Intangible Assets</u>												
Brands	2,651.00	-	-	2,651.00	-	1,117.21	-	-	1,117.21	-	-	1,533.79
-												
Software	-	-	25.60	-	25.60	-	-	2.06	-	2.06	23.55	-
Total	3,219.64	26.97	114.62	2,675.31	685.91	1,287.89	12.76	46.54	1,129.30	217.89	468.03	1,931.75
Capital Work-In-Progress	92.80	-	294.97	42.91	344.85	-	-	-	-	-	344.85	92.80
Grand Total	**3,312.44**	**26.97**	**409.59**	**2,718.22**	**1,030.77**	**1,287.89**	**12.76**	**46.54**	**1,129.30**	**217.89**	**812.88**	**2,024.55**

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars		As at 31st March 2008	As at 31st March 2007
7. INVESTMENTS (Other than Trade)			
Long Term			
A. Quoted - Fully Paid up			
Emami Paper Mills Limited			
79,46,000 (79,55,000) Equity Shares of Rs. 2/- each		36.85	36.89
Creative Eye Limited (10,000 Equity Shares of Rs. 10/- each)		0.64	0.64
Hindustan Unilever Limited (220 Equity Shares of Re. 1/- each)		-	-
Tata Motors Limited (10 Equity Shares of Rs. 10/- each)		-	-
	(i)	37.49	37.53
B. Unquoted - Fully paid up			
In Subsidiary Companies			
Emami UK Limited (38,704 Ordinary Shares of £ 1 each)		2.89	2.89
Emami Bangladesh Limited (50 Ordinary Shares of Taka 100 each)		0.00	0.00
Emami International FZE (1 Share of UAE Dirham 1,50,000/-)		1.90	1.90
Emami Realty Limited (20,00,000 Equity Shares of Rs. 10/- each)		98.00	-
Others			
CRI Limited			
6,00,000 Redeemable Preference Shares of Rs. 100/- each		60.00	60.00
CRI Limited			
95,630 Equity Shares of Rs. 10/- each		2.72	2.72
Susruta Clinic & Research Institute For			
Advanced Medicine Pvt Ltd			
8,00,000 Equity Shares of Rs. 10/- each		26.47	26.47
6 Years' National Savings Certificate		0.04	0.04
(Lodged With Government Authority)			
Indira Vikas Patra		-	-
(Lodged With Government Authority)			
	(ii)	192.01	94.01
Current (Quoted)			
Birla Cash Plus - Institutional Premium - Daily Dividend		800.15	650.00
Opening 6,48,93,825.484 Units of Rs. 10/- each			
Sold 6,48,93,825.484 Units of Rs. 10/- each			
Purchased 7,98,59,643.718 Units of Rs. 10/- each			
Closing 7,98,59,643.718 Units of Rs. 10/- each			
	(iii)	800.15	650.00
C. Investment in Partnership Firms			
North City Developers		-	0.25
	(iv)	-	0.25
TOTAL (i) + (ii) + (iii) +(iv)		1029.65	781.79
Aggregate Book Value of Quoted Investments		**837.64**	**687.53**
Aggregate Book Value of Unquoted Investments		**192.01**	**94.26**
Aggregate Market Value of Quoted Investments		**884.58**	**734.66**

STANDALONE SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars		As at 31st March 2008		As at 31st March 2007
8. INVENTORIES				
Raw & Packing Materials		155.29		155.90
Work-in-progress		7.59		8.79
Finished Goods		232.77		236.75
Stores & Advertising Materials		5.35		10.55
		401.00		**411.99**
9. SUNDRY DEBTORS				
Unsecured, Considered Good				
Due over six months		22.66		21.81
Other Debts		317.64		435.91
		340.29		**457.72**
10. CASH & BANK BALANCES				
Cash in hand		1.55		1.43
With Scheduled Banks				
Current Accounts	25.85		12.53	
Fixed Deposit	0.36		150.39	
Unpaid Dividend Account	0.26	26.47	19.84	182.75
		28.03		**184.18**
11. LOANS & ADVANCES				
Unsecured, Considered Good				
Loans & Advances recoverable				
in cash or in kind or for value to				
be received		1,505.07		510.19
Deposits		13.58		12.01
Income Tax [Net of Provisions : Rs. 2,56.38 Mn. (PY : Rs. 1,32.38 Mn.)]		8.11		13.02
		1,526.76		**535.23**

Particulars	As at 31st March 2008		As at 31st March 2007	
12. CURRENT LIABILITIES & PROVISIONS				
Current liabilities				
Sundry Creditors	476.56		406.33	
Unclaimed Dividend	0.26		19.84	
Interest Accrued but not due	-	476.82	0.64	426.80
Provisions				
Proposed Dividend	279.65		62.15	
Corporate Dividend Tax	47.53		10.56	
Sales Tax	120.00		103.60	
Gratuity and Leave Encashment	20.77	467.95	6.43	182.74
		944.77		**609.54**

STANDALONE SCHEDULES TO THE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	**For the year ended 31st March 2008**		**For the year ended 31st March 2007**	
13. OPERATING INCOME				
Sales	5,859.01		5,192.24	
Less : Excise Duty	21.91	5,837.10	34.26	5,157.98
		5,837.10		**5,157.98**
14. **OTHER INCOME**				
Profit/(Loss) on Sale of Current Investments		0.20		0.49
Profit/(Loss) on Sale of Long Term Investments		(0.02)		-
Profit/(Loss) on Sale of Fixed Assets (Net)		7.15		(3.48)
Dividend on Current Investments		0.57		-
Dividend on Long Term Investments		1.59		10.33
Rent Received [TDS : Rs. 1.12 Mn. (PY - Rs. 1.75 Mn.)]		5.20		8.45
Income from Partnership Firm		0.47		5.71
Foreign Exchange Fluctuation		5.73		8.62
Miscellaneous Receipts		5.72		4.77
		26.60		**34.89**
15. COST OF GOODS SOLD / CONSUMED				
Purchases/Materials Consumed		2,478.44		2,251.55
Add : Opening Stock				
Work-in-progress	8.79		5.19	
Finished Goods	236.75	245.54	246.83	252.02
		2,723.99		**2,503.56**
Less : Closing Stock				
Work-in-progress	7.59		8.79	
Finished Goods	232.77	240.36	236.75	245.54
		2,483.62		**2,258.02**

STANDALONE SCHEDULES TO THE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	For the year ended 31st March 2008		For the year ended 31st March 2007	
16. MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES				
Salaries, Wages, Bonus etc.		280.48		192.18
Contribution to Provident & Other Funds		22.14		16.95
Employees' Welfare		9.21		10.36
Power & Fuel		12.88		11.50
Consumable Stores		2.91		4.01
Rent		15.90		11.43
Rates & Taxes		3.62		2.88
Insurance		8.23		12.12
Repairs & Maintenance :				
Building	3.56		1.94	
Machinery	12.59		9.90	
Others	23.73	39.88	15.28	27.12
Freight & Forwarding		148.63		135.07
Directors' Fees		0.87		0.83
Advertisement & Sales Promotion		1,029.20		1,050.54
Selling Expenses		209.23		163.54
Commission		47.56		33.21
Cash Discount		17.82		20.55
Taxes on Sales		317.83		329.78
Miscellaneous		226.94		223.05
		2,393.30		**2,245.12**
17. INTEREST & FINANCE CHARGES (Net)				
Paid				
Term Loans		4.65		19.51
Others		49.67		18.14
Less :				
Received				
Subsidiaries [TDS : Rs. 64.89 lacs (PY - Nil)]		(30.21)		(2.31)
Others [TDS : Rs. 422.64 lacs (PY - Rs. 303.09 lacs)]		(159.38)		(137.08)
		(135.26)		**(101.75)**

STANDALONE CASH FLOW OF EMAMI LIMITED

Rs. in Mn.

Particulars			As at 31st March 2008	As at 31st March 2007
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1049.29	744.94
	Add :	ADJUSTMENTS FOR		
		Depreciation	72.76	46.54
		Interest	(135.26)	(101.75)
		Loss / (Profit) on sale of Fixed Assets	(7.15)	3.48
		Loss / (Profit) on sale of Investments	(0.18)	(0.49)
		Foreign Exchange Fluctuations	(5.73)	(8.62)
		Dividend Received	(2.16)	(10.33)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		971.56	673.77
	Add :	DECREASE / (INCREASE) IN WORKING CAPITAL		
		Trade & other Payables	70.23	23.36
		Inventories	10.99	(8.80)
		Trade & other Receivables	(838.82)	(43.03)
		Provision for Sales Tax	16.40	56.93
		Provision for Gratuity and Leave Encashment	7.49	3.10
			(733.71)	**31.56**
	CASH GENERATED FROM OPERATIONS		237.85	705.33
	Less :	Direct Taxes Paid	119.09	92.70
	NET CASH FLOW FROM OPERATING ACTIVITIES		**118.77**	**612.63**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
		Sale of Fixed Assets	20.67	8.74
		Interest Received	149.38	139.40
		Dividend Received	2.16	10.33
		Sale of Investments	650.47	809.61
			822.68	**968.08**
	Less :	Purchase of Fixed Assets	186.33	366.67
		Purchase of Investments	800.15	650.00
		Purchase of Investments in Subsidiary	98.00	-
	NET CASH USED IN INVESTING ACTIVITIES		**(261.80)**	**(48.59)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Borrowings		354.34	27.15
	Less :	Repayment of Loan	226.19	109.86
		Interest Paid	54.72	38.25
		Dividend Paid	81.72	289.08
		Corporate Dividend Tax	10.56	43.30
			373.18	**480.48**
	NET CASH USED IN FINANCING ACTIVITIES		**(18.85)**	**(453.33)**
	Effect of Foreign Exchange Fluctuation		5.73	8.62

Particulars	As at 31st March 2008	As at 31st March 2007
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(156.16)	119.34
* CASH & CASH EQUIVALENTS-OPENING BALANCE	184.18	64.85
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	28.03	184.18
* Represents Cash and Bank Balances as indicated in Schedule 10		

STANDALONE NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2008

SCHEDULES TO THE ACCOUNTS

18 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1	**Significant Accounting Policies**			
	(i)	General	:	These accounts have been prepared on historical cost basis and on the accounting principles of a going concern to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
	(ii)	Fixed Assets	:	a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
				b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
				c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings there against.
	(iii)	Depreciation	:	Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except :
				a. Block, Dies & Moulds are depreciated @ 95% in the year of purchase itself on prorata basis.
				b. Lease hold land is amortised over the period of lease.
				c. Software is depreciated over a period of six years on Straight Line Method.
	(iv)	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 Profit & Loss Account.
	(v)	Inventories	:	The inventories are valued at cost or net realisable value whichever is lower except for advertising material which are valued at cost. The Cost is calculated on weighted avarage method.Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes ,where applicable,appropriate overheads based on normal level of activity.
	(vi)	Research & Development	:	Revenue expenditure on Research and Development is charged against the Profit of the year.
	(vii)	Retirement benefits	:	a. Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
				b. Provision for Leave encashment and Gratuity is made on the basis of actuarial valuation as at the year end as per the requirements of Accounting Standard –15 (revised 2005) on

			"Employee Benefits"
			c.The Company has defined benefit plan comprising of Gratuity fund with Life Insurance Corporation of India.
			d. Acturial gains and losses comprise experience adustments and the effect of changes in the acturial assumptions are recognised immediately in the profit and Loss Account as income or expense.
(viii)	Sales	:	Sales include duty drawback, license premium on exports, Sales Tax and Insurance Claims on stocks and are recorded net of Trade discounts and other rebates.
(ix)	Provisions and Contingent Liabilities	:	Provisions are recognised 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 a 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 & Contingent Liabilities are revalued at each Balance Sheet date.
(x)	Government Grants	:	Capital Subsidies are credited to Capital Reserve and Revenue Subsidies are credited to Profit & Loss account by adjusting from respective expenses.
(xi)	Revenue Recognition	:	Income & expenditure are recognised on accrual basis.
(xii)	Foreign Currency Transactions	:	a. Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rates, the difference between the contracted rate and the exchange rate at the date of transaction is recognised in Profit & Loss Account. Difference relating to transactions involving more than one financial year are carried over the period of transaction. Transactions other than those covered by forward contracts are recognised at the exchange rate prevailing on date of transaction. Gains & losses arising on account of realisation are accounted for in Profit & Loss Account.
			b. Assets & Liabilities in foreign currency which are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates. Gains and losses arising on account of such deviations are accounted for in the Profit & Loss Account.
			c. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expenses for the period in which settlement or cancellation takes place. The effect of this currency options contracts outstanding at the year end, in the form of unrealised gains/ losses, is not recognised.
(xiii)	Excise Duty	:	Excise duty on manufactured goods at factory pending

			clearance is accounted for at the time of manufacture.
(xiv)	Borrowing Costs	:	Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such 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 intended use.
(xv)	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 differences 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 realised.
(xvi)	Impairment of Assets	:	The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, issued by the Institute of Chartered Accountants of India, 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 crystalises, are charged against revenues for the year.

2 Based on guiding principles given in Accounting Standard on "Segment Reporting" (AS 17 - issued by the Institute of Chartered Accountants of India) the Company's primary business segment is Personal and Healthcare. The Personal and Healthcare business incorporates product groups viz. Medicinal products, Food Product, Cosmetics and Toiletries, which mainly have similar risks and returns. As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.

3	Defined Benefit Plans :	As per acturial valuations as on March 31st 2008 and recognised in the financial statements in respect of Employees benefit schemes.

		Gratuity	Leave Encashment
		Funded	**Unfunded**
A	**Components of Employer Expenses**		
1	Current Service Cost	4.58	0.11
2	Interest Cost	2.84	0.63
3	Expected Return on Plan assets	2.15	-
4	Acturial Losses	3.67	5.13
5	**Total Expenses recognised in the Statement of Profit & Loss**	**8.94**	**5.88**
B	**Net asset/(liability) recognised in balance sheet as at 31st March 2008**		
1	Present value of Defined Benefit Obligation	42.23	9.10
2	Fair value of plan assets	30.56	-
3	Funded Status [Surplus/(deficit)]	(11.67)	(9.10)
4	**Net asset/(liability) recognised in balance sheet**	**(11.67)**	**(9.10)**
C	**Change in Defined Benefit Obligation during the year ended 31st March 2008**		
1	Present value of PBO at beginning of period	33.48	6.69
2	Current Service Cost	4.58	0.11
3	Interest Cost	2.84	0.63
4	Acturial Losses	4.03	5.13
5	Benefits Paid	(2.70)	(3.47)
6	**Present value of PBO at the end of period**	**42.23**	**9.10**
D	**Change in Fair Value of Assets**		
1	Plan Assets at beginning of period	26.89	-
2	Expected Return on Plan Assets	2.15	-
3	Acturial Gains	0.36	-
4	Actual company contributions	3.86	-
5	Benefits paid	(2.70)	-
6	**Plan assets at the end of period**	**30.56**	-
E	**Acturial Assumptions**		
1	Discount Rate (%)	7.5	7.5
2	Expected Return on Plan Assets (%)	7.5	-

4 Derivative Instruments:

The Company uses Forward Exchange Contracts and Options to hedge its risk associated with fluctuations in foreign currency and interest rates relating to foreign currency liabilities and some forecasted transactions related to foreign currency trade. The use of forward contracts and options is governed by companies overall strategy. The company does not use forward contract and options for speculative purposes.

i) The following are the outstanding forward contracts and options as on 31st march'08:-

For hedging currency risks :-	
Forward Covers :-	
Receivables	19.99
Loan Given	60.75
Options :-	
Receivables	15.99

ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :-

Receivables	79.39
Loan Given	8.42
Loan	79.94

5 Out of Rs. 35,00,00,000/-, raised through public offering, Rs. 29,69,96,997/- have been used for meeting capital expenditure including corporate house and also in meeting share issue expenses. Details are as under :

	As Per Prospectus	UTILISATION		
		As on 31.03.2007	**For the Year**	**As on 31.03.2008**
Corporate House	174.60	174.60	-	174.60
Other Capital Expenditure	95.00	95.00	-	95.00
Share Issue Expenses	24.50	27.40	-	27.40
General Corporate purpose including strategic initiatives and acquisitions	55.90	-	-	-
	350.00	**297.00**	-	**297.00**

Balance funds have been used in reducing working capital borrowings temporarily.

6 The Company has made a provision of Rs. 2,54,49,656/- towards Sales Tax resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below :

Description	
Opening Balance	103.60
Provisions during the year	25.45
Provisions reversed during the year	9.05
Closing Balance	120.00

7 Loans & Advances include amount due from Subsidiaries as under :

		31st March' 2008	
8		**Balance**	**Maximum amount outstanding during the year**
	Emami UK Limited.	8.35	9.65
	Emami Bangladesh Limited	0.07	0.08
	Emami International FZE	60.75	61.65
	Emami Realty Limited.	647.41	683.60
		716.59	**754.98**

		MARCH 31, 2008
9	Contingent Liabilities not provided for in respect of :	
		31st
	a) Excise Duty demands	7.37
	b) Entry Tax	2.61
	c) Sales Tax demands under appeal (Net of Advances)	120.49
	d) Income Tax (Net of Advances)	1.24
	e) Guarantees and counter guarantees given	25.07
	Estimated amount of commitments [net of advances of Rs. 9,40,84,491/- (Previous Year - Rs. 10,78,24,588/-)] on capital account not provided for	107.75

10	The Company has entered into a Put Option Contract Agreement with ICICI Bank and Emami Paper Mills Limited in connection with the External Commercial Borrowings facilities availed of by Emami Paper Mills Limited from ICICI Bank for a sum of US$ 16.50 milli
11	Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Executive Chairman:

		31st March' 2008
Profit Before Taxation		**1,049.29**
Add:		
(a) Remuneration paid to the Directors	33.30	
(b) Director's Fees	0.87	
(c) Loss on sale of Fixed Assets	8.48	42.65
		1,091.93
Less:		
(a) Profit on sale of Fixed Assets as per Sec 349	14.87	
(b) Profit on sale of Investments	0.18	15.05
Net Profit for the purpose of Director's Commission		**1,076.88**
Commission @ 2% of Net Profit		21.54
Commission approved by the Board		10.00

12 i. Payment to Auditors

	31st March' 2008
Audit Fees	0.73
Tax Audit Fees	0.14
Certification Fees	0.13
Other Services	0.40
Out of Pocket Expenses	0.04
	1.43
ii. Payment to Cost Auditors	
Audit Fees	0.07

13 Amount due and outstanding to be credited to Investor Education and Protection Fund - Nil (Previous Year - Nil)

			31st March' 2008
		Qty.	Value
		M.T.	Rs. Mn.
14	Additional Information		
	A. Licensed/Installed Annual Capacity and Production		
	i) Licensed capacity per annum		
	Cosmetics & Toiletries	N. A.	
	Ayurvedic Medicines	N. A.	
	ii) Installed capacity per annum		
	(On single shift basis as certified by a Director)		
	Cosmetics & Toiletries	4208.7	
	Ayurvedic Medicines	23094.00	
	iii) Actual production during the year		

	Cosmetics & Toiletries	535.06	
	Ayurvedic Medicines	9506.06	
			31st March' 2008
		Qty.	Value
		M.T.	Rs.
B.	Purchase of goods		
	Cosmetics & Toiletries	2607.69	340.35
	Ayurvedic Medicines	4889.24	725.88
	Others		1.91
			1,068.14
C.	Turnover, Opening & Closing stock of goods		
	Turnover		
	Cosmetics & Toiletries	2981.77	983.92
	Ayurvedic Medicines	14468.96	4,820.08
	Others		55.01
			5,859.01
	Opening Stock		
	Cosmetics & Toiletries	420.36	60.56
	Ayurvedic Medicines	1299.94	174.10
	Others		2.09
			236.75
	Closing Stock		
	Cosmetics & Toiletries	581.34	64.78
	Ayurvedic Medicines	1226.28	167.80
	Others		0.19
			232.77
D.	Raw & Packing Materials consumed		
	Indigenous (96.89%) (P.Y.98.03%)		
	Oil & Essential Oils	6977.72	504.61
	Chemicals & Fats	4914.55	239.56
	Tubes & Containers		276.78
	Other Packing Materials		320.79
	Others		24.68
			1,366.41
	Imported (3.11%) (P.Y. 1.97%)		
	Oil & Essential Oils	8.76	1.25
	Chemicals & Fats	478.28	42.64
			1,410.31
E.	Expenditure in Foreign Currency (On Payment Basis)		
	Professional Fees		9.15
	Interest		6.59
	Others		29.52
			45.25

F.	Value of Imports on CIF basis	
	Raw Materials	31.38
	Capital Goods	0.69
		32.07
G.	Earnings in Foreign Exchange for	
	Export of goods calculated on FOB basis	361.33

15	**Related Party Transactions :**		
	A. Parties where Control exists :		
	SUBSIDIARIES		
i)	Emami UK Limited		
ii)	Emami Bangladesh Limited		
iii)	Emami- International FZE		
iv)	Emami Realty Limited and its Subsidiaries		
	1	Emami Rainbow Niketan Private Limited	
	2	Emami Vridhi Commercial Private Limited	
	3	Nathvar Tracon Private Limited	
	4	New Age Realty Private Limited	
	5	Octagon BPO Private Limited	
	6	Emami Skyhigh Private Limited	
	7	Emami Ashiana Private Limited	
	8	Emami Properties Private Limited	
	9	Sri Mohamaya Investments Private Limited	
	10	Emami Constructions Private Limited	
	11	A Raj Abasan Private Limited and its Subsidiaries	
		-Orbit Projects Private Limited	
		- Basera Enclave Makers Private Limited	
		- Swastik Promoters Private Limited	
	B. Other Related Parties with whom transactions have taken place during the year :		
	i)	Key Management Personnel	Shri R. S. Agarwal
			Shri R. S. Goenka
			Shri Sushil Kr. Goenka
	ii)	Relatives of Key Management Personnel	Smt. Usha Agarwal
			Shri A. V. Agarwal
			Shri H. V. Agarwal
			Shri Mohan Goenka
			Shri Manish Goenka
			Smt. Saroj Goenka
			Smt. Priti Sureka
	iii)	Associates	North City Developers (Ceased w.e.f. 31.03.2008)
	iv)	Entities where Key Management Personnel and their relatives have significant influence	Diwakar Viniyog Private Limited
			Suntrack Commerce Private Limited
			Bhanu Vyapaar Private Limited
			Emami Paper Mills Limited

C. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on 31.03.2008

Particulars	Subsidiaries	Key Management Personnel & Relatives	Associates	Entities where Key Management Personnel and their relatives have significant influence	Total
1. Remuneration					
- Directors	-	33.30	-	-	33.30
- Others	-	1.08	-	-	1.08
2. Sales	55.12	-	-	-	55.12
3. Directors Sitting Fees	-	0.12	-	-	0.12
4. Rent & Maintenance Charges Paid	-	0.53	-	0.31	0.85
5. Rent Received	0.25	-	-	4.13	4.38
6. Hire Charges Received	-	-	-	-	-
7. Maintenance Charges Received	0.37	-	-	4.13	4.50
8. Loan Given	808.00	-	-	-	808.00
9. Loan Received	-	-	-	274.00	274.00
10. Corporate Guarantee	-	-	-	-	-
11. Interest Received	30.21	-	-	-	30.21
12. Interest Paid	-	-	-	7.25	7.25
13. Receipt Towards Loan Given	100.00	-	-	-	100.00
14. Repayment of Loan Received	-	-	-	274.00	274.00
15. Income From Partnership	-	-	0.47	-	0.47
16. Investment	97.50	0.40	-	-	97.90
17. Security Deposit Received	1.49	-	-	4.13	5.62
18. Balance As on 31st March					
- Investment	102.79	-	-	36.85	139.64
- Loan Given	716.59	-	-	-	716.59
- Interest Receivable	23.73	-	-	-	23.73
- Debtors	29.08	-	-	-	29.08
- Security Deposit Paid	-	2.81	-	0.70	3.51
- Security Deposit Received	1.49	-	-	4.13	5.62

16 Information for Earnings Per Share as per AS-20

	31st March' 2008
Net Profit	927.49
Weighted average number of shares used in computing earnings per share	62145177
Earnings Per Share - Basic & Diluted	**14.92**

STANDALONE NOTES TO THE ACCOUNTS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2007

18. NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

1	**Significant Accounting Policies**			
	(i)	General	:	These accounts have been prepared on historical cost basis and on the accounting principles of a going concern to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
	(ii)	Fixed Assets	:	a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
				b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
				c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings there against.
	(iii)	Depreciation	:	Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except :
				a. Block, Dies & Moulds are depreciated @ 95% in the year of purchase itself on prorata basis.
				b. Lease hold land is amortised over the period of lease.
				c. Software is depreciated over a period of six years on Straight Line Method.
	(iv)	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 Profit & Loss Account.
	(v)	Inventories	:	The inventories are valued at cost or net realisable value whichever is lower except for advertising material which are valued at cost. Cost is computed as follows: Raw & Packing materials - FIFO Basis, Others - Weighted average basis
	(vi)	Research & Development	:	Revenue expenditure on Research and Development is charged against the Profit of the year.
	(vii)	Retirement benefits	:	a. Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
				b. Provision for Leave encashment is made on the basis of actuarial valuation as at the year end.
				c. Liability in respect of Gratuity is covered by appropriate scheme with Life Insurance Corporation of India.
	(viii)	Sales	:	Sales include duty drawback, license premium on exports, Sales Tax and Insurance Claims on stocks and are recorded net of Trade discounts and other rebates.
	(ix)	Provisions and	:	Provisions are recognised when the Company has a legal and

	Contingent Liabilities		constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a 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 & Contingent Liabilities are revalued at each Balance Sheet date.
(x)	Government Grants	:	Capital Subsidies are credited to Capital Reserve and Revenue Subsidies are credited to Profit & Loss account by adjusting from respective expenses.
(xi)	Revenue Recognition	:	Income & expenditure are recognised on accrual basis.
(xii)	Foreign Currency Transactions (Other than for Fixed Assets)	:	a. Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rates, the difference between the contracted rate and the exchange rate at the date of transaction is recognised in Profit & Loss Account. Difference relating to transactions involving more than one financial year are carried over the period of transaction. Transactions other than those covered by forward contracts are recognised at the exchange rate prevailing on date of transaction. Gains & losses arising on account of realisation are accounted for in Profit & Loss Account.
			b. Assets & Liabilities in foreign currency which are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates. Gains and losses arising on account of such deviations are accounted for in the Profit & Loss Account.
	Fixed Assets		c. Exchange difference in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.
(xiii)	Excise Duty	:	Excise duty on manufactured goods at factory pending clearance is accounted for at the time of manufacture.
(xiv)	Borrowing Costs	:	Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such 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 intended use.
(xv)	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 differences 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 realised.
(xvi)	Impairment of Assets	:	The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, issued by the Institute of Chartered Accountants of India, 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 crystalises, are charged against revenues for the year.

2	Based on guiding principles given in Accounting Standard on "Segment Reporting" (AS 17 - issued by the Institute of Chartered Accountants of India) the Company's primary business segment is Personal and Healthcare. The Personal and Healthcare business incorporates product groups viz. Medicinal products, Food Product, Cosmetics and Toiletries, which mainly have similar risks and returns. As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.
3	The Board of Directors has approved the adjustment of self-generated Brand, as appearing in the books of accounts with Revaluation Reserve. Balance remaining in Revaluation Reserve after adjusting brands value which is equivalent to depreciation to such Brands not charged to this Reserve in earlier years, has been transferred to General Reserve.
4a.	Pursuant to the Scheme of amalgamation sanctioned by the Hon'ble High Court at Kolkata, vide order dated 23rd February, 2007, J. B. Marketing & Finance Ltd. has been amalgamated with the Company with effect from 1st April, 2006 and the Assets and Liabilities of the said J. B. Marketing & Finance Ltd. have been transferred at book value from the said date.
4b.	Pursuant to the Scheme referred to in para 4a above, 9,95,177 Equity Shares of Rs. 2/- each are to be alloted to the shareholders of J. B. Marketing & Finance Ltd. in the ratio of one equity share of Rs. 2/- each of Emami Ltd. for every three equity shares of Rs. 10/- each of J. B. Marketing & Finance Ltd. after netting the holding in J. B. Marketing & Finance Ltd. by Emami Ltd. Pending allotment the amount has been transferred to Share Capital Suspense Account.
4c.	The excess of the net asset of J. B. Marketing & Finance Ltd. as on 1st April, 2006, over the paid up value of shares of the Company to be alloted in pursuance to the Scheme referred to in para 4a amounts to Rs. 2,68,37,948 and has been shown under "Amalgamation Reserve". Further balances lying in Securities Premium, General Reserve & Profit & Loss Account amounting to Rs. 7,30,17,689 have been credited to respective accounts of Amalgamated Company.
5	Out of Rs. 35,00,00,000/- raised through public offering, Rs. 29,69,96,997/- have been used for meeting capital expenditure including corporate house and also in meeting share issue expenses. Details are as under :

		As on 31.03.2007
	Corporate House	174.60
	Other Capital Expenditure	95.00
	Share Issue Expenses	27.40
		297.00
	Balance funds have been used in reducing working capital borrowings temporarily.	

6 The Amalgamating Company has entered into partnership in a firm named "NORTH CITY DEVELOPERS". The profit sharing ratio and the details of other partners are as under:

Name of the Partners	Profit Sharing Ratio	Capital (Rs. in Mn.)
a) Suntrack Commerce Private Limited	10.00%	0.25
b) J.B. Marketing & Finance Limited	10.00%	0.25
c) Bhanu Vyapar Private Limited	10.00%	0.25
d) Pan Emami Cosmed Limited	10.00%	0.25
e) Sri Basant Kumar Parakh	10.00%	NIL
f) Arvind Kumar Neotia	5.00%	NIL
g) Vijay Narayan Rathi	5.00%	NIL
h) Emami Realty Private Limited	40.00%	1.00

7 The Company has made a provision of Rs. 6,07,74,336/- towards Sales Tax resulting mainly from issues, which are under litigation/dispute requiring management judgement and provision for direct taxes as shown below :

Description	**Direct Taxes**	**Sales Tax**	**Total**
Opening Balance *	57.52	46.67	104.19
Provisions during the year	88.76	60.77	149.53

	Provisions reversed during the year	13.90	3.84	17.74
	Closing Balance	132.38	103.60	235.98
	* Includes figures of amalgamating Company			

8 Since external and internal sources of information do not provide for any indication for impairment of fixed assets based on cash generating unit concept, no further impairment is required during the year.

9 Foreign Exchange Fluctuation Loss / (Gain) has been considered in Accounts as under :

	31st March' 2007
Charged to the Profit & Loss Account	
- Interest	(8.76)
- Miscellaneous Expenses	0.13
Charged against the value of Fixed Assets	(0.38)

10 Sundry Creditors include amounts outstanding to SSI Units of Rs. 46,72,234/- (Previous Year : Rs. 85,89,977/-). There were no dues outstanding for more than 30 days to any SSI Creditor. The above information regarding small scale industrial undertakings has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

11 Loans & Advances include Security Deposit of Rs. 15,01,900/- due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - Rs. 15,11,900/-).

12 Loans & Advances include amount due from Subsidiaries as under :

	31st March' 2007	
	Balance	**Maximum amount outstanding during the year**
Emami UK Limited.	8.98	9.60
Emami Bangladesh Limited	0.08	0.08
Emami International FZE	-	138.06
	9.06	**147.75**

13 The Company has incurred a sum of Rs. 70,92,139/- (Previous Year - Rs. 55,45,137/-) on Research & Development which is charged to the Profit and loss account under Miscellaneous Expenses.

14 Contingent Liabilities not provided for in respect of :

	31st March' 2007
	Rs.
a) Excise Duty demands	7.37
b) Custom Duty	-
c) Sales Tax demands under appeal (Net of Advances)	81.72
d) Income Tax (Net of Advances)	3.35
e) Guarantees and counter guarantees given	153.13

15	Estimated amount of commitments [net of advances of Rs. 10,78,24,588/- (Previous Year - Rs. 3,20,50,380/-)] on capital account not provided for	46.69

16(a)	Directors' Remuneration included in different heads of expenses :	
	Salaries	11.70
	Commission	7.00
	Contribution to Provident and Other Funds	1.19

	Perquisites	0.62
		20.51

16(b)	Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Executive Chairman:		
			31st March' 2007
	Profit Before Taxation		**744.94**
	Add:		
	(a) Remuneration paid to the Directors	20.51	
	(b) Director's Fees	0.83	
	(c) Loss on sale of Fixed Assets	3.48	24.82
	Less:		769.75
	Profit on sale of Investments		0.49
	Net Profit for the purpose of Director's Commission		**769.26**
	Commission @ 2% of Net Profit		15.39
	Commission approved by the Board		7.00

17	i. Payment to Auditors	**31st March' 2007**
	Audit Fees	0.72
	Tax Audit Fees	0.14
	Certification Fees	0.22
	Other Services	0.36
	Out of Pocket Expenses	0.01
		1.44
	ii. Payment to Cost Auditors	
	Audit Fees	0.07

18	Amount due and outstanding to be credited to Investor Education and Protection Fund - Nil (Previous Year - Nil)

		31st March' 2007	
		Qty.	**Value**
		M.T.	**Rs.**
19	Additional Information		
	A. Licensed/Installed Annual Capacity and Production		
	i) Licensed capacity per annum		
	Cosmetics & Toiletries	N. A.	
	Ayurvedic Medicines	N. A.	
	ii) Installed capacity per annum		
	(On single shift basis as certified by a Director)		
	Cosmetics & Toiletries	4208.70	
	Ayurvedic Medicines	23094.00	
	iii) Actual production during the year		
	Cosmetics & Toiletries	539.79	
	Ayurvedic Medicines	9184.26	
	B. Purchase of goods		
	Cosmetics & Toiletries	2493.96	287.91
	Ayurvedic Medicines	3808.38	574.42
	Others		16.47
			878.80
	C. Turnover, Opening & Closing stock of goods		
	Turnover		
	Cosmetics & Toiletries	3145.62	937.88
	Ayurvedic Medicines	13075.97	4,215.33
	Others		39.04
			5,192.24
	Opening Stock *		
	Cosmetics & Toiletries	532.23	72.85
	Ayurvedic Medicines	1383.27	173.00
	Others		0.97
			246.83
	* Includes stock of amalgamating Company and net off Input VAT credit of Rs. 315708.		

	31st March' 2007	
	Qty.	Value
	M.T.	Rs.
Closing Stock		
Cosmetics & Toiletries	420.36	60.56
Ayurvedic Medicines	1299.94	174.10
Others		2.09
		236.75

		31st March' 2007	
D.	Raw & Packing Materials consumed		
	Indigenous (98.03%) (P.Y.98.58%)		
	Oil & Essential Oils	5795.76	471.97
	Chemicals & Fats	3727.38	275.92

	Tubes & Containers		284.95
	Other Packing Materials		275.17
	Others		37.73
			1,345.74
	Imported (1.97%) (P.Y. 1.42%)		
	Oil & Essential Oils	6.79	0.77
	Chemicals & Fats	607.59	26.23
			1,372.74
E.	Expenditure in Foreign Currency		
	Professional Fees		2.75
	Interest		20.59
	Others		48.32
			71.67
F.	Value of Imports on CIF basis		
	Raw Materials		28.86
	Capital Goods		2.92
			31.79
G.	Earnings in Foreign Exchange for		
	Export of goods calculated on FOB basis		378.13
	(Including Nepal and Bhutan)		

20	**Related Party Transactions :**	
	A. Parties where Control exists :	
	Emami UK Limited	Subsidiary Company
	Emami Bangladesh Limited	Subsidiary Company
	Emami- International FZE	Subsidiary Company
	B. Other Related Parties with whom transactions have taken place during the year :	
	Key Management Personnel	Shri R. S. Agarwal
		Shri R. S. Goenka
		Shri Sushil Kr. Goenka
	Relatives	Smt. Usha Agarwal
		Shri A. V. Agarwal
		Shri H. V. Agarwal
		Shri Mohan Goenka
		Shri Manish Goenka
		Smt. Saroj Goenka
		Smt. Priti Sureka
	Other Associates	Diwakar Viniyog (P) Limited
		Suntrack Commerce (P) Limited
		Emami Paper Mills Limited

C. Transactions :

Particulars	Subsidiaries	Key Management Personnel & Relatives	Others	Total
Salary	-	22.33	-	22.33
Sales	44.51	-	-	44.51
Directors Sitting Fees	-	0.15	-	0.15
Rent & Maintenance Charges Paid	-	0.61	0.27	0.88
Investment	-	-	-	-
Rent Received	-	-	0.51	0.51
Hire Charges Received	-	-	0.15	0.15
Loan Given	1.75	-	-	1.75
Corporate Guarantee	129.37	-	-	129.37
Interest Received	2.31	-	-	2.31
Receivables	21.22	2.60	0.70	24.53

21	Information for Earnings Per Share as per AS-20	
		31st March' 2007
		Rs.
	Net Profit	659.21
	Weighted average number of shares used in computing earnings per share *	62145177
	Earnings Per Share - Basic & Diluted	**10.61**
	* Including shares to be issued pursuant to Amalgamation	

Consolidated Auditors' Report

TO THE BOARD OF DIRECTORS OF EMAMI LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EMAMI LIMITED, ITS SUBSIDIARIES AND ASSOCIATES.

1. We have examined the attached Consolidated Balance Sheet of Emami Limited , its subsidiaries and Associates as at 31 st March, 2008 and Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date.

2. These financial statements are the responsibility of Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosure in financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs 1753 lacs as at March 31, 2008, total revenue of Rs 230 lacs and net cash outflows of Rs 75 lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of others auditors.

5. As stated in 3(ix) of Schedule 18, in case of certain associates, the audited financial statements as at March 31, 2008 are not available. The investment in these associates valued at Rs.509 lacs in the financial statement of the Company, have not been adjusted in the Consolidated Financial Statements in the absence of their audited financial statements as at 31st March ,2008.

6. We report that consolidated financial statements have been prepared by the Company's management in accordance with requirements of Accounting Standard AS- 21, "Consolidated Financial Statements", Accounting Standard AS- 23, "Accounting for investments in Associates" in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

7. Based on our audit and on the consideration of separate audit reports on individual financial statements of the components, and to the best of our information and explanations given to us, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

a) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Emami Limited, its subsidiaries and associates as at 31st March, 2008;
b) In the case of Consolidated Profit & Loss Account, of the Consolidated Profit of Emami Limited, its subsidiaries and associates for the year ended on that date, and
c) In the case of consolidated Cash Flow, of the Consolidated Cash flows of Emami Limited, its subsidiaries and associates for the year ended on that date.

Place: Kolkata
Dated: May 28, 2008

For S. K. Agrawal & Company
Chartered Accountants

(S. K. Agrawal)
Partner
Membership No. 9067.

Consolidated Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF EMAMI LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EMAMI LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached Consolidated Balance Sheet of Emami Limited and its subsidiaries as at 31 st March, 2007 and Consolidated Profit & Loss Account and Cash Flow Statement for the year ended on that date.

2. These financial statements are the responsibility of Companies management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosure in financial statements. Audit also includes assessing the accounting principles used and estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the company's subsidiary Emami Bangladesh Limited which have been audited by Mandal & Company, Chartered Accountants whose report has been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the above auditor.

4. We report that consolidated financial statements have been prepared by the Company in accordance with requirements of Accounting Standard AS- 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statement of EMAMI LIMITED and aforesaid Financial Statements of its subsidiaries included in the Consolidated Financial Statements.

5. On the basis of the information and explanations given to us and on the consideration of the separate reports on individual audited financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

d) In the case of Consolidated Balance Sheet, of the Consolidated state of affairs of Emami Limited and its subsidiaries as at 31st March, 2007;
e) In the case of Consolidated Profit & Loss Account, of the Consolidated Profit of Emami Limited and its subsidiaries for the year ended on that date, and
f) In the case of consolidated Cash Flow, of the Consolidated Cash flows of Emami Limited and its subsidiaries for the year ended on that date.

Place: Kolkata
Dated: June 29, 2007

For S. K. Agrawal & Company
Chartered Accountants

(S. K. Agrawal)
Partner
Membership No. 9067.

CONSOLIDATED BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	**Schedule**	**As at 31st March 2008**		**As at 31st March 2007**	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	125.04		124.29	
Reserves & Surplus	2	2739.33	2864.37	2169.30	2293.59
Minority Interest			4.81		-
LOAN FUNDS					
Secured Loans	3	460.25		357.50	
Unsecured Loans	4	797.78	1258.03	26.06	383.56
Deferred Tax (Net)	5		21.46		25.82
			4148.66		2702.97
APPLICATION OF FUNDS					
GOODWILL ON CONSOLIDATION			40.08		-
FIXED ASSETS					
Gross Block	6	1071.19		687.00	
Less : Depreciation		283.05		218.18	
Net Block		788.14		468.82	
Capital Work-in-Progress		134.75		344.85	
			922.89		813.67
INVESTMENTS	7		1140.50		777.00
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	8	976.30		422.65	
Sundry Debtors	9	378.25		453.93	
Cash & Bank Balances	10	66.19		231.79	
Loans & Advances	11	1944.46		623.48	
		3365.18		1731.84	
Less :					
CURRENT LIABILITIES & PROVISIONS	12	1321.10		620.89	
NET CURRENT ASSETS			2044.09		1110.96
MISCELLANEOUS EXPENDITURE					
Preliminary Expenses		0.39		0.33	
Preoperative Expenses		0.72	1.11	1.01	1.34
			4148.66		2702.97
Significant Accounting Policies & Notes on Accounts	19				

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	Schedule		For the year ended 31st March 2008		For the year ended 31st March 2007
INCOME					
Operating Income	13		6180.34		5182.56
Other Income	14		33.77		34.89
			6214.11		5217.45
EXPENDITURE					
Cost of Goods Sold/ Consumed	15		2294.83		2256.99
Project Expenses	16		453.16		-
Manufacturing, Administrative &					
Selling Expenses	17		2454.11		2267.90
Interest & Finance Charges	18		(101.23)		(101.84)
			5100.88		4423.05
PROFIT					
Profit Before Depreciation, Taxation & Minority Interest			1113.23		794.40
Depreciation			74.04		46.70
Profit Before Taxation			**1039.19**		**747.69**
Provision for Taxation					
- Current Tax		124.34		84.13	
- Fringe Benefit Tax		4.26		4.30	
- Deferred Tax (Net)		(2.03)	126.56	(2.70)	85.73
Profit After Taxation Before Minority Interest			**912.63**		**661.97**
Share of Pre Acquisition Profit transferred to Goodwill			(6.43)		-
Share of Minority Interest			(4.28)		-
Share of Loss in Associate			(0.05)		-
Profit After Minority Interest			**901.87**		**661.97**
Excess Provision for Taxation of earlier years			0.00		0.09
Balance of Profit & Loss Account of					
Amalgamating Company transferred			-		22.10
Balance Brought Forward			117.67		19.34
Available for Appropriation			1019.54		703.50
APPROPRIATIONS					
General Reserve			554.52		300.54
Interim Dividend			-		186.44
Proposed Dividend			279.65		62.15
Corporate Dividend Tax			47.53		36.71
Balance Carried Forward			137.84		117.67
			1019.54		703.50
Significant Accounting Policies & Notes on Accounts	19				

Particulars	Schedule	For the year ended 31st March 2008	For the year ended 31st March 2007
EARNINGS PER SHARE - BASIC & DILUTED		**Rs. 14.51**	**Rs. 10.65**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars		**As at 31st March 2008**		**As at 31st March 2007**
1. SHARE CAPITAL				
Authorised				
7,50,00,000 Equity Shares of Rs. 2/- each		150.00		150.00
		150.00		**150.00**
Issued & Subscribed				
6,21,45,177 (6,11,50,000) Equity Shares of Rs. 2/- each fully paid up *		124.29		122.30
Share Capital Suspense		-		1.99
7,500 4%Non Cumulative Redeemable Preference Shares of Rs. 100/- each		0.75		
		125.04		**124.29**
* a. Includes 2,80,75,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - Rs. 25 Mn. - and Revenue Reserves - Rs. 31.15 Mn.				
b. Includes 2,78,25,177 (2,68,30,000) Equity Shares allotted for consideration other than cash				
2. RESERVES & SURPLUS				
Capital Reserve		**7.96**		**7.96**
Share Premium				
At commencement of the year	316.17		312.60	
Added on Amalgamation	-	**316.17**	3.57	**316.17**
Amalgamation Reserve				
At commencement of the year	26.84		-	
Added on Amalgamation	-	**26.84**	26.84	**26.84**
Revaluation Reserve				
At commencement of the year	-		2385.90	
Adjusted with Intangible Assets	-		(1533.79)	
Transferred to General Reserve	-	-	(852.11)	-
General Reserve				
At commencement of the year	1700.00		500.00	
Added on Amalgamation	-		47.35	
Transferred from Revaluation Reserve	-		852.11	
Employee benefits adjusted (net off deferred tax)	(4.52)		-	
Transferred from Profit & Loss Account	554.52	**2250.00**	300.54	**1700.00**
Foreign Currency Translation Reserve		**0.51**		**0.65**
Profit & Loss Account		**137.84**		**117.67**
		2739.33		**2169.30**
3. SECURED LOANS				
Term Loans				
Secured by charge/mortgage of specific fixed assets		350.00		227.45
Secured against assignment of Lease Rentals receivable against Property and Persoanal Guarantee of Directors of Subsidiary		108.30		-
Cash Credits		1.95		130.06
Secured by hypothecation of stocks, book debts and second charge on specific fixed assets.				
		460.25		**357.50**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

	31st March'2008	31st March'2007
4. UNSECURED LOANS		
From Bodies Corporates	481.37	-
From Others	44.67	-
24,110 Optionally Convertible Debentures of Rs. 10,000/- each	241.10	-
Trade Deposits	30.64	26.06
	797.78	26.06
5. DEFERRED TAX (Net)		
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation		
and book depreciation	54.82	50.65
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statements		
but allowance under tax law deferred *	(33.36)	(24.84)
* Includes deferred tax of Rs. 23.27 lacs on Employee benefits		
adjusted as per AS-15 (Revised)		
Net Deferred Tax (Liability)	21.46	25.82

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED FY 2008

Rs. in Mn.

6. FIXED ASSETS

PARTICULARS	**GROSS BLOCK**				**DEPRECIATION**				**NET BLOCK**	
	As on 01.04.2007	**Additions during the Year**	**Sales/ Adjust-ments**	**Total**	**As on 01.04.2007**	**For the Year**	**Sales/ Adjust-ments**	**Total**	**As on 31.03.2008**	**As on 31.03.2007**
Land										
Leasehold	6.90	13.51	0.37	20.05	0.45	0.24	0.00	0.07	1.94	0.65
Others	26.95	-	-	26.95	-	-	-	-	2.69	2.69
Buildings	173.88	234.54	3.48	404.95	33.59	9.77	0.08	4.25	36.24	14.03
Plant & Machinery	316.99	63.25	8.28	371.96	125.41	36.83	0.40	15.82	21.37	19.16
Furniture, Equipments & Computers	118.80	78.60	11.32	186.08	51.16	20.25	0.59	6.55	12.06	6.76
Motor Vehicles	23.44	13.79	1.64	35.59	7.82	2.90	0.08	0.99	2.57	1.56
Intangible Assets										
Software	25.60	0.02	-	25.62	2.06	4.15	-	0.62	1.94	2.35
Total	692.57	403.71	25.09	1071.19	220.48	74.14	1.16	28.30	78.81	47.21
Capital Work-In-Progress	344.85	81.26	291.37	134.75	-	-	-	-	13.47	34.49
Grand Total	**1037.42**	**484.97**	**316.46**	**1205.93**	**220.48**	**74.14**	**1.16**	**28.30**	**92.29**	**81.69**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED FY 2007

Rs. in Mn.

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
PARTICULARS	**As on 01.04.2006**	**Addition on Amalgamation**	**Additions during the Year**	**Sales/ Adjustments**	**Total**	**As on 01.04.2006**	**Addition on Amalgamation**	**For the Year**	**Sales/ Adjustments**	**Total**	**As on 31.03.2007**	**As on 31.03.2006**
Land												
Leasehold	6.90	-	-	-	6.90	0.34	-	0.10	-	0.45	6.45	6.56
Others	26.92	0.02	-	-	26.95	-	-	-	-	-	26.95	26.92
Buildings	167.17	5.65	1.85	0.79	173.88	27.24	1.19	5.33	0.16	33.59	140.29	139.94
Plant & Machinery	277.03	1.36	55.08	16.49	316.98	104.74	0.97	26.68	6.98	125.41	191.57	172.29
Furniture, Equipments & Computers	74.91	15.49	30.85	4.49	116.76	34.41	9.32	10.59	3.87	50.45	66.31	40.49
Motor Vehicles	16.04	4.45	1.99	2.54	19.94	4.08	1.28	1.94	1.08	6.23	13.70	11.96
<u>Intangible Assets</u>												
Brands	2651.00	-	-	2651.00	-	1117.21	-	-	1117.21	-	-	1533.79
- Software	-	-	25.60	-	25.60		-	2.06	-	2.06	23.55	-
Total	3219.97	26.97	115.38	2675.31	687.00	1288.02	12.76	46.70	1129.30	218.18	468.82	1931.95
Capital Work-In-Progress	92.80	-	294.97	42.91	344.85	-	-	-	-	-	344.85	92.80
Grand Total	**3312.77**	**26.97**	**410.35**	**2718.22**	**1031.86**	**1288.02**	**12.76**	**46.70**	**1129.30**	**218.18**	**813.67**	**2024.75**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars		**As at 31st March 2008**	**As at 31st March 2007**
7. INVESTMENTS (Other than Trade)			
Long Term			
A. In Associates			
Companies (Unquoted- Fully paid up)			
Roseview Developers Private limited			
5,000 Equity Shares of Rs. 10/- each	0.02		
Add: Goodwill on consolidation	0.03		
	0.05		
Less: Provision for Loss in Associate	0.05	-	-
Palace Properties (India) Private Limited 24,500 Equity Shares of Rs. 10/- each		0.25	-
Rosedale Developers Private Limited 17,750 Equity Shares of Rs. 10/- each		1.78	-
Prajay Urban Private Limited 4,000 Equity Shares of Rs. 10/- each		0.04	-
(a)		2.07	-
Partnership Firms			
P.S. Srijan Projects		48.85	-
(b)		48.85	-
(i) = (a+b)		50.92	-
B. Quoted - Fully Paid up			
Emami Paper Mills Limited 79,46,000 (79,55,000) Equity Shares of Rs. 2/- each		36.85	36.89
Creative Eye Limited 10,000 Equity Shares of Rs. 10/- each		0.64	0.64
Hindustan Unilever Limited 220 Equity Shares of Re. 1/- each		-	-
Tata Motors Limited 10 Equity Shares of Rs. 10/- each		-	-
(ii)		37.49	37.53
B. Unquoted - Fully paid up			
Others			
Ideal Heights Private Limited 1,900 Equity Shares of Rs. 10/- each		0.06	-
Bengal NRI Complex Limited 10,57,500 Equity Shares of Rs. 10/- each		53.01	-
Short Developers Private Limited 1800 Equity Shares of Rs. 10/- each		0.02	-
Satyam Housing Maintenance Limited 99300 Equity Shares of Re. 1/- each		0.10	-
CRI Limited 6,00,000 Redeemable Preference Shares of Rs. 100/- each		60.00	60.00
CRI Limited 95,630 Equity Shares of Rs. 10/- each		2.72	2.72
Susruta Clinic & Research Institute For Advanced Medicine Pvt Ltd 8,00,000 Equity Shares of Rs. 10/- each		26.47	26.47
6 Years' National Savings Certificate (Lodged With Government Authority)		0.04	0.04
Indira Vikas Patra (Lodged With Government Authority)		-	-

Particulars	As at 31st March 2008	As at 31st March 2007
(iii)	142.40	89.22
Debenture (Unquoted - Fully paid up)		
Prajay Urban Private Limited 8,415 Optionally Convertible Debentures of Rs.10000/- each	84.15	-
(iv)	84.15	-
Current (Quoted) (Units of Rs.10/- eacj)		
7,98,59,643.718 Birla Cash Plus - Institutional Premium - Daily Dividend	800.15	650.00
3,237.408 ING Vysya Liquid Fund Retail	0.06	-
7,500 ING Fixed Maturity Fund Series 42	0.08	-
21,34,911 ING Vysya Liquid Fund-Institutional	23.03	-
(v)	823.31	650.00
C. Investment in Partnersip Firms		
North City Developers	-	0.25
(vi)	-	0.25
D. Land & Buildings (vi)	2.23	-
TOTAL (i)+(ii)+(iii)+(iv)+(v)+(vi)	1140.50	777.00
Aggregate Book Value of Quoted Investments	**860.80**	**687.53**
Aggregate Book Value of Unquoted Investments	**279.69**	**89.47**
Market Value of Quoted Investments	**907.74**	**84.46**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars		As at 31st March 2008		As at 31st March 2007
8. INVENTORIES				
Raw & Packing Materials		155.29		155.90
Work-in-progress		464.06		8.79
Finished Goods		351.60		247.42
Stores & Advertising Materials		5.35		10.55
		976.30		**422.65**
9. SUNDRY DEBTORS				
Unsecured, Considered Good				
Due over six months		22.80		21.81
Other Debts		355.44		432.12
		378.25		**453.93**
10. CASH & BANK BALANCES				
Cash in hand		2.50		1.62
With Scheduled Banks				
Current Accounts	63.07		24.31	
Fixed Deposit	0.36		186.01	
Unpaid Dividend Account	0.26	63.69	19.84	230.17
		66.19		**231.79**
11. LOANS & ADVANCES				
Unsecured, Considered Good				
Loans & Advances recoverable				
in cash or in kind or for value to				
be received		1520.09		598.22
Deposits		406.64		12.24
Income Tax [Net of Provisions : Rs. 2,63.24 Mn. (PY : Rs. 1,32.38 Mn.)]		17.72		13.02
		1944.46		**623.48**

CONSOLIDATED SCHEDULES TO THE BALANCE SHEET OF EMAMI LIMITED

Rs. in Mn.

Particulars	As at 31st March 2008		As at 31st March 2007	
12. CURRENT LIABILITIES & PROVISIONS				
Current liabilities				
Sundry Creditors	852.88		417.08	
Unclaimed Dividend	0.26		19.84	
Interest Accrued but not due	-	853.15	1.23	438.15
Provisions				
Proposed Dividend	279.65		62.15	
Corporate Dividend Tax	47.53		10.56	
Sales Tax	120.00		103.60	
Gratuity and Leave Encashment	20.77	467.95	6.43	182.74
		1321.10		**620.89**

CONSOLIDATED SCHEDULES TO THE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	For the year ended 31st March 2008		For the year ended 31st March 2008	
13. OPERATING INCOME				
Sales	6191.56		5216.83	
Less : Excise Duty	21.91	6169.66	34.26	5182.56
Rent and other Charges		10.68		-
		6180.34		**5182.56**
14. OTHER INCOME				
Profit/(Loss) on Sale of Current Investments		0.87		0.49
Profit/(Loss) on Sale of Long Term Investments		(0.02)		-
Profit/(Loss) on Sale of Fixed Assets (Net)		7.15		(3.48)
Dividend on Current Investments		0.77		-
Dividend on Long Term Investments		1.59		10.33
Rent Received [TDS : Rs. 1.12 Mn. (PY - Rs. 1.75 Mn.)]		5.20		8.45
Income from Partnership Firm		2.35		5.71
Foreign Exchange Fluctuation		5.73		8.62
Miscellaneous Receipts		10.14		4.77
		33.77		**34.89**
15. COST OF GOODS SOLD / CONSUMED				
Purchases/Materials Consumed		2480.20		2258.70
Add : Opening Stock *				
Work-in-progress	381.52		5.19	
Finished Goods	248.77	630.29	249.31	254.50
		3110.49		2513.20
Less : Closing Stock				
			-	
Work-in-progress	464.06		8.79	
Finished Goods	351.60	815.66	247.42	256.21
* Includes stocks of subsidiaries (which became subsidiary during the year) on consolidation		**2294.83**		**2256.99**

CONSOLIDATED SCHEDULES TO THE PROFIT AND LOSS ACCOUNT OF EMAMI LIMITED

Rs. in Mn.

Particulars	For the year ended 31st March 2008		For the year ended 31st March 2008	
16. PROJECT EXPENSES				
Land Purchased		284.72		-
Materials		49.63		-
Work executed by contractors		7.33		-
Labour Charge		0.29		-
Salary		5.97		-
Contribution to Provident & other Funds		0.07		-
Rent		0.36		-
Repair & Maintenance		0.32		-
Interest & Finance Expenses		62.17		-
Other Construction Expenses		31.43		-
Project Promotion Expenses		5.00		-
Site Overhead Expenses				
Depreciation	0.01		-	
Miscellaneous Expenses	5.79	5.88	-	-
		453.16		**-**
17. MANUFACTURING, ADMINISTRATIVE				
& SELLING EXPENSES				
Salaries, Wages, Bonus etc.		300.17		198.68
Contribution to Provident & Other Funds		22.25		16.95
Employees' Welfare		9.56		10.66
Power & Fuel		12.88		11.50
Consumable Stores		2.91		4.01
Rent		21.71		14.35
Rates & Taxes		3.92		3.66
Insurance		9.76		12.12
Repairs & Maintenance :				
Building	3.56		1.94	
Machinery	12.59		9.90	
Others	26.50	42.65	16.37	28.21
Freight & Forwarding		149.14		135.68
Directors' Fees		0.87		0.83
Advertisement & Sales Promotion		1040.51		1053.32
Selling Expenses		209.23		163.54
Commission		47.56		33.25
Cash Discount		17.92		20.59
Taxes on Sales		319.47		331.07
Miscellaneous		243.62		229.48
		2454.11		**2267.90**
18. INTEREST & FINANCE CHARGES (Net)				
Paid				
Term Loans		11.93		23.20
Others		61.77		16.37
Received				
Others [TDS : Rs. 45.65 Mn. (PY - Rs. 30.31Mn.)]		(174.94)		(141.41)
		(101.23)		**(101.84)**

CONSOLIDATED CASH FLOW OF EMAMI LIMITED

Rs. in Mn.

Particulars			For the year ended 31st March 2008	For the year ended 31st March 2007
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**			
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		1039.19	747.69
	Add :	ADJUSTMENTS FOR		
		Depreciation	74.04	46.70
		Interest	(101.23)	(101.84)
		Loss / (Profit) on sale of Fixed Assets	(7.15)	3.48
		Loss / (Profit) on sale of Investments	(0.85)	(0.49)
		Foreign Exchange Fluctuations	(5.73)	(8.62)
		Dividend Received	(2.36)	(10.33)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		995.92	676.60
	Add :	DECREASE / (INCREASE) IN WORKING CAPITAL		
		Trade & other Payables	103.55	30.62
		Inventories	(172.04)	(16.98)
		Trade & other Receivables	(604.12)	(172.90)
		Provision for Sales Tax	16.40	56.93
		Provision for Gratuity and Leave Encashment	7.49	3.10
			(648.71)	(99.23)
	CASH GENERATED FROM OPERATIONS		347.21	577.37
	Less :	Direct Taxes Paid	128.55	92.68
	CASH FLOW BEFORE EXTRAORDINARY ITEMS		218.66	484.69
	Extraordinary Items		-	-
	NET CASH FLOW FROM OPERATING ACTIVITIES		**218.66**	**484.69**
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**			
		Sale of Fixed Assets	20.69	8.74
		Interest Received	161.15	143.01
		Dividend Received	2.36	10.33
		Sale of Investments	672.51	809.61
			856.71	971.70
	Less :	Purchase of Fixed Assets	193.60	367.44
		Purchase of Investments	1076.36	650.00
		Preoperative and Preliminary Expenses	(0.44)	(0.22)
	NET CASH USED IN INVESTING ACTIVITIES		**(412.82)**	**(45.52)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from Borrowings		503.35	156.52
	Share Capital Raised		5.40	-
			508.75	156.52
	Less :	Repayment of Loan	355.82	109.86
		Interest Paid	57.96	41.19
		Dividend Paid	81.72	289.08
		Corporate Dividend Tax	10.56	43.30
			506.07	483.42

Particulars	For the year ended 31st March 2008	For the year ended 31st March 2007
NET CASH USED IN FINANCING ACTIVITIES	**2.68**	**(326.90)**
Effect of Foreign Exchange Fluctuation	5.58	9.28
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(185.90)	121.56
* CASH & CASH EQUIVALENTS-OPENING BALANCE #	252.09	110.23
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	66.18	231.79
* Represents Cash and Bank Balances as indicated in Schedule 10		
# Including opening balances of subsidiaries, which became subsidiary during the year.		

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

18 Significant Accounting Policies and Notes on Accounts

1 **Principles of Consolidation**

The Consolidated Financial Statements relates to EMAMI LIMITED ("the Company") and its Subsidiary Companies and Associate Companies ("the group) (Refer Note 3 (i) for details of the subsidiaries). Subsidiary Companies and Associate Companies have been consolidated as per Accounting Standards on Accounting for Consolidated Financial Statements (AS 21), and Accounting for Investments in Associate Companies (AS 23) respectively issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements have been prepared on the following basis:

i Consolidated financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group transactions/balances and resulting unrealised profits in full.

ii The difference between the cost of investment in the Subsidiaries over its proportionate share in the net assets value at the time of acquisition of stake in subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.For this purpose , the company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation is adjusted against Goodwill.

iii. Minority interest in net profit/loss of the Subsidiaries for the year is identified and adjusted against income in order to arrive at the net income attributable to shareholder's of the company. Minority interest in net assets of the subsidiries is indentified and presented separately in Consolidated Financial Statements.

iv In case of Associates, where the Company holds more than 20% of equity capital, Investment in Associates are accounted for using the equity method.

v The difference between the cost of investment in the Associates and the share of net assets at the time of acquisition of shares in the Associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be and included in the carrying value of the investment in the Associates.

vi As far as possible the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's financial statements.

vii The financial statements of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the company.

2	**Significant Accounting Policies**			
	(i)	General	:	These accounts have been prepared on historical cost basis and on the accounting principles of a going concern to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.
	(ii)	Fixed Assets	:	a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
				b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
				c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings there against.
	(iii)	Depreciation	:	Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except :
				a. Block, Dies & Moulds are depreciated @ 95% in the year of purchase itself on prorata basis.
				b. Lease hold land is amortised over the period of lease.
				c. Software is depreciated over a period of six years on Straight Line Method.
				d.In Emami Realty Limited and its subsidiaries, depreciation is provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
				e) In Emami UK Limited, depreciation is provided on written down value method @ 25%
	(iv)	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 Profit & Loss Account.
	(v)	Inventories	:	The inventories are valued at cost or net realisable value whichever is lower except for advertising material which are valued at cost. The Cost is calculated on weighted avarage method.Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes ,where applicable,appropriate overheads based on normal level of activity.

			Construction Work in Progress is valued at cost and includes Construction costs, allocated interest and expenses incidental to the implementation and promotion of the project.
(vi)	Research & Development	:	Revenue expenditure on Research and Development is charged against the Profit of the year.
(vii)	Retirement benefits	:	a. Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
			b. Provision for Leave encashment and Gratuity is made on the basis of actuarial valuation as at the year end as per the requirements of Accounting Standard –15 (revised 2005) on "Employee Benefits".
			c. The Company has defined benefit plan comprising of Gratuity fund with Life Insurance Corporation of India.
			d. Acturial gains and losses comprise experience adjustments and the effect of changes in the acturial assumptions are recognised immediately in the Profit and Loss Account as income or expense.
(viii)	Sales	:	Sales include duty drawback, license premium on exports, Sales Tax and Insurance Claims on stocks and are recorded net of Trade discounts and other rebates.
(ix)	Provisions and Contingent Liabilities	:	Provisions are recognised 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 a 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 & Contingent Liabilities are revalued at each Balance Sheet date.
(x)	Government Grants	:	Capital Subsidies are credited to Capital Reserve and Revenue Subsidies are credited to Profit & Loss Account by adjusting from respective expenses.
(xi)	Revenue Recognition	:	Income & expenditure are recognised on accrual basis.
			In case of Real estate Business, revenue is recognized on the completion of projects.

(xii)	Foreign Currency Transactions	:	a. Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rates, the difference between the contracted rate and the exchange rate at the date of transaction is recognised in Profit & Loss Account. Difference relating to transactions involving more than one financial year are carried over the period of transaction. Transactions other than those covered by forward contracts are recognised at the exchange rate prevailing on date of transaction. Gains & losses arising on account of realisation are accounted for in Profit & Loss Account.
			b. Assets & Liabilities in foreign currency which are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates. Gains and losses arising on account of such deviations are accounted for in the Profit & Loss Account.
			c. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expenses for the period in which settlement or cancellation takes place. The effect of this currency options contracts outstanding at the year end, in the form of unrealised gains/ losses, is not recognised.
(xiii)	Excise Duty	:	Excise duty on manufactured goods at factory pending clearance is accounted for at the time of manufacture.
(xiv)	Borrowing Costs	:	Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such 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 intended use.
(xv)	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 differences 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 realised.
(xvi)	Impairment of Assets	:	The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, issued by the Institute of Chartered Accountants of India, 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 crystalises, are charged against revenues for the year.

(xvii)	Preliminary expenses	:	Preliminary Expenses in case of existing companies has been written off over a period of 5 years, and for the companies which has been incorporated in this year, it is fully written off in the year of incorporation

3 **Notes on Accounts**

i List of Subsidiaries and Associates included in the Consolidated financial statements are as under:-

Names of Subsidiary Companies	Country of Incorporation	Period of Holding	Extent of Holding
Emami UK Limited	United Kingdom	13.09.2000 - 31.03.2008	100%
Emami Bangladesh Limited	Bangladesh	25.11.2004 - 31.03.2008	100%
Emami International FZE	UAE	12.11.2005 - 31.03.2008	100%
Emami Realty Limited	India	31.05.2007 - 31.03.2008	100%
Emami Rainbow Niketan Private Limited *	India	06.08.2007 - 31.03.2008	100%
Emami Vriddhi Commercial Private Limited *	India	06.08.2007 - 31.03.2008	100%
Nathvar Tracon Private Limited *	India	06.08.2007 - 31.03.2008	100%
New Age Realty Private Limited *	India	05.06.2007 - 31.03.2008	60%
Octagon BPO Private Limited *	India	10.04.2007 - 31.03.2008	100%
Emami Skyhigh Private Limited *	India	20.07.2007 - 31.03.2008	100%
Emami Ashiana Private Limited *	India	20.07.2007 - 31.03.2008	100%
Emami Properties Private Limited *	India	28.02.2008 - 31.03.2008	100%
Sri Mohamaya Investments Private Limited*	India	11.03.2008 - 31.03.2008	100%
Emami Constructions Private Ltd *	India	28.03.2008 - 31.03.2008	80%
A. Raj Abasan Private Limited *	India	31.03.2008	60%
Basera Enclave Makers Private Limited #	India	31.03.2008	60%
Swastik Promoters Private Limited #	India	31.03.2008	60%
Orbit Projects Private Limited #	India	31.03.2008	60%

* subisdiary of Emami Realty Limited

\# 100% subisdiary of A. Raj Abasan Private Limited

ii

Names of Associate Companies	Country of Incorporation	Period of Holding	Extent of Holding
Rose View Developers Private Limited	India	31.05.2007 - 31.03.2008	50%
Palace Properties (India) Private Limited	India	31.05.2007 - 31.03.2008	49%
Rosedale Developers Private Limited	India	01.08.2007 - 31.03.2008	25%
P.S.Srijan Projects	India	31.05.2007 - 31.03.2008	50%
Prajay Urban Private Limited	India	01.03.2008 - 31.03.2008	40%

iii The Company has entered into partnership agreement with the P.S.SRIJAN PROJECTS - w.e.f. 22nd February ' 2007. The profit sharing ratio and the details of other partners are as under:

		Rs. in Mn
Name of the Partners	**Profit Sharing Ratio**	**Capital (Rs.)**
a) Srijan Projects Private Limited	25%	1.25
b) P.S.Housing Finance Private Limited	25%	1.25
c) Emami Realty Limited	50%	7.50

iv	Based on guiding principles given in Accounting Standard on "Segment Reporting" (AS 17 - issued by the Institute of Chartered Accountants of India) the Company's primary business segments are Personal & Healthcare and Real Estate.
	Information about Business Segments for the year ended 31st March 2008 is as follows.

(i) Primary Segment

Rs. in Mn.

PARTICULARS	PERSONAL & HEALTH CARE	REAL ESTATE	UNALLOCATED	TOTAL
Revenue excluding excise duty				
External	5,896.97	283.37	-	6,180.34
Inter-segment				
Total Revenue	5,896.97	283.37	-	6,180.34
Result				
Segment Result	920.10	17.86	-	937.96
Interest income	189.40	14.18	(28.64)	174.94
Interest expense	(56.92)	(16.79)	-	(73.71)
Profit before tax (PBT)	**1,052.58**	**15.25**	**(28.64)**	**1,039.19**
Provision for current taxes	(120.05)	(4.28)	-	(124.34)
Provision for tax on fringe benefits	(4.00)	(0.26)	-	(4.26)
Provision for deferred taxes	2.20	(0.17)	-	2.03
Profit after tax	**930.72**	**10.54**	**(28.64)**	**912.63**
Share of Pre Acquisition Profit transferred to Goodwill	-	(6.43)	-	(6.43)
Minority Interest	-	(4.28)	-	(4.28)
Share of Loss in Associates	-	(0.05)	-	(0.05)
Profit after Tax and Minority Interest	**930.72**	**(0.22)**	**(28.64)**	**901.87**
Other information				
Segment assets	4,125.87	2,012.34	669.56	5,468.65
Total assets	**4,125.87**	**2,012.34**	**669.56**	**5,468.65**
Segment Liabilities	1,361.00	1,913.95	669.56	2,605.40
Total liabilities	**1,361.00**	**1,913.95**	**669.56**	**2,605.40**
Capital expenditure	187.63	5.97	-	193.60
Depreciation (including obsolescene, ammortisation, imapairment included in segment expenses)	72.95	1.09	-	74.04

(ii) Secondary Segment

PARTICULARS	Domestic	Overseas	Total Revenues
External revenue by location of customers	5,554.19	626.147	6,180.34
Carrying amount of segment assets by location of assets	5,185.24	283.406	5,468.65
Cost incurred on acquisition of tangible and intangible fixed assets	192.30	1.306	193.60

v	Contingent Liabilities not provided for in respect of :	
		31st March' 2008
	a) Excise Duty demands	7.37
	b) Entry Tax	2.61
	c) Sales Tax demands under appeal (Net of Advances)	120.49
	d) Income Tax (Net of Advances)	1.57
	e) Guarantees and counter guarantees given	25.07

Note : Contingent Liability disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote.

vi The Company has entered into a Put Option Contract Agreement with ICICI Bank and Emami Paper Mills Limited in connection with the External Commercial Borrowings facilities availed of by Emami Paper Mills Limited from ICICI Bank for a sum of US$ 16.50 milliion

vii **Related Party Transactions :**

A. Related Parties with whom transactions have taken place during the year :

a)	Key Management Personnel	Shri R. S. Agarwal	
		Shri R. S. Goenka	
		Shri Sushil Kr. Goenka	
		Shri Rajesh Bagaria	(Subsidiaries)
		Shri Raj Kumar Sureka	(Subsidiaries)
		Shri B.K Parakh	(Subsidiaries)
b)	Relatives of Key Management Personnel	Smt. Usha Agarwal	
		Shri A. V. Agarwal	
		Shri H. V. Agarwal	
		Shri Mohan Goenka	
		Shri Manish Goenka	
		Smt. Saroj Goenka	
		Smt. Priti Sureka	
c)	Associates	North City Developers	(Ceased w.e.f. 31.03.2008)
		P.S.Srijan Projects	
		Palace Properties (India) Private Limited	

		Roseview Developers Private Limited
		Prajay Urban Private Limited
		Rosedale Developers Private Limited
d)	Entities where Key Management Personnel and their relatives have significant influence	Diwakar Viniyog Private Limited
		Suntrack Commerce Private Limited
		Bhanu Vyapaar Private Limited
		Emami Paper Mills Limited
		Auto Hitech Private Limited
		New Age Malls Private Limited
		Emami Nirman Private Limited

B. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on 31.03.2008

Rs. in Mn.

Particulars	**Key Management Personnel & Relatives**	**Associates**	**Entities where Key Management Personnel and their relatives have significant influence**	**Total**
	31.03.2008	31.03.2008	31.03.2008	31.03.2008
1. Remuneration				
- Directors	33.30	-	-	33.30
- Others	1.08	-	-	1.08
2. Sales	-	-	-	-
3. Directors Sitting Fees	0.12	-	-	0.12
4. Rent & Maintenance Charges Paid	0.53	-	0.31	0.85
5. Rent Received	-	-	4.13	4.13
6. Hire Charges Received	-	-	-	-
7. Maintenance Charges Received	-	-	4.13	4.13
8. Loan Given	-	-	20.01	20.01
9. Loan Received	-	-	320.46	320.46
10. Corporate Guarantee	-	-	-	-
11. Interest Received	-	4.12	1.01	5.13
12. Interest Paid	-	0.12	8.41	8.52
13. Receipt Towards Loan Given	-	-	1.64	1.64
14. Repayment of Loan Received	-	7.44	321.49	328.92
15. Income From Partnership	-	2.35	-	2.35
16. Investment	0.40	127.32	-	127.72
17. Security Deposit Received	-	-	4.13	4.13
18. Balance As on 31st March				
- Investment	-	135.11	36.85	171.96

- Loan Given	-	-	19.37	19.37
- Loan Received	-	0.10	0.20	0.30
- Advances	-	7.02	-	7.02
- Interest Receivable	-	-	-	-
- Debtors	-	-	-	-
- Security Deposit Paid	2.81	-	0.70	3.51
- Security Deposit Received	-	-	4.13	4.13

viii Information for Earnings Per Share as per AS-20

	31st March' 2008
Net Profit (Rs. in Mn.)	901.87
Weighted average number of shares used in computing earnings per share	62145177
Earnings Per Share - Basic & Diluted (Rs.)	**14.51**

ix Profit/(Loss) for the year in case of the following Associates - Palace Properties (India) Private Limited,Rosedale Developers Private Ltd., Prajay Urban Private Limited and P.S.Srijan Projects have not been included for consolidation as the audited accounts for the same are not available.However Profit/(Loss) for the year are not significant to have any material effect.

x 7500, 4% Non-Cumulative Redeemable Preference shares of Rs. 100/- each fully paid issued by a Subsidiary company are Redeemable at par at any time between 3-5 years at the option of the company from the date of allotment i.e. 15th February 2005.

xi 24110 Optionally Convertible Debentures of Rs. 10,000/- each are redeemable at par/premium on expiry of 3 years from the date of allotment i.e. 31.03.2008 with an option for early redemption in full or in parts.

xii Current investments Purchased and sold during the year :-

	Opening	**Purchased**	**Sold**	**Closing**
Name of Fund	**Nos. of Units.**	**Nos. of Units.**	**Nos. of Units.**	**Nos. of Units.**
RLF Treasury Plan -Retail option Daily Dividend Option	-	476,120.75	476,120.75	-
ING Liquid Fund Institutional - Growth Option	-	3,503,445.93	3,503,445.93	-
ING Liquid Fund - Daily Dividend Option	-	789,486.06	789,486.06	-
ING Short Term Income Fund Institutional - Growth Option	-	8,498,375.74	8,498,375.74	-
Birla Cash Plus - Institutional Premium	64,893,825.48	79,859,643.72	64,893,825.48	79,859,643.72
ING Vysya Liquid Fund Retail		3,237.41	-	3,237.41
ING Fixed Maturity Fund Series 42		7,500.00	-	7,500.00
ING Vysya Liquid Fund-Institutional Daily Dividend Option	1,801,186.00	12,425,094.13	12,091,369.38	2,134,910.75

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

18 NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES

1 **Significant Accounting Policies**

i Significant Accounting Policies are as set out in the Significant Accounting Policies under Schedules of "Notes on Accounts & Significant Accounting Policies" of the Financial Statements of "Emami Limited" and its Subsidiaries.

ii As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

iii The consolidated financial statements have been prepared on the basis of AS-21, issued by 'The Institute of Chartered Accountants of India' read with the following basic assumption :

The financial statements of the parent company and its subssidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting in unrealized profits or losses.

2 **Notes on Accounts**

i The Consolidated Financial Statements represent consolidation of Accounts of 'Emami Limited' with its Subsidiaries as below:

Name of Company	Country of Incorporation	Extent of Holding
Emami UK Limited	United Kingdom	100%
Emami Bangladesh Limited	Bangladesh	100%
Emami International FZE	UAE	100%

ii The Notes on Accounts are as set out in the Notes on Accounts under Schedules of "Notes on Accounts and Significant Accounting Policies" of the financial statements of Emami Limited and its Subsidiaries except the following :

a. Related Party Transactions :

Related Parties with whom transactions have taken place during the year :

Key Management Personnel	Shri R. S. Agarwal
	Shri R. S. Goenka
	Shri Sushil Kr. Goenka
Relatives	Smt. Usha Agarwal
	Shri A. V. Agarwal
	Shri H. V. Agarwal
	Shri Mohan Goenka

	Shri Manish Goenka
	Smt. Saroj Goenka
	Smt. Priti Sureka
Other Associates	Diwakar Viniyog (P) Limited
	Suntrack Commerce (P) Limited
	Emami Paper Mills Limited

b. Information for Earnings Per Share as per AS-20	
	31st March' 2007
Net Profit - Rs. in Lacs	6619.69
Weighted average number of shares used in computing earnings per share *	62145177
Earnings Per Share - Basic & Diluted - Rs.	**10.65**
* Including shares to be issued pursuant to Amalgamation	

ISSUER

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