



emami* limited

Annual report 2009-10

Emami
everywhere!



Corporate information

* Chairman

Shri R.S. Agarwal

* Managing Director

Shri Sushil Kr. Goenka

* Directors

Shri R.S. Goenka

Shri Viren J. Shah

Shri K.N. Memani

Shri Y. P. Trivedi

Shri S.K. Todi

Shri Amit Kiran Deb

Shri S. B. Ganguly

Padmashree Vaidya S. Chaturvedi

Shri Mohan Goenka

Shri A.V. Agarwal

Shri H.V. Agarwal

Smt. Priti Sureka

* Company Secretary & Sr. GM-Legal

Shri A.K. Joshi

* Auditors

M/s S.K. Agrawal & Co

Chartered Accountants

* Bankers

Canara Bank

ICICI Bank Ltd.

State Bank of India

The Hongkong and Shanghai

Banking Corporation Limited

* Registrar & Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane,

Kolkata 700 001, West Bengal

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Kolkata 700 107, West Bengal

Phone: +91-33-6613 6264

Fax: +91-33-6613 6600

E-mail:contact@emamigroup.com

* Our presence

Seven factories

Six regional offices

30 depots

Three overseas subsidiaries

65 countries

* Website

www.emamigroup.com

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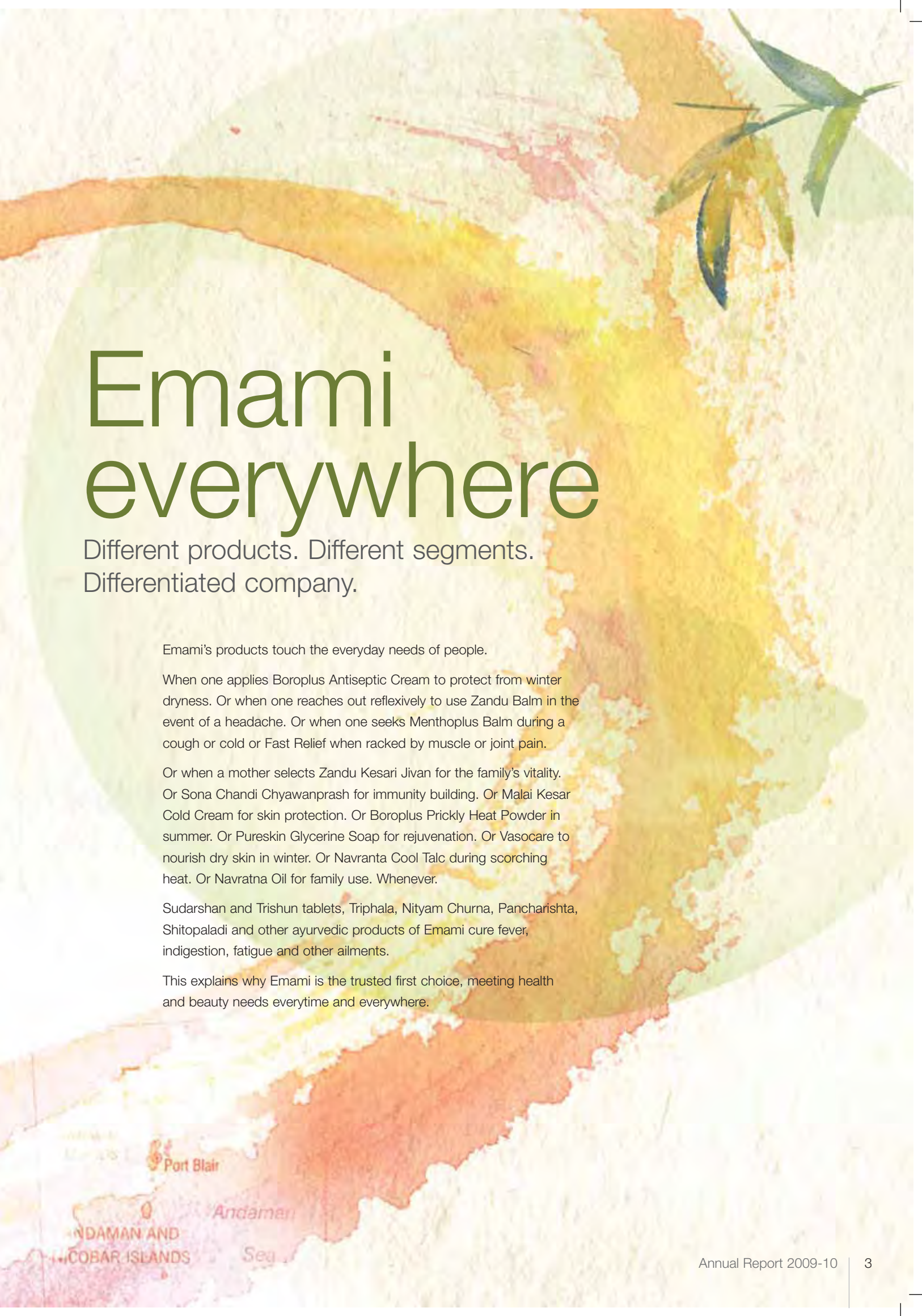
Notes: For a better understanding of our business, references and comparisons have been made with consolidated financial numbers in the Annual Report except in Directors' Report, unless mentioned otherwise.

Stress reliever. Skin. Mumbai. Baby care. Headache.
Hoardings. Balm. Dubai. Cold cream. Heals. Kolkata.
BSE. Fairness. Health supplement. Europe. Talc.
Saulkuchi. Antiseptic. Perumbakkam. Backache.
Newspaper. Hair. Asia. Blood purifier. Pedamanapuram.
Cough and cold. Dubai. Television. NSE. *Kirana* stores.
Andul. Petroleum jelly. Africa. Nose. Bangladesh.
Departmental stores. Fatehgarh. Prickly heat. Super
markets.

Emami 
everywhere







Emami everywhere

Different products. Different segments.
Differentiated company.

Emami's products touch the everyday needs of people.

When one applies Boroplus Antiseptic Cream to protect from winter dryness. Or when one reaches out reflexively to use Zandu Balm in the event of a headache. Or when one seeks Menthoplus Balm during a cough or cold or Fast Relief when racked by muscle or joint pain.

Or when a mother selects Zandu Kesari Jivan for the family's vitality. Or Sona Chandi Chyawanprash for immunity building. Or Malai Kesar Cold Cream for skin protection. Or Boroplus Prickly Heat Powder in summer. Or Pureskin Glycerine Soap for rejuvenation. Or Vasocare to nourish dry skin in winter. Or Navranta Cool Talc during scorching heat. Or Navratna Oil for family use. Whenever.

Sudarshan and Trishun tablets, Triphala, Nityam Churna, Pancharishta, Shitopaladi and other ayurvedic products of Emami cure fever, indigestion, fatigue and other ailments.

This explains why Emami is the trusted first choice, meeting health and beauty needs everytime and everywhere.





Emami everywhere

Different needs. Different markets.
Different countries.

You can buy an Emami product in Jhumritalaiyya. Or Jaipur. Or Johannesburg.

29 Indian states. 65 countries.

This means that Brand Emami doesn't just mean one thing to one customer. But a number of things to a number of customers.

Emami is value-for-money for one. Emami is personality-enhancing for another.

Emami is beauty for one. Emami is benign for another.

Emami is a trusted Indian brand for one. Emami is multi-national to another.

All this means that Emami may have grown beyond its original appeal but stuck faithfully to its core ayurvedic positioning. The result is that the Company enriched its ROCE by 688 bps from 12.16% in 2008-09 to 19.04% in 2009-10.



Emami everywhere

Different locations. Different states.
Differentiated financial structure.

You can find an Emami manufacturing unit in Guwahati.
Or Pantnagar. Or Kolkata.

Emami's seven manufacturing units are placed in specific locations
for strategic reasons.

For easier raw material access, reducing inward transportation cost.

For quicker market access, plugging market needs faster.

For effective tax breaks, reducing the overall cost structure.

For instance, transportation and logistic costs declined from 2.4% of
total revenues in 2008-09 to 2.2% in 2009-10. The quantum of
revenues derived from tax-friendly zones increased from 48.4% in
2008-09 to 56.1% in 2009-10.





AKIST

Sikkur

Hyderabad

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ORI



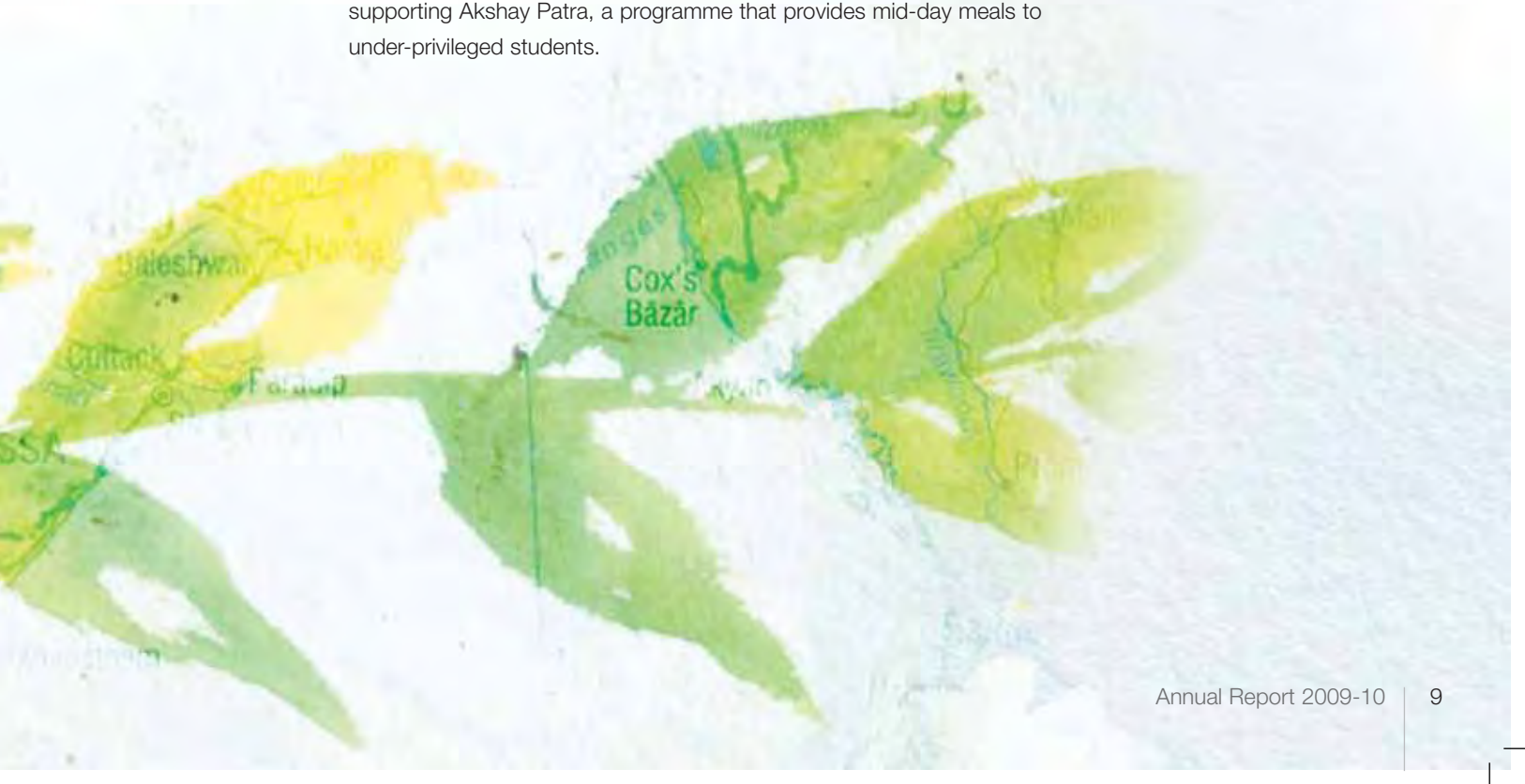
Emami everywhere

Different march. Different drummer.
Different perspective.

Emami does not only enhance economic value. It also enriches life-quality.

Even as Emami's products enhance product experience for those who can afford them, the Company enhances life experience for those who cannot. The Company is engaged in community development through which it provides medical, environmental, educational and livelihood support to thousands.

- Emami manufactures products that are environment-friendly from natural ingredients.
- Emami promoted the concept of Emami Small Village Shops and Emami Mobile Traders to provide livelihoods to the underprivileged.
- Emami sponsored medical camps and mobile hospitals to fulfill the medical needs of the downtrodden.
- Emami sponsored schools, books and educational events besides supporting Akshay Patra, a programme that provides mid-day meals to under-privileged students.







Emami everywhere

Different countries. Different investors.
Different portfolios.

Emami is a preferred investment proxy of the FMCG industry with an ayurvedic niche.

The Company delivered a five-year topline CAGR of 27% and bottomline CAGR of 42%. In doing so, it emerged one of the fastest growing Indian FMCG company.

The result is that an investor who invested Rs. 4,000 in the Eighties, now owns 28,000 equity shares worth Rs. 19 mn. And IPO allottees in 2005 ten-folded their investment in just five years.

The result is that 17.9% of the Company's shareholders now comprise prominent Indian and foreign institutional investors.

Trusted protector of toddlers.

Pain reliever for children.

Beauty aide of adolescents.

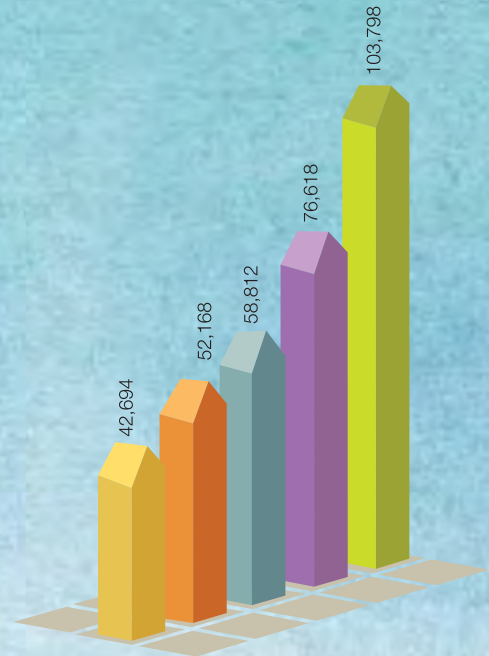
Personality-enhancer of the young.

Energy booster of the middle-aged.

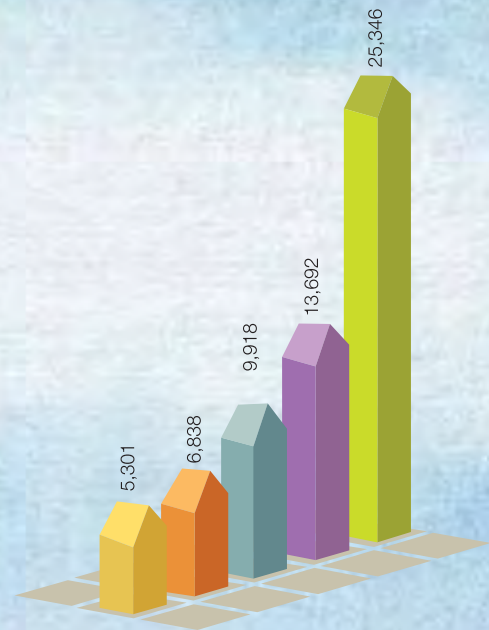
Health insurance of the elderly.

Emami.
Inseparable.

Everywhere.



Net sales (Rs. in lac)



EBIDTA (Rs. in lac)

2005-06 2006-07 2007-08 2008-09 2009-10

Emami is more than just India's aggressively growing and prominent FMCG company

It is one of India's most trusted brands.

Status

- A company delivering innovative and effective products based on ayurveda, using modern scientific practices
- Over Rs.1,000 cr of turnover and Rs.5,000 cr (USD 1 billion) of market capitalisation
- Professionally managed and aggressively growing
- Strong workforce of over 3,700 employees
- Shareholder strength of 16,000

Locations

- Headquartered in Kolkata, West Bengal
- Manufacturing units located across India including Kolkata (West Bengal), Guwahati (Assam), Pantnagar (Uttaranchal), Vapi (Gujarat), Silvassa (Dadra & Nagar Haveli) and Talasari (Maharashtra)
- Network of over 4,25,000 retail outlets, 2,800 distributors, 1,500 sub-distributors, 30 depots, six regional sales offices
- Present in over 2.6 mn Indian retail outlets and 65 countries
- Equity shares of the Company listed on the Bombay Stock Exchange (BSE), the National Stock Exchange (NSE) and the Calcutta Stock Exchange (CSE)

Brands

- Power brands (Boroplus Antiseptic Cream, Navratna Oil, Zandu Balm and Fair and Handsome) are strong market leaders in their respective segments
- Brands endorsed by celebrities like Amitabh Bachchan, Shah Rukh Khan, Kareena Kapoor and Mumbai Indians (Sachin Tendulkar, Harbhajan Singh, Zaheer Khan), Saurav Ganguly, Virendra Sehwag, Madhuri Dixit, Chiranjeevi, Surya, Sunny Deol and others

Quality

- Strong R&D spearheaded by Padmashree Vaidya Suresh Chaturvedi
- All units are ISO 9001:2008 and cGMP-compliant
- Internal audit division also ISO 9001:2008-certified

4,25,000

Direct coverage of retail outlets in India



3,700

Strong workforce of Emami

Emami everywhere! Emami everywhere! Emami everywhere!

Emami everywhere! Emami everywhere! Emami everywhere!



27%

CAGR in topline in the five years leading to 2009-10



Emami everywhere! Emami everywhere! Emami everywhere!

Emami everywhere!

More than

Rs. 200 Cr revenues derived from the Navratna and Boroplus brands



65

Number of countries of Emami's presence

Emami everywhere! Emami everywhere! Emami everywhere!

Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!



Over

Rs. 5,000 Cr of market capitalisation (USD 1 billion)



Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!

42%

CAGR in bottomline in the five years leading to 2009-10





2,800
Distributors and 1,500
sub-distributors in
India



Crossed
Rs. **1,000** Cr.
in revenues in 2009-10

Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!



Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!

Emami everywhere! Emami everywhere! Emami everywhere!



40
Emami R&D
members, including
PhDs



Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!



More than
300
products marketed
by Emami

Emami everywhere!

Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere! Emami everywhere!

Around
16,000
Shareholders of Emami



Emami's enduring strengths

Positioning

Emami integrates traditional ayurveda with modern technologies, leading to widening consumer acceptance.

Brands

A total of eight of Emami's power brands are market-leading (presence in the top three).

Leadership

Emami's products lead four categories with around 50% market share.

Category creator

Emami's Fair and Handsome brand literally created the men's fairness category in India as the Company was the first to launch a relevant product in this segment.

Research

Emami's R&D team comprises 40 highly qualified members and experts from India and abroad.

Celebrity ambassadors

Emami's products are endorsed by celebrities like Amitabh Bachchan, Shah Rukh Khan, Kareena Kapoor, Sunny Deol, Chiranjeevi, Surya, Madhuri Dixit, Virendar Sehwaag, Amit Mishra and Dinesh Karthik.

Advertisement spend

Emami invested Rs. 19,442 lac on advertisement and branding in 2009-10. Advertising spend, as a proportion of the total revenues, was 18.7% in 2009-10 against 19.3% in 2008-09.

Certifications

Emami's quality credentials comprise respected certifications like cGMP, ISO 14000 and ISO 22000.

Fiscally efficient

Nearly 56.1% of Emami's revenues were derived from tax-exempted locations in 2009-10.

Spread

Emami possesses more than 300 products across diverse segments (skin care, hair care, ayurvedic health supplements, rubificients and ayurvedic medicines, among others).

Presence

Emami's products are available in 4,25,000 Indian retail outlets and 65 countries.

Financials

Emami's strong balance sheet comprised a cash balance (including liquid investments) of Rs. 21,643 lac and a low debt-equity ratio of 0.41 (as on March 31, 2010).

Shareholder value

Emami enhanced shareholder value in each of the last four financial years (as measured by the demanding EVA approach).

National footprint



Vision

Making people healthy and beautiful, naturally

Mission

- To contribute wholeheartedly towards the environment and society, integrating all our stakeholders into the Emami family
- To make Emami synonymous with natural beauty and health in the consumer's mind
- To effectively manage talents by building a learning organisation
- To strengthen and foster in the employees, strong emotive feelings of oneness with the Company, through commitment to their future
- To drive growth through quality and innovation in products and services
- To uphold the principles of Corporate Governance
- To encourage decision-making ability at all levels of the organisation

Growth

1974

Emami started with meagre capital by Shri R.S. Agarwal and Shri R.S. Goenka

1978

Acquired Himani Limited, a sick company manufacturing *swadeshi* products

1982

Launched Boroplus Antiseptic Cream

1983

Launched Boroplus Prickly Heat Powder

1987

Launched Menthoplus Balm

1989

Launched Navratna Oil

1995

Listed with BSE

1998

Merged with Himani

1999

Launched Sona Chandi
Chyawanprash

2004

Issued 1:1 bonus shares with
a stock split from Rs. 10 per
share to Rs. 2 per share

2005

Public issue of 50 lac shares;
Listed with NSE

2005

Launched Fair and Handsome
Fairness Cream

2006

Merged JB Marketing
with Emami

2007

Launched Navratna Cool Talc

2008

Acquired Zandu

2009

Demerged Zandu FMCG
business into Emami;

Raised Rs. 310 cr
through a QIP

2010

Crossed Net sales of
Rs. 1,000 cr;
Exceeded market capitalisation of
Rs. 5,000 cr (USD 1 bn)

Emami posted a record 2009-10

Corporate

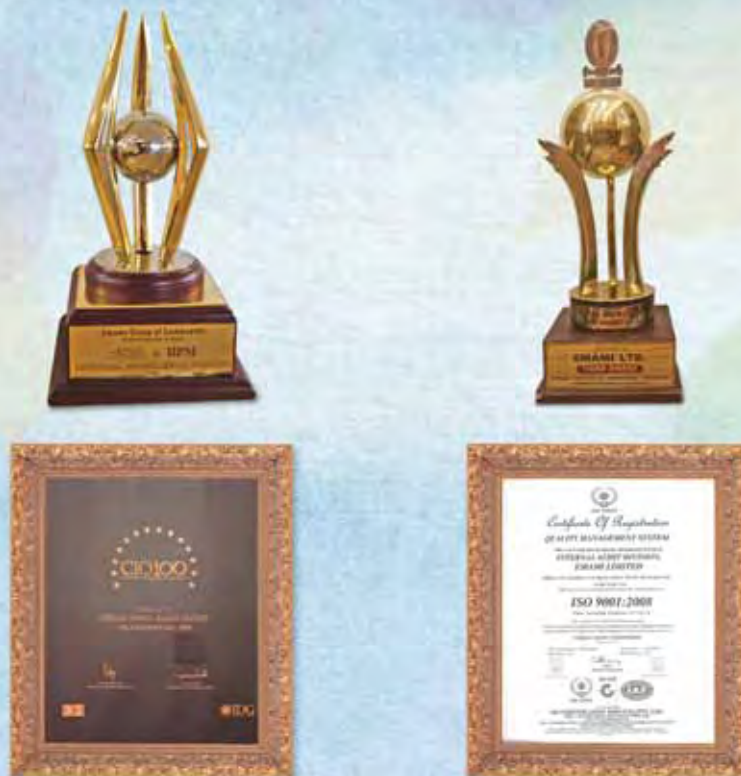
- Turnover increased 35.8% from Rs. 76,463 lac in 2008-09 to Rs. 1,03,798 lac
- Exports grew 37.6% from Rs. 9,922 lac in 2008-09 to Rs. 13,652 lac
- EBIDTA grew 85.1% from Rs. 13,692 lac in 2008-09 to Rs. 25,346 lac
- EBIDTA margin strengthened 650 basis points from 17.9% in 2008-09 to 24.4%
- PAT increased 84.7% from Rs. 9,186 lac in 2008-09 to Rs. 16,972 lac
- Raised equity of Rs. 310 cr through QIP in July, 2009

Operations and marketing

- Navratna Oil, Boroplus Antiseptic Cream, Fair and Handsome Fairness Cream for Men and Zandu Balm continued to enjoy the number one status in their respective categories.
- Fair and Handsome continued its brand category dominance in the Middle East and the sub-continent; Boroplus maintained its dominance in India, Russia, Ukraine and Nepal.
- New products (Boroplus Winter Lotion and Emami Malai Kesar Soap) and new product variants (Navratna Oil) were launched.
- Project Gurukul – an in-house training programme – was started; the concept of a mother warehouse was introduced in southern India.
- More than 90% of the integration of depots, product profiles, distribution and billing systems of Zandu and Emami were covered.
- Effective procurement cost-management was reinforced through value engineering

Ratings, awards and accolades

- Enjoyed highest short-term credit rating of PR1+ from CARE; the long-term rating was upgraded to 'AA+' from AA
- Ranked 179th among BT-500 Most Valuable Companies in the Private Sector by *Business Today* (November 2009)
- Zandu Balm and Boroplus were ranked 62nd and 77th among the Top 100 Most Trusted Brands of India, across all categories by the *Brand Equity* survey (*Economic Times*) in 2009
- Navratna Oil was awarded the best packaging award by Paper Film & Foil Converter's Association
- Himani Fast Relief advertisement won the Goa Fest 2009 awards, the Oscar of Indian advertising
- Awarded the Most Enterprising Company Of The Year (in the eastern region) by the Indian Institute of Planning and Management
- Quality management system of the internal audit division certified for ISO 9001:2008
- Amingaon unit received Par Excellence Award and Abhaypur unit received Excellence Award in the All India Competition on National Convention on Quality Circles by the National Quality Council
- Shri Vikram Saxena, IT Head, has been consistently awarded CIO-100 for the last four years
- The Zandu-Emami IT Integration Project was selected as one of the Top 10 IT Innovations by CTU forum in May, 2010



A decade of excellence

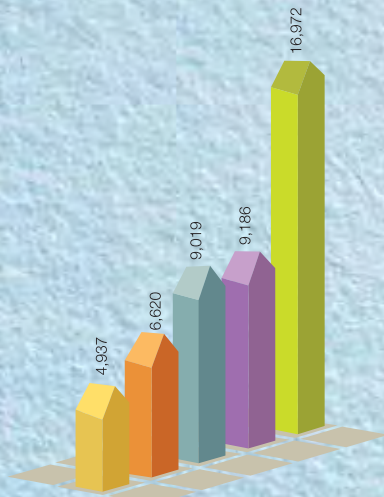
(Rs. in lac)

Particulars	2009-10	2008-9	2007-8	2006-7	2005-6	2004-5	2003-4	2002-3	2001-2	2000-1
OPERATING RESULTS										
Net Sales	1,03,798	76,618	58,812	52,168	42,694	31,802	31,374	29,514	24,728	23,596
EBIDTA	25,346	13,692	9,918	6,838	5,301	3,449	2,590	2,510	2,857	2,862
PBT	20,493	10,587	10,239	7,477	5,149	3,199	2,533	2,155	1,797	2,079
PAT (after minority interest)	16,972	9,186	9,019	6,620	4,937	2,975	2,199	1,867	1,712	2,070
Dividend including Tax	5,311	3,983	3,272	2,853	1,395	697	190	158	129	160
FINANCIAL POSITION										
Fixed Assets (Net Block)	56,729	64,946	9,229	8,137	5,052	4,975	4,712	3,353	3,185	2,554
Current Assets, Loans and Adv.	42,463	24,285	33,748	17,318	14,161	11,829	11,509	10,087	10,465	11,407
Current Liabilities and Provisions	16,214	17,635	13,307	6,209	5,774	2,886	2,420	1,531	895	642
Net Current Assets	26,249	6,650	20,441	11,109	8,387	8,943	9,089	8,556	9,570	10,765
Liquid Investments	5,500	3,267	8,233	6,500	8,000	4,700	-	-	-	-
Other Investments	662	667	3,172	1,270	1,361	1,130	1,130	1,460	1,187	620
TOTAL ASSETS	89,140	75,530	41,075	27,016	22,800	19,748	14,931	13,369	13,942	13,939
Share Capital										
- Equity	1,513	1,313	1,243	1,243	1,223	1,223	1,123	562	582	582
- Preference	-	-	8	-	-	-	-	-	-	250
Reserves and Surplus	61,025	28,799	26,981	21,680	17,923	14,394	8,987	7,668	5,673	4,295
Net worth	62,538	30,112	28,224	22,923	19,146	15,617	10,110	8,230	6,255	4,877
Minority Interest	-	-	48	-	-	-	-	-	-	-
Loan funds	25,906	44,822	12,580	3,836	3,369	3,624	4,364	4,775	7,401	8,812
Deferred Tax (Net)	696	596	215	258	285	506	457	364	286	-
CAPITAL EMPLOYED	89,140	75,530	41,075	27,017	22,800	19,747	14,931	13,369	13,942	13,939
KEY RATIOS										
Return on Shareholders' Funds (%)	27.14	30.51	31.96	28.88	25.79	19.05	21.75	22.68	27.37	42.44
Return on Capital Employed (%)	19.04	12.16	21.96	24.50	21.65	15.07	14.73	13.96	12.28	14.85
Debt - Equity ratio	0.41	1.49	0.45	0.17	0.18	0.23	0.43	0.58	1.18	1.81
Total Outside Liabilities to Net Worth	0.67	2.07	0.92	0.44	0.48	0.42	0.67	0.77	1.33	1.94
EBIDTA Margin	24.42	17.87	16.86	13.11	12.42	10.85	8.26	8.50	11.55	12.13
Net Profit Margin	16.35	11.99	15.34	12.69	11.56	9.35	7.01	6.33	6.92	8.77
Interest Cover	12.08	6.03	N.A.	N.A.	N.A.	N.A.	N.A.	17.19	3.25	4.27
EQUITY SHARE DATA										
Earning per share (Rs)	23.26	14.45	14.51	10.65	8.06	5.23	3.92	3.33	3.05	3.69
Dividend per share (Rs)	7.02	5.26	5.27	4.59	2.28	1.14	0.34	0.28	0.20	0.22
Number of shares (In Lac)	756.56	621.45	621.45	621.45	611.50	611.50	561.50	56.15	56.15	56.15
Book Value per share (Rs)	82.66	48.45	45.42	36.89	31.31	25.54	18.01	14.66	11.14	8.69

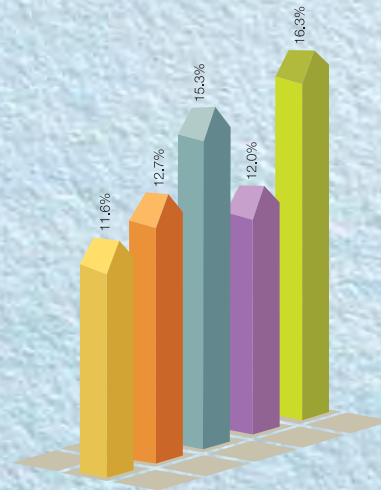
Note:

J.B. Marketing and Finance Limited merged with the Company with effect from April 1, 2006, but for comparison purposes, figures for 1999-00 and onwards includes J.B. Marketing and Finance figures.

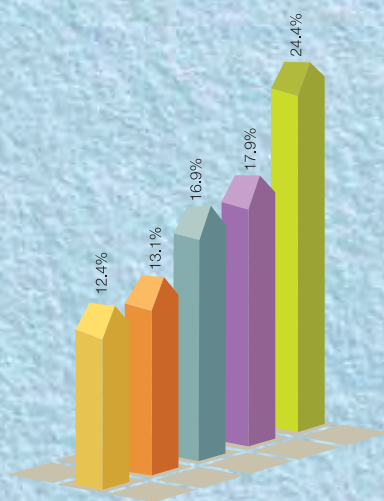
A sterling performance



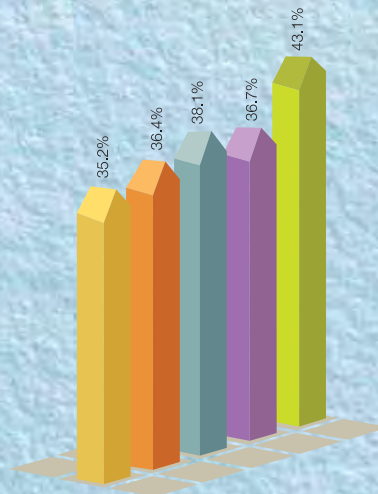
PAT (Rs. in lac)



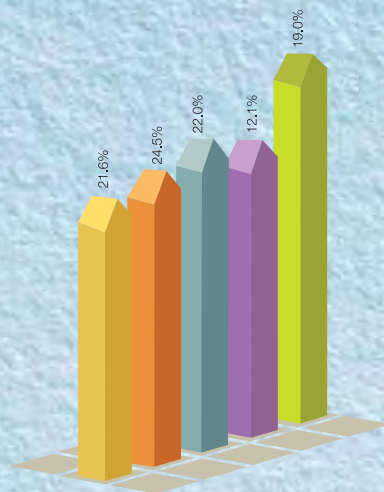
PAT margin (%)



EBIDTA margin (%)



EBIDTA margin before advertising and promotion (%)



ROCE (%)

■ 2005-06
 ■ 2006-07
 ■ 2007-08
 ■ 2008-09
 ■ 2009-10

Promoters' overview by Shri R.S. Agarwal and Shri R.S. Goenka



“Emami’s ‘everywhere’ positioning has translated into sustainable growth in products and markets.”

People are not made of numbers, but hopes and dreams, passions and partnerships, talent and tenacity.

When we began our journey more than three decades ago with a meagre capital of Rs. 20,000, we were armed with a common dream: to make Emami a household name, with products touching the daily lives of people everywhere.

During the course of last year, this vision was partly fulfilled; the Company crossed Rs. 1,000 cr in revenues, USD 1 billion in market capitalisation, gained presence in 65 countries and a portfolio of 300-plus ayurvedic herbal, personal and healthcare products.

The fiscal 2009-10 also represented a landmark as Emami strengthened its position among leading FMCG companies in India, emerging as one of the fastest growing among them. The status is reflected in the strength of the numbers. Our consolidated turnover grew 35.8% to Rs.1,03,798 lac; our consolidated operating profit increased 91% to Rs. 24,647 lac and our profit after tax increased 84.7% to Rs.16,972 lac, the highest in our history.

We didn't just grow the business; we made it efficient as well. Our EBIDTA margin strengthened 650 basis points to 24.4%.

The result was that we outperformed our industry growth yet again: while the FMCG industry grew around 15% during the year under review, Emami grew 35.8%. Emami's 'everywhere' positioning translated into sustainable growth in products and markets. The improvement must be seen as a convergence of a number of initiatives, which will strengthen and drive our sustainable growth.

Stronger brands

Emami Ltd is a rich repository of growing brands that touches people in their everyday lives, everywhere. During the year under review, Emami recorded a substantial growth in its power brands like Fair and Handsome Fairness Cream, Boroplus Antiseptic Cream and Prickly Heat Powder, Navratna Oil, Zandu and Menthoplus Balm, Himani Fast Relief and other products, while its new products that reported handsome growth comprised Navratna Cool Talc, Navratna Extra Thanda Oil, Boroplus Body Lotion and Malai Kesar Cold Cream. The Company test-marketed the Healthy and Fair Baby Range of products (Baby Oil, Baby Powder and Baby Soap), Emami 5-in-1 Shampoo and nationally launched Pure Glycerine Soap and Vasocare Petroleum Jelly. The Company rejuvenated Zandu Balm with innovative anti-spurious packaging and a fresh advertisement campaign.

More importantly, Emami performed better because it was perceived better. The Company was perceived better because its products performed effectively. Its products performed effectively because it researched ingredient chemistries better. Its products were strengthened with the commissioning of a state-of-the-art R&D centre in the Kolkata unit, with a focus on enhancing therapeutic effectiveness over our existing and competing standards. The Company also completed a 90% depot integration of Emami and Zandu, which enhanced throughput. An innovative pricing mechanism and packaging also yielded attractive dividends.

Emami's branding and advertisement investments increased from Rs. 14,410 lac in 2008-09 to Rs. 19,442 lac in 2009-10 (18.7% of revenues); celebrities like Amitabh Bachchan, Shah Rukh Khan, Kareena Kapoor, Chiranjeevi, Surya, Madhuri Dixit, Virendar Sehwal, Amit Mishra and Dinesh Kartik endorsed Emami products, translating into a positive recall leading to quicker offtake. The result was that the Company's turnover increased by over 35%.

International business

Emami's international business grew 37.6% to Rs.13,652 lac in 2009-10. Growth was derived from the Middle East, CIS, SAARC countries and Africa. The Company developed new products and markets on the one hand and penetrated existing markets on the other. The result: Boroplus Antiseptic Cream is the largest selling antiseptic cream in India as well as Ukraine, Russia and Nepal. Similarly, Emami is the numero uno men's face care brand in the UAE, Gulf countries and Saudi Arabia.

Industry outlook

The outlook of India's FMCG industry is optimistic; revenues are projected at USD 33.4 billion in 2015. Emami is attractively placed to tap this growing opportunity.

There is a quiet revolution sweeping through rural India and the bottom of the country's pyramid. Incomes have risen following fair monsoons as well as the success of the government's NREGA and other rural schemes. The result is that more than 69.7 mn rural households earned more than Rs. 75,000 annually in 2009-10. This trend is expected to sustain: the proportion of rural households with annual incomes between Rs. 75,000 and Rs. 1,50,000 is expected to increase from 24.3% in 2009-10 to 27% in 2019-20, even as the country's population increases.

Emami embarked on a number of initiatives to transform this industry optimism into a positive business reality. The Company caters to local preferences, reworking its product positioning and composition. The Company is widening and deepening its rural sales distributor network. It is customising its packaging sizes and pricing for consumers focused on buying small and cheap. It is strengthening its supply chain to be present in geographies with products coinciding with demand upturns.

Value creation

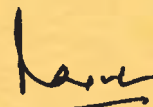
Emami is attractively placed to accelerate growth.

Emami possesses a mix of growing products in attractively-positioned spaces that are scalable. The Company demonstrated its inorganic acquisition (Zandu) and integration capabilities in the shortest possible time in 2009-10. It possesses a modest gearing; a debt-equity ratio of 0.41 against a net worth of Rs. 62,538 lac as on March 31, 2010 indicating adequate borrowing room to drive organic and acquisition initiatives. The success of its Middle East presence will be replicated selectively in countries with demographics similar to India.

The fusion of these realities is likely to sustain revenue growth in an attractive way over the foreseeable future.



R.S. Agarwal



R.S. Goenka

Emami plans to make 50 Ayurvedic drugs from Zandu stable

By Anand Sharma
 Emami has announced a plan to launch 50 Ayurvedic drugs from its Zandu stable. The company, which has a market cap of Rs 1,500 crore, is planning to invest Rs 500 crore over the next three years to develop and launch these products. The drugs will be based on traditional Ayurvedic formulations and will be marketed under the Zandu brand. The company's CEO, Anand Sharma, said that the launch of these drugs is a key part of the company's strategy to diversify its product portfolio and tap into the growing Ayurvedic market in India. The drugs will be available in various forms, including tablets, capsules, and powders. The company is also planning to invest in research and development to improve the quality and efficacy of these products. The launch of these drugs is expected to be completed by the end of 2010.

We plan to be a complete, diversified conglomerate

Q&A
Q1: Anand Sharma, CEO of Emami, says the company is planning to launch 50 Ayurvedic drugs from its Zandu stable. How does this fit into the company's overall strategy?
A: The launch of these drugs is a key part of our strategy to diversify our product portfolio and tap into the growing Ayurvedic market in India. We are investing in research and development to improve the quality and efficacy of these products. We plan to be a complete, diversified conglomerate in the future.

Emami readies Rs 5,500-crore investment plan

By Anand Sharma
 Emami has announced a plan to invest Rs 5,500 crore over the next three years. The investment will be used to develop and launch new products, expand the company's operations, and improve its infrastructure. The company's CEO, Anand Sharma, said that the investment is a key part of the company's strategy to become a leading player in the Indian market. The investment will be spread across various sectors, including pharmaceuticals, consumer goods, and infrastructure. The company is also planning to invest in research and development to improve the quality and efficacy of its products. The investment is expected to be completed by the end of 2010.

EMAMI'S HOT PROPERTY

By Anand Sharma
 Emami's share price has risen sharply in the last few months, making it one of the most popular stocks in the Indian market. The company's share price has risen from Rs 100 to Rs 150 in the last few months. The company's CEO, Anand Sharma, said that the rise in the share price is a result of the company's strong performance and its plans to invest in new products and expand its operations. The company's share price is expected to continue to rise in the future.

Emami to buy Egyptian company in 3-4 weeks

By Anand Sharma
 Emami has announced that it is planning to buy an Egyptian company in the next 3-4 weeks. The company is planning to buy a 50% stake in the company. The company's CEO, Anand Sharma, said that the acquisition is a key part of the company's strategy to expand its operations in the Middle East. The acquisition is expected to be completed by the end of 2010.

Emami targets 25% sales growth for Zandu

By Anand Sharma
 Emami has announced that it is targeting a 25% sales growth for its Zandu brand in the next few years. The company's CEO, Anand Sharma, said that the target is a result of the company's plans to invest in research and development to improve the quality and efficacy of its products. The company is also planning to invest in marketing and sales to increase its market share. The target is expected to be achieved by the end of 2010.

Personal care push

By Anand Sharma
 Emami has announced that it is planning to push its personal care products in the next few years. The company is planning to invest in research and development to improve the quality and efficacy of its products. The company is also planning to invest in marketing and sales to increase its market share. The push is expected to be completed by the end of 2010.

Emami to give Rs 20 cr push to Zandu balm

By Anand Sharma
 Emami has announced that it is planning to give a Rs 20 crore push to its Zandu balm in the next few years. The company's CEO, Anand Sharma, said that the push is a result of the company's plans to invest in research and development to improve the quality and efficacy of its products. The company is also planning to invest in marketing and sales to increase its market share. The push is expected to be completed by the end of 2010.

Emami's strength lies in diversified businesses

By Anand Sharma
 Emami's strength lies in its diversified businesses. The company has a strong presence in various sectors, including pharmaceuticals, consumer goods, and infrastructure. The company's CEO, Anand Sharma, said that the diversified businesses are a key part of the company's strategy to become a leading player in the Indian market. The diversified businesses are expected to continue to drive the company's growth in the future.

A Holistic Approach

By Anand Sharma
 Emami has adopted a holistic approach to its business. The company is focusing on the overall well-being of its customers and employees. The company's CEO, Anand Sharma, said that the holistic approach is a key part of the company's strategy to become a leading player in the Indian market. The holistic approach is expected to continue to drive the company's growth in the future.

Fair And Handsome

By Anand Sharma
 Emami has announced that it is planning to launch a new product line called 'Fair And Handsome'. The product line is aimed at men and is expected to be launched in the next few years. The company's CEO, Anand Sharma, said that the product line is a result of the company's plans to invest in research and development to improve the quality and efficacy of its products. The product line is expected to be completed by the end of 2010.

Item	2008	2009	2010
Net Sales	1000	1100	1200
Operating Profit	200	220	240
Net Profit	150	160	170
EPS	15	16	17
Dividend	5	5	5
Market Cap	1500	1600	1700
Debt	100	100	100
Equity	1400	1500	1600

TAKE TWO

By Anand Sharma
 Emami has announced that it is planning to launch a new product line called 'Take Two'. The product line is aimed at men and is expected to be launched in the next few years. The company's CEO, Anand Sharma, said that the product line is a result of the company's plans to invest in research and development to improve the quality and efficacy of its products. The product line is expected to be completed by the end of 2010.

By Anand Sharma
 Emami has announced that it is planning to launch a new product line called 'Smart Money'. The product line is aimed at men and is expected to be launched in the next few years. The company's CEO, Anand Sharma, said that the product line is a result of the company's plans to invest in research and development to improve the quality and efficacy of its products. The product line is expected to be completed by the end of 2010.

When Indian companies such as Dabur, Godrej and Marico can make it, why can't Emami?

By Anand Sharma
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The story is known for taking over a company and turning it into a success

By Anand Sharma
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Board of Directors

Shri R.S. Agarwal

Executive Chairman, Chartered Accountant, Company Secretary, LLB and a Master Degree holder in commerce. Co-founder of the Emami Group of Companies, he is endowed with brilliant financial acumen. A Doyen of Indian industries, he is also a master in strategic planning and corporate affairs. Besides Emami Limited, he is also board member of several other companies including Emami Paper Mills Ltd, Emami Realty Ltd, AMRI Hospitals Ltd, South City Projects(Kolkata) Ltd, Rupa & Co Ltd , among others. Under his able guidance and that of Shri R.S.Goenka, Emami Group has become a conglomerate of several businesses viz. paper, hospitals, writing instruments, bio-diesel and edible oil, realty, retail chain and cement. He is a trustee of Emami Foundation, Maa Foundation, Banshilal Jankidevi Agarwal Trust and Anamika Kala Sangam Trust. He served as Director of the West Bengal Industrial Development Corporation Ltd and was also President of Merchants' Chamber of Commerce.

Shri R.S. Goenka

Director, is a Masters degree holder in commerce and LLB. Co-founder of Emami Group of Companies, he is an expert in taxation and master in strategic planning, corporate affairs and finance. Apart from Emami Ltd, he is also a Board member of Emami Paper Mills Ltd, AMRI Hospitals Ltd, South City Projects (Kolkata) Ltd and many other companies. Under his able guidance and that of Shri R.S. Agarwal, Emami Group has become conglomerate of several businesses viz. paper, hospitals, writing instruments, bio-diesel and edible oil, realty, retail chain and cement. He is a trustee of Vishudhanand Hospital Trust, Keshardeo Ratnidevi Goenka Trust, Banshilal Jankidevi Trust, Emami Foundation, Maa Foundation, Nagrik Swastha Sangh, Ma-Rasthra Pratisthan, Vision Care Research and Education Foundation and Anamika Kala Sangam Trust. He was Honorary Consul General of the Republic of Poland.

Shri Viren J Shah

Independent Director, is an AMP (Harvard Business School), U.S.A. with special expertise in general business management. Served as Governor of West Bengal from December 1999 to December 2004. He acted as a Member of Parliament (Lok Sabha and Rajya Sabha) for 16 years and several parliamentary committees. He was the Chairman of Mukund Limited for 27 years. He was the former president of ASSOCHAM, IMC and other associations. He served as a Director on the Board of several companies, besides being a member on the Board of Trustees of the Asiatic Society.

Shri Y.P. Trivedi

Independent Director, eminent tax expert and advocate, Supreme Court, is also a Rajya Sabha member of the



Shri R.S. Agarwal

Shri R.S. Goenka

Shri Viren J Shah

Shri Y.P. Trivedi

Parliament. A member of various government committees like the Standing Committee on Finance, Consultative Committee for the Ministry of Commerce, among others, Shri Trivedi is on the board of Reliance Industries Ltd, Birla Power Solutions Ltd, Birla Cotsyn (India) Ltd and Zandu Realty Ltd, among other companies. He is also a chairman of audit committee of Reliance Industries Limited.

Shri K.N. Memani

Independent Director, is a senior chartered accountant. He is a former Chairman and Country Managing Partner of Ernst & Young, India, and was a member of the Ernst & Young Global Council for a decade. Shri Memani is specialised in business and corporate advisory, foreign taxation and financial consultancy, among others, and is being consulted on corporate matters by several domestic and foreign companies. He was also associated with several multinational companies in setting up businesses in India. He is a member of several boards of public limited companies viz. Chambal Fertilizers & Chemicals Ltd, DLF Ltd, Great Eastern Energy Corporation Ltd, HEG Ltd, HT Media Ltd, ICICI Venture Fund Management Company Ltd and JK Lakshmi Cement Ltd, among others. He is the chairman and member of audit committees and other committees of several companies. He served in the External Audit Committee (EAC) of the International Monetary Fund for two consecutive years and was appointed the Chairman of EAC for 1999-2000, the only Indian appointed in this committee by IMF.

Shri S.K. Todi

Independent Director, is a post-graduate in commerce. Chairman of Shrachi Group of Companies, he is a board member of AMRI Hospitals Ltd, Bengal NRI Complex Limited, Bengal Shrachi Housing Development Limited, Bengal Tools Limited, Emami Paper Mills Limited, Bhaskar Shrachi Alloys Limited, South City Projects (Kolkata) Limited and Web Development Company Limited, among others. Shri Todi is a member of managing committee of Associated Chamber of Commerce and Industries, New Delhi, Executive Committee member of Merchants' Chamber of Commerce (MCC) and Chairman of Development Committee of Marwari Hospital. He is a trustee of Manovikas Kendra Rehabilitation & Research Institute for the Handicapped, a government body.

Shri Amit Kiran Deb

Independent Director, is an MA in Political Science and an IAS. He is the ex-Chief Secretary, Government of West Bengal and currently a Chairman of Gujarat Ambuja Housing Development Limited, a Joint Sector Company. He earlier served as Municipal Commissioner, Calcutta; Special Secretary, Power Department; Principal Secretary, Information and Cultural Affairs Department and Secretary, Tourism Department of West Bengal.



Shri K.N. Memani

Shri S.K. Todi

Shri Amit Kiran Deb

Padmashree Vaidya S. Chaturvedi

Independent Director, is Kaviraj, Ayurvedacharya, BIMS, MAMS. He held key position in Rashtriya Ayurvedic Mandal, Indian Academy of Sexology and Indian Association of Traditional Asian Medicines. Member of Occult India, All India Ayurveda Congress, Medvisa International, Bharata Kalyan Manch and the National Institute of Ayurveda. He was Honorary Physician to the Hon'ble Governor of Maharashtra, Consultant Physician of the Bombay Hospital, Advisor of Lupin Ltd, Chikistaka Guru of Rashtriya Ayurveda Vidyapeeth, New Delhi and Chief Physician of Somaiya Ayurvedic Research Centre. He was awarded the Padmashree by the Government of India and the Bharat Nirman Pracharya by the Government of Tripura and was felicitated at the International Conference on Alternative Medicines. He has authored authoritative articles in leading newspapers and numerous books on diet and health.

Shri S.B. Ganguly

Independent Director, is Graduate of Chemical Engineering and Fellow of Plastics & Rubber Institutes (London), Fellow of Chemical Engineers and Fellow of Chemicals. He is the Chairman Emeritus of Exide Industries Ltd and also Director of ING Vysya Insurance Co. Ltd, West Bengal Industrial Development Corporation Limited and Sundarban Infrastructure Development Corporation, among others. He is also the Chairman of Associated Battery Manufacturers (Ceylon) Ltd, Sri Lanka and Century Plyboards (I) Ltd.

Shri S.K. Goenka

Managing Director, is a commerce graduate. He joined Emami Group following graduation. He enjoys rich industry experience. He drives production, operations, human resources, public relations and strategy of Emami Limited. He also functioned as Secretary of Aradhana Trust, Vishwa Jagriti Mission Trust (Kolkata) and Vivekananda Hospital and Research Centre, Kolkata and was the former President of Lions Club of North Calcutta and a member of Shri Ramkrishna Matrimangal Pratishthan, Ariadaha. He is Director of Emami (Meghalaya) Cement Ltd and Emami Bangladesh Ltd, among others.

Shri Aditya V Agarwal

Wholetime Director, is a man who always sees life in a positive light and believes in confronting challenges head-on. Today, he is a Director on the Board of Emami Ltd, and other group companies like Emami Biotech



Padmashree Vaidya S Chaturvedi

Shri S.B. Ganguly

Shri S.K. Goenka

Ltd, Emami Paper Mills Ltd, AMRI Hospitals Ltd and others. At a young age, he made an indelible imprint in running a corporate conglomerate and can be a fountain of inspiration to any aspiring businessman. He is also the Honorary Consul of the Republic of Ethiopia in Kolkata and Executive Committee member of Assocham.

Shri Mohan Goenka

Wholetime Director, his role as Director of Emami Ltd is aimed at developing the market share of the Company both in India and abroad. An MBA from Cardiff in the UK, he is currently the Vice Chairman of Marketing Committee, CII – Eastern Region, Committee Member, Merchants' Chamber of Commerce, Kolkata and Finance Chair of Young Entrepreneurs' Organization (YEO) – Kolkata Chapter. He is also the Honorary Consul of Poland in Kolkata. Determined to stay ahead in competition, the biggest feather in his cap is the launch of Fair and Handsome, the first men's fairness cream in India and making it the undisputed market leader. He is a Director of Zandu Realty Ltd, Emami Cement Ltd, Emami (Meghalaya) Cement Ltd and Emami Chisel Art Pvt Ltd, among others.

Smt. Priti Sureka

Wholetime Director, is one of India's upcoming business scions who is making her strong presence felt in the fast moving consumer goods segment. Being the only lady Director on the board of Emami Ltd, she symbolises women empowerment in the Company. A key member of the think-tank that drives the Emami Group forward, she heads the marketing division of Emami, the mainstay of the FMCG outfit. She is also among the core members of the strategic team for research and development (R&D) in Emami Ltd. She is a director of AMRI Hospitals Limited, Emami Frank Ross Limited and Emami Biotech Limited, among others.

Shri Harsh V Agarwal

Wholetime Director, is among those select young bands of business leaders who are born to build. He has already made a ceaseless impression in running a business behemoth, which to any aspiring businessman can be a fountain of inspiration. Today, as the youngest Director of Emami Group of Companies, he nurtures two flagship brands of Emami Ltd – Navratna and Boroplus – that hold pole position in their respective segments. He is a Director of Emami Cement Ltd, Emami (Meghalaya) Cement Ltd, Bengal Emami Housing Ltd, and Zandu Realty Ltd, among others.



Shri Aditya V Agarwal

Shri Mohan Goenka

Smt. Priti Sureka

Shri Harsh V Agarwal

Review by the Managing Director, Shri Sushil Kumar Goenka

“The year 2009-10 was an inflection point in our existence.”



How would you evaluate Emami's performance in 2009-10?

The year 2009-10 was a record one for us for a number of reasons. We achieved the distinctive feat of crossing Rs. 1,000-cr in turnover; we reported the highest profit after tax growth of 84.7% from Rs. 9,186 lac in 2008-09 to Rs. 16,972 lac in 2009-10; we reported a record EBIDTA margin of 24.4% in 2009-10, which was 650 bps higher than the previous high of 17.9% in 2008-09; we successfully integrated Zandu's FMCG business with Emami. Besides, the successful convergence of volume and value made 2009-10 an inflection point in our existence.

What are the various corporate developments that contributed to this inflection?

There are various reasons that give me the optimism that this is not a one-off improvement but an inflection point with sustainable implications.

One, we made the largest-ever domestic acquisition in our industry space in 2008-09 – the Rs. 713-cr acquisition of the Zandu Pharmaceutical Works Limited.

Last year, we successfully integrated the two companies, which required us to manage innovation, research, branding, financial, distribution and people complexities. The lessons learnt from this acquisition will now be extended to other acquisitions that we may progressively undertake.

Two, we now possess a family of over 300 brands, marketed across 29 states within India and across 65 countries, which warranted a deep insight into what goods needed to be supplied to which geography in what quantity and at what juncture. We made some significant improvements in managing this complexity with lasting implications.

Three, we were always considered an India-focused company with only a fleeting interest in globalising our brands. The last year evolved our perspective: we are now a more serious international player dedicating resources and management bandwidth to make Emami a respected global brand.

Four, even as we became a larger company, we also became more liquid, starting the year with Rs. 448 cr of debt and finishing the year with a net debt of only Rs. 43 cr, with a debt-equity ratio of only 0.41.

Five, we always had an annual outlook on what we would achieve. Our performance in 2009-10 finally gave us the

springboard to take a perspective of where we are and where we want to be five years from now.

Can you elaborate on supply chain concerns and initiatives?

The major concerns in supply chain management are multiple communication channels within a company sending out conflicting signals of what needs to be produced and when. Often, the transmission of right communication is delayed. The communication gap leads to loss of offtake in the market. Even as products remain at the manufacturing stage, their market demand increases and when the products finally reach the market, most consumers have already opted for other brands.

Emami created an anchor team to coordinate the activities of various arms engaged in forecasting, material planning, production and branding. The cross-flow of informed information enhanced the in-system transparency and the result is that our finished goods inventory cycle declined from 40 days of turnover equivalent in 2008-09 to 30 days in 2009-10 and our loss of sale component declined from 3.5% of revenues in 2008-09 to 2.5% in 2009-10.

You mentioned the integration with Zandu as another point of inflection.

There are two aspects to this integration. First, we completed all the legal formalities related to the acquisition with a swap ratio of 14:1. Following this, we set about revamping the Zandu brand and aligning it to the promoting and positioning of Emami. For instance, Zandu Balm had never been seriously endorsed; we leveraged our deep Emami experience to do precisely that. Zandu Balm's packaging attracted duplication in the past; we evolved the packaging to make it expensive to copy. Zandu Balm was not available in a number of Indian states; we leveraged the Emami distribution channel leading to wider product dispersal. The result is that the sum of the two companies is now bigger than their respective individual constituents.

What about a stronger international presence?

We exported in the past in quite the same manner that we sold products in India – by making sorties, tying up with a distributor who we expected would market our products with the same zeal that we would have. We recognised the limitations of this approach; we invested in people, infrastructure, marketing and an

institutionalised international approach. The result of our consistent presence in select international markets translated into growing visibility and offtake: in the Middle East, South East Asia, Eastern Africa and Russia, exports grew 50%. Going ahead, we expect to deepen our presence across a larger number of countries and consistently derive at least a fifth of our sales from exports.

What are the other important events of 2009-10?

These are some of the other important events of last year:

- Integration of the information system of Zandu with Emami at all functions and locations
- Raising of our net worth by Rs. 310 cr by placing a crore equity shares of Rs. 2 each at a premium of Rs. 308 per share to QIBs
- Increased distribution system across all states
- National launch of Emami Pure Skin Glycerine Soap and Emami Vasocare petroleum jelly

How does Emami expect to perform in 2010-11?

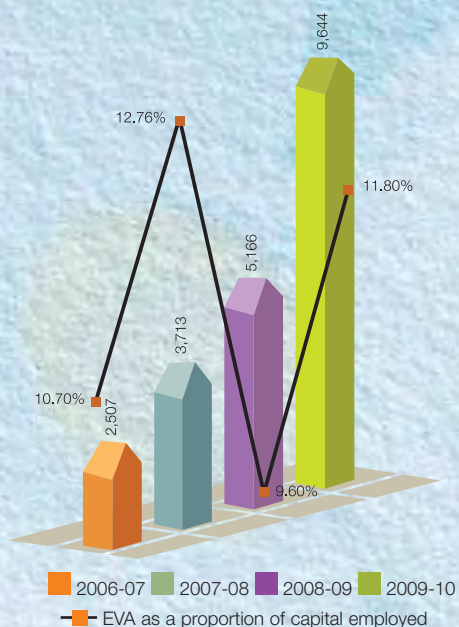
We are in the growth phase of a favourable industry environment. For instance, India's FMCG industry of Rs. 56,000 cr is growing 12-15% annually on the back of stronger GDP growth, higher urban and rural disposable incomes and a growing government focus on increased rural spending marked by FMCG under-penetration. Over the past, Emami consistently outperformed its industry growth average and we expect to do the same in the current financial year through the following initiatives: stronger international marketing, stronger presence in Africa, Asia and the Middle East, manufacturing capacity in Egypt, more product introductions, wider and deeper distribution infrastructure, doubling of sub-stockists in rural pockets with a population of less than 20,000 and reduction of loss of sale from 2.5% to less than 1.5% through a stronger supply chain.

What is the big message?

We emerged as a company to reckon with and are now in the top league of domestic FMCG companies. Among the home-spun FMCG companies today, we are the frontrunners across most key financial parameters. We expect to accelerate our momentum and report aggressive growth year after year.

Enhancing shareholder value

Economic value added (Rs. in lac)



Thanks to a differentiated business model, Emami has enhanced shareholder wealth over the decades. The initial allottees of the Company's shares have earned significant capital appreciation; those who applied in the share issue in 2005 have almost ten-folded their investment.

This trend extended into 2009-10 when Emami reported an economic value added (EVA) of Rs. 9,644 lac for 2009-10, a measure of the value addition to shareholder wealth.

Economic value added (EVA) measures the coverage of operating cost and capital cost – an estimate of true economic profit. EVA was formulated by Stern Stewart & Company and is used widely to measure the 'true' returns.

Shareholder wealth creation

Period	Issue of shares	No. of shares	Value (Rs.)
A. Initial investor			
1979-80	IPO by erstwhile Himani Ltd	100	1000
1983-84	Rights issue by erstwhile Himani Ltd (1:1)	100	1000
1987-88	Rights issue by erstwhile Himani Ltd (1:1)	200	2000
1994-95	Issue of seven shares against one on amalgamation with AMP Udyog Viniyog Ltd	2800	0
2003-04	Stock split from Rs. 10 per share to Rs. 2 per share	14,000	0
2004-05	Bonus issue (1:1)	14,000	0
Total number of shares held and cost thereof		28,000	4,000
Market value		28,000	18606000
Dividend received over the years			667,800
Less: Cost			4,000
Net gain			19269800
No. of times appreciation in 30 years			4,818.45

B. Public issue investor in 2005	No. of shares	Value (Rs.)
Number of shares held and cost thereof	100	7000
Market value	100	66,450
Dividend		2,200
Less: cost		7,000
Net returns		61,650
No. of times appreciation in 5 years		9.81

C. QIP investor in 2009	No. of shares	Value (Rs.)
Number of shares held and cost thereof	100	31,000
Market value	100	66,450
Dividend		1,050
Less: cost		31,000
Net returns		36,500
No. of times appreciation in 1 year		2.18

Leading from the front



Young and Dynamic Top Management Team

(From left to right, top line) Shri Prashant Goenka, Shri Manish Goenka, Shri H. V. Agarwal,
(From left to right, bottom line) Shri A. V. Agarwal, Smt. Priti Sureka, Shri Mohan Goenka

Management discussion and analysis

Economy and markets

Even as the global economy was affected by the US financial crisis for two years, the Indian economy recovered faster and grew 7.4% in 2009-10, retaining its position as the second-fastest growing economy with growing FDI.

The FMCG sector is the fourth-largest in India with a market size in excess of USD 13.1 billion. India's growing young population, increasing education and awareness, expanding media coverage, rising income levels and standards of living, increasing urbanisation and globalisation, improving distribution and low penetration levels are expected to contribute significantly to economic growth and treble the FMCG sector growth in the next six years.

FMCG penetration in India

Category penetration	All India %	Urban %	Rural %
Toilet soap	91.5	97.4	88.9
Detergent bar	88.6	91.4	87.4
Washing powder	86.1	90.7	84.1
Toothpaste	48.6	74.9	37.6
Shampoo	38	52.1	31.9
Utensil cleaner	28	59.9	14.6
Skin cream	22	31.5	17.8
Instant coffee	6.6	15.5	2.8
Deodorants	2.1	5.5	0.6

[Source: FICCI-Technopak]

Per capita FMCG consumption across different segments

(%)

Country	Laundry	Shampoo	Skin care	Tooth paste	Deodorants
China	2.2	1.0	3.2	0.5	0.0
Indonesia	1.9	1.1	0.8	1.0	0.1
India	1.4	0.3	0.3	0.4	0.0
Malaysia	6.2	2.7	7.4	2.9	0.6
Thailand	3.9	2.4	7.7	2.0	0.8

[Source: Industry/MOSL]

Per capita income and consumption (at 2004-05 prices)

	2005-06	2006-07	2007-08	2008-09	2009-10
Income	32,012	34,533	37,328	38,695	40,745
Consumption	18,909	20,168	21,841	23,012	23,626

Rural India, which accounts for 70% of the country's population, offers an attractive potential for the country's FMCG market. Favourable government policies focusing on infrastructure development, agriculture, retail, irrigation and employment are expected to catalyse FMCG offtake.



Senior Management Team

(From left to right) Shri N. Venkat (CEO and Executive Director), Shri Shyam Sutaria (CEO-International Business), Shri R.K. Surana (President-Operations), Shri Naresh Bhansali (President-CFO), Smt. Punita Kalra (Executive Advisor, R&D and Innovation), Dr. S.K. Mitra (CEO-Technical), Shri Krishna Mohan (President-Sales)

The FMCG industry is showing signs of sustainable growth. Volume of sales for products like soaps, shampoos, detergents and toothpaste, among others, increased in the last few years following a modest price correction and a growing respect for branded products over unorganised alternatives. The implementation of the Goods and Services Tax (GST) and rising FDI are expected to catalyse industry growth. However, fierce regional competition and rising costs represent formidable challenges.

A billion-plus population makes India one of the world's largest markets for beauty, health and personal care products. The Indian ayurvedic and herbal market is also expected to grow attractively. Emami is suitably positioned to capitalise on this growing opportunity.



Navratna Oil

‘Navratna tel lagaiye aur sirdard, tension aur thakaan bhool jaiye, thanda thanda cool cool’

Brand offering: Navratna is positioned as a ‘therapeutic cooling oil’, a stress-buster and relaxant. The product is an ayurvedic cooling oil providing multiple benefits like physical and mental stress relief, protection and nourishment. Its unique blend of nine ayurvedic herbs cools the scalp and reduces premature greying and hair fall.

Brand overview: Navratna Oil is the largest Emami brand and among the fastest growing FMCG brands in India, posting a 14% CAGR growth over five years and rated as one of the most trusted brands in the country (*Source: ORG Marg*). The strong brand equity is acknowledged by independent surveys and valuations including Brand Equity – Most Trusted Brands (The Economic Times) and Y&R Brand Valuations, among others. The brand enjoys an all-media visibility for its stress-buster positioning.

Major competitors: The brand’s major competitors include Himgange and Rahat Rooh, among others.

Brand differentiation: The brand is positioned as a stress-buster with a unique feel-good and cooling effect.

Market share: Navratna Oil enjoyed around 48% market share of the Rs. 550-cr cool oil category in India.

Product availability: The product is available in 500 ml, 300 ml, 200 ml, 100 ml, 50 ml, 20 ml and 3 ml SKUs.

Brand extensions: The Company extended the brand to launch Navratna Extra Thanda oil and Navratna Lite Oil while the former competed with other strong cooling oils in the market, Navratna Lite Oil is targeted at consumers who are more comfortable with the lighter aroma, are appearance-conscious and want less-sticky oil.

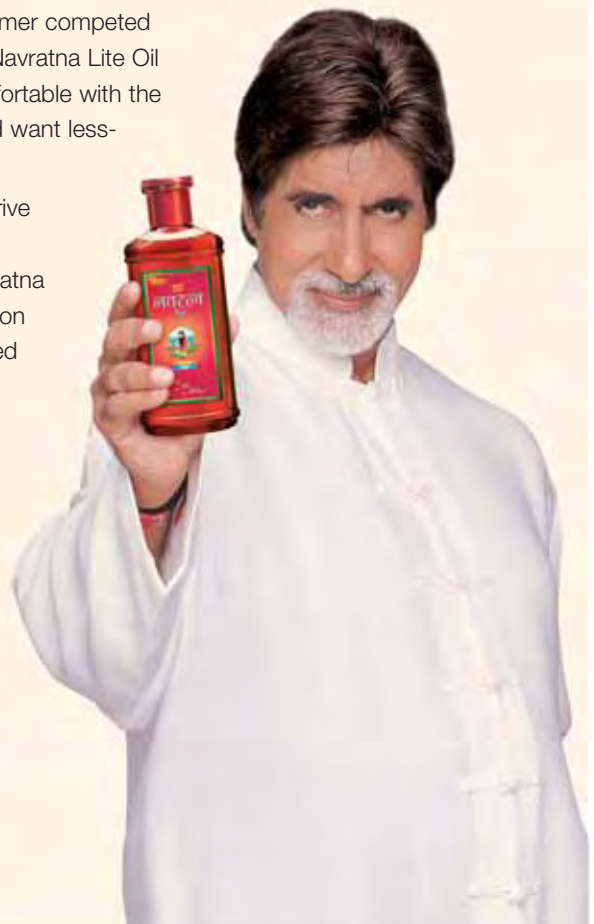
Advertisement and communication: Emami embarked on a number of steps to drive growth. These comprised: focus on smaller variants, Navratna Extra Thanda Oil and Navratna Lite Oil, launch of the Rs. 10 SKU and focus on men’s parlour channel. The Company inducted market-specific brand ambassadors like Chiranjeevi, Mahesh Babu and Upendra in South India and Amitabh Bachchan in rest of India.

Highlights, 2009-10

- The brand has grown reasonably well in 2009-10
- A new TV commercial was launched across South India featuring super star Surya

Outlook

Going ahead, the Company plans to launch promotional activities to reinforce market positioning.



Boroplus Antiseptic Cream

'India's No.1 antiseptic cream'



Brand overview: Boroplus antiseptic cream is a preventive, curative cream around an ayurvedic base. It enjoys a twin positioning: an antiseptic cream and protective cream ideal for harsh weather conditions and minor skin problems (chapped, cracked and dry skin). The brand grew at a CAGR of 18% across the last five years, with strong impetus coming from rural markets.

Product attributes: The use of aloe vera and *neem* help counter minor burns, *ushir* cools and relaxes the skin, *haridra* counters a chapped condition, *yastimadhu* helps ease sores. The use of herbs like chandan and *tulsi* enhance skin tone; they also heal cuts, scratches and minor wounds.

Major competitors: The brand's principal competitor is Boroline. During winters, the brand competes with other winter care products like cold creams, petroleum jelly and lotion, among others

Market share: Boroplus accounts for around 74% market share of the Rs. 269-cr boro brand creams in India.

Product differentiation : The presence of ayurvedic elements enhances medicinal and anti-septic features.

Brand extension: Following its success as an anti-septic cream, Emami extended into brands like Boroplus Prickly Heat Powder, Boroplus Summer Lotion and Boroplus Winter Lotion, establishing brand as an advocator and facilitator of healthy skin through natural route.

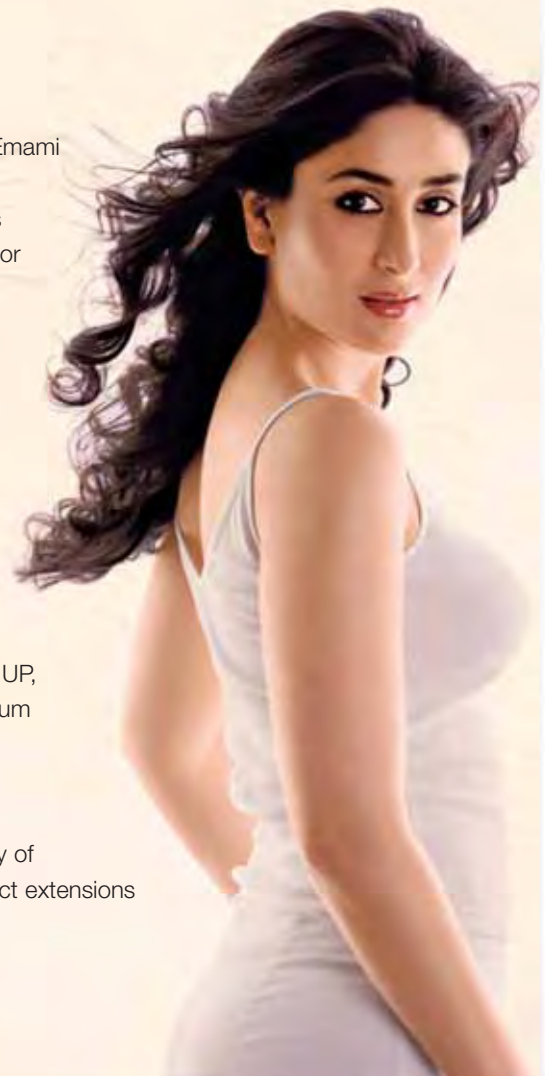
Advertisement and communication: Emami's Boroplus products are endorsed by celebrities like Amitabh Bachchan and Kareena Kapoor.

Highlights, 2009-10

- The brand is leading the category with aggressive growth
- Extensive rural Bengal promotional campaigns leveraged the power of 'jatra'
- Extensive radio promotions were carried out in the rural markets of UP, MP, Bihar and West Bengal where the use of an alternative (petroleum jelly) is predominant

Outlook

An extensive research was undertaken to understand the brand equity of 'Boroplus' and opportunities were explored by introducing new product extensions





Fair and Handsome

'Hi handsome, hi handsome'

Product attributes: Emami's five-power formula contains double-strength peptide complex (patented in the US) which penetrates the tougher male epidermis and helps regulate melanin production. Its double power sun guard counter the male skin's sun overexposure. The use of anti-bacterial agents protect the skin from pollution and dark shadows caused by daily shaves, nicks and cuts. Its nutra-complex relieves stress and fatigue, removing dead cells and revitalising the skin. Its herbs blend (vetiver, mint and liquorice) keep the skin fair and fresh.

Brand overview: Fair and Handsome established itself within the niche – India's Rs. 14-bn fairness cream market – that it helped create. The brand crossed revenues of Rs. 100 cr in 2009-10, growing at 32% CAGR between FY07 and FY10.

Major competitors: Fair & Lovely Menz Active (Hindustan Unilever), Fair One Man (Elder Pharma, Shehnaz Hussain), Nivea for Men Whitening Cream (Nivea) and Set Wet Get Fair (Paras Pharma)

Brand differentiation: The unique five-power formula helps enhance skin fairness in just four weeks. The formula includes double-strength peptide complex, sunguard, anti-bacplus, stress buster and herbocool.

Market share: Emami enjoys 84% market share in the Rs. 137 cr domestic men's fairness cream market.

Product availability: The product is available in SKUs of 7 ml, 12 ml, 30 ml and 60 ml. This wide packaging choice translated into superior numbers.

Advertisement and communication: Shahrukh Khan was retained as brand ambassador. The Company advertised the 7 ml SKU for the first time to create mass awareness of the pack to drive penetration and trials.

Highlights, 2009-10

- Revenues from the brand increased substantially in 2009-10

Outlook

The Company added a new ingredient called Lumino Pepitde to enhance the efficacy of the cream by a week. The Company redesigned the packs to connote premiumness of the product and better shelf throw with imported silver foil with autographed message from Shah Rukh Khan.



Mentho Plus

'Dus siron ka dard bhagaye'



Product offering: The product's unique formulation with *nilgiri* and *lavang* delivering in faster relief.

Brand overview: Mentho Plus Balm is positioned as a remedy for headaches even though it provides relief from cough, cold, fatigue, backache, sprain and muscular aches. Mentho Plus grew at a 21% CAGR over five years, enhancing market share.

Major competitors: The brand's major competitors are Amrutanjan, Tiger Balm and Monison's Balm.

Brand differentiation: The product is positioned as a cure for headaches.

Market share: Despite being a late category entrant, Mentho Plus accounts for 18% market share of the Rs. 380-cr pain balm market.

Brand strategy: Following the Zandu acquisition, Mentho Plus and Zandu Balm possess a combined 61% share of the pain-balm category with a minimal geographical overlap. While Mentho Plus is strong in South India (80% of revenues), Zandu enjoys a pan-India presence.

Product availability: The product is available in three SKUs (1.2 ml, 4 ml and 9 ml), catalysing purchase convenience.

Advertisement and communication: The Company continued to use its popular commercial comprising the Ravana mascot implying that the product can relieve 10 headaches. The brand was promoted through various below-the-line activities in different *melas*.

Highlights, 2009-10

- Revenue from the segment increased aggressively in 2009-10
- The product's 1.2 ml SKU was launched in a new, highly customised bi-colour *dibbi* to counter fakes.

Outlook

The Company is promoting the product aggressively and intends to introduce variants.



Zandu Balm

'Desh ka balm', Ek Balm Teen Kaam



Brand overview:

Zandu enjoys a 43% share of the Indian balm market with established appeal in western and northern India.

Product offering:

Zandu Balm provides an effective solution for headaches, body aches and colds.

Product differentiation:

This brand is positioned as a pain reliever, possessing the unique formulation of *gaultheria ka tel* and menthol.

Major competitors:

Major competitors include Amrutanjan Balm, Tiger Balm and Monison's Balm.

Product availability:

The brand is available in SKUs of 5 gm, 10 gm and 30 gm.

Advertisement and communication :

Zandu is the only balm brand in India endorsed by a celebrity. The brand entered into a strategic tie-up with the Mumbai Indians team in 2009-10. Advertisements featured Sachin Tendulkar, Zaheer Khan and Harbhajan Singh showcasing the national presence of the brand and its effectiveness against headaches, bodyaches and cold. The advertisement translated into attractive offtake. The Company roped in Virendar Sehwaq, Dinesh Karthik and Amit Mishra as brand ambassadors.

Highlights, 2009-10

- Revenues from this brand increased reasonably well in 2009-10
- Introduced Zandu Balm in a rejuvenated pack to counter duplicates

Outlook

Going ahead, the brand presence will be reinforced in northern and western India through ATL and BTL activities.





Sona Chandi Chyawanprash

'Banaye fit bhi, smart bhi'

Brand overview:

Sona Chandi Chyawanprash was launched as an immunity builder in 1998-99. Following the inclusion of Zandu Chyawanprash and Zandu Kesari Jivan, the Company strengthened its overall share of the chyawanprash segment.

Product offering:

Chyawanprash builds immunity for body and mind.

Product attributes:

Rich in vitamin A, C, D3, calcium, iron, protein and carbohydrates; contains gold, silver, saffron and 51 rare herbs.

Product differentiation:

The inclusion of gold and silver differentiate the product from alternatives. Gold fights toxic body elements while silver activates neurons that enhance memory, alertness and concentration.

Major competitors:

Major competitors comprised Dabur and Baidyanath.

Market share:

Himani Sona Chandi Chyawanprash accounts for a 9% share of the Rs. 211 cr ayurvedic health supplement market.

Product availability:

The brand is available in 6 gm spoon pack, 250 gm, 500 gm and 1 kg.

Advertisement and communication :

The Company continued with the commercial made in 2008-09 with Shah Rukh Khan and Rituparna Sengupta. A lot of consumer activations were also executed in the year viz. door-to-door sampling, rural van promotions and so on. Below-the-line activations like dealer boards, wall paintings, among others were also carried out to enhance overall visibility.

Highlights, 2009-10

The commercial emphasised the benefits of gold and silver as ingredients.

Outlook

Going ahead, the Company plans to deepen its rural penetration.





Fast Relief

'Dard mitaye chutki mein'

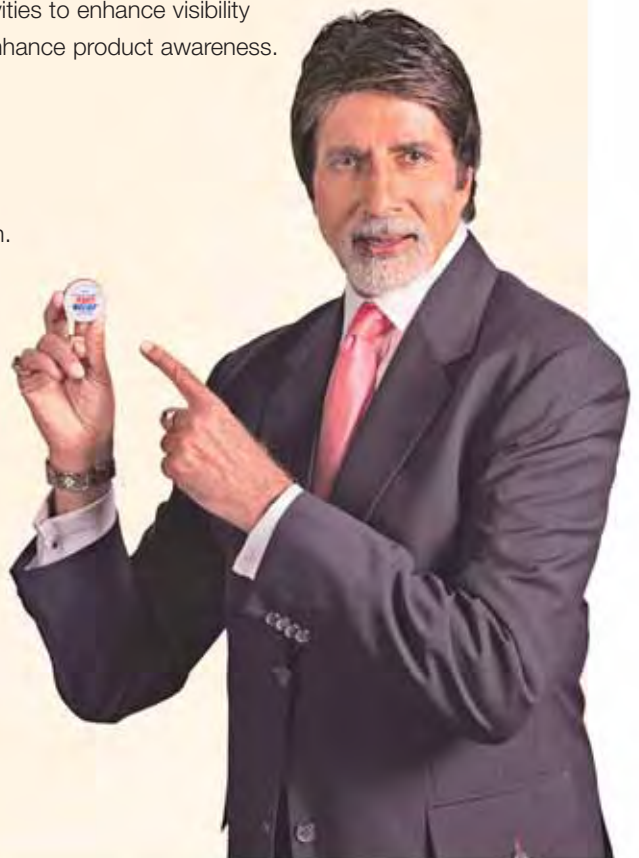
- Brand overview:** Himani Fast Relief provides instant relief from backache, muscle pain and other joint pains. The brand grew at a CAGR of 20% in last five years. The brand was repositioned as Himani Fast Relief Ultra Fast Formula with an enriched formulation and improved packaging. Delhi, UP and Maharashtra are the brand's three major markets.
- Product offering:** Provides instant relief from muscular, joint, arthritis and shoulder pain
- Product differentiation:** The special ayurvedic ingredients penetrate pain areas, stimulate circulation, relax stiffness and re-oxygenate tense painful tissues. With highest number of active ingredients, the product is positioned as providing the fastest relief from any kind of pain.
- Major competitors:** The major competitors are Moov, Iodex and Volini.
- Market share:** Himani Fast Relief accounts for 13% market share of the rubificent market.
- Product availability:** Available in various SKUs (2 ml, 5 ml, 10 ml, 15 ml, 25 ml and 50 ml). The 10 ml SKU was launched in a glass bottle, while 2 ml and 5 ml SKUs are available in *dibbis* and 15 ml, 25 ml and 50 ml in tubes.
- Advertisement and communication:** The Company's TV commercial, showing people suffering from body pain while undertaking various chores, won three awards. The Company undertook various below-the-line activities to enhance visibility as well as published advertorials to enhance product awareness.

Highlights, 2009-10

- The 10 ml SKU was launched nationally.
- The Company participated in various *melas* (Kumbh Mela, Shonepur Mela and Gangasagar Mela) to enhance rural penetration.

Outlook

Repositioned as a pain doctor, the brand intends to widen its presence across all pain relief verticals through creams, sprays and other formats.



Malai Kesar Cold Cream

'Khul ke...khelo!'

Brand offering: The brand offers a non-greasy cold cream with the '5 power winter formula' namely moisturising ability, nourishing strength, protection from harmful UV rays, revitalising capabilities and skin-glowing potential. The result: a complete winter skin care solution.

Brand overview: The brand was launched nationally in 2007. The category size was estimated at Rs. 291 cr, of which 50% was derived from North India. The cold cream emerged as one of the most successful brands in the category. The campaign – 'Ab sardiyon mein bhi khul ke khelo' – achieved attractive visibility and product registered good growth in 2009-10.

Major competitors: Peer brands include Pond's and Ayur

Brand differentiation: Emami Malai Kesar is the only cold cream that contains the nutritious goodness of *malai*, which protects and enriches the skin.

Product availability: The product is available in various SKUs (10 ml, 30ml, 60 ml and 100ml).

Advertisement and communication: Co-branded promo with the film 'Ajab Prem Ki Gazab Kahani' was run in all top national channels, enhancing offtake. Apart from television commercials, advertisement in magazines, a strong radio campaign was also undertaken.

Highlights, 2009-10

- Launched the 100 ml SKU pack
- New extension (Emami Malai Kesar Cream Soap) was test-launched in West Bengal in February 2010, resulting in an excellent response around the promotional line '*Khelna chahoge?*'

Outlook

The Company expects the brand to make a national mark in the coming years.



Moisturising

Enhances skin softness and glow owing to moisture retention in winter

Nourishing

Malai is a proven

traditional milk product with the natural richness of ingredients

Protecting

The ingredients protect the face from sun rays

Revitalising

Enhances skin strength

Skin glow

Enhances skin radiance



Navratna Cool Talc

'Duniya Ka Sabse Chhota AC'



Brand overview:

Navratna Cool Talc provides a refreshing break from other ordinary talcs. It counters heat and humidity through its unique cooling property and refreshing aroma, beating sweat and undesired body odour that keeps users cool and fresh all day long.

Product offering:

Emami launched Navratna Cool Talc in 2006, the first brand extension of its flagship brand Navratna Oil, which is the market leader in the cool oil category.

Positioned as 'Duniya Ka Sabse Chhota AC', Navratna Cool Talc brings the cooling, refreshment and comfort of an A.C 'anytime', 'anywhere', even in an oppressive summer.

The brand received an encouraging response from consumers since its inception in 2006. It moved from strength to strength over the last few years and emerged as one of the leading and fastest growing brands in the Company's portfolio.

Major competitors: The primary competitors are Pond's and Dermi Cool.

Product differentiation: No other general talc till date has offered this unique 'cooling' benefit.

A first of its kind, with coolness in general talcum category, Navratna Cool Talc generated a keen interest among consumers in the oppressive summer heat and sweat.

Market share: Navratna Cool Talc enjoys around 10% market share in the Rs. 240-cr prickly heat powder category.

Product availability: Navratna Cool Talc is available across India with a basket of three attractive variants viz., 'Navratna Cool Talc – Regular', 'Navratna Cool Talc – Active Deo' and 'Navratna Cool Talc – 24 hour Fresh', which provide the much desired cooling & refreshment in the scorching heat and sweat. Apart from these variants, a new 'Sandal' variant has been launched this year in Maharashtra and the southern states of A.P., Tamil Nadu, Karnataka and Kerala.



Navratna Cool Talc is available in SKUs of 15 gm, 50 gm, 100 gm & 300gm.

Advertisement and communication:

A suitable mix of electronic and print media are used for communication across India.

The advertisement campaigns feature a range of conventional and non-conventional media – print, TV, radio and ground-level activities.

Shahrukh Khan is the national brand ambassador while various regional celebrities were roped in to endorse the brand to cater to regional requirements. The brand is endorsed by superstars like Surya in Tamil Nadu and Mahesh Babu in Andhra Pradesh.

Highlights, 2009-10

- The brand registered an astounding growth of over 100%.
- An extensive all-India TV campaign with commercials of Shahrukh Khan and Mahesh Babu for A.P. was launched in April 2009. A commercial was launched in Tamil Nadu featuring superstar Surya in March 2010.
- Other successful product initiatives included the launch of a new 'Sandal' variant in Maharashtra and the southern states of A.P., Tamil Nadu, Karnataka and Kerala. A new 50g SKU was introduced across India in 'Regular' and 'Active Deo' variants. The initial consumer response was encouraging.

Outlook

The rapidly growing brand provides us with the confidence to target a 50% growth in turnover in 2010-11, even in the backdrop of a stagnant talcum powder market.

OTC product

Zandu Pancharishta

Brand offering:

The name itself defines product utility. The product combines *asavas* and *aristhas* with herbal inputs, making it a digestive, carminative and restorative tonic curing appetite loss, hyper-acidity and stomach ailments. The product enjoys a national presence.

Outlook

The product is set to capture market share following investments in research and development, packaging, promotion and brand positioning.





Pure Skin Glycerine Bar

'Do the Gliss'

Brand offering:	The soap softens skin during the harshest winters and helps retain moisture.
Brand overview:	This new product was launched nationally in 2009-10 with 60% volume growth. The glycerine bar (75 gm) is available in three exotic variants (swiss apple and almond; olive and aloe vera; turmeric and saffron).
Major competitors:	The major competitor is Pears.
Product differentiation:	High product quality at an economical price is the brand differentiator
Product availability:	The product is available in SKUs of 75 gm and 45 gm.
Advertisement and communication:	We sustained the 'Do the Gliss' television and press campaign reinforced by below-the-line activities.

Highlights, 2009-10

The swiss apple-almond variant was test-launched in 45 gm SKUs in Andhra Pradesh and eastern India.

Outlook

The Company expects to grow its market presence owing to competitive pricing, quality assurance and rich flavour.

OTC product

Lalima

"Shuddhta Bheetar to Nikhaar Baahar"

Brand offering:	A blood purifying product with natural ayurvedic ingredients. It removes impurities in the blood and makes the skin pimple-free, spot-free and fair. It also tastes better than substitutes.
Brand overview:	Lalima is positioned as a niche product with competitive pricing available in SKUs of 100 ml and 200 ml. The category could lead to strong growth and revenue visibility.

Outlook

The Company is enhancing brand promotion.



Vasocare Petroleum Jelly

'Vasocare sanjeevni sparsh ki'



Brand offering:	The product offers a fast and effective solution for dry skin problems with a rich herbal essence.
Brand overview:	The product was launched in 2008-09 in the North, East and West India and in South India in 2009-10. The product's market size is estimated at Rs. 246 cr. The brand enjoys a market share of 2.6%.
Major competitors:	Vaseline is the market leader in this segment.
Brand differentiation:	The distinctive herbal nature and green pigmentation, formulated with aloe vera, chamomile and <i>tulsi</i> with a pleasant fragrance, make it a truly distinguished niche product.
Product availability:	The product was introduced in a 50 ml SKU along with the existing SKUs of 10 ml and 25 ml.
Advertisement and communication:	A television campaign 'Vasocare sanjeevni sparsh ki' generated a good response from consumers.

Highlights, 2009-10

The brand registered over 100% growth in volume and value.

Outlook

The brand intends to maintain growth through significant expansion.

OTC product

Sardi Ja

"Ab Sardi khasi bhagao, recharge bhi ho jao"

Brand offering:	Sardi Ja Cough Syrup is the only cough syrup which provides immunity and energy as it reconciles the benefits of chyawanprash.
	The Sardi Ja brand also comprises two other products Cough Drops and Vapo Rub.
Brand overview:	Sardi Ja was positioned as an ayurvedic cough and cold product with competitive pricing. The product is sold mainly in North India in SKUs of 8 ml, 30 ml and 100 ml.

Outlook

The Company plans to strengthen its presence nationally.





Brand ambassadors

Celebrated and acclaimed personalities from entertainment and sport have endorsed Emami products over the years.



Drivers of excellence

Raw material management

Significance

In the manufacture of personal and healthcare products, the ability to manage raw materials is critical for a number of reasons. One, the sheer variety of raw materials that need to be procured, stored and used. Two, the delicate interplay and balance required between the various raw material inputs. Three, managing the changes in raw material quality without translating into changes in product effectiveness. Four, the ability to manage cost variations through prudent re-engineering without needing to make corresponding changes in end product price. The Company managed these challenges through strong supply chain monitoring, stringent quality controls and pro-active R&D initiatives.

The Company completely replaced the traditional mould-making facility with a newer and more efficient multi-mould making technology. To enhance competitiveness, it hired professional agencies to manage product design and artwork, resulting in packaging innovations. The pricing of microcrystal wax, hard paraffin, stearic acid and soot products were hedged through advance contracts and reverse auctions, among others.

Vendor selection and purchasing policy

The Company adopted stringent policies to select appropriate raw material vendors. Selection parameters included market rapport, financial stability, location, ISO certification, clean and hygienic manufacturing facility and mould-running facility, among others. The Company also insisted that vendors set up units next to its own facilities to reduce logistics and planning costs. Purchases from vendors in tax-exempt zones was preferred. Besides, commodity availability and demand were monitored and subscription to various analytical reports and forecasts helped facilitate purchase/hedging decisions.

Highlights, 2009-10

- Saved around Rs.10 cr on raw material costs as compared with budgeted costs through various cost-rationalisation initiatives
- Undertook farm forestry initiatives for *amla* and honey production

Cost management initiatives

The Company saved significantly on raw material procurement. Two primary principles that guided this were:

- **Purchasing policy:** This was mainly done through advance bookings (of critical items like menthol, which often show significant price volatility) for around three to nine months, creating local vendors (mainly for the talc segment), consequently saving freight charges and changing the mould-making strategy to multi-cavity facility from single-cavity facility.
- **Value engineering:** This is an annual initiative whereby around 3% of total purchase cost is set as the target percentage for cost reduction, achieved mainly by changing product design and weights, machine cycle time and tweaking other manufacturing facilities.

The way ahead

Going ahead, the Company plans to increase the plastic packaging manufacture by shifting from single-mould to a multi-mould manufacturing facility.

Operational excellence

Significance

In of personal and healthcare products manufacture, where the cost of quality failure can be traumatic as the products are used directly by people, competence is derived from the ability to produce at a consistently high quality level at all times across all plants.

Emami has seven manufacturing units, of which three units enjoy fiscal benefits. The old manufacturing unit at Kolkata is being modernised to handle efficient production of newer products and a new R&D laboratory is being developed.

Contract manufacturing

For some seasonal products (like talcum and glycerine soaps), special products and those which require high manpower or high volumes, the Company resorted to contract manufacture. The Company conducts strict audits of R&D, operations and quality parameters before selecting contract manufacturers.

Knowledge sharing

Knowledge sharing is a part of the working culture.

Various teams for R&D, technical and technology transfer (TTT) interact to commercialise the test products obtained from the R&D centre (i.e. laboratory stage) by reviewing all the challenges and developing viable commercial production. External consultants (for example perfume experts or a packaging expert) were hired to present their views at intra-departmental meetings for an informed insight.

Highlights, 2009-10

- Introduced Zandu Balm in a new bicolour plastic container
- Started production of the Emami Malai Kesar soap
- Achieved higher capacity utilisation across all the manufacturing units
- Received cGMP, ISO 14000 and ISO 22000 certification (for the chyawanprash manufacturing facilities). It also received Quality Circle award (conducted by QCFAI: Quality Circle Control Federation of India) at the regional and national level
- Shortlisted for the IMEA (Indian Manufacturing Excellence Awards) and are awaiting an audit

Key initiatives

- Most operations were automated to enhance productivity.
- Special cartons were introduced for packaging, to improve aesthetic feel and reduce counterfeit.
- New and imported high-speed machines – three times faster than traditional ones – were introduced for wax making
- The operations team initiated intra-group Kaizen activities to enhance operational effectiveness
- An exclusive unit was developed for exports.

The way ahead

- Establish a full-fledged quality control and packaging laboratory at the Kolkata unit
- Revamp all major Zandu facilities

Sales and distribution

Significance

In a business where consumers are dispersed across the country, success is derived from the ability to deliver products to consumers quickest, farthest and deepest, at the lowest cost.

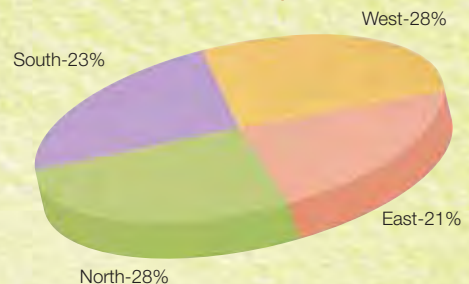
Emami invested significantly to create a robust sales and distribution team that ensured constant product availability.

Highlights, 2009-10

- Witnessed a 35.8% revenue increase from



National sales break-up



Rs. 76,463 lac in 2008-09 to Rs. 1,03,798 lac

- Undertook various merchandising initiatives, resulting in a 55% business growth from CSD (defence)
- Extended the super stockiest network to around 12 states, along with addition of 1,200 sub-stockers in remote areas with population levels below 20,000 people
- Added around 25,000 direct distribution outlets, taking the figure to 4.25 lac
- Initiated Project Gurukul, an in-house training centre for the sales and distribution team
- Opened a new depot in Coimbatore to widen South India sales

Key initiatives

- An online distributor performance tracking system was introduced, enabling secondary sales figure (a critical performance indicator for a FMCG firm) tracking and determination of manpower management, distribution efficiency and stock availability status.
- Project Gurukul was initiated to train the sales force, whereby key sales personnel were identified for imparting training and an in-house training module was established with their help.
- Around 90% depot integration was completed, enabling the Company to have a single depot in almost every state for the Emami and Zandu product ranges
- The product profiles and distribution systems were integrated, for which a distinction was made for different product categories – a separate consumer care division (CCD) and a healthcare division (HCD).
- A quarterly 'wholesale loyalty program' was started, which were an informal CRM initiative to strengthen relationships with major wholesale dealers.

The way ahead

- Focus on distributor integration, sorting issues like handling higher volumes and financial aspects
- Restructure the entire sales team to create separate heads for consumer care division, healthcare division, modern trade and rural business and finally integrate them under a corporate sales head, bringing about clarity in terms of accountability issues
- Divide the urban and rural sales teams across eight states and 84 districts for better knowledge gathering from individual markets

- Develop an all-India rural team to handle rural issues, including the upcoming Project Swadesh, under which rural consultants will be hired to provide a better rural market insight in terms of alternate distribution models
- Strengthen Project Gurukul to make specific training calendars and modules as per requirements
- Cover around 250 major distributors (contributing 50-55% of the total business) by the year end; initiate a system upgradation process to introduce a distributor stock replenishment system to help avoid stock-out situations
- Invest in developing specialised sales teams for the healthcare division as sales of these products depend on the activation of doctors as well as strong contacts with pharmaceutical companies and other ayurvedic units

Logistics and supply chain management

In the business of FMCG, it is critical to deliver products widest and deepest in the shortest time and at the lowest cost.

This department handles the outbound logistics divided into three segments – planning, distribution and transportation. To streamline the entire process, the Company engaged the services of Ernst & Young, implemented the S&OP system (Sales and Operations Planning) and a mother warehouse system in 2009-10.

Highlights, 2009-10

- Strengthened the planning process; introduced a new S&OP system, where inputs from SCM, sales team, production and purchase team were taken on individual SKUs to draw the overall plan
- Introduced the concept of a mother warehouse in South India (i.e. in Hyderabad) with buffer stock to supply eight regional depots
- Increased the number of transportation agencies to 17 (from two some three years ago) and reduced the percentage of transport via the fast mode to 10% (from 30% three years ago)

Key initiatives

S&OP meets: At the S&OP meets, financial targets are mainly used to plan production (in terms of buffer level and product quality) and draw up a four-month plan (including a one-month budgeted plan). Besides, the other issues addressed include stock service levels,

production adherence plans, average inventory levels and sales loss.

Mother warehouse concept: The new warehousing concept helped reduce the overall transit time from the mother depot to regional depot. At any point, there was 10 days of stock available at the mother depot.

Transportation: The Company secured multiple transport vendors, getting better service at a reduced cost. As the number of these agencies increased, the freight cost incurred decline to among the lowest in the industry.

The way ahead

- Implement the mother warehouse concept in western India by creating a mother warehouse at Indore
- Reduce the inventory holding period.

Quality management

For a business dealing with personal and health care products, quality norms are crucial. Emami invested in establishing quality standards and the supporting infrastructure. Some critical points comprised the following:

- All critical quality parameters are aligned in a unified system and documented for reference
- SOPs are defined

- Quality measurement procedures are defined

- Quality is defined at different levels like before-process, in-process and after-process quality checks

- After a product is launched, a stability study (a kind of product lifecycle study) is conducted on control samples continuously across the product's lifespan

- The smallest quality complaints are taken seriously and addressed immediately

Certifications

Most of the facilities are cGMP and ISO 9000 compliant. Units also follow highest standards of safety and environment protection.

The way ahead

Going ahead, the Company will continue to strengthen the quality control measurements.

Human resource management

Significance

In a business marked by various brands, products, production complexity and funding needs, success is derived from an ability to invest, train and retain intellectual capital.

The Company's human resource department aims at creating a transparent organisation with clearly laid out responsibilities for all. The department is also

Heads of Department



instrumental in providing clear employee growth.

Recruitment: The Company's recruitment policy employs the right kind of people in the right position and at the right cost. The Company's Emami Young Leaders Program (EYLP) hires sales personnel (graduates) from select institutes and they are nurtured for six months before being trained on-the-job.

Training: The training nurtures talent with the objective of making them self-sufficient in their domains. An annual training plan is drawn; the training needs are segregated and balanced under three heads – behavioural, skill based and functional.

Performance appraisal and compensation: The performance appraisal system is unique. The KRAs and performance indicators are carefully decided at the year-start. The appraisal is conducted at an intermediate level (instead of annual) whereby the employees are given the chance to understand performance gaps with support being provided. An appraisal is conducted by the immediate supervisor, while the head of department reviews the overall performance. Apart from identifying the developmental needs of candidates, the HR department also holds meetings with various HODs to discuss their needs and interventions (if any) to meet departmental goals. Thereafter, everything is collated to develop a comprehensive annual HR policy. Compensation is linked to performance with a differentiation between performers and non-performers. The total manpower as on March 31, 2010 was around 3,700 (including workers).

Other initiatives: Other initiatives like picnics and Family Day celebration strengthened employee relationships. Periodic blood donation camps and health check-ups were conducted. Stress relieving initiatives in the form of spiritual and motivational training were encouraged. The results were manifested in employee loyalty and pride.

Highlights, 2009-10

The Company completed the recruitment of the first batch under EYLP, focused on strengthening its sales force, following the evaluation of which the hiring process for the next batch will be initiated.

The way ahead

- Build a leadership pipeline to ensure that there

are readily available personnel to man critical business positions

- Implement an ERP-based system for handling HR activities
- Introduce certain performance-based incentive plans to employees over and above the differentiated pay system

Information technology Significance

In a business marked by a number of plant locations, branch offices, dealers, warehouses and retail outlets, warranting information access, success is derived from an ability to link these various organisational arms electronically and generate precious ground level information leading to informed decision making.

IT infrastructure: The Company uses SAP ECC 5.0 (an ERP package) to run its various business functions like material management, production planning, sales and distribution, financials, quality and controlling. The Zandu merger project was rated (by CTU Forum) among the top 10 IT innovation projects in India. And with the new secondary sales tracking system getting aligned with the central SAP server, supply chain efficiency and the stocking position of distributor improved dramatically.

Business sustainability: The Company attained 99.5% uptime through systemic monitoring and upgradation. The Company employed a robust disaster management system by creating a secondary site, with lower configuration machines to accommodate at least 50 users (instead of 300 for the primary site).

Highlights, 2009-10

- Completed the Zandu-Emami integration project, resulting in all of Zandu's business applications (including manufacturing units) running live on Emami's server
- Embarked on a secondary sales integration project (solution provided by UBQ Technology), a highly appreciated effort
- Developed a disaster recovery site by mirroring the primary site at a different location to maintain 100% uptime at any point of time

The way ahead

- Implement self-sufficient business intelligence warehousing applications
- Implement human capital management and supply chain management initiatives
- Develop a robust IT security system by deploying new tools, providing a new dimension to data protection aspects

Research and development

In a business where consumer preferences are continuously evolving, a successful company is inevitably the one that has invested in research-led innovation or research-led efficacy increase of products.

Philosophy

The Company concluded pharmaceutical, pharmacognostical, pharmacological and clinical evaluation to expand product range and experiment with innovative concepts, creating products in line with international standards. This will enable the Company to introduce unique and patentable products in the market, a considerable edge. The main focus of the R&D centre is the molecular study of various plant fractions for developing active ingredients, which could eventually be used in developing commercially viable and patentable products.

People

The R&D team comprises a strong group of 40 researchers, including nine PhDs and is spearheaded by Padmashree Vaidya Suresh Chaturvedi. The Company also enlisted global experts in Himani Ayurveda Science Foundation, comprising Dr. Hari Shankar Sharma, Dr. Hiroe Inamura (Japan), Dr. S.K. Mishra and Dr. Bhaswati Bhattacharya (USA), among others.

R&D infrastructure

A new, six-storied, 30,000-sq. ft R&D centre is being established in Kolkata, comprising a cosmetic centre, formulation development labs, centralised quality assurance cell and a separate floor for the Panchakarma Centre, a therapeutic centre for traditional ayurvedic therapy.



Prospects

Emami will develop high-end, scientifically-proven personal care products and pharmaceutical products like anti-ageing creams, hair dyes, sun screens and face washes. The Company intends to commission medicinal plant gardens to maximise quality standards.

Highlights, 2009-10

Many new products underwent different phases of clinical trials and are expected to be launched in the coming years.

The way ahead

- Focus on ayurvedic innovations for developing healthcare and personal care products
- Establish a full-fledged 30,000-sq. ft R&D centre at the Kolkata unit

Going global

Highlights, 2009-10

- Exports grew 37.6% from Rs. 9,922 lac in 2008-09 to Rs. 13,652 lac
- Exports to the Middle East, Africa and CIS region increased 58%, 23% and 57%, respectively
- Emami Fair and Handsome emerged a leader in the Middle East with a market share of 83% in Saudi Arabia and 58% in the UAE.

Overview

Emami's global footprint covers 64 geographies (SAARC, the Middle East, Africa, CIS nations and Europe). In 2009-10, contribution from the Company's international business was around 13% as the Company sustained its aggressive marketing and products maintained their positioning and prominence.

Growing brands

The major Emami global successes – especially in

Middle East and Africa – were brands like Fair and Handsome, Menthoplus Balm, Boroplus Cream, Emita and Himani Fast Relief. Fair and Handsome continued to be the dominant brand in its category in the UAE and Saudi Arabia while Boroplus Cream maintained its leadership position in Russia, Ukraine and Nepal.

Key initiatives

- Commenced Bangladesh operations in 2009-10
- Marketed holistically, supported by a dedicated sales force across international locations, which helped grow Emami's presence in the northern and eastern parts of Africa (especially Egypt)

The way ahead

Emami intends to widen its portfolio through line extensions and its footprint in SAARC and Africa.

International product range



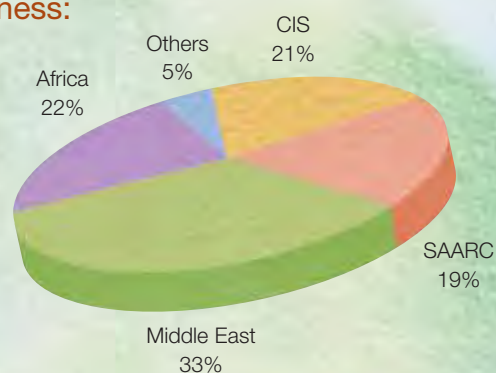
International footprint

- Global destination
- International office

Regionwise consolidated sales growth in 2009-10

Region	Growth %
Middle East	58%
Africa	23%
CIS	57%
SAARC	27%
Others	20%
Total	37%

Regionwise share of our international business:



Corporate social responsibility

At Emami, corporate social responsibility is a philosophy of serving society through product, health, education, environment, employment and social interventions.

Healthcare

Emami conducts regular health check-ups through homeopathy, naturopathy and ayurveda interventions. Financially disadvantaged patients are provided aid. The promoters established the Emami Foundation to fund various philanthropic and charitable causes. The Foundation organises free camps for heart disease reversal under supervision of renowned heart specialist, Dr. Bimal Chhajer, and also for tuberculosis treatment and eye operations. It donated ambulances to various hospitals. The Company also established the Emami National Institute of Bone Marrow Transplantation in Bangalore in association with Dr. Devi Shetty. Specialised Eye-care activities are also being undertaken in association with Shankara Nethralaya and Vision Research Foundation.

Women empowerment and livelihoods

Emami contributes actively to rural youth employment and women's upliftment through unique projects like Emami Mobile Traders (EMT) and Emami Small Village Shops (ESVS). Under the EMT scheme, the sub-distributorship of Emami products is offered to rural self-help groups and NGOs. Emami also arranges for financial support through rural banks for the EMTs. ESVS focuses on providing women a livelihood in marketing Emami products through their residences, supported by NGOs and other village volunteers. Emami actively supports various vocational activities to empower women, like computer training, sewing and knitting classes and home nursing training, among others.

Education

For a developing country with growing youth population, education is the key progress driver. Besides awarding meritorious students and sponsoring scholarships, Emami supports small village schools like one-teacher schools in remote pockets. It also makes available books, computers and boarding accommodation for higher studies to deserving candidates. Sri Ravi Shankar Vidya Mandir Trust has also been involved to impart education to deserving and needy students.

Environment

Emami's products are benign, using responsible processes. The heater use is minimised; a number of by-products are recycled and reused. Emissions are minimised. Emami actively supports animal protection and preservation projects including cow. It initiated research and development on cow-dung and cow-urine related projects for environment protection and welfare of society.

We care

The Company renders voluntary services through charitable organisations like the Emami Foundation, Magan Shankar Foundation, Bansilal Janki Devi Agarwal Trust, Kesardeo Ratnidevi Goenka Trust, Aradhana Trust, Viswa Jagriti Mission, Marwari Relief Society, Indian Cancer Society and the Visudhanand Hospital, among others. Activities include the distribution of medicines, medical check-ups, cataract operations, educational material and financial assistance to the poor and deserving. The Company is currently executing a project to benefit villagers in Basudebpur (West Bengal) through regular medical and educational interventions.

*The CSR efforts at Emami are spearheaded
by Shri R.K. Goenka*





Feeding the under privileged on an everyday basis is a ritual at Emami



Cow care is actively supported by Emami



Free Medical and Health-check camps are regularly organised



Adult literacy is actively encouraged and supported at Emami



Rewarding women entrepreneurs at the rural level



Risk management at Emami

1. Threat of competition

Increasing competition could dent profitability

Risk mitigation

The mass market segments in which the Company is present is fraught with competition from branded/unbranded/regional players.

- The Company delivers innovative and effective products based on ayurveda, manufactured using modern laboratory practices.
- The Company invests in advertisements to generate a stronger recall. Most Emami brands are endorsed by the country's prominent celebrities.
- The Company's products are packaged attractively to generate higher consumer attention.
- The Company's manufacturing units are largely located in tax-exempted zones.

2. Industry slowdown

Downturns in the industry could affect business growth

Risk mitigation

- According to a FICCI-Technopak report, the implementation of the proposed Goods and Services Tax (GST) and the opening of Foreign Direct Investment (FDI) are expected to catalyse industry growth to USD 47 billion by 2013 and USD 95 billion by 2018.
- Demand for some personal care products grew faster in rural areas than urban areas during April-September 2009 as per AC Nielsen.
- According to McKinsey, Indian incomes are likely to treble in two decades; India is expected to become the world's fifth-largest consumer market by 2025 (twelfth in 2007).
- India ranks second in the Nielsen Global Consumer Confidence survey released on January 7, 2010.
- Over 300 million Indians are expected to move from the category of rural poor to rural lower middle class between 2005 and 2025; rural consumption levels are expected to rise to current urban levels by 2017.

3. Sub-normal monsoon

Poor monsoons may impact rural incomes

Risk mitigation

About 45% of the Company's sales are in rural areas. With the monsoon playing truant, rural income growth could suffer and affect the spending on FMCG products.

- The meteorological department has predicted a normal monsoon for 2010.
- The Company increased rural sales substantially following the introduction of smaller SKUs.
- India's per capita rural income is expected to increase from Rs. 7,335 in 1981 to Rs. 15,396 in 2011.

4. Inflation and raw material unavailability risk

Rise in raw material costs could affect pricing; the inability to procure raw materials at the right time could hamper seamless operations.

Risk mitigation

- An increase in the cost of raw materials like HDPE (packaging material), paraffin wax or mentha oil can impact pricing, sales and earnings.
- The Company ordered raw materials three to nine months in advance to assure timely availability.
- The Company developed local vendors wherever possible to reduce freight and also encouraged sourcing from units in exempt zones.
- The Company implemented value engineering projects to reduce raw material costs.
- The Company undertook farm forestry for *amla* and honey.

5. Integration challenges with Zandu

Integration problems could affect operations

Risk mitigation

Delays or problems in the integration of distribution networks and activities like marketing, brand building

and positioning, among others, could result in lower earnings growth.

- The Company created two divisions – consumer care and healthcare divisions – to enhance focus on Zandu products, facilitating the integration.
- The Company's distribution network was integrated, resulting in a strong foothold in West and South India.
- The Company's successful product integration enabled it to become a leader in the headache balm category and gain second position in the chyawanprash segment.

6. Delay in launch of new products

Inability to introduce new products may affect earnings

Risk mitigation

Any delay in the launch of new products or a subdued performance by these products could impact earnings.

- The Company launches new products from time to time, reviews and nurtures them regularly and invests aggressively in R&D and marketing for sustainable future growth.
- The Company's R&D team is working relentlessly on a number of new product launches. Many innovative and effective products are conceived and tested and are being made ready for launch in the coming years. The Company's top management team directly supervises new launches plan, reviews its status and performance regularly for taking faster corrective actions.

7. Declining product quality

Inconsistent product quality could affect product offtake

Risk mitigation

A dip in quality could erode market share and profitability.

- The Company's units are ISO 9001 and GMP certified.
- The Company introduced TPM to enhance quality.
- The Company undertook a detailed product life cycle study of control samples.

- The Company created a defined standard operating procedure with details of quality control that needed to be followed for quality protection.

8. Improper business strategy

Skewed business strategy may result in lost opportunities

Risk mitigation

An average topline growth of 27% over the past five years depicts the Company's vision and mission clarity. Annual business plans and long-term business strategy are analysed thoroughly before being vetted by the Board of Directors. Moreover, mid-term reviews of the business strategy and annual plans ensure that the Company initiates a mid-course correction, should the situation so warrant. The long-term business strategy comprises:

- Formulating a low-cost leadership strategy
- Fortifying a presence in select verticals
- Focusing on product quality
- Diversifying presence in different sectors and countries to reduce cyclical risk

9. Inefficient operations

Competence gaps could affect operations, equipment uptime, health and safety risks

Risk mitigation

Inefficient operations could increase cost, deteriorate quality and invite safety hazards.

- The Company provides adequate training to all staff on operating procedures and policies along with honing project management skills.
- The Company encourages its staff to upgrade skill sets and multi-tasking through job rotation.
- The Company's operating procedures for maintenance include preventive maintenance of all equipment, according to a predefined schedule and adequate training for maintenance staff for compliance with operating procedures.
- The Company's projects are executed using globally benchmarked, quality-certified equipment and materials.

Corporate Governance Report

For the year ended March 31, 2010

Company's philosophy on Corporate Governance

Corporate Governance encompasses the commitment to values and ethical business conduct and the method of managing business.

At Emami, Corporate Governance is not merely compliance or a matter of creating checks and balances; it extends to the superior delivery of the Company's objectives with a view to translate opportunities into reality.

The Company believes that good Corporate Governance is the key element in improving a firm's economic efficiency and also helps to ensure that the Company considers the interests of a wide range of constituencies and of the communities within which it operates.

Good Corporate Governance encompasses laws, procedures, practices and implicit rules that determine the management's ability to take sound and informed business decisions vis-à-vis all its stakeholders i.e. shareholders, creditors, employees and the State. The Company's philosophy on Corporate Governance envisages attainment of the highest level of transparency, accountability, integrity and equity across all facets of its operations and in its interaction with stakeholders.

The objective of good Corporate Governance in global consensus is maximising the shareholders' value in the long-term.

In the pursuit of this objective, the Company's management and employees are to manufacture and market its products to create value that can be sustained over the long-term for consumers, shareholders,

employees, business partners and the national economy. At the same time, the Company also ensures full compliance with regulatory disclosure requirements.

The Company endeavoured to make Corporate Governance a way of life by forming a Board comprising reputed experts and inducted persons of eminence as Independent Directors who can contribute to corporate strategy, providing an external perspective and being a source of challenge and evaluation wherever appropriate.

During the year, the Business Restructure and Reorganisation Committee, comprising a majority of Independent Directors, played a significant role in evaluating and deciding the reorganisation of the business with their external perspective.

To that end, your Company has always focused on good Corporate Governance, the key driver of sustainable corporate growth and long-term value creation.

1. Board of Directors

a. Introduction

The Board of Directors is the apex body for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the shareholders are being served. The Chairman, Managing Director and Wholetime Directors are assisted by the CEO/CFO/senior managerial personnel in overseeing the functional matters of the Company.

During the year, the Board was expanded by four new Directors after approval of the Central Government to increase maximum number of Directors from twelve to fifteen and one Independent Director resigned.

b. Composition of Board

As on March 31, 2010, the Board of Directors of Emami Limited comprised 15 Directors – an Executive Chairman, a Managing Director, Four Executive Directors and Nine Non-Executive Directors including Eight Independent Directors. The Board of the Company represents an optimum combination of professional, knowledgeable and experienced persons. Composition of the Board and category of Directors are as under:

Name and Category of Directors

Promoter Directors	Non-Executive Independent Directors
1. Shri R.S. Agarwal	1. Shri Viren J. Shah
2. Shri R.S. Goenka	2. Shri K.N. Memani
3. Shri S.K. Goenka	3. Shri Y.P. Trivedi
4. Shri Mohan Goenka	4. Shri S.K. Todi
5. Shri Aditya Vardhan Agarwal	5. Shri Amit Kiran Deb
6. Shri Harsh Vardhan Agarwal	6. Shri S.B. Ganguly
7. Smt Priti Sureka	7. Padmashree Vaidya Suresh Chaturvedi
	8. Shri S.N. Jalan

c. Agenda papers distributed in advance

Agenda and notes on the agenda are circulated among the Directors, in advance, in the defined agenda format. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practical to attach any document to the agenda, the same is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

d. Post meeting follow-up mechanism

The important decisions taken at the Board/Board Committee meetings are communicated to the departments/divisions concerned promptly. A report on the action taken on the decision/suggestion of the previous meeting(s) is placed at the immediately

succeeding meeting of the Board for noting of the same by the Board.

e. Compliance

The Company Secretary, besides preparing the agenda, notes on agenda and minutes, among others, of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the rules issued thereunder.

f. Number of Board meetings

The Board of Directors held six Meetings during the year on April 29, 2009, June 19, 2009, July 28, 2009, October 29, 2009, December 3, 2009, and January 30, 2010. The maximum gap between any two meetings did not exceed four months.

g. Details of attendance of the Directors at the Board meetings and the last Annual General Meeting, and their Directorship and Committee positions held as at March 31, 2010

Sl No	Name of Director	Position	Number of Board meetings attended	Number of Directorships as on 31.03.2010*	Number of committee positions held	Attendance at the last AGM
1	Shri R.S. Agarwal	Promoter Executive (Chairman)	6	19	Member 2 Chairman 1	Yes
2	Shri R.S. Goenka	Promoter/ Non – Executive	6	20	Member 5 Chairman 2	Yes
3	Shri S.K. Goenka	Promoter Executive (Managing Director)	5	7	Member 1	Yes
4	Shri Viren J. Shah	Non – Executive Independent	5	1	–	No
5	Shri K.N. Memani	Non – Executive Independent	4	12	Member 11 Chairman 4	No
6	Shri Y.P. Trivedi	Non – Executive Independent	1	15	Member 13 Chairman 4	Appointed After AGM
7	Shri S.K. Todi	Non – Executive Independent	6	23	Member 4 Chairman 2	Yes
8	Shri Amit Kiran Deb	Non – Executive Independent	1	4	Member 1	Appointed After AGM
9	Shri S.B. Ganguly	Non – Executive Independent	–	8	Member 4 Chairman 3	Appointed After AGM
10	Padmashree Vaidya Suresh Chaturvedi	Non – Executive Independent	3	1	-	Yes
11	Shri S.N. Jalan	Non – Executive Independent	2	12	Member 2	No
12	Shri K.K. Khemka (Resigned on January 31, 2010)	Non – Executive Independent	5	NA	NA	Yes
13	Shri Mohan Goenka	Promoter Executive	5	8	Member 5	Yes
14	Shri Aditya Vardhan Agarwal	Promoter Executive	5	18	Member 2	No
15	Shri Harsh Vardhan Agarwal	Promoter Executive	3	11	Member 4	Yes
16	Smt. Priti Sureka	Promoter Executive	1	6	Member 2	Appointed After AGM

*Includes Directorship in Private Limited Companies

h. Information placed before Board of Directors

The following items are generally tabled for information and review of the Board:

- Quarterly and yearly financial results of the Company and its subsidiary companies
- Minutes of meetings of all committees
- Minutes of meetings of subsidiary companies
- General Notices of Interest of the Directors
- Dividend data
- Information of recruitment and resignation of employees above and equivalent to the post of General Manager
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences and material effluent or pollution problems
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company
- Any issue that involves possible public or product liability claims of substantial nature
- Details of joint ventures, acquisitions of companies or collaboration agreements
- Transaction that involves substantial payment toward goodwill, brand equity or intellectual property
- Any significant development on the human resources front
- Sale of material nature, of investment, subsidiaries and assets, which are not in the normal course of business
- Transactions with the related parties
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer

The Board is presented with all information under the above heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board meetings, or are tabled in the course of the Board meetings or meetings of the relevant committees.

i. Code of Conduct

The Board adopted a Code of Conduct for the members of the Board and the management committee in

compliance with the provisions of Clause 49 of the Listing Agreement. The said Code of Conduct is displayed on the Company's website, www.emamigroup.com. It designated the Managing Director of the Company as Chief Executive Officer (CEO) for the purpose of Corporate Governance.

The CEO affirmed to the Board that the members of the Board and committees and all the employees working at the level of Head of Departments have complied with the provisions of this code. A declaration signed by the CEO in this regard is annexed at the end of this report.

Committees of the Board

Emami Limited has following Board level committees:

- 1) Audit Committee
- 2) Remuneration Committee
- 3) Share Transfer and Shareholders'/Investors' Grievance Committee
- 4) Finance Committee
- 5) Executive Committee *
- 6) Business Reorganisation/Restructuring Committee*

**ceased with effect from January 30, 2010*

1) Audit Committee

The Audit Committee comprises four Directors out of whom three are Independent Directors. All the members have accounting and financial management expertise. Shri S.K. Todi, Chairman of the Committee is knowledgeable in finance, accounts and laws and has vast experience in corporate affairs. Shri S.B. Ganguly, an Independent Director was inducted into the Committee. Shri K.K. Khemka resigned from the Board of Directors, consequently, he ceased to be a member of the Committee. Shri A. K. Joshi, Company Secretary and Senior GM-Legal, is the secretary of the Committee. The Audit Committee met five times during the year on April 29, 2009, July 27, 2009, October 28, 2009, December 3, 2009, January 29, 2010 and the gap between any two meetings did not exceed four months.

The functions of the Committee include:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- Reviewing the quarterly, half-yearly and annual financial statements before submission to the Board

- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function
- Discussing with internal and external auditors any significant finding and follow-up on such issues
- Reviewing key accounting matters and developments
- Reviewing the utilisation of funds raised by the Company
- Reviewing the statutory compliance system
- Reviewing the related parties' transactions
- Reviewing the financials of the subsidiary companies
- Reviewing other matters as directed by the Board

Following is the attendance of the members at the meetings:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri S.K. Todi – Chairman	Independent	5
Shri R.S. Goenka	Promoter/Non Executive	5
Shri K.K. Khemka (Resigned on January 30, 2010)	Independent	5
Shri S.N. Jalan	Non Executive Independent	1
Shri S.B. Ganguly (Joined on January 30, 2010)	Non – Executive Independent	–

2) Remuneration Committee

The Remuneration Committee comprises three Non-Executive Independent Directors and Shri A. K. Joshi, Company Secretary and Senior GM - Legal, as its secretary. Shri K.K. Khemka resigned from the Directorship on January 30, 2010 and consequently ceased to be member of the Committee; Shri Amit Kiran Deb joined the Committee on the same day. During the year, the Committee held one meeting on January 30, 2010.

The functions of the Committee include

To evaluate, review and recommend to the Board, the remuneration of the Executive Directors so as to bring about the objectivity in determining the remuneration package while striking a balance between the interest of the Company and the shareholders.

Following is the attendance of the members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri Amit Kiran Deb	Independent	1
Shri S.N. Jalan	Independent	-
Shri S.K. Todi	Independent	1

Remuneration policy

Executive Directors

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, 1956, read with Schedule XIII thereof. The Committee aims towards rewarding, on the basis of performance and reviews on a periodical basis.

Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board of Directors and committees and also reimbursement of expenses incurred in this regard.

In order to reward the Non-Executive Independent Directors for their contribution, they are paid remuneration by way of sitting fee for attending the meeting of Board and Committees thereof and commissions as approved by the Board of Directors in terms of approval of members under section 309(5) of the Companies Act 1956,

Non-Executive Directors are also entitled to a sitting fee for attending the meetings of the Board and committees thereof; at present, sitting fee for Board, Audit Committee and Finance Committee is Rs.20,000 for each meeting and for other committees Rs. 15,000 each meeting.

Criteria for payment to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending the meetings of the Board within the prescribed limits. They bring with them, significant professional expertise and substantial benefits through their rich experience in the fields of finance, information system, marketing and corporate strategy. Through their experience and knowledge, they safeguard the interest of investors by exercising an appropriate role of control

at various levels. The Company also inducted them in the committees of the Board i.e. Audit Committee, Remuneration Committee, Shareholders'/Investors' Grievance Committee, Executive Committee, Finance Committee and Business Reorganisation/ Restructuring Committee.

Non-Executive Directors' commission is determined by the Board on the Company's performance and regulatory provisions.

Details of remuneration for the financial year 2009-10

Sl No	Name of the Director	Sitting fees	Salary	Commission	Contribution to PF	Value of perquisites	Total
1	Shri R.S. Agarwal (Chairman)	-	96,00,000	2,00,00,000	11,52,000	5,69,999	3,13,21,999
2	Shri R.S. Goenka	3,90,000	-	-	-	-	3,90,000
3	Shri S.K. Goenka (Managing Director)	-	48,00,000	-	5,76,000	2,62,501	56,38,501
4	Shri Viren J. Shah	1,30,000	-	4,00,000	-	-	5,30,000
5	Shri K.N. Memani	95,000	-	4,00,000	-	-	4,95,000
6	Shri Y.P. Trivedi	20,000	-	-	-	-	20,000
7	Shri S.K. Todi	4,30,000	-	4,00,000	-	-	8,30,000
8	Shri Amit Kiran Deb	35,000	-	-	-	-	35,000
9	Shri S.B. Ganguly	-	-	-	-	-	-
10	Padmashree Vaidya Suresh Chaturvedi	60,000	-	2,00,000	-	-	2,60,000
11	Shri S.N. Jalan	75,000	-	2,00,000	-	-	2,75,000
12	Shri K.K. Khemka (Resigned)	2,15,000	-	1,00,000	-	-	3,15,000
13	Shri Mohan Goenka (Whole time Director)	-	36,00,000	-	4,32,000	8,11,946	48,43,946
14	Shri Aditya Vardhan Agarwal (Whole time Director)	-	36,00,000	-	4,32,000	10,50,707	50,82,707
15	Shri Harsh Vardhan Agarwal (Whole time Director)	-	36,00,000	-	4,32,000	3,66,587	43,98,587
16	Smt Priti Sureka (Whole time Director)	-	3,61,290	-	43,355	1,07,891	5,12,536
	Total	14,50,000	2,55,61,290	2,17,00,000	30,67,355	31,69,631	5,49,48,276

Shares held by the Non-Executive Directors as on 31.3.2010

Sl.No	Name of the Director	Category of Director	Number of shares
1	Shri R.S. Goenka	Promoter/ Non executive	176380
2	Shri Viren J. Shah	Independent	5100
3	Shri K.N. Memani	Independent	NIL
4	Shri Y.P. Trivedi	Independent	NIL
5	Shri S.K. Todi	Independent	100
6	Shri Amit Kiran Deb	Independent	NIL
7	Shri S.B. Ganguly	Independent	NIL
8	Padmashree Vaidya Suresh Chaturvedi	Independent	NIL
9	Shri S.N. Jalan	Independent	NIL
TOTAL			1,81,580

3) Share Transfer and Shareholders'/Investors' Grievance Committee

The Share Transfer and Shareholders'/Investors' Grievance Committee comprises four members, one Non-Executive Independent Director and three Promoter Executive Directors. Shri A. K. Joshi, Company Secretary and Senior GM - Legal, is the secretary of the Committee. On January 30, 2010, Smt Priti Sureka was appointed as member of the Committee.

During the year, eleven meetings were held by the Share Transfer and Shareholders'/Investors' Grievance Committee on April 14, 2009, May 29, 2009, June 23, 2009, June 29, 2009, July 2, 2009, July 6, 2009, November 10, 2009, December 14, 2009, January 14, 2010, January 29, 2010 and March 31, 2010 .

The Committee reviews the status of investors' grievances on a periodical basis and ensures cordial investors' relation through supervision of mechanism for redressal of investors' grievances. During the year, the Company received 23 investors complaints and none of them were pending as on March 31, 2010.

The functions of the Committee include:

- Approval of share transfers and transmissions
- Taking actions on routine complaints of shareholders
- Disposal of old stationeries of dividend warrants
- Issue of duplicate share certificates
- Any other matter(s) out of and incidental to these functions and such other acts assigned by the Board.

The details of attendance of the members are as follows:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri S.K. Todi – Chairman	Independent Director	11
Shri Mohan Goenka	Promoter Executive	10
Shri Aditya Vardhan Agarwal	Promoter Executive	11
Smt Priti Sureka (Joined on 30th January 2010)	Promoter Executive	1

4) Finance Committee

The Finance Committee of the Board comprises six Directors, five of whom are Executive Directors. Shri A. K. Joshi, Company Secretary and Senior GM - Legal, is the secretary of the Committee. The Committee held seven meetings during year on May 29, 2009, October 7, 2009, October 12, 2009, October 14, 2009, November 10, 2009, December 19, 2009, February 2, 2010,

The functions of the Committee include:

- To consider opening of bank accounts, modification in operation of bank accounts
- To review and consider periodical budgets of the Company and approve capital expenditures

- To execute power of attorneys for empowering the executives and/or authorised representatives for the business operations of the Company
- To open, modify and close trading and demat accounts in the name of the Company required for securities, derivatives and all other options
- To consider the matter relating to participation in Bids / tender / expression on interest and all other business alliances and joint ventures, among others, if any
- To attend to any other business as may be delegated by the Board of Directors from time to time

Following was the attendance of the members at the meetings:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri R.S. Goenka, Chairman	Promoter/ Non executive Director	7
Shri S.K. Goenka	Promoter Executive	7
Shri Mohan Goenka	Promoter Executive	7
Shri Aditya Vardhan Agarwal	Promoter Executive	6
Shri Harsh Vardhan Agarwal	Promoter Executive	7
Smt Priti Sureka (Joined on January 30, 2010)	Promoter Executive	1

5) Executive Committee

At the meeting of Board of Directors of the Company held on January 31, 2008, the Board constituted an Executive Committee comprising four Directors, two Independent and two Promoter Directors namely Shri R.S. Agarwal, Chairman, Shri R.S. Goenka, Shri S.K. Todi and Shri K.K. Khemka.

Shri A. K. Joshi, Company Secretary and Senior GM - Legal, as secretary of the Committee.

Primarily, the objective of the committee was to manage the activities relating to the acquisition of The Zandu Pharmaceutical Works Ltd with the defined terms of reference. The committee had no meeting during the year.

The functions of the Committee were as under:

- To explore and evaluate the opportunities of acquisition/takeover of companies or brands or business and to finalise the strategy and terms and conditions of the same.
- To enter into all agreements including share purchase agreements and Memorandum of Understandings, etc., in connection with the acquisitions/takeovers/alliances if required.
- To invest the Company's funds subject to permissible limits under section 372A of the Companies Act 1956, for such acquisitions/takeovers and alliances.
- To appoint merchant banker, registrar, escrow bankers, advisors and any other agency or competent body which may be required in this regard under applicable SEBI regulations or any other statutory laws.
- To do all such acts, deeds or things as may be necessary or incidental for doing the aforesaid acts and to do all other business as may be delegated by the Board of Directors of the Company from time to time.

The Company acquired the majority stake of the Zandu Pharmaceutical Works Ltd by way of purchase of shares from earlier promoters of Zandu, the general public through open offer and stock market. At the end of 2008, the objective of the committee was accomplished. The Board, at its meeting held on January 30, 2010, decided to dissolve the committee.

6) Business Reorganisation/Restructuring Committee

The Board of Directors, at their meeting held on March 30, 2009, constituted the committee as a special purpose committee named as Business Reorganisation/Restructuring Committee. The committee comprised majority of Independent Directors headed by Shri Viren J. Shah and Shri A. K. Joshi, Company Secretary and Senior GM - Legal, as the secretary of the Committee. Primarily, the objective of the committee was to examine and evaluate restructuring and reorganising of FMCG and realty business, the terms of reference are briefly given hereunder.

The functions of the committee were as under:

- To examine and evaluate restructuring and reorganising of FMCG and realty business being carried on by Emami Limited and its subsidiaries

through merger, demerger or any other arrangement.

- To appoint advocates, legal advisors, valuers, merchant bankers and any other experts for taking their views and opinions in this respect
- To frame appropriate schemes and recommend to the Board of Directors of the Company.
- To do all such acts and deeds which are necessary in this respect.

The committee held two meetings during the year on May 15, 2009 and June 19, 2009.

Following is the attendance of the members at the meetings:

Name of the member	Category of Director attended	Number of meetings
Shri Viren J. Shah	Non – Executive Independent	2
Shri R.S. Agarwal	Promoter Executive	2
Shri R.S. Goenka	Promoter Non Executive	2
Shri K.N. Memani	Non – Executive Independent	1
Shri S.K. Todi	Non – Executive Independent	2
Shri S.N. Jalan	Non – Executive Independent	1
Shri K.K. Khemka	Non – Executive Independent	1

The Scheme of Arrangement as suggested by the committee and considered by the Board for consolidation of FMCG business of Zandu with Emami and realty business into Emami Infrastructure Ltd became effective with effect from 5th November 2008 and a certified copy of the Order of Hon'ble Calcutta High Court was filed on December 2, 2009, with the Registrar of Companies, West Bengal.

Since the objective of formation of the Committee was achieved, the Board, at its meeting held on January 30, 2010, decided to dissolve the committee.

Management

Management discussion and analysis report

Annual report has a separate section for detailed management discussion and analysis

Disclosures

Disclosures on materially significant related-party transactions, i.e. transactions of the Company of material nature, with its Promoters, the Directors or the management, their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

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

Details of such transactions as per requirement of Accounting Standard 18 are disclosed in Note. B-22 of Schedule 17 to the audited accounts. A statement of these transactions was also placed before the Audit Committee and in the Board meetings from time to time.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no non-compliance.

Accounting treatment in preparation of financial statement

The Company followed the guidelines as laid down in Accounting Standards, prescribed by the Institute of Chartered Accountants of India, for the preparation of financial statements.

Subsidiary companies

As on March 31, 2010, the Company had the following non-listed overseas subsidiaries.

1. Emami UK Ltd
2. Emami Bangladesh Ltd
3. Emami International FZE

Financial statements of the subsidiary companies were reviewed by the Audit Committee of the Company and minutes of the subsidiary companies' meetings were placed before the Company's Board.

Risk management

The Company framed comprehensive risk management policies for both the employees and the Company, not only to manage risks but also to minimise their impact. This policy is periodically reviewed by the management and updated as per requirement to ensure that risk is controlled.

CEO (Managing Director)/CFO certification

The CEO and CFO certification as required by Clause 49 is enclosed at the end of the report.

General Shareholders Information

Details of appointment/reappointment of Directors

Shri Viren J. Shah, Shri S.K. Todi, Shri Mohan Goenka and Shri S.K. Goenka, Directors, would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The information pertaining to these Directors is as follows:

Shri Viren J. Shah is an AMP (Harvard Business School) USA with special expertise in general business management. He has served as Governor of West Bengal, prior to that he was Chairman of Mukund Limited for 27 years. He is an Independent Director of the Company.

Shri S.K. Todi is Master of Commerce and possesses extensive business experience. He is a Non -Executive Independent Director of the Company.

Shri Mohan Goenka is a commerce graduate and an MBA from the UK and is a Wholetime Director of the Company.

Shri S.K. Goenka, Managing Director, is a Commerce graduate. He looks after the production, operation, human resources and public relations of Emami.

Shri S.B. Ganguly, Chairman-Emeritus of Exide Industries and a Director of Calcutta Stock Exchange Ltd, was appointed as a Non-Executive Independent Director w.e.f January 30, 2010.

Shri Amit Kiran Deb, M.A in Political Science, an IAS and former Chief Secretary, Government of West Bengal, was appointed as a Non-Executive Independent Director w.e.f January 30, 2010.

Shri Y.P. Trivedi, an eminent tax expert and advocate, Supreme Court of India, is Director of Reliance Industries Ltd and Zandu Realty Ltd, among others. He is also a member of the Rajya Sabha. He was appointed as a Non-Executive Independent Director w.e.f January 30, 2010.

Smt Priti Sureka, Whole Time Director, has extensive knowledge and experience in marketing, brand development and business strategies.

Details of Resignation of Director

Shri K.K. Khemka, an Independent Director resigned from the Board of the Company with effect from January 30, 2010.

General body meetings

Location and time of the last three Annual General Meetings are as follows:

For the year ended	Location	Date	Time	Special business transacted
March 31, 2009	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	December 31, 2009	11 am	Increase of authorised share capital and alteration of Article 4 of Article of Association Re-appointment of Shri R.S. Agarwal as Executive Chairman Appointment of M/S V Parekh and Associates, Chartered Accountants as the unit auditor of the Company.
March 31, 2008	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	August 25, 2008	11 am	Re-appointment of Shri S.K. Goenka as Managing Director Re-appointment of Shri Mohan Goenka as Wholetime Director Re-appointment of Shri A.V. Agarwal as Wholetime Director Re-appointment of Shri H.V. Agarwal as Wholetime Director

For the year ended	Location	Date	Time	Special business transacted
March 31, 2007	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	September 25, 2007	11 am	Contribution to charitable institutions or other funds under section 293(1)(e) of the Companies Act, 1956
				Alteration of Articles of Association, insertion of new article titled " Buyback of Shares"
				Revision of remuneration of Shri R.S. Agarwal, Executive Director,
				Revision of remuneration of Shri S.K. Goenka, Managing Director,
				Revision of remuneration of Shri Mohan Goenka, whole-time Director
				Revision of remuneration of Shri A.V. Agarwal, whole-time Director
				Revision of remuneration of Shri H.V. Agarwal, whole-time Director

Special Resolution passed through postal ballot
No special resolution was passed through postal ballot during 2009-10.

Compliance report

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause are as below:

Mandatory requirements

The Company was fully compliant with mandatory requirements of Clause 49.

Non-Mandatory requirements:

Maintenance of Chairman Office

The Company has an Executive Chairman and as such does not require maintaining Non-Executive Chairman office.

Tenure for Independent Director

The Board has not decided on a specific tenure for Independent Directors.

Remuneration Committee

The Company has an independent Remuneration Committee comprising three members; all of them are Non-Executive Independent Directors. Other relevant details are given separately in this report

Shareholders' rights

The quarterly and half yearly financial results are published in widely circulating national and local dailies and are displayed on the Company's website

www.emamigroup.com and SEBI website www.sebidifar.com. Hence, these are not individually sent to the shareholders.

Audit qualification

There is no audit qualification given in the auditors' report.

Training of Board members

At Emami, all the members of Board of the Company are well-experienced professionals and are well acquainted with business knowledge of the industry. It is therefore prudent on the part of the Company to think that there is no need for any formal training for such Directors. Nevertheless, in respect of Executive Directors, the Company arranges for training in the field of risk management of the Company's business, in order to make them well conversant in discharging their responsibilities as Directors.

Mechanism for evaluation of Non-Executive Directors

The role of Non-Executive Directors of the Company is important. The peer group, comprising the entire Board, except the Director being evaluated, evaluates his performance. On basis of such evaluation, it is decided as to whether his appointment should be extended or not.

Whistle Blower Policy

The Company has formulated a Whistle Blower Policy and procedure with an aim to deter and detect misconduct and to ensure that genuine concerns of misconduct/unlawful conduct, which an individual believes may be taking place,

are raised at an early stage in a responsible and confidential manner. Any employee may report such incident without fear to the Chairman of the Audit Committee or alternatively may report to Head-HR.

Shareholders' information

a) Annual General Meeting

Day, date and time	Thursday, August 19, 2010 at 11.00 am
Venue	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017
Last Date of receipt of proxy	Tuesday, August 17, 2010 till 11.00 AM
Book closure dates	Friday, July 23, 2010 to Tuesday, July 27, 2010

b) Financial calendar

Financial year: April 1, 2009 to March 31, 2010

The Board meetings for approval of quarterly financial results for financial year 2009-10 were held on the following dates:

a) Listing on stock exchanges and stock code

Sl No	Name and address of the exchange	Stock code
1	The National Stock Exchange of India Ltd, Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai-400 051, India	EMAMILTD
2	The Bombay Stock Exchange Ltd, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 023, India	531162
3	The Calcutta Stock Exchange Ltd, 7, Lyons Range, Kolkata-700001, India	18136

e) Market price data (Face value of shares Rs. 2 each)

Months	National Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April 2009	240.00	198.10	230.00	197.00
May 2009	344.80	200.50	344.00	200.20
June 2009	397.00	306.00	394.50	319.00
July 2009	439.00	315.00	431.00	312.00
August 2009	435.00	355.00	435.00	365.00
September 2009	514.80	385.10	513.80	383.00
October 2009	466.00	415.10	500.00	415.20
November 2009	520.00	408.05	520.00	411.00
December 2009	556.80	449.00	555.00	450.00
January 2010	568.00	481.00	567.00	475.00
February 2010	619.90	502.00	620.00	450.00
March 2010	635.00	545.10	635.30	545.05

As there is no trading of securities at the Calcutta Stock Exchange, no information is available.

First quarter	July 28, 2009
Second quarter	October 29, 2009
Third quarter	January 30, 2010
Fourth quarter and annual	May 28, 2010

Financial year: April 01, 2010 to March 31, 2011

The dates of the Board meeting for consideration of Quarterly / Annual financial results for the financial year 2010-11 and tentative dates for the remaining period are as follows:

First quarter	On or before August 14, 2010
Second quarter	On or before November 14, 2010
Third quarter	On or before February 14, 2011
Fourth quarter and annual	On or before May 30, 2011

c) Dividend payment date: August 19, 2010 onwards (within 30 days of the declaration of dividend)

Equity Shares in the Suspense Account

As per clause 5A of the listing agreement the Company reports that 200 shares of the Company are lying in the suspense account as on March 31, 2010.

Registrar and Share Transfer Agents

M/s Maheswari Datamatics Private Limited
6, Mangoe Lane, Kolkata – 700001, West Bengal, India
Tel: 91-033-2248 2248, 2243 5809 / 5029
Fax No 91-033-2248 4787, Email : mdpl@cal.vsnl.net.in

Share transfer system

Applications for transfer of shares held in the physical

form are received at the office of the Registrar and Share Transfer Agent of the Company. All valid transfers /requests are processed and come to effect within 15 days from the date of receipt.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in all respects. Bad deliveries are immediately returned to depositing participants under advice to the shareholders.

Distribution of shareholding as on March 31, 2010

Category	Number of shares held	% of shareholding
A.Promoters' holding		
Promoters		
- Indian promoters		
Individuals	7584459	10.0249
Corporate	44873044	59.312
- Foreign promoters	2572116	3.3998
Sub-total	55029619	72.7367
B. Non-Promoters holding		
1. Institutional investors		
a. Mutual funds and UTI	3816647	5.0447
b. Banks, financial institutions and insurance companies	10808	.0143
c. Foreign institutional investors	9767552	12.9105
Sub-total	13595007	17.9695
2. Others		
a. Private corporate bodies	3468516	4.5846
b. Indian public	3528148	4.6634
c. NRI / OCBs	34583	.0457
Sub-total	7031247	9.2937
Grand total	75655873	100.00

Distribution of shareholding

Shareholding of nominal Value (Rs.)	Shareholders		Share amount	
	Number	% of Total	In Rs.	% of total
Up to – 5,000	15,645	98.0878	38,44,970	2.5411
5,001 – 10,000	89	.5580	6,46,068	.4270
10,001 – 20,000	65	.4075	9,29,790	.6145
20,001 – 30,000	23	.1442	5,63,266	.3723
30,001 – 40,000	8	.0502	2,82,518	.1867
40,001 – 50,000	11	.0690	4,92,736	.3256
50,001 – 1,00,000	22	.1379	16,39,320	1.0834
1,00,001 and above	87	.5455	14,29,13,078	94.4494
Grand Total	15,950	100.0000	15,13,11,746	100.0000

Dematerialisation of shares and liquidity

Nature of holding	Holders	Shares	Percentage
Physical	1247	1078874	1.4260
Demat	14703	74576999	98.574
Total	15950	75655873	100.000

Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity.

None

Means of communication

Quarterly results

Quarterly Results are published in Business Standard, The Economic Times, The Times of India (in English) and Dainik Statesmen (in Bengali) and are displayed on Company's website www.emamigroup.com

Presentation

Detailed Presentation are displayed on the Company's website

Website

The Company's website contains separate dedicated Investors section where shareholders information, Annual Report, Financial Results etc are available.

Annual Report

Annual Report containing interalia Audited Annual Accounts, Consolidated financial statements, Reports of the Auditors and Directors, Chairman Statement, Management Discussion Analysis and other important information is circulated to the members and displayed on the Company's website.

Designated exclusive email-id

The Company has designated email-id exclusive for investors services – investors@emamigroup.com

Plant locations

West Bengal

13, B.T. Road, Kolkata –700056

Assam

EPIP Complex Amingaon, Guwahati – 781031
Abhoypur Plant P.O. College Nagar, Abhoypur,
Guwahati, Assam - 781031

Maharashtra

Sanjan Village, Dongari, Taluka Talasari,
Maharashtra-401601

Gujarat

Plot No. 82,G I D C, Vapi, Gujarat-396194

Uttaranchal

Plot no 40 & 41, Sector 5,II E, Pantnagar, Udham Singh
Nagar, Uttarakhand-263 152

Dadra & Nagar Haveli

Survey No 61/2, Plot No 1, Village Masat, Silvassa,
Dadra & Nagar Haveli-396230

Address for correspondence

M/s Emami Limited,
Emami Tower, 687, Anandapur, E M Bypass,
Kolkata-700107, West Bengal,
Email: investors@emamigroup.com
Tel: 033-6613-6264

Certification by Managing Director and President-Chief Financial Officer of the Company

We, Sushil Kr Goenka, Managing Director and N H Bhansali, President- CFO of Emami Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2010 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading ;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company has disclosed, whichever applicable, to the Company's auditors and to the audit committee of the Company, the following:
 - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
 - b. Significant changes in internal control during the year ;
 - c. Any fraud, which we have become aware of and that involves Management or other employees who have significant role in the Company's internal control systems ;

We further declare that all members of Board and Committees and all employees working at level Head of the department have affirmed compliance with the Code of Conduct of the Company for the year 2009-10.

Kolkata
May 28, 2010

Sushil Kr Goenka
Managing Director
Emami Ltd

N H Bhansali
President- CFO
Emami Ltd

Auditors' Report on Corporate Governance

To,

The Members of EMAMI LIMITED

We have reviewed the records of Emami Limited for the year ended on March 31, 2010 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

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

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

For S K Agrawal & Company

Chartered Accountants

S K Agrawal

Partner

Membership No.9067

Place: Kolkata

Dated: May 28, 2010

Directors' Report

For the year ended March 31, 2010

Your Directors have pleasure in presenting their report on the business and operations of the Company and audited accounts for the year ended March 31, 2010.

Financial results

Consequent to demerger of FMCG undertaking of The Zandu Pharmaceutical Works Limited into Emami Limited and simultaneous demerger of Realty undertaking of Emami Limited into Emami Infrastructure Limited with effect from November 5, 2008, current year's accounts includes performance of Zandu FMCG undertaking and excludes that of Realty undertaking. Previous year's figures are, therefore not comparable with the current year's figures

Financial results are summarised below:

(Rs. In Lacs)

Particulars	2009-10	2008-09
Operating Income	1,00,685	72,235
Profit before interest, depreciation & taxation	24,906	12,964
Interest	2,095	1,963
Depreciation & Amortisation	11,749	1,789
Transferred from general reserve	(10,209)	(964)
Profit Before Exceptional Items & Taxation	21,271	10,176
Exceptional Items :-		
- VRS compensation	726	-
- Share Issue Expenses	487	-
Profit Before Taxation	20,058	10,176
Less : Provision for taxation		
- Current tax (including FBT)	3,440	1,200
- Deferred Tax (net)	100	250
- Provision for taxation of earlier years	(22)	(26)
Profit after Taxation	16,540	8,752
Balance brought forward	2,463	1,648
Profit available for appropriation	19,003	10,400
Appropriation		
General reserve	12,309	3,953
Proposed dividend	4,539	3,405
Corporate dividend tax	772	579
Balance carried forward	1,383	2,463
	19,003	10,400

Dividend

The Board of Directors has recommended a dividend of Rs. 6/- per share of Rs. 2/- each (i.e. 300% on the share capital of the Company) to the members for their approval. The dividend, if approved, will be paid to the members whose names appear in the register of members as on July 22, 2010; in respect of shares held in dematerialisation form it will be paid to the members whose name furnished by NSDL & CDSL as beneficial owners as on that date. The total dividend for the year including dividend distribution tax amounts to Rs. 5,311 lac and dividend pay out ratio works out as 32%.

Review of operations

Emami's continuous endeavour for aggressive business growth has resulted in achieving remarkable performance in FY 2009-10.

The Company recorded a turnover growth of 39% from Rs. 722.35 cr in 2008-09 to Rs. 1,006.85 cr in 2009-10. However, EBIDTA of the Company rose by 92% from Rs. 129.64 cr in 2008-09 to Rs. 249.06 cr. On the other hand, post-tax profit of the Company grew by 89% from Rs. 87.52 cr in 2008-09 to Rs. 165.40 cr in 2009-10. Consolidated turnover of the Company grew by 39% from Rs. 747.46 cr in 2008-09 to Rs. 1,037.98 cr in 2009-10. Consolidated EBIDTA and profit after tax were recorded at Rs. 232.49 cr and Rs. 169.73 cr in 2009-10 against Rs. 114.22 cr and Rs. 91.86 cr in 2008-09 respectively.

The Company offers innovative, effective and value for money products based on ayurveda using modern laboratory practices. With Zandu in its fold, Company's brand equity has further strengthened. Innovative R&D, aggressive marketing coupled with penetrative and expanding distribution network have helped deliver excellent results. Across the board cost-optimisation initiatives with focus on improving processes, controls and efficiencies have paved the way for robust sustainable growth.

A superior management team, aggressive branding strategies, strong R&D capabilities and strive for innovation is expected to reinforce the Company's position in the industry, taking it to the next league of growth.

Internal control system and information technology

The Company has in place adequate systems of internal controls commensurate with its size and the nature of operations. These systems have been designed keeping in view the nature of activities carried out at each location and the various business operations. The Company's in-house internal audit department carries out the internal audit at all manufacturing locations, head office and sales depots situated across the country. Their objective is to assess the existence and operation of financial and operating controls set up by the Company and also to ensure compliance of applicable statutes and corporate policies. A summary of all audit reports containing significant findings by the audit departments along with the follow-up actions thereon is placed before the Audit Committee for review. The Audit Committee reviews the comprehensiveness and effectiveness of the report and provides valuable suggestions and keeps the Board of Directors informed of its major observations from time to time.

Listing

The equity shares of your Company are listed on the National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Calcutta Stock Exchange Limited. The listing fees for the financial year 2010-11 have been paid.

Subsidiary Companies

As on March 31, 2010, the Company includes following wholly owned overseas subsidiary Companies.

Emami UK Ltd

Emami Bangladesh Ltd

Emami International FZE

A statement pursuant to Section 212 of the Companies Act 1956, relating to subsidiary Companies, is attached to the accounts.

The Company has submitted an application to the Central Government under Section 212(8) of the Companies Act 1956, seeking exemption from attaching the Audited Statements of accounts of the subsidiary companies and the Auditors' Reports thereon, for the year ended March 31, 2010, along with the report of the Board of Directors, which is under consideration. The

Company will make the documents available upon request by any member interested in obtaining the same.

The following information in aggregate for each subsidiary is also being enclosed (a) Capital (b) Reserves (c) Total Assets (d) Total Liabilities (e) Detail of Investment (except in the case of investment in subsidiaries) (f) Turnover (g) Profit Before Taxation (h) Provision for taxation (i) Profit after Taxation and (j) Proposed Dividend.

However, in compliance with the Accounting Standard 21 on Consolidated Financial Statements, notified in Companies (Accounting Standards) Rules 2006, your Company has prepared its consolidated financial statements, which forms part of this Annual Report.

Issue of shares pursuant to the Scheme of Arrangement

On January 14, 2010, the Company has issued 35,10,696 Equity Shares of the Company to the members of The Zandu Pharmaceutical Works Ltd in terms of the Scheme of Arrangement. The new shares have been enlisted with the Bombay Stock Exchange Ltd, National Stock Exchange Ltd and the Calcutta Stock Exchange Ltd.

Board of Directors

With the manifold increase in activities of the Company, approval of Central Government was obtained for increase in maximum number of Directors of the Company from twelve to fifteen. The Board of Directors at their meeting held on January 30, 2010, appointed Shri S B Ganguly, Shri Y P Trivedi, Shri Amit Kiran Deb and Smt Priti Sureka as additional directors under Section 260 of the Companies Act, 1956. Smt Priti Sureka was appointed as whole time director for period of 3 years subject to your approval in next general meeting and other additional directors as Independent Directors on the Board of the Company.

The Company has received notices from the members under section 257 of the Companies Act, 1956 for appointment of Shri S.B. Ganguly, Shri Y.P. Trivedi, Shri Amit Kiran Deb and Smt Priti Sureka as directors of the Company at the ensuing Annual General Meeting.

Shri Viren J. Shah, Shri S.K. Todi, Shri Mohan Goenka and Shri S.K. Goenka, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

A brief resume of the Directors proposed to be appointed / re-appointed as required under Clause 49 of the Listing Agreement, is provided in the Notice of the Annual General Meeting forming part of the Annual Report.

On January 30, 2010, Shri K.K. Khemka resigned from Directorship of the Company and the Board wishes to place on record its sincere appreciation for the valuable guidance rendered by him during his tenure as an independent director of the Company.

With effect from 24th May 2010, Shri Amit Kiran Deb has been inducted as member of Audit Committee of the Company.

Your directors express their profound grief on the sudden demise of Shri S.N. Jalan on 24th May 2010. The Board places on record its deep appreciation for the valuable contribution made by Shri S.N. Jalan, during his tenure as an independent director on the Board of the Company.

Sub-division of face value of the Equity Shares of the Company

In order to improve the liquidity of the Company's Equity Shares and to make it affordable to the small investors, the Board has proposed to sub divide face value of the equity shares of the Company from Rs. 2/- to Re 1/- subject to the approval of members.

Auditors' report

The observations made in the Auditors' report are self-explanatory. No qualification is reported by them; hence do not call for any further comments.

Auditors

The auditors, M/s. S. K. Agrawal & Co, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

Responsibility statement

Pursuant to the requirement under section 217(2AA) of the Companies Act 1956 with respect to Directors' responsibility statement, the Directors confirm that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii)The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii)The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

iv) The annual accounts were prepared on a going concern basis.

Further, there has been no change in accounting policy in the preparation of annual accounts for the year under review.

Corporate Governance

The information pursuant to the provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement are hereby presented in a separate report and annexed along with this report.

Corporate Social Responsibility

Your Company, being a responsible corporate citizen continues to support the activities relating to welfare of its employees and society in the fields of education, health and improvement in standard of living. At Emami, CSR is not philanthropy but is purely voluntary-your Company does it beyond any statutory requirement or obligations. A brief detail of activities carried by the Company are given in other part of the Annual Report.

Group for inter se transfer of shares

Pursuant to intimation from the Promoters, the names of the Promoters and entities comprising "group" are disclosed in the Annual Report for the purpose of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997

Energy, technology and foreign exchange

Information pursuant to Section 217 (1)(e) of the Companies Act, 1956, in respect of the conservation of energy, technology absorption and the foreign exchange earnings, is annexed and forms part of this Annual Report.

Personnel

Information pursuant to Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, as amended by the Companies (Particulars of Employees) Amendment Rules 1999 forms part of this Report. Although in accordance with the provisions of Section 219(1) (b) (iv) of the Companies Act, such information has been excluded from the Report and Accounts sent to the Members, any member desirous of obtaining this information may write to the Company Secretary at the Registered Office of the Company.

Acknowledgement

Your Directors wish to place on record and appreciate the dedicated services rendered by the employees of the Company at all levels and also express their sincere thanks and appreciation to financial institutions, banks, government authorities, business associates, distributors, retailers, stakeholders and the consumers of its products, for their continued support.

For and on behalf of the Board

Kolkata
May 28, 2010

R.S. AGARWAL
Chairman

Annexure to the Directors' Report

I. Statement of Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. Particulars with Respect to Conservation of Energy

The power consumption of the Company as a percentage of the total turnover comes to a negligible per cent.

The details of the consumption as per the prescribed format are as follows:

A. Power and Fuel Consumption

	2009-10	2008-09
1. Electricity		
a) Purchased units (lac KWH)	54.64	36.82
Total amount (Rs. in lac)	234.45	183.37
Average rate/Unit (Rs)	4.29	4.98
b) Own generation		
i) Through diesel generator units (lac KWH)	4.20	2.67
Unit/Litre of Diesel	2.93	3.14
Cost/Unit (Rs.)	11.66	10.76
Total amount (Rs. in Lac)	49.00	28.72
ii) Through steam turbine/Generator	N.A.	N.A.
2. Coal	-	-
3. Furnace oil		
Quantity (Kilo Litre)	214.04	104.57
Cost/Unit (Rs.)	0.32	0.26
Total amount (Rs. in Lac)	68.32	26.87
4. Other/Internal generation	-	-

B. Consumption per Unit of Production

Product (with details)	
Unit	Since the Company manufactures several formulations and having regard to the records and other books maintained by the Company it is impracticable to apportion the utilities.
Electricity	
Furnace	
Coal (Specify quality)	
Other (Specify)	

2. Particulars with Respect to Technology Absorption

A. Research & Development

1. The R&D activities of the Company are specifically focused to the development of new products and improvement in existing products and analytical methods.

2. The result of such dedicated research work is the constant and innovative expansion in the range of products and achieving greater levels of quality by improved consumption of raw materials and reduction in wastage.

3. The Company's efforts are also directed towards creating value added products and packs for all consumer segments. It is focusing on innovative packaging to achieve consumer appeal as well as providing convenience to consumers.

4. Company's future plan includes putting greater emphasis on the Ayurveda science to deliver innovative and effective products.

5. Expenditure in R&D :

	<i>Rs. in lac</i>
a) Capital	--
b) Recurring	168.64
c) Total	168.64
d) R&D as a percentage of total turnover	0.17%

B. Efforts in Brief Towards Technology Absorption, Adaptation and Innovation

1. The Company has always been aware of the latest technological developments and adapted them to make the products more cost effective and to attain high levels of quality.

2. Benefits derived as a result of the above efforts: The benefits derived by the Company for such adaptation have been evident in the reduction of cost, improvement in packaging, upgradation in existing products and development of new products. Thus, it has helped the Company to satisfy consumer needs as well as business

requirement of introducing new products.

3. Future plan of action: Emphasis will continue to be laid on innovative products keeping in view the need and taste of consumers, innovative packaging and adoption of latest technology and know-how to make products more cost effective as well as of high quality.

4. Imported technology :

Technology imported	: None
Year of import	: Not applicable
Has technology been fully absorbed?	: Not applicable

3. Foreign Exchange Earnings and Outgo

A. Activity relating to exports: initiative taken to increase exports, development of new export markets for products and export plans.

Total export in foreign exchange for the financial year 2009-10 was Rs. 8095.35 lac. In order to expand overseas business, the Company has registered its various brands in a number of countries apart from obtaining registration of the respective products from the statutory authorities in those countries. The Company has also undertaken extensive marketing and advertising campaigns in overseas markets to increase its exports business.

B. The total foreign exchange used during the year by the Company is apportioned under the following heads :

	<i>Rs. in lac</i>
Raw Materials	468.49
Capital Goods	669.11
Professional Fees	82.30
Interest	729.41
Others	288.47
	2237.78
C. Foreign Exchange earnings during the year (Export of goods on FOB basis)	8095.35

II. “Group” for inter se transfer of shares under Clause 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulation, 1997.

1	Shri Radheshyam Agarwal	43	Pan Emami Cosmed Ltd
2	Shri Radheshyam Goenka	44	Emami Frank Ross Ltd.
3	Smt Usha Agarwal	45	EPL Securities Ltd.
4	Shri Bajranglal Agarwal	46	TMT Viniyogan Ltd.
5	Smt Shanti Devi Agarwal	47	Emami Capital Markets Ltd
6	Smt. Savitri Devi Agarwal	48	Emami Group of Comp. Pvt Ltd
7	Shri Madan Lal Agarwal	49	Emami International Pvt Ltd
8	Smt. Kusum Agarwal	50	Emami Biotech Ltd
9	Shri Aditya Vardhan Agarwal	51	Emami Paper Mills Ltd.
10	Shri Harsh Vardhan Agarwal	52	Neelam Lefin Ltd
11	Smt. Priti Sureka	53	CRI Ltd
12	Smt. Richa Agarwal	54	New Way Construction Ltd
13	Smt. Mansi Agarwal	55	Premier Ferro Alloys and Securities Ltd.
14	Master Vibhash Vardhan Agarwal	56	South City Projects (Kolkata) Ltd.
15	Ms. Vidula Agarwal	57	Emami Realty Ltd
16	Ms. Vidishree Agarwal	58	Emami UK Ltd
17	Master Rohin Raj Sureka	59	Emami Bangladesh Ltd
18	Ms. Avishi Sureka	60	Emami International FZE
19	D.D. Agarwal (HUF)	61	Advanced Medicare & Research Institute Ltd.
20	Smt. Saroj Goenka	62	EFL Foods Ltd
21	Shri Raj Kumar Goenka	63	Auto Hitech Pvt Ltd
22	Smt. Meena Goenka	64	Emami Rainbow Niketan P Ltd
23	Shri Suresh Kumar Goenka	65	Master Saswat Goenka
24	Smt. Santosh Goenka	66	Ms. Shreya Goenka
25	Shri Sushil Kumar Goenka	67	Ms. Nimisha Goenka
26	Smt. Indu Goenka	68	Shri Prashant Goenka
27	Smt. Laxmi Devi Agarwala	69	Shri Yogesh Goenka
28	Shri Mohan Goenka	70	Smt. Puja Goenka
29	Shri Manish Goenka	71	Shri Amitabh Goenka
30	Smt. Rachna Bagaria	72	Shri Ashish Goenka
31	Smt. Rashmi Goenka	73	Shri Jayant Goenka
32	Smt. Jyoti Goenka	74	Shri Sachin Goenka
33	Bajrang Lal Agarwal (HUF)	75	Ms. Smriti Goenka
34	Shri Raj Kumar Sureka	76	Ms. Sobhna Agarwal
35	Shri Rajesh Bagaria	77	R.S. Agarwal (HUF)
36	R.S. Goenka (HUF)	78	Mohan Goenka (HUF)
37	Raj Kr. Goenka (HUF)	79	K.D. Goenka & Sons (HUF)
38	Aviro Vyapaar Pvt Ltd	80	Smt. Sanjana Goenka
39	Bhanu Vyapaar (P) Ltd.	81	Ashish Goenka (HUF)
40	Suraj Viniyog (P) Ltd.	82	Smt. Shruti Goenka
41	Diwakar Viniyog (P) Ltd.	83	Master Devarsh Goenka
42	Suntrack Commerce (P) Ltd.	84	Goenka Trading Co. (HUF)

85	Prashant Goenka (HUF)	106	Orbit Projects Pvt Ltd
86	Master Manan Goenka	107	Basera Enclave Makers Pvt Ltd
87	Sushil Kumar Goenka (HUF)	108	Swastik Promoters Pvt Ltd
88	Smt. Rachana Goenka	109	Orbit Realty Infrastructure Ltd
89	H V Agarwal (HUF)	110	Zandu Realty Ltd
90	Master Vihan Vardhan Agarwal	111	Emami Infrastructure Ltd
91	Aditya Vardhan Agarwal (HUF)	112	CRI International Ltd.
92	Shri Pradeep Agarwal	113	CRI (Shanghai) Co. Ltd.
93	Smt. Sangita Agarwal	114	Emami Cement Ltd.
94	Shri Dhiraj Agarwal	115	Emami Home Pvt Ltd.
95	Smt. Divya Agarwal	116	Medal Chemical & Research Works Ltd.
96	Emami Vridhi Commercial Pvt Ltd	117	Karan Business Pvt Ltd.
97	Nathvar Tracon Pvt Ltd	118	Zen Business Pvt Ltd.
98	New Age Realty Pvt Ltd	119	Sneha Abasan Pvt Ltd
99	Octagon BPO Pvt Ltd	120	Sneha Gardens Pvt. Ltd.
100	Emami Skyhigh Pvt Ltd	121	Sneha Niketan Pvt Ltd.
101	Emami Ashiana Pvt Ltd	122	Ajanta Suppliers Pvt Ltd
102	Emami Properties Pvt Ltd	123	Aviro Vanijya Pvt Ltd
103	Delta PV Ltd	124	Prestige Vyapaar Ltd.
104	Emami Constructions Pvt Ltd	125	Emami High Rise Pvt Ltd.
105	A Rajabasan Pvt Ltd	126	Emami Enclave Makers P Ltd.

III. Statement pursuant to section 212(8) of the Companies Act, 1956 relating to subsidiary Companies

(Rs. in lac)

Sl. No.	Particulars	Emami Uk Ltd	Emami Bangladesh Ltd	Emami International FZE
1	Capital	28.91	27.82	18.98
2	Reserves	(43.92)	(3.17)	713.21
3	Total Assets	81.55	156.41	3413.02
4	Total Liabilities	96.56	131.76	2684.80
5	Details of Investments (Except in case of Investments in Subsidiaries)	Nil	Nil	Nil
6	Turnover	133.00	275.14	5706.22
7	Profit before taxation	(52.44)	3.59	483.15
8	Provision for taxation	Nil	3.41	Nil
9	Profit after Taxation	(52.44)	.18	483.15
10	Proposed Dividend	Nil	Nil	Nil

For and on behalf of the Board

Kolkata
May 28, 2010

R.S. AGARWAL
Chairman

Financial section

Auditors' Report

To

The Members of **Emami Limited**

We have audited the Balance Sheet of **Emami Limited** as at March 31, 2010 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) The accounts of Units at Pantnagar, Masat, Dongri and Vapi have been audited by the Unit Auditors and their reports have been considered by us in preparing our report.
- b) 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.
- c) 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.
- d) 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.
- e) 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 March 31, 2010 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.
- f) As stated in Note B-20 of Schedule 17, based on expert's report, useful life of goodwill has been reviewed leading to the increase in the amount of amortisation of goodwill.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with notes on accounts as per schedule 17 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 March 31, 2010;

- 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 (Auditor's 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 affect 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 procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. The discrepancies noted on physical verification of stocks as compared to book records were not significant and the same has been properly dealt with in the books of accounts.
- 3) a) The Company has granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding amounts to Rs.21436.54 Lacs and the year end balance is Rs.1695.62 Lacs.
- b) The company has not taken unsecured loans from any company covered in the register maintained under section 301 of the Companies Act, 1956.
- 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. 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 generally regular in depositing undisputed statutory dues, including Provident 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 undisputed amount payable in respect of these statutory dues which have remained outstanding as at March 31, 2010 for the period of more than six months from the date they became payable are mentioned below:

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to it relates	Due Date	Date of Payment
Maharashtra Value Added Tax, 2002	Value added Tax	0.22	2009-10	21.05.2009	27.05.2010
The Central Sales Tax Act, 1956	Central Sales Tax	0.02		21.04.2009	
		0.06		21.06.2009	

- b) 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. in Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Central Sales Tax and State Sales Tax	Sales tax including penalty as applicable	3.54	2004-05	Revisional Board
		8.26	2006-07	Additional Commissioner
		14.27	2005-06	ADC
		181.36	2000-2001 to 2005-06	Board of revenue
		0.81	1999-2000	High Court
		183.64	2005-06 and 2006-07	High Court
		101.79	1993-94 to 1996-97	
		85.63	2001-2002	JC
		3.00	2002-2003	JC(A)
		80.72	1998-99, 2005-06 to 2006-07 and 2008-09	DC (A)
		3.36	2004-2005	DC
		14.91	1996-1997 to 2000-01	DC
		104.43	1999-2000 to 2005-2006	Tribunal

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited Rs. in Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Excise duty	Excise Duty including penalty as applicable	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
		9.40	2002-03 to 2004-05	Commissioner (A)
		462.51	2004-05 to 2007-08	Joint Commissioner (Excise and Customs)
Service Tax	Service Tax including penalty as applicable	5.13	2005-06	CESTAT
		30.78	2004-05 to 2007-08	Joint Commissioner (CBEC)
		122.92	2008-09 to 2009-10	Commissioner Divisional range
Entry Tax	Entry Tax	9.28	2001-02	Board of Revenue
		223.13	2006-07 to 2009-10	Supreme 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 guarantees 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) Based on overall examination of Balance Sheet of the Company as at March 31, 2010, short term funds

were applied for the purpose for which they were obtained.

- 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) During the year, the company had raised money by way of placement of equity shares to Qualified Institutional Buyers (QIBs). We have verified the end use of the money raised as disclosed by the Management in the Notes to accounts.
- 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.

For S. K. Agrawal & Company
Chartered Accountants
Registration No. 306033E

S. K. Agrawal
Partner
Membership No. 9067

Kolkata
May 28, 2010



Balance Sheet As at March 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,513.12		1,313.11	
Reserves & Surplus	2	60,424.05	61,937.17	28,603.84	29,916.95
Loan Funds					
Secured Loans	3	14,923.35		37,306.08	
Unsecured Loans	4	10,982.36	25,905.71	7,512.90	44,818.98
Deferred Tax Liability	5		695.54		595.54
			88,538.42		75,331.47
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	76,346.43		70,644.40	
Less : Depreciation, Amortisation and Impairment		20,261.85		9,386.63	
Net Block		56,084.58		61,257.77	
Capital Work-in-Progress		620.65		3,669.80	
			56,705.23		64,927.57
Investments	7		6,208.46		3,989.36
Foreign Currency Monetary Item					
Translation Difference			(141.16)		313.76
Current Assets, Loans and Advances					
Inventories	8	7,860.97		7,319.81	
Sundry Debtors	9	7,273.47		5,074.98	
Cash & Bank Balances	10	15,979.79		1,077.07	
Loans & Advances	11	10,026.32		7,426.13	
			41,140.55		20,897.99
Less :					
Current Liabilities & Provisions	12	15,374.66		14,797.21	
Net Current Assets			25,765.89		6,100.78
			88,538.42		75,331.47
Significant Accounting Policies & Notes on Accounts					
	17				

As per our report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Profit and Loss Account For the year ended March 31, 2010

(Rs. in lacs)

	Schedule	Year ended March 31, 2010		Year ended March 31, 2009	
INCOME					
Sales			100,685.42		73,952.01
Other Income	13		670.18		743.80
			101,355.60		74,695.81
EXPENDITURE					
Cost of Goods Sold/ Consumed	14		38,204.41		30,876.88
Manufacturing, Administrative & Selling Expenses	15		38,245.87		30,854.94
Interest & Finance Charges (Net)	16		2,094.52		1,963.58
			78,544.80		63,695.40
PROFIT					
Profit Before Depreciation, Exceptional Items & Taxation			22,810.80		11,000.41
Depreciation, Amortisation & Impairment			11,749.33		1,789.39
Transfer from General Reserve			(10,209.25)		(964.54)
Profit Before Exceptional Items & Taxation			21,270.72		10,175.56
Exceptional Items :-					
- VRS compensation			725.98		-
- Share Issue Expenses			486.82		-
Profit Before Taxation			20,057.92		10,175.56
Provision for Taxation					
- Current Tax		3,440.00		1,120.00	
- Excess Provision for Taxation of earlier years		(22.35)		(25.94)	
- Fringe Benefit Tax		-		80.00	
- Deferred Tax		100.00	3,517.65	250.00	1,424.06
Profit After Taxation			16,540.27		8,751.50
Balance Brought Forward			2,462.48		1,647.58
Available for Appropriation			19,002.75		10,399.08
APPROPRIATIONS					
General Reserve			12,309.25		3,953.49
Proposed Dividend			4,539.35		3,404.51
Corporate Dividend Tax			771.46		578.60
Balance Carried Forward			1,382.69		2,462.48
			19,002.75		10,399.08
Significant Accounting Policies & Notes on Accounts	17				
Earnings Per Share - Basic & Diluted			Rs. 22.67		Rs. 13.77

As per our report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal
PartnerR. S. Agarwal
ChairmanR. S. Goenka
DirectorS. K. Todi
DirectorKolkata
May 28, 2010S. K. Goenka
Managing DirectorN. H. Bhansali
President - CFOA. K. Joshi
Company Secy. & Sr. GM-Legal

Cash Flow Statement For the year ended March 31, 2010

(Rs. in lacs)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	21,270.76	10,175.56
Add : Adjustments For		
Depreciation	1,540.09	824.85
Interest	2,094.51	1,963.58
Loss / (Profit) on sale of Fixed Assets	(222.70)	(93.88)
Loss / (Profit) on sale of Investments	(46.66)	157.41
Investment Written off	28.91	–
Diminution in Value of Investment	5.40	–
Foreign Exchange Fluctuations	(108.90)	966.59
Dividend Received	(47.70)	(259.45)
Operating profit before working capital changes	24,513.71	13,734.66
Add : Decrease / (increase) in working capital		
Trade & other Payables	(1,737.31)	5,123.95
Inventories	(541.18)	(3,309.86)
Trade & other Receivables	(3,510.66)	5,201.32
Provision for Sales Tax	398.80	(295.74)
Provision for Gratuity and Leave Encashment	(11.12)	106.80
	(5,401.47)	6,826.47
Cash generated from operations	19,112.24	20,561.13
Less : Direct Taxes Paid	3,139.53	1,354.53
Cash flow before extraordinary items	15,972.71	19,206.60
Extraordinary Items	1,212.81	–
Net cash flow from operating activities	14,759.90	19,206.60
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	634.64	307.63
Interest Received	2,089.42	2,176.52
Dividend Received	47.70	259.45
Sale of Investments	3,313.88	8,444.13
	6,085.64	11,187.73
Less : Purchase of Fixed Assets	3,938.90	57,835.24
Purchase of Investments	5,500.00	3,274.37
Purchase of Investment in Subsidiary	20.63	–
Net cash used in investing activities	(3,373.89)	(49,921.88)

Cash Flow Statement (Contd...)

(Rs. in lacs)

	2009-10	2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	31,000.00	70.21
	31,000.00	70.21
Less : Repayment of Loans (Net)	18,458.37	(40,676.00)
Adjustment of Reserves	-	1,843.46
Interest Paid	5,157.70	3,153.26
Dividend Paid	3,397.52	2,795.55
Corporate Dividend Tax	578.60	475.27
	27,592.19	(32,408.46)
Net cash used in financing activities	3,407.81	32,478.67
D EFFECT OF FOREIGN EXCHANGE FLUCTUATION	108.90	(966.59)
Net changes in cash & cash equivalents (a+b+c+d)	14,902.72	796.80
* Cash & cash equivalents-opening balance	1,077.07	280.27
* Cash & cash equivalents-closing balance	15,979.79	1,077.07
* Represents Cash and Bank Balances as indicated in Schedule 10		

Notes :-

Closing Cash & Cash equivalents represents "Cash & Bank Balances" including Rs.10.62 lacs lying in the designated account with scheduled banks on account of unclaimed dividend, which are not available for use by the company.

As per our report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2010		As at March 31, 2009	
1 SHARE CAPITAL				
Authorised				
8,00,00,000 (7,50,00,000) Equity Shares of Rs. 2/- each		1,600.00		1,500.00
		1,600.00		1,500.00
Issued & Subscribed				
7,56,55,873 (6,21,45,177) Equity Shares of Rs. 2/- each fully paid up *		1,513.12		1,242.90
Share Capital Suspense		-		70.21
		1,513.12		1,313.11

* a. Includes 2,80,75,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - Rs. 250 lacs - and Revenue Reserves - Rs. 311.50 lacs

b. Includes 3,13,35,873 (2,78,25,177) Equity Shares allotted for consideration other than cash.

2 RESERVES & SURPLUS				
Capital Reserve		79.64		79.64
Security Premium				
At commencement of the year	3,161.72		3,161.72	
Received during the year	30,800.00	33,961.72	-	3,161.72
General Reserve				
At commencement of the year	22,900.00		22,500.00	
Utilised for demerger	-		(2,555.08)	
Adjustment with regard to Foreign exchange Gain of earlier years	-		(33.87)	
Transfer to Profit & Loss Account	(10,209.25)		(964.54)	
Transfer from Profit & Loss Account	12,309.25	25,000.00	3,953.49	22,900.00
Profit & Loss Account		1,382.69		2,462.48
		60,424.05		28,603.84

3 SECURED LOANS				
Term Loans				
- From Banks		13,048.16		11,142.50
- Secured by first charge/mortgage on movable and immovable assets including plant and machinery (present and future) situated at Abhoypur (Guwahati) plant, BT Road Plant and at Kolkata Office.				
- From Others		-		20,000.00
- Secured by hypothecation of stocks, book debts and all movable assets on subservient charge basis				
- Pledge of specific investments				
- Personal Guarantee of some of the Directors (Repayable within 12 months - Rs. 1,918.45 lacs (Rs. 3,106.80 lacs)).				
Cash Credits				
- From Banks		1,875.19		6,163.58
Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu among State Bank of India, Canara Bank, ICICI Bank and Hongkong and Shanghai Banking Corporation				
		14,923.35		37,306.08

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
4 UNSECURED LOANS		
Trade Deposits	580.53	810.71
Long Term Loans :-		
From Others	-	6,136.41
Short Term Loans :-		
From Banks	5,401.83	514.50
From Others	5,000.00	51.28
	10,982.36	7,512.90

5 DEFERRED TAX LIABILITY

Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,332.16	902.16
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	(636.62)	(306.62)
	695.54	595.54

6 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION					NET BLOCK		
	As on April 1, 2009	Additions during the Year	Sales/ Adjust-ments	As on March 31, 2010	As on April 1, 2009	For the Year	Impairment	Sales/ Adjust-ments	As on March 31, 2010	As on March 31, 2010	As on March 31, 2009	
Land												
Leasehold	327.71	-	-	327.71	14.48	3.81	-	-	18.29	309.42	313.23	
Freehold	956.57	-	-	956.57	-	-	-	-	-	956.57	956.57	
Buildings	8432.86	1353.46	285.66	9500.66	1919.01	259.26	-	54.59	2123.68	7376.98	6513.85	
Plant & Machinery	9293.31	4154.05	743.62	12703.74	4747.20	691.10	165.92	609.30	4994.92	7708.82	4546.11	
Furniture, Equipments & Computers	2723.54	1252.93	188.12	3788.35	1281.29	260.17	10.68	163.55	1388.59	2399.76	1442.25	
Motor Vehicles	499.15	111.20	68.62	541.73	217.49	42.01	4.87	46.67	217.70	324.03	281.66	
Intangible Assets												
Goodwill	47899.11	-	-	47899.11	964.54	10209.25	-	-	11173.79	36725.32	46934.57	
Software	512.15	16.41	-	528.56	242.62	91.04	-	-	333.66	194.90	269.53	
Trade Marks and other Intangible assets	-	100.00	-	100.00	-	11.22	-	-	11.22	88.78	-	
Total	70644.40	6988.05	1286.02	76346.43	9386.63	11567.86	181.47	874.11	20261.85	56084.58	61257.77	
Capital Work-In-Progress	3669.80	438.51	3487.66	620.65	-	-	-	-	-	620.65	3669.80	
Grand Total	74314.20	7426.56	4773.68	76967.08	9386.63	11567.86	181.47	874.11	20261.85	56705.23	64927.57	
Previous Year's Figures	11920.08	64375.43	1981.31	74314.20	2790.74	6985.56	-	389.67	9386.63	64927.57	-	

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
7 INVESTMENTS		
Long Term		
A. Quoted - Fully Paid up		
Emami Paper Mills Limited 79,46,000 Equity Shares of Rs. 2/- each	368.47	368.47
Creative Eye Limited 10,000 Equity Shares of Rs. 10/- each	6.41	6.41
Hindustan Unilever Limited 220 Equity Shares of Re. 1/- each	–	–
Tata Motors Limited 10 Equity Shares of Rs. 10/- each	–	–
(i)	374.88	374.88
B. Unquoted - Fully paid up		
In Subsidiary Companies		
Emami UK Limited * 38,704 Ordinary Shares of £ 1 each	–	28.91
Emami Bangladesh Limited * 37916 (10,000) Ordinary Shares of Taka 100 each	27.82	7.19
Emami International FZE* 1 Share of UAE Dirham 1,50,000/-	18.98	18.98
Others		
CRI Limited 95,630 Equity Shares of Rs. 10/- each	27.17	27.17
Bengal Emami Infrastructure Limited 1 Equity Share of Rs. 10/- each	–	–
AMRI Hospitals Ltd 8,00,000 Equity Shares of Rs. 10/- each	264.66	264.66
6 Years' National Savings Certificate (Lodged With Government Authority)	0.35	0.35
(ii)	338.98	347.26
Current (Unquoted) (Units of Rs.10/- each)		
Birla Sunlife Savings Fund - Institutional Growth Purchased 5,49,62,625.42 (Nil) Units	5,500.00	–
ICICI Prudential Institutional Liquid Plan-Super Institutional Growth Opening 2,51,63,044.315 (Nil) Units Closing Nil (2,51,63,044.315) Units	–	3,267.22
(iii)	5,500.00	3,267.22
Less: Provision for Diminution in value of investment (iv)	5.40	–
	5.40	–
Total (i) + (ii) + (iii) - (iv)	6,208.46	3,989.36
Aggregate Book Value of Quoted Investments	374.88	374.88
Aggregate Book Value of Unquoted Investments	5,833.58	3,614.48
Market Value of Quoted Investments	843.88	843.16

* Note : All the above investments except those marked with an asterick (*), are other than Trade

8 INVENTORIES

Raw & Packing Materials	3,638.61	2,891.75
Work-in-progress	70.34	89.28
Finished Goods	4,038.82	4,269.84
Stores & Advertising Materials	113.20	68.94
	7,860.97	7,319.81

Schedules to the accounts

(Rs. in lacs)

	As at March 31, 2010		As at March 31, 2009	
9 SUNDRY DEBTORS				
<i>Unsecured</i>				
Due over six months		387.49		272.27
Other Debts		6,916.44		4,837.36
		7,303.93		5,109.63
Less : Provision		30.46		34.65
		7,273.47		5,074.98
Notes:				
Considered Good		7,273.47		5,074.98
Considered Doubtful		30.46		34.65
		7,303.93		5,109.63

10 CASH & BANK BALANCES

Cash in hand		28.57		27.23
With Scheduled Banks				
- Current Accounts	2,681.87		1,029.99	
- Exchange Earners Foreign Currency Account	14.04		9.86	
- Fixed Deposit	13,244.69		6.37	
- Unpaid Dividend Account	10.62	15,951.22	3.62	1,049.84
		15,979.79		1,077.07

11 LOANS & ADVANCES

<i>Unsecured, Considered Good</i>				
Loans & Advances recoverable in cash or in kind or for value to be received		9,828.67		7,221.59
Deposits		197.65		204.54
		10,026.32		7,426.13

12 CURRENT LIABILITIES & PROVISIONS

Current Liabilities				
Sundry Creditors				
Micro, Small & Medium Enterprises	1.71		5.86	
Others	8,096.73		9,189.00	
Advance from Customers	331.80		658.44	
Unclaimed Dividend	10.62	8,440.86	3.62	9,856.92
Provisions				
Proposed Dividend	4,539.35		3,404.51	
Corporate Dividend Tax	771.46		578.60	
Direct Taxes	16.54		(261.58)	
Indirect Taxes	1,303.06		904.26	
Gratuity and Leave Encashment	303.39	6,933.80	314.50	4,940.29
		15,374.66		14,797.21

Schedules to the accounts

(Rs. in lacs)

	Year ended March 31, 2010		Year ended March 31, 2009	
13 OTHER INCOME				
Profit on Sale of Current Non- Trade Investments		46.67		–
Profit on Sale of Current Non- Trade Investments- Subsidiaries		–		2.59
Profit on Sale of Fixed Assets		286.91		150.16
Dividend from Current Non Trade Investments		–		49.67
Dividend from Long Term Non Trade Investments		47.70		162.18
Dividend from Long Term Trade Investments - Subsidiaries		–		47.60
Rent and Maintenance Received [TDS : Rs. 12.53 lacs (PY - Rs.15.74 lacs)]		130.08		127.43
Provision for Doubtful Loans/ Debts Written Back		4.18		160.00
Miscellaneous Receipts		154.64		44.17
		670.18		743.80

14 COST OF GOODS SOLD / CONSUMED

Purchases/Materials Consumed		37,954.45		32,035.12
Add : Opening Stock				
Work-in-progress	89.28		95.10	
Finished Goods	4,269.84	4,359.12	3,105.78	3,200.88
		42,313.57		35,236.00
Less : Closing Stock				
Work-in-progress	70.34		89.28	
Finished Goods	4,038.82	4,109.16	4,269.84	4,359.12
		38,204.41		30,876.88

15 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES

Salaries, Wages & Bonus		4,733.91		3,975.00
Contribution to Provident & Other Funds		394.35		312.09
Workmen and Staff Welfare Expenses		235.60		182.34
Power & Fuel		552.52		341.60
Consumption of Stores and Spare Parts		134.81		82.16
Rent		220.76		184.84
Rates & Taxes		89.05		80.15
Insurance		160.23		106.45
Repairs :				
- Building	96.07		59.01	
- Machinery	280.48		174.57	
- Others	517.65	894.20	358.79	592.37
Freight & Forwarding		2,342.73		1,847.24
Directors' Fees and Commission		231.50		133.75
Advertisement & Sales Promotion		17,120.15		12,821.89
Commission		788.20		699.30
Cash Discount		367.13		194.54
Taxes on Sales		5,104.65		2,898.49
Excise Duty paid		1,627.74		1,724.96
Loss on Sale of Fixed Assets		64.19		56.28
Investment Written off		28.91		–
Diminution in value of Investment		5.40		–
Loss on Sale of Long term Non Trade Investments		–		160.00
Foreign Exchange Fluctuations (Net)		(108.91)		966.59
Legal and Professional Fees		842.88		1,183.29
Travelling and Conveyance		1,027.67		890.15
Miscellaneous Expenses		1,388.20		1,421.46
		38,245.87		30,854.94

Schedules to the accounts

(Rs. in lacs)

	Year ended March 31, 2010	Year ended March 31, 2009
16 INTEREST & FINANCE CHARGES (NET)		
Paid		
Term Loans	3,603.48	2,654.04
Others	1,868.48	502.62
Received		
Subsidiaries [TDS : Nil (PY - Rs. 133.15 lacs)]	(3.87)	(630.56)
Others [TDS : Rs.291.77 lacs (PY - Rs. 150.30 lacs)]	(3,373.57)	(562.52)
	2,094.52	1,963.58

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A Significant Accounting Policies

i) General

These accounts have been prepared under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 and the Accounting Standards notified in Companies (Accounting Standards) Rules 2006, to the extent applicable.

ii) Fixed Assets

- Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
- All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
- 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) Intangible Assets

Intangible Assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

iv) Depreciation and Amortisation

Tangible Assets

Depreciation is provided on straight line method, except for the assets of Vapi, Talasari and Silvassa units for which depreciation is provided on written down value method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except :

- Block, dies & moulds are depreciated @ 95% in the year of purchase itself on prorata basis.
- Lease hold land is amortised over the period of lease.

Intangible Assets

- Goodwill - Consequent to the scheme of arrangement being accounted for under Purchase Method by adopting book value method, the cost representing goodwill recognised is being amortised to Profit & Loss Account over, the presently estimated useful life of five years.

The estimated useful life of Goodwill will be reviewed by the management periodically on the basis of experts' report and changes there in will be taken cognizance of, by accelerating or decelerating the pace of amortisation.

- Trade Mark and other intangible assets :- Trade Marks and other Intangible assets are amortised over a period not exceeding 10 years.
- Software is depreciated @ 16.21% on Straight Line Method except for Vapi, Pantnagar, Talasari and Silvassa Units where it is amortised @ 20%.

v) Investments

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

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

vi) Inventories

The inventories are valued at cost or net realisable value whichever is lower except for work in progress, advertising material which are valued at cost. The Cost is calculated on weighted average method. In Vapi, Pantnagar, Talasari and Silvassa, the Raw and Packing Materials, Stores and Spares are computed on cost (First In First Out basis) or net realisable value, which ever is lower. 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.

vii) Research & Development

Revenue expenditure on Research and Development is charged against the Profit for the year.

viii) Retirement benefits

a. The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary.

In Vapi, Pantnagar, Talasari and Silvasa Units, the superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified amount to the retirement benefit plan to fund the benefits.

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. In Vapi, Silvasa, Talasari and Pantnagar units the Leave Fund is with Life Insurance Corporation of India.

d. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions are recognised immediately in the Profit and Loss Account as income or expense.

ix) Voluntary Retirement Scheme

Expenditure incurred on voluntary retirement scheme is charged to profit in the year in which it is incurred.

x) Sales

Sales include duty drawback, license premium on exports, Sales Tax and are recorded net of Trade discounts and other rebates.

xi) 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.

xii) Government Grants

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the capital subsidy reserve.

xiii) Revenue Recognition

Income & expenditure are recognised on accrual basis.

xiv) 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. In respect of forward contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed at the end of the contract.

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

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. Monetary Assets & Liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates.
 - c. The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital assets. Other exchange differences arising from Long-Term Foreign Currency Monetary Items are transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the life of such monetary items but not beyond March 31, 2011. Other exchange differences are recognized as income or expense in the Profit & Loss Account.
 - d. 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.
- xv) **Excise Duty**
Excise duty payable on products is accounted for at the time of despatch of goods from the factories and is included in stocks held at the year end.
- xvi) **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 its intended use.
- xvii) **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.
- xviii) **Impairment of Assets**
The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, notified in Companies (Accounting Standards) Rules 2006, for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallises, are charged against revenues for the year.

B Notes on Accounts

1 a. Business Segment

As the Company's business activity falls within a single primary business segment, viz. "Personal and Healthcare", the disclosure requirements of Accounting Standard-17 "Segment Reporting", notified in the companies Accounting Standard Rules, 2006 are not applicable.

b. Geographical Segment

The company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations as under :

Revenue – Gross Sales	(Rs. in lacs)	
	2009-10	2008-09
India	90264.51	66172.90
Overseas	10420.91	7779.10
Total	100685.42	73952.00

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd..)

The following table shows the carrying amount of segment assets and additions to segment fixed assets by geographical area to which the assets are attributable: (Rs. in lacs)

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	2009-10	2008-09	2009-10	2008-09
India	98734.19	86709.84	7426.56	64375.43
Overseas	5178.89	3418.84	-	-
Total	103913.08	90128.68	7426.56	64375.43

2 Defined Benefit Plans

As per actuarial valuations as on March 31, 2010 and recognised in the financial statements in respect of Employees benefit schemes. (Rs. in lacs)

	March 31, 2010			March 31, 2009		
	Gratuity	Leave Encashment	Leave Encashment	Gratuity	Leave Encashment	Leave Encashment
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
A Components of Employer Expenses						
1 Current Service Cost	68.29	-	38.87	76.89	-	15.65
2 Interest Cost	64.00	-	9.57	47.15	-	8.74
3 Expected Return on Plan assets	56.24	5.74	-	34.13	5.29	-
4 Actuarial Losses	(62.95)	4.12	6.13	47.74	2.72	45.08
5 Losses /(Gains) on Curtailments and Settlements	19.68	-	-	-	-	-
6 Total Expenses recognised in the Statement of Profit & Loss	32.78	(1.62)	54.57	137.65	(2.57)	69.47
B Net asset/(liability) recognised in balance sheet as at March 31, 2010						
1 Present value of Defined Benefit Obligation (DBO)	828.36	70.24	167.70	939.17	92.81	142.05
2 Fair value of plan assets	690.77	72.15	-	793.13	66.41	-
3 Funded Status [Surplus/(deficit)]	(137.60)	1.91	(167.70)	(146.05)	(26.40)	(142.05)
4 Net asset/(liability) recognised in balance sheet	(137.60)	1.91	(167.70)	(146.05)	(26.40)	(142.05)
C Change in Defined Benefit Obligation during the year ended March 31, 2010						
1 Present value of DBO at beginning of period	939.17	92.81	142.05	826.47	91.79	90.98
2 Current Service Cost	68.29	-	38.87	76.89	-	15.65
3 Interest Cost	64.00	-	9.57	47.15	-	8.74
4 Actual Losses	(47.97)	4.13	6.13	59.54	2.72	45.08
5 Benefits Paid	(96.57)	(26.70)	(28.92)	(70.88)	(1.70)	(18.40)
6 Liabilities extinguished on settlements	(98.56)	-	-	-	-	-
7 Present value of DBO at the end of period	828.36	70.24	167.70	939.17	92.81	142.05

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd..)

(Rs. in lacs)

	March 31, 2010			March 31, 2009		
	Gratuity	Leave Encashment	Leave Encashment	Gratuity	Leave Encashment	Leave Encashment
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
D Change in Fair Value of Assets						
1 Plan Assets at beginning of period	793.13	66.41	-	577.92	61.12	-
2 Expected Return on Plan assets	56.24	5.74	-	34.13	5.29	-
3 Actuarial Gains	14.98	-	-	11.81	-	-
4 Actual company contributions	41.23	26.70	28.92	240.16	1.70	18.40
5 Benefits paid	(96.57)	(26.70)	(28.92)	(70.88)	(1.70)	(18.40)
6 Assets distributed on settlements	(118.24)	-	-	-	-	-
7 Plan assets at the end of period	690.77	72.15	-	793.14	66.41	-
E Actuarial Assumptions						
1 Discount Rate (%)	* 7.50/8.20	7.50	7.50	* 7.50 / 7.00	7.50	7.50
2 Expected Return on Plan Assets (%)	7.50	-	-	7.50	-	-

* Note: Discount Rate % of 8.20% (7%) for Vapi, Pantnagar, Talasari, Silvassa units

3 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 March 31, 2010:-

For hedging currency risks :-

(Rs. in lacs)

	March 31, 2010	March 31, 2009
Forward Covers :-		
Receivables		
- Current	4253.01	1019.00
- Future	6965.98	-
Loan	7612.29	-
Options :-		
Receivables	-	280.23

ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :-

(Rs. in lacs)

	March 31, 2010	March 31, 2009
Receivables	20.35	1142.40
Loan	12305.16	7642.50

4 On July 6, 2009 Company has allotted 1,00,00,000 Equity shares of Rs. 2/- each at a price of Rs.310/- per share to Qualified Institutional buyers (QIB's) through QIP route. The fund has been used for Repayment of borrowings and Share issue expenses.

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

- 5 The Company has made a provision of Rs. 424.24 Lacs (Previous Year - Rs. 35.72 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below:

(Rs. in lacs)

Description	March 31, 2010	March 31, 2009
Opening Balance	904.26	1,200.00
Provisions during the year	424.24	35.72
Provisions reversed during the year	25.44	331.48
Closing Balance	1,303.06	904.26

- 6 The assets of the Company have been assessed for Impairment in accordance with Accounting Standard 28 "Impairment of Assets". Consequently, impairment of Rs. 181.47 Lacs (Previous Year : Rs. Nil) in Pondicherry units has been provided in the accounts during the year.
- 7 VRS compensation of Rs. 725.98 Lacs is after adjusting Rs. 600.00 Lacs received from Zandu Realty Limited.
- 8 There were no dues outstanding for more than 45 days to any Micro, Small and Medium Enterprises Creditor. The above information regarding Micro, Small and Medium Enterprise has been determined to the extent such communication has been received from the respective parties by the company. This has been relied upon by the Auditors.
- 9 Loans & Advances include Security Deposit of Rs. 14.82 Lacs (Previous Year- Rs. 15.01 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - Rs. 15.01 Lacs) (Previous year -Rs. 15.01 Lacs).

- 10 Loans & Advances include amount due from Subsidiaries as under :

(Rs. in lacs)

	March 31, 2010		March 31, 2009	
	Balance	Maximum amount outstanding during the year	Balance	Maximum amount outstanding during the year
Emami UK Limited	-	2.91	2.91	83.51
Emami Bangladesh Limited	0.03	0.03	20.77	20.77
Emami International FZE	304.70	308.57	-	607.55
	304.73		23.68	

- 11 The Company has incurred a sum of Rs. 168.64 Lacs (Previous Year - Rs. 231.72 Lacs) on Research & Development which is charged to the Profit and loss account under Miscellaneous Expenses.

- 12 a) Contingent Liabilities not provided for in respect of :

(Rs. in lacs)

	March 31, 2010	March 31, 2009
i) Excise Duty demands	545.59	89.82
ii) Service Tax	158.83	-
iii) Sales Tax demands under appeal (Net of Advances)	500.92	834.23
iv) Other Taxes	9.28	34.22
v) Claims against Company not acknowledged as Debts	57.20	166.74

Note : Contingent Liability disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote.

(Rs. in lacs)

	March 31, 2010	March 31, 2009
b) Guarantees and counter guarantees given*	10,158.77	10,251.39
* (Includes Rs.10,000 Lacs Guarantee of which utilisation is NIL)		

(Rs. in lacs)

- | | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| 13 Estimated amount of commitments [net of advances of Rs.359.72 Lacs (Previous Year - Rs. 718.39 Lacs)] on capital account not provided for | 436.10 | 372.87 |

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

- 14 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 USD 16.50 million.

- 15 Directors' Remuneration included in different heads of expenses : (Rs. in lacs)

	March 31, 2010		March 31, 2009	
Salaries		255.61		239.68
Contribution to Provident and Other Funds		30.67		27.36
Perquisites		31.70		8.15
Directors Fees & Commission				
Directors Fees	14.50		15.75	
Commission to the Executive Chairman	200.00		100.00	
Commission to Non Whole time Directors	17.00	231.50	18.00	133.75
		549.48		408.94

- 16 Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956, and Commission payable to the Executive Chairman & Non wholetime Directors : (Rs. in lacs)

	March 31, 2010		March 31, 2009	
Profit Before Taxation		20,057.92		10,175.55
Add:				
a) Remuneration paid to the Directors	317.98		275.19	
b) Commission & Directors Fees	231.50		133.75	
c) Loss on Sale of Long term Non Trade Investments	-		160.00	
d) Loss on sale of Fixed Assets	64.19	613.67	56.28	625.22
		20671.59		10800.77
Less:				
a) Profit on sale of Fixed Assets as per Sec 349	66.29		146.13	
b) Provision for Doubtful Loans/Debts Written Back	4.18		160.00	
c) Profit on sale of Investments - Subsidiaries	-		2.59	
d) Profit on sale of Investments	46.67	117.14	-	308.72
Net Profit for the purpose of Director's Commission		20,554.45		10,492.05
Maximum amount permissible for Executive Chairman & Whole time Directors under section 309 of the Companies Act ,1956.		2,260.99		1,154.13
Commission @ 2% of Net Profit for Executive chairman		411.09		209.84
Commission @ 1% of Net Profit for Non Wholetime Directors		205.54		104.92
Remuneration to Executive Chairman & Whole time Directors		317.98		275.19
Commission approved for Executive chairman by the Board		200.00		100.00
Commission approved for Non wholetime Directors by the Board		17.00		18.00

- 17 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 notified by Government of India on March 31, 2009.

Foreign exchange gain of Rs. 33.87 Lacs was credited to Profit & Loss Account in Financial Year 2007-08. As per the above notification, the same was Credited to Fixed Assets under respective heads and the effect of the same was debited to General Reserve in F.Y. 2008-09.

As per the above notification foreign exchange gain of Rs. 271.16 Lacs for the year has been amortised over the period of the loan. Therefore, a sum of Rs. 130 Lacs has been credited to Profit & Loss Account and the balance of Rs. 141.16 Lacs has been transferred to Foreign Currency Monetary Item Translation Difference Account to be amortised in subsequent periods, but not beyond March 31, 2011.

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

18 i. Payment to Auditors (Rs. in lacs)

	March 31, 2010	March 31, 2009
Audit Fees	17.84	12.80
Tax Audit Fees	2.76	2.21
Other Services	12.53	5.41
Out of Pocket Expenses	0.37	0.37
Branch Auditors		
Audit Fees	1.53	0.64
Tax Audit Fees	0.96	0.36
Other Services	2.12	0.31
	38.11	22.10
ii. Payment to Cost Auditors		
Audit Fees	0.67	0.67

19 Amount due and outstanding to be credited to Investor Education and Protection Fund - Nil (Previous Year - Nil).

20 Pursuant to expert's report, the management has reviewed the useful life of the various intangible assets embedded in the goodwill, which was accounted for in financial year 2008-09, consequent to the scheme of arrangement with Zandu from 20 years to 5 years. Due to this change there is excess amortisation of goodwill of a sum of Rs.7814.29 Lacs for the year and simultaneous increase in transfer from General Reserve to Profit and Loss Account by equivalent amount.

21 Additional Information (Rs. in lacs)

	March 31, 2010		March 31, 2009	
	Qty. M. T.	Value	Qty. M. T.	Value
A. Licensed/Installed Annual Capacity and Production				
i) Licensed capacity per annum	N. A.		N. A.	
ii) Installed capacity per annum (On single shift basis as certified by a Director)				
Cosmetics & Toiletries	11800.00		11800.00	
Ayurvedic Medicines	47129.00		45389.00	
Other Ayurvedic (Tablets & Pills) Nos in Lacs	18500.00		22,500.00	
iii) Actual production during the year				
Cosmetics & Toiletries	2400.35		1395.35	
Ayurvedic Medicines	12317.30		10553.19	
Other Ayurvedic (Tablets & Pills) Nos in Lacs	3629.15		1,183.02	
B. Purchase of goods				
Cosmetics & Toiletries	4285.34	4608.24	3262.58	4543.85
Ayurvedic Medicines	5579.28	8322.11	5089.33	8115.76
Other Ayurvedic (Tablets & Pills) Nos in Lacs	155.48	25.27	91.52	13.62
Others		-		11.44
		12955.62		12684.67
C. Turnover, Opening & Closing stock of goods				
Turnover				
Cosmetics & Toiletries	6748.51	21381.72	4569.26	15364.88
Ayurvedic Medicines	18737.23	77120.32	15018.47	57620.42
Other Ayurvedic (Tablets & Pills) Nos in Lacs	4260.49	2183.38	1,595.79	788.59
Others		-		178.12
		100685.42		73952.01

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

(Rs. in lacs)

	March 31, 2010		March 31, 2009	
	Qty. M. T.	Value	Qty. M. T.	Value
C. Turnover, Opening & Closing stock of goods				
Opening Stock				
Cosmetics & Toiletries	670.01	834.03	581.34	647.75
Ayurvedic Medicines	2223.31	3085.05	1599.27	2192.66
Other Ayurvedic (Tablets & Pills) Nos in Lacs	495.42	132.18	816.67	187.94
Others		218.58		77.43
		4269.84		3105.78
Closing Stock				
Cosmetics & Toiletries	607.20	872.09	670.01	834.03
Ayurvedic Medicines	1382.66	2899.51	2223.32	3085.05
Other Ayurvedic (Tablets & Pills) Nos in Lacs	19.56	205.02	495.42	132.18
Others		62.20		218.58
		4038.82		4269.84
D. Raw & Packing Materials consumed				
Indigenous (98.68%) (P.Y.99.59%)				
Oil	7765.35	5884.23	7943.10	5881.57
Essential Oils	131.48	1451.29	154.21	1645.65
Chemicals	3862.26	4159.89	3135.03	3364.18
Fats	564.46	498.07	712.43	515.19
Herbs		1735.65		292.65
Tubes & Containers		4542.59		2490.36
Other Packing Materials		6012.09		4772.04
Others		383.90		309.87
		24667.71		19271.51
Imported (1.32%) (P.Y. 0.41%)				
Oils	21.75	29.09	11.47	17.77
Chemicals	531.23	302.03	53.82	61.17
		24998.83		19350.45
E. Expenditure in Foreign Currency (On Payment Basis)				
Professional Fees		82.30		83.92
Interest		729.41		9.28
Others		288.47		306.54
		1100.18		399.74
F. Value of Imports on CIF basis				
Raw Materials		468.49		419.76
Capital Goods		669.11		747.62
		1137.60		1167.38
G. Earning in Foreign Exchange for				
Export of goods calculated on FOB basis (Including Nepal and Bhutan)		8095.35		5825.84

22 Related Party Transactions :

A. Parties where Control exists :

Subsidiaries	% of Holding
i) Emami UK Limited	100.00%
ii) Emami Bangladesh Limited	100.00%
iii) Emami- International FZE	100.00%

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

B. Other Related Parties with whom transactions are taken place during the year

i) Key Management Personnel

- 1 Shri R. S. Agarwal
- 2 Shri R. S. Goenka
- 3 Shri Sushil Kr. Goenka

ii) Relatives of Key Management Personnel

- 1 Smt. Usha Agarwal
- 2 Smt. Saroj Goenka
- 3 Shri Mohan Goenka
- 4 Shri A. V. Agarwal
- 5 Shri Manish Goenka
- 6 Shri H. V. Agarwal
- 7 Smt. Priti Sureka

iii) Entities where Key Management Personnel and their relatives have significant influence

- 1 Diwakar Viniyog Private Limited
- 2 Suntrack Commerce Private Limited
- 3 Bhanu Vyapaar Private Limited
- 4 Emami Paper Mills Limited
- 5 Emami Foundation
- 6 Bansilal Jankidevi Agarwal Trust
- 7 Keshardeo Ratnidevi Goenka Trust
- 8 Zandu Foundation Health Care
- 9 Emami Infrastructure Limited
- 10 Emami Realty Limited
- 11 Zandu Realty Limited
- 12 K.D. Goenka & Sons HUF
- 13 R.S. Agarwal HUF

C. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on March 31, 2010

(Rs. in lacs)

	Subsidiary		Key Management Personnel & Relatives		Associates		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
1. Remuneration										
- Directors	-	-	517.98	375.19	-	-	-	-	517.98	375.19
- Others	-	-	10.10	8.07	-	-	-	-	10.10	8.07
2. Sales	2942.77	2116.20	-	-	-	-	-	46.79	2942.77	2162.99
3. Directors Sitting Fees	-	-	3.90	4.20	-	-	-	-	3.90	4.20
4. Rent & Maintenance Charges Paid	-	-	4.26	4.80	-	-	4.68	1.68	8.94	6.48
5. Rent Received	-	6.07	-	-	-	-	41.24	41.30	41.24	47.37
6. Maintenance Charges Received	-	9.11	-	-	-	-	58.58	41.30	58.58	50.41
7. Loan / Advance Given	312.32	2395.29	-	-	-	-	26550.24	19.53	26862.56	2414.82
8. Loan Received	-	-	-	-	-	-	-	3545.00	-	3545.00
9. Interest Received	3.87	641.08	-	-	-	-	2334.02	-	2337.89	641.08
10. Interest Paid	-	-	-	-	-	-	-	32.63	-	32.63
11. Receipt Towards Loan Given	20.63	11890.19	-	-	-	-	26456.07	-	26476.70	11890.19

Schedules to the accounts

17 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

(Rs. in lacs)

	Subsidiary		Key Management Personnel & Relatives		Associates		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
12.Repayment of Loan Received	-	-	-	-	-	-	-	3545.00	-	3545.00
13.Investment	20.63	7.15	-	-	-	-	-	-	20.63	7.15
14.Investment written off	28.91	-	-	-	-	-	-	-	28.91	-
15.Donation Paid	-	-	-	-	-	-	159.00	80.00	159.00	80.00
16.Security Deposit Received	-	-	-	-	-	-	15.47	-	15.47	-
17.Balance as on March 31, 2010										
A) Investment	46.79	55.07	-	-	-	-	368.48	368.48	415.27	423.55
B) Loan /Advances Given	304.72	20.66	-	-	-	-	113.70	19.53	418.42	40.19
C) Interest Receivable	3.87	3.02	-	-	-	-	1741.63	-	1745.50	3.02
D) Interest Payable	-	-	-	-	-	-	-	30.78	-	30.78
E) Debtors	1830.79	1428.56	-	-	-	-	-	-	1830.79	1428.56
F) Security Deposit Paid	-	-	27.74	28.14	-	-	7.00	7.00	34.74	35.14
G) Security Deposit Received	-	-	-	-	-	-	40.77	56.24	40.77	56.24

23 Information for Earnings Per Share as per AS-20

	March 31, 2010	March 31, 2009
Net Profit (Rs. in Lacs)	16,540.27	8,751.50
Weighted average number of shares	72,970,941	6,35,59,074
Earnings Per Share - Basic & Diluted (Rs.)	22.67	13.77

24 In terms of the Scheme of Arrangement, pursuant to provisions of sections 391 to 394 of the Companies Act, 1956, Zandu FMCG undertaking of The Zandu Pharmaceutical Works Limited was demerged into Emami with effect from the appointed date i.e. November 5, 2008, as a result of which previous year's figures are not comparable.

25 Previous year's figures have been rearranged/regrouped wherever necessary.

Signatories to Schedules 1 to 17

As per our report of even date

For S. K. Agrawal & Co.
Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Balance Sheet Abstract

Balance Sheet Abstract and Company's General Business profile as per Schedule VI, Part (IV) of the Companies Act, 1956

I. Registration Details

Registration No. L63993WB1983PLC036030 State Code 21
 Balance Sheet Date 31 03 2010
 Date Month Year

II. Capital Raised during the year (Amount in Rs. Lacs)

Public Issue NIL Bonus Issue NIL
 Rights Issue NIL Private Placement NIL

III. Position Mobilisation and Deployment of Funds (Amount in Rs. Lacs)

Total Liabilities 88538 Total Assets 88538
Source of Funds
 Paid-up Capital 1513 Reserves and Surplus 60424
 Secured Loans 14923 Unsecured Loans 10982
 Deferred tax Liabilities 696
Application of Funds
 Net Fixed Assets 56705 Investments 6208
 Net Current Assets 25625 Misc. Expenditure NIL
 Accumulated Losses NIL

IV. Performance of Company (Amount in Rs. Lacs)

Total Income 101356 Total Expenditure 81298
 Profit before Tax 20058 Profit after Tax 16540
 Earnings Per Share (Rs.) 22.67 Dividend Rate (%) 300

V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code) 30049001
 Product Description Ayurvedic Medicine
 Item Code No. (ITC Code) 34011103
 Product Description Toilet Soaps (Cosmetics & Toiletries)
 Item Code No. (ITC Code) 33049202
 Product Description Talcum Powder (Cosmetics & Toiletries)
 Item Code No. (ITC Code) 33049901
 Product Description Face Cream (Cosmetics & Toiletries)

R. S. Agarwal
 Chairman

R. S. Goenka
 Director

S. K. Todi
 Director

Kolkata
 May 28, 2010

S. K. Goenka
 Managing Director

N. H. Bhansali
 President - CFO

A. K. Joshi
 Company Secy. & Sr. GM-Legal

Consolidated 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, its subsidiaries, as at March 31, 2010 and Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the period 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 all the three subsidiaries, whose financial statements reflect total assets of Rs 3650.98 lacs as at March 31, 2010, total revenue of Rs 6162.91 lacs and net cash inflows amounting to Rs 437.12 lacs for the period 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 other auditors.
5. 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" issued by the Institute of Chartered Accountants of India.
6. 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 and its subsidiaries as at March 31, 2010;
 - b) In the case of Consolidated Profit & Loss Account, of the Consolidated Profit of Emami Limited and its subsidiaries for the period ended on that date, and
 - c) In the case of Consolidated Cash Flow Statement, of the Consolidated Cash flows of Emami Limited and its subsidiaries for the period ended on that date.

For S. K. Agrawal & Company
Chartered Accountants
Registration No. : 306063E

S. K. Agrawal
Partner

Kolkata
May 28, 2010

Membership No. 9067

Consolidated Balance Sheet As at March 31, 2010

(Rs. in lacs)

	Schedule	As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,513.12		1,313.11	
Reserves & Surplus	2	61,029.16	62,542.28	28,812.31	30,125.42
Loan Funds					
Secured Loans	3	14,923.35		37,306.08	
Unsecured Loans	4	10,982.36	25,905.71	7,516.13	44,822.21
Deferred Tax Liability	5		695.54		595.54
			89,143.53		75,543.17
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	76,380.41		70,671.60	
Less : Depreciation, Amortisation and Impairment		20,272.32		9,395.16	
Net Block		56,108.09		61,276.44	
Capital Work-in-Progress		620.65		3,669.80	
			56,728.74		64,946.24
Investments	7		6,161.66		3,934.28
Foreign Currency Monetary Items					
Translation Difference			(141.16)		313.76
Current Assets, Loans and Advances					
Inventories	8	8,264.99		7,379.93	
Sundry Debtors	9	7,545.74		7,103.78	
Cash & Bank Balances	10	16,142.73		1,410.74	
Loans & Advances	11	10,650.67		8,076.32	
			42,604.13		23,970.77
Less : Current Liabilities & Provisions	12	16,213.82		17,635.18	
Net Current Assets			26,390.31		6,335.59
Miscellaneous Expenditure					
Preliminary Expenses		0.97		2.16	
Preoperative Expenses		3.01	3.98	11.14	13.30
			89,143.53		75,543.17
Significant Accounting Policies & Notes on Accounts					
	19				

As per our report of even date

For S. K. Agrawal & Co.

Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Consolidated Profit and Loss Account For the year ended March 31, 2010

(Rs. in lacs)

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Operating Income	13	103,798.35	76,618.26
Other Income	14	700.32	789.28
		104,498.67	77,407.54
EXPENDITURE			
Cost of Goods Sold/ Consumed	15	38,052.52	26,708.96
Project Expenses	16	-	4,127.77
Manufacturing, Administrative & Selling Expenses	17	41,098.99	32,878.71
Interest & Finance Charges (Net)	18	2,097.70	2,269.98
		81,249.21	65,985.42
PROFIT			
Profit Before Depreciation, Exceptional Items, Taxation & Minority Interest		23,249.46	11,422.12
Depreciation, Amortisation & Impairment		11,752.12	1799.68
Transfer from General Reserve		(10,209.25)	(964.54)
Profit Before Exceptional Items, Taxation & Minority Interest		21,706.59	10,586.99
Exceptional Items :-			
- VRS compensation		725.98	-
- Share issue Expenses		486.82	-
Profit Before Taxation & Minority Interest		20,493.79	10,586.99
Provision for Taxation			
- Current Tax		3,443.41	1,125.92
- Excess Provision for Taxation of Earlier Year		(22.35)	(25.89)
- Fringe Benefit Tax		-	81.99
- Deferred Tax		100.00	230.46
Profit After Taxation Before Minority Interest		16,972.73	9,174.50
Share of Minority Interest		-	(11.74)
Share of Profit in Associate		-	23.23
Profit After Minority Interest		16,972.73	9,185.99
Adjustment of Surplus on Cessation of Subsidiary		-	34.22
Balance Brought Forward		2,662.05	1,378.44
Available for Appropriation		19,634.78	10,598.65
APPROPRIATIONS			
General Reserve		12,309.25	3,953.49
Proposed Dividend		4,539.35	3,404.51
Corporate Dividend Tax		771.46	578.60
Balance Carried Forward		2,014.72	2,662.05
		19,634.78	10,598.65
Significant Accounting Policies & Notes on Accounts	19		
Earnings Per Share - Basic & Diluted		Rs. 23.26	Rs. 14.45

As per our report of even date

For S. K. Agrawal & Co.
Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Consolidated Cash Flow Statement For the year ended March 31, 2010

(Rs. in lacs)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	21,706.59	10,586.98
Add : Adjustments for		
Depreciation	1,542.87	835.14
Preoperative and Preliminary Expenses	9.32	–
Interest	2,097.70	2,100.74
Loss / (Profit) on sale of Fixed Assets	(222.72)	(94.21)
Loss / (Profit) on sale of Investments	(46.67)	123.89
Diminution in Value of Investment	5.40	–
Foreign Exchange Fluctuations	(106.35)	957.63
Dividend Received	(47.70)	(267.67)
Operating profit before working capital changes	24,938.44	14,242.50
Add : Decrease / (increase) in working capital		
Trade & other Payables	(3745.86)	4,214.02
Inventories	(885.06)	2,383.04
Trade & other Receivables	(1,728.28)	6,982.68
Provision for Sales Tax	398.80	(295.74)
Provision for Gratuity and Leave Encashment	(0.72)	108.20
	(5,961.12)	13,392.20
Cash generated from operations	18,977.32	27,634.70
Less : Direct Taxes Paid	3,143.58	1,265.58
Cash flow before extraordinary items	15,833.74	26,369.12
Extraordinary Items	1,212.80	–
Net cash flow from operating activities	14,620.94	26,369.12
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	632.94	381.80
Interest Received	2,087.39	2,621.71
Dividend Received	47.70	267.67
Sale of Investments	3,313.89	11,195.67
	6,081.92	14,466.85
Less : Purchase of Fixed Assets	3,944.84	57,838.51
Purchase of Investments	5,500.00	3,267.22
Preoperative and Preliminary Expenses	–	2.18
Net cash used in investing activities	(3,362.92)	(46,641.06)

Consolidated Cash Flow Statement (Contd...)

(Rs. in lacs)

	2009-10	2008-09
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	31,000.00	70.21
	31,000.00	70.21
Less : Repayment of Loans (Net)	18,461.58	(31,924.77)
Preference Share Capital	-	7.50
Adjustment of Reserves	-	1,843.46
Cessation of Subsidiary	-	1,163.25
Interest Paid	5,158.87	3,735.62
Dividend Paid	3,397.51	2,795.55
Corporate Dividend Tax	578.60	475.27
	27,596.56	(21,904.11)
NET CASH USED IN FINANCING ACTIVITIES	3,403.44	21,974.33
D. EFFECT OF FOREIGN EXCHANGE FLUCTUATION	70.53	(953.50)
Net changes in cash & cash equivalents (a+b+c+d)	14,731.99	748.89
* Cash & cash equivalents-opening balance	1,410.74	661.85
* Cash & cash equivalents-closing balance	16,142.73	1,410.74
* Represents Cash and Bank Balances as indicated in Schedule 10		

Notes :-

Closing Cash & Cash equivalents represents "Cash & Bank Balances" including Rs.10.62 lacs lying in the designated account with scheduled banks on account of unclaimed dividend, which are not available for use by the company.

As per our report of even date

For S. K. Agrawal & Co.
Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2010		As at March 31, 2009	
1 SHARE CAPITAL				
Authorised				
8,00,00,000 (7,50,00,000) Equity Shares of Rs. 2/- each		1,600.00		1,500.00
		1,600.00		1,500.00
Issued & Subscribed				
7,56,55,873 (6,21,45,177) Equity Shares of Rs. 2/- each fully paid up *		1,513.12		1,242.90
Share Capital Suspense		-		70.21
		1,513.12		1,313.11

* a. Includes 2,80,75,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - Rs. 250 lacs - and Revenue Reserves - Rs. 311.50 lacs

b. Includes 3,13,35,873 (2,78,25,177) Equity Shares allotted for consideration other than cash.

2 RESERVES & SURPLUS				
Capital Reserve		79.64		79.64
Security Premium				
At commencement of the year	3,161.72		3,161.72	
Received during the year	30,800.00	33,961.72	-	3,161.72
General Reserve				
At commencement of the year	22,899.70		22,500.00	
Utilised on demerger	-		(2,555.08)	
Adjustment with regard to Foreign exchange gain of earlier years	-		(33.87)	
Employee benefits adjusted (net off deferred tax)	-		(0.30)	
Transfer to Profit & Loss Account	(10,209.25)		(964.54)	
Transfer from Profit & Loss Account	12,309.25	24,999.70	3,953.49	22,899.70
Foreign Currency Translation Reserve		(26.62)		9.20
Profit & Loss Account		2,014.72		2,662.05
		61,029.16		28,812.31

3 SECURED LOANS				
Term Loans				
- From Banks		13,048.16		11,142.50
- Secured by first charge/mortgage on movable and immovable assets including plant and machinery (present and future) situated at Abhoypur (Guwahati) plant, BT Road Plant and at Kolkata Office				
- From Others		-		20,000.00
- Secured by hypothecation of stocks, book debts and all movable assets on subservient charge basis				
- Pledge of specific investments				
- Personal Guarantee of some of the Directors (Repayable within 12 months - Rs.1,918.45 lacs (Rs. 3,106.80 lacs)).				
Cash Credits				
- From Banks		1,875.19		6,163.58
Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu among State Bank of India, Canara Bank, ICICI Bank and Hongkong and Shanghai Banking Corporation				
		14,923.35		37,306.08

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2010	As at March 31, 2009
4 UNSECURED LOANS		
Trade Deposits	580.53	810.71
Long Term Loans :-		
From Others	-	6,136.41
Short Term Loans :-		
From Banks	5,401.83	514.50
From Others	5,000.00	54.51
	10,982.36	7,516.13

5 DEFERRED TAX LIABILITY

Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,332.16	902.16
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	(636.62)	(306.62)
	695.54	595.54

6 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION					NET BLOCK		
	As on April 1, 2009	Additions during the Year	Sales/ Adjust-ments	As on March 31, 2010	As on April 1, 2009	For the Year	Impairment	Sales/ Adjust-ments	As on March 31, 2010	As on March 31, 2010	As on March 31, 2009	
Land												
Leasehold	327.71	-	-	327.71	14.48	3.81	-	-	18.29	309.42	313.23	
Others	956.57	-	-	956.57	-	-	-	-	-	956.57	956.57	
Buildings	8432.86	1353.46	285.66	9500.66	1919.01	259.26	-	54.59	2123.68	7376.98	6513.85	
Plant & Machinery	9293.37	4154.05	743.56	12703.86	4747.24	691.10	165.92	609.34	4994.92	7708.94	4546.13	
Furniture, Equipments & Computers	2739.98	1258.87	188.72	3810.13	1287.96	261.77	10.68	164.33	1396.08	2414.05	1452.02	
Motor Vehicles	509.85	111.20	67.24	553.81	219.31	43.20	4.87	46.70	220.68	333.13	290.54	
Intangible Assets												
Goodwill	47899.11	-	-	47899.11	964.54	10209.25	-	-	11173.79	36725.32	46934.57	
Software	512.15	16.41	-	528.56	242.62	91.04	-	-	333.66	194.90	269.53	
Trade Marks and other Intangible assets	-	100.00	-	100.00	-	11.22	-	-	11.22	88.78	-	
Total	70671.60	6993.99	1285.18	76380.41	9395.16	11570.65	181.47	874.96	20272.32	56108.09	61276.44	
Capital Work-In-Progress	3669.80	438.51	3487.66	620.65	-	-	-	-	-	620.65	3669.80	
Grand Total	74341.40	7432.50	4772.84	77001.06	9395.16	11570.65	181.47	874.96	20272.32	56728.74	64946.24	
Previous Year's Figures	12059.33	64378.70	2096.63	74341.40	2830.46	6995.86	-	431.15	9395.16	64946.24	-	

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2010		As at March 31, 2009	
7 INVESTMENTS				
Long Term				
A. Quoted - Fully Paid up				
Emami Paper Mills Limited 79,46,000 Equity Shares of Rs. 2/- each		368.47		368.47
Creative Eye Limited 10,000 Equity Shares of Rs. 10/- each		6.41		6.41
Hindustan Unilever Limited 220 Equity Shares of Re. 1/- each		-		-
Tata Motors Limited 10 Equity Shares of Rs. 10/- each		-		-
	(i)	374.88		374.88
Unquoted - Fully paid up				
Others				
CRI Limited 95,630 Equity Shares of Rs. 10/- each		27.17		27.17
Bengal Emami Infrastructure Limited 1 Equity Share of Rs. 10/- each		-		-
AMRI Hospitals Ltd 8,00,000 Equity Shares of Rs. 10/- each		264.66		264.66
6 Years' National Savings Certificate (Lodged With Government Authority)		0.35		0.35
	(ii)	292.18		292.18
Current (Unquoted) (Units of Rs.10/- each)				
Birla Cash Plus - Institutional Premium - Daily Dividend Purchased 5,49,62,625.42 (Nil) Units		5,500.00		-
ICICI Prudential Institutional Liquid Plan-Super Institutional Growth		-		3,267.22
Opening 2,51,63,044.315 (Nil) Units Closing Nil (2,51,63,044.315) Units				
	(iii)	5,500.00		3,267.22
Less: Provision for Diminution in value of investment (iv)		5.40		-
		5.40		-
Total (i)+(ii)+(iii) - (iv)		6,161.66		3,934.28
Aggregate Book Value of Quoted Investments		374.88		374.88
Aggregate Book Value of Unquoted Investments		5,786.78		3,559.40
Market Value of Quoted Investments		843.88		843.16

8 INVENTORIES

Raw & Packing Materials		3,638.61		2,891.75
Work-in-progress		70.34		89.28
Finished Goods		4,442.84		4,329.96
Stores & Advertising Materials		113.20		68.94
		8,264.99		7,379.93

Schedules to the consolidated accounts

(Rs. in lacs)

	As at March 31, 2010		As at March 31, 2009	
9 SUNDRY DEBTORS				
<i>Unsecured</i>				
Due over six months		387.49		505.83
Other Debts		7,188.71		6,632.60
		7,576.20		7,138.43
Less : Provision		30.46		34.65
		7,545.74		7,103.78
Notes:				
Considered Good		7,545.74		7,103.78
Considered Doubtful		30.46		34.65
		7,576.20		7,138.43

10 CASH & BANK BALANCES

Cash in hand		31.18		32.76
With Scheduled Banks				
Current Accounts	2,842.20		1,081.50	
Exchange Earners Foreign Currency Account	14.04		9.86	
Fixed Deposit	13,244.69		283.00	
Unpaid Dividend Account	10.62	16,111.55	3.62	1,377.98
		16,142.73		1,410.74

11 LOANS & ADVANCES

<i>Unsecured, Considered Goods</i>				
Loans & Advances recoverable in cash or in kind or for value to be received		10,440.81		7,863.92
Deposits		209.86		212.40
		10,650.67		8,076.32

12 CURRENT LIABILITIES & PROVISIONS

Current Liabilities				
Sundry Creditors				
Micro, Small & Medium Enterprises	1.71		5.86	
Others	8,897.97		12,007.15	
Advance from Customers	357.47		675.76	
Unclaimed Dividend	10.62	9,267.77	3.62	12,692.39
Provisions				
Proposed Dividend	4,539.35		3,404.51	
Corporate Dividend Tax	771.46		578.60	
Direct Taxes	16.70		(260.78)	
Indirect Taxes	1,303.06		904.26	
Gratuity and Leave Encashment	315.48	6,946.05	316.20	4,942.79
		16,213.82		17,635.18

Schedules to the consolidated accounts

(Rs. in lacs)

	Year ended March 31, 2010		Year ended March 31, 2009	
13 OPERATING INCOME				
Sales		103,798.35		76,463.26
Rent and other charges		–		155.00
		103,798.35		76,618.26

14 OTHER INCOME				
Profit on Sale of Current Non- Trade Investments		46.67		33.52
Profit on Sale of Current Non- Trade Investments- Subsidiaries		–		2.59
Profit on Sale of Fixed Assets		286.91		150.49
Dividend from Current Non Trade Investments		–		57.32
Dividend from Long Term Non Trade Investments		47.70		162.75
Dividend from Long Term Trade Investments - Subsidiaries		–		47.60
Rent and Maintenance Received [TDS : Rs. 12.53 lacs (PY - Rs.15.74 lacs)]		130.08		127.43
Provision for Doubtful Loans/ Debts Written Back		4.18		160.00
Miscellaneous Receipts		184.78		47.58
		700.32		789.28

15 COST OF GOODS SOLD / CONSUMED				
Purchases/Materials Consumed		38,146.45		32,242.56
Add : Opening Stock				
Work-in-progress	89.28		4,817.67	
Finished Goods	4,329.96	4,419.24	4,294.06	9,111.73
		42,565.69		41,354.29
Less : Transferred in terms of Scheme of Arrangement		–		10,226.09
Less : Closing Stock				
Work-in-progress	70.34		89.28	
Finished Goods	4,442.84	4,513.17	4,329.96	4,419.24
		38,052.52		26,708.96

16 PROJECT EXPENSES				
Land Purchased		–		2,215.09
Architect Fees		–		49.20
Materials		–		301.76
Work executed by contractors		–		51.88
Salary & Bonus		–		58.21
Contribution to Provident & other Funds		–		2.47
Rent		–		7.76
Repair to Others		–		7.14
Interest & Finance Expenses		–		887.43
Other Construction Expenses		–		419.84
Project Promotion Expenses		–		63.78
Site Administrative Expenses		–		56.80
Depreciation		–		6.41
		–		4,127.77

Schedules to the consolidated accounts

(Rs. in lacs)

	Year ended March 31, 2010		Year ended March 31, 2009	
17 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES				
Salaries, Wages & Bonus		5,155.14		4,312.96
Contribution to Provident & Other Funds		394.35		313.84
Workmen and Staff Welfare Expenses		242.14		188.46
Power & Fuel		552.52		341.60
Consumption of Stores and Spare Parts		134.81		82.16
Rent		248.25		220.93
Rates & Taxes		89.64		83.41
Insurance		164.68		109.71
Repairs :				
- Building	96.07		59.01	
- Machinery	280.48		174.57	
- Others	526.87	903.41	377.30	610.88
Freight & Forwarding		2,270.75		1,856.60
Directors' Fees and Commission		231.50		133.75
Advertisement & Sales Promotion		19,441.93		14,410.18
Commission		788.20		699.30
Cash Discount		367.42		195.58
Taxes on Sales		5,107.28		2,909.83
Excise Duty paid		1,627.74		1,724.96
Loss on Sale of Fixed Assets		64.19		56.28
Diminution in value of Investment		5.40		-
Loss on Sale of Long term Non Trade Investments		-		160.00
Foreign Exchange Fluctuations (Net)		(106.35)		957.63
Legal and Professional Fees		890.55		1,245.19
Travelling and Conveyance		1,074.07		939.26
Miscellaneous Expenses		1,451.36		1,326.20
		41,098.99		32,878.71

18 INTEREST & FINANCE CHARGES (NET)

Paid				
Term Loans		3,603.48		2,732.00
Others		1,869.64		1,176.26
Received				
Others [TDS : Rs.291.77 lacs (PY - Rs. 150.30 lacs)]		(3,375.42)		(1,638.28)
		2,097.70		2,269.98

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1 Principles of Consolidation

The Consolidated Financial Statements relate to EMAMI LIMITED ("the Company") and its Subsidiary Companies (Refer Note 3 (i)). has been consolidated as per Accounting Standards on Accounting for Consolidated Financial Statements (AS 21), notified in Companies (Accounting Standards) Rules 2006. 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.
- 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 subsidiaries is identified and presented separately in Consolidated Financial Statements.
- iv 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.
- v 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 under historical cost convention in accordance with generally accepted accounting principles and provisions of the Companies Act, 1956 and the Accounting Standards notified in Companies (Accounting Standards) Rules 2006,

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) Intangible Assets

Intangible Assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are recorded at cost and are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

iv) Depreciation and Amortisation

Tangible Assets :

Depreciation is provided on straight line method, except for the assets of Vapi, Talasari and Silvassa units for which depreciation is provided on written down value method, at the rates and in the manner prescribed under 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. In Emami UK Limited depreciation is provided on reducing balance method @ 25% or based on the useful life of the assets, which ever is higher.

Intangible Assets :

- a. Goodwill - Consequent to the scheme of arrangement being accounted for under Purchase Method by adopting book value method, the cost representing goodwill recognised is being amortised to Profit & Loss Account over, the presently estimated useful life of five years.

The estimated useful life of Goodwill will be reviewed by the management periodically on the basis of experts' report and changes there in will be taken cognizance of, by accelerating or decelerating the pace of amortisation.

- b. Trade Mark and other intangible assets :- Trade Marks and other Intangible assets are amortised over a period not exceeding 10 years.

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

- c. Software is depreciated @ 16.21% on Straight Line Method except for Vapi, Pantnagar, Talasari and Silvassa Units where it is amortised @ 20%.
- v) **Investments**
Long Term Investments are stated at cost. Current Investments are stated at cost or fair value whichever is lower. Diminution in value of long term investments other than temporary in nature is charged to Profit & Loss Account.
- vi) **Inventories**
The inventories are valued at cost or net realisable value whichever is lower except for work in progress, advertising material which are valued at cost. The Cost is calculated on weighted average method. In Vapi, Pantnagar, Talasari and Silvassa, the Raw and Packing Materials, Stores and Spares are computed on cost (First In First Out basis) or net realisable value, which ever is lower. 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.
- vii) **Research & Development**
Revenue expenditure on Research and Development is charged against the Profit for the year.
- viii) **Retirement benefits**
a. The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary.
In Vapi, Pantnagar, Talasari and Silvassa Units, the superannuation fund is administered by the Life Insurance Corporation of India (LIC). Under the plan, the Company is required to contribute a specified amount to the retirement benefit plan to fund the benefits.
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. In Vapi, Silvassa, Talasari and Pantnagar units the Leave Fund is with Life Insurance Corporation of India.
d. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions are recognised immediately in the Profit and Loss Account as income or expense.
- ix) **Voluntary Retirement Scheme**
Expenditure incurred on voluntary retirement scheme is charged to profit in the year in which it is incurred.
- x) **Sales**
Sales include duty drawback, license premium on exports, Sales Tax and are recorded net of Trade discounts and other rebates.
- xi) **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.
- xii) **Government Grants**
Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.
When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grant in the nature of promoters' contribution is credited to the capital subsidy reserve.
- xiii) **Revenue Recognition**
Income & expenditure are recognised on accrual basis.
- xiv) **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. In respect of forward contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed at the end of the contract.
Transactions other than those covered by forward contracts are recognised at the exchange rate prevailing on

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

- date of transaction. Gains & losses arising on account of realisation are accounted for in Profit & Loss Account.
- b. Monetary Assets & Liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates.
 - c. The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital assets. Other exchange differences arising from Long-Term Foreign Currency Monetary Items are transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the life of such monetary items but not beyond March 31, 2011. Other exchange differences are recognised as income or expense in the Profit & Loss Account.
 - d. 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.
- xv) **Excise Duty**
Excise duty payable on products is accounted for at the time of despatch of goods from the factories and is included in stocks held at the year end.
- xvi) **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 its intended use.
- xvii) **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.
- xviii) **Impairment of Assets**
The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, notified in Companies (Accounting Standards) Rules 2006, for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallises, are charged against revenues for the year.
- xix) **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 included in the Consolidated financial statements are as under:-

Names of Subsidiary Companies	Country of Incorporation	Extent of Holding
Emami UK Limited	United Kingdom	100%
Emami Bangladesh Limited	Bangladesh	100%
Emami International FZE	UAE	100%

- ii a) **Business Segment**

As the Company's business activity falls within a single primary business segment, viz. "Personal and Healthcare", the disclosure requirements of Accounting Standard-17 "Segment Reporting", notified in the companies Accounting Standard Rules, 2006 are not applicable.

- b. **Geographical Segment**

The company primarily operates in India and therefore the analysis of geographical segments is demarcated into its Indian and overseas operations as under :

Revenue – Gross Sales	(Rs. in lacs)	
	2009-10	2008-09
India	90264.51	66461.46
Overseas	13533.84	10156.80
Total	103798.35	76618.26

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd..)

The following table shows the carrying amount of segment assets and additions to segment fixed assets by geographical area to which the assets are attributable: (Rs. in lacs)

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	2009-10	2008-09	2009-10	2008-09
India	96523.48	86554.00	7426.56	64375.43
Overseas	8829.87	6611.05	5.94	3.27
Total	105353.35	93165.05	7432.50	64378.70

iii Defined Benefit Plans

As per actuarial valuations as on 31st March, 2010 and recognised in the financial statements in respect of Employees benefit schemes. (Rs. in lacs)

	March 31, 2010			March 31, 2009		
	Gratuity	Leave Encashment	Leave Encashment	Gratuity	Leave Encashment	Leave Encashment
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
A Components of Employer Expenses						
1 Current Service Cost	68.29	-	38.87	76.89	-	15.65
2 Interest Cost	64.00	-	9.57	47.15	-	8.74
3 Expected Return on Plan assets	56.24	5.74	-	34.13	5.29	-
4 Actuarial Losses	(62.95)	4.12	6.13	47.74	2.72	45.08
5 Losses /(Gains) on Curtailments and Settlements	19.68	-	-	-	-	-
6 Total Expenses recognised in the Statement of Profit & Loss	32.78	(1.62)	54.57	137.65	(2.57)	69.47
B Net asset/(liability) recognised in balance sheet as at March 31, 2010						
1 Present value of Defined Benefit Obligation (DBO)	828.36	70.24	167.70	939.17	92.81	142.05
2 Fair value of plan assets	690.77	72.15	-	793.13	66.41	-
3 Funded Status [Surplus/(deficit)]	(137.60)	1.91	(167.70)	(146.04)	(26.40)	(142.05)
4 Net asset/(liability) recognised in balance sheet	(137.60)	1.91	(167.70)	(146.04)	(26.40)	(142.05)
C Change in Defined Benefit Obligation during the year ended March 31, 2010						
1 Present value of DBO at beginning of period	939.17	92.81	142.05	826.47	91.79	90.98
2 Current Service Cost	68.29	-	38.87	76.89	-	15.65
3 Interest Cost	64.00	-	9.57	47.15	-	8.74
4 Actual Losses	(47.97)	4.13	6.13	59.54	2.72	45.08
5 Benefits Paid	(96.57)	(26.70)	(28.92)	(70.88)	(1.70)	(18.40)
6 Liabilities extinguished on settlements	(98.56)	-	-	-	-	-
7 Present value of DBO at the end of period	828.36	70.24	167.70	939.17	92.81	142.05

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd..)

(Rs. in lacs)

	March 31, 2010			March 31, 2009		
	Gratuity	Leave Encashment	Leave Encashment	Gratuity	Leave Encashment	Leave Encashment
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
D Change in Fair Value of Assets						
1 Plan Assets at beginning of period	793.13	66.41	-	577.92	61.12	-
2 Expected Return on Plan assets	56.24	5.74	-	34.13	5.29	-
3 Actuarial Gains	14.98	-	-	11.80	-	-
4 Actual company contributions	41.23	26.70	28.92	240.16	1.70	18.40
5 Benefits paid	(96.57)	(26.70)	(28.92)	(70.88)	(1.70)	(18.40)
6 Assets distributed on settlements	(118.24)	-	-	-	-	-
7 Plan assets at the end of period	690.77	72.15	-	793.13	66.41	-
E Actuarial Assumptions						
1 Discount Rate (%)	* 7.50/8.20	8.20	7.50	* 7.50 / 7.00	7.00	7.50
2 Expected Return on Plan Assets (%)	7.50	-	-	7.50	-	-

* Note: Discount Rate % of 8.20%(7%) for Vapi, Pantnagar, Silvassa, Talasari units

iv 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.

a) The following are the outstanding forward contracts and options as on March 31, 2010:-

For hedging currency risks :-

(Rs. in lacs)

	March 31, 2010	March 31, 2009
Forward Covers :-		
Receivables		
- Current	6356.06	1019.00
- Future	4862.93	-
Loan	7612.29	-
Options :-		
Receivables	-	280.23

b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :-

(Rs. in lacs)

	March 31, 2010	March 31, 2009
Receivables	20.35	1142.40
Loan taken	12305.16	7642.50

v On July 6, 2009, Company has allotted 1,00,00,000 Equity shares of Rs. 2/- each at a price of Rs. 310/- per share to Qualified Institutional buyers (QIB's) through QIP route. The fund has been used for Repayment of borrowings and Share issue expenses.

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

- vi The Company has made a provision of Rs. 424.24 Lacs (Previous Year - Rs. 35.72 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below:

(Rs. in lacs)

Description	March 31, 2010	March 31, 2009
Opening Balance	904.26	1,200.00
Provisions during the year	424.24	35.72
Provisions reversed during the year	25.44	331.48
Closing Balance	1,303.06	904.26

- vii The assets of the Company have been assessed for Impairment in accordance with Accounting Standard 28 "Impairment of Assets". Consequently, impairment of Rs. 181.47 Lacs (Previous Year : Rs. Nil) in Pondicherry units has been provided in the accounts during the year.

- viii VRS compensation of Rs. 725.98 Lacs is after adjusting Rs. 600.00 Lacs received from Zandu Realty Limited.

- ix a) Contingent Liabilities not provided for in respect of :

(Rs. in lacs)

	March 31, 2010	March 31, 2009
i) Excise Duty demands	545.59	89.82
ii) Service Tax	158.83	-
iii) Sales Tax demands under appeal (Net of Advances)	500.92	834.23
iv) Other Taxes	9.28	34.22
v) Claim against Company not acknowledged as Debts	57.20	166.74

Note : Contingent Liability disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote.

(Rs. in lacs)

	March 31, 2010	March 31, 2009
b) Guarantees and counter guarantees given*	10,158.77	10,251.39
*(Includes Rs.10,000 Lacs Guarantee of which utilisation is NIL)		

(Rs. in lacs)

	March 31, 2010	March 31, 2009
x Estimated amount of commitments [net of advances of Rs.359.72 Lacs (Previous Year - Rs. 718.39 Lacs)] on capital account not provided for	436.10	372.87

- xi 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 USD 16.50 million.

- xii 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 notified by Government of India on March 31, 2009.

Foreign exchange gain of Rs. 33.87 Lacs was credited to Profit & Loss Account in Financial Year 2007-08. As per the above notification, the same was Credited to Fixed Assets under respective heads and the effect of the same was debited to General Reserve in F.Y.2008-09.

As per the above notification foreign exchange gain of Rs. 271.16 Lacs for the year has been amortised over the period of the loan. Therefore, a sum of Rs. 130 Lacs has been credited to Profit & Loss Account and the balance of Rs. 141.16 Lacs has been transferred to Foreign Currency Monetary Item Translation Difference Account to be amortised in subsequent periods, but not beyond March 31, 2011.

- xiii Pursuant to expert's report, the management has reviewed the useful life of the various intangible assets embedded in the goodwill, which was accounted for in financial year 2008-09, consequent to the scheme of arrangement with Zandu from 20 years to 5 years. Due to this change there is excess amortisation of goodwill of a sum of Rs.7814.29 Lacs for the year and simultaneous increase in transfer from General Reserve to Profit and Loss Account by equivalent amount.

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd..)

xiv Related Party Transactions :

A. Related Parties with whom transactions have taken place during the year :

a) Key Management Personnel

- 1 Shri R. S. Agarwal
- 2 Shri R. S. Goenka
- 3 Shri Sushil Kr. Goenka

b) Relatives of Key Management Personnel

- 1 Smt. Usha Agarwal
- 2 Smt. Saroj Goenka
- 3 Shri Mohan Goenka
- 4 Shri A. V. Agarwal
- 5 Shri Manish Goenka
- 6 Shri H. V. Agarwal
- 7 Smt. Priti Sureka

iii) Entities where Key Management Personnel and their relatives have significant influence

- 1 Diwakar Viniyog Private Limited
- 2 Suntrack Commerce Private Limited
- 3 Bhanu Vyapaar Private Limited
- 4 Emami Paper Mills Limited
- 5 Emami Foundation
- 6 Bansilal Jankidevi Agarwal Trust
- 7 Keshardeo Ratnidevi Goenka Trust
- 8 Zandu Foundation Health Care
- 9 Emami Infrastructure Limited
- 10 Emami Realty Limited
- 11 Zandu Realty Limited
- 12 K.D.Goenka & Sons HUF
- 13 R.S.Agarwal HUF

B. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on March 31, 2010

(Rs. in lacs)

	Key Management Personnel & Relatives		Associates		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
1. Remuneration								
- Directors	517.98	375.19	-	-	-	-	517.98	375.19
- Others	10.10	8.07	-	-	-	-	10.10	8.07
2. Sales	-	-	-	-	-	46.79	-	46.79
3. Directors Sitting Fees	3.90	4.20	-	-	-	-	3.90	4.20
4. Rent & Maintenance Charges Paid	4.26	4.80	-	-	4.68	1.68	8.94	6.48
5. Rent Received	-	-	-	-	41.24	41.30	41.24	41.30
6. Maintenance Charges Received	-	-	-	-	58.58	41.30	58.58	41.30
7. Loan / Advance Given	-	-	-	-	26550.24	19.53	26550.24	19.53
8. Loan Received	-	-	-	-	-	3545.00	-	3545.00
9. Interest Received	-	-	-	-	2334.02	-	2334.02	-
10. Interest Paid	-	-	-	-	-	32.63	-	32.63

Schedules to the consolidated accounts

19 SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS (Contd...)

(Rs. in lacs)

	Key Management Personnel & Relatives		Associates		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
11. Receipt Towards Loan Given	-	-	-	-	26456.07	-	26456.07	-
12. Repayment of Loan Received	-	-	-	-	-	3545.00	-	3545.00
13. Investment	-	-	-	-	-	-	-	-
14. Donation Paid	-	-	-	-	159.00	80.00	159.00	80.00
15. Security Deposit Received	-	-	-	-	15.47	-	15.47	-
16. Security Deposit Refund	-	-	-	-	-	-	-	-
17. Balance As on March 31, 2010								
- Investment	-	-	-	-	368.48	368.48	368.48	368.48
- Loan Given	-	-	-	-	113.70	19.53	113.70	19.53
- Loan Received	-	-	-	-	-	-	-	-
- Advances	-	-	-	-	-	-	-	-
- Interest Receivable	-	-	-	-	1741.63	-	1741.63	-
- Interest Payable	-	-	-	-	-	30.78	-	30.78
- Debtors	-	-	-	-	-	-	-	-
- Security Deposit Paid	27.74	28.14	-	-	7.00	7.00	34.74	35.14
- Security Deposit Received	-	-	-	-	40.77	56.24	40.77	56.24

xv Information for Earnings Per Share as per AS-20

	March 31, 2010	March 31, 2009
Net Profit (Rs. in Lacs)	16972.73	9185.99
Weighted average number of shares	72970941	63559074
Earnings Per Share - Basic & Diluted (Rs.)	23.26	14.45

xvi In terms of the Scheme of Arrangement, pursuant to provisions of sections 391 to 394 of the Companies Act, 1956, Zandu FMCG undertaking of The Zandu Pharmaceutical Works Limited was demerged into Emami with effect from the appointed date i.e. November 5, 2008, as a result of which previous year's figures are not comparable.

xvii Previous year's figures have been rearranged/regrouped wherever necessary .

Signatories to Schedules 1 to 19

As per our report of even date

For S. K. Agrawal & Co.
Chartered Accountants

S. K. Agrawal
Partner

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

Section 212

STATEMENT REGARDING SUBSIDIARY COMPANY

Pursuant to Section 212 of the Companies Act, 1956

(Rs. in lacs)

1. Name of the Subsidiary Company	Emami Bangladesh Limited	Emami UK Limited	Emami International FZE
2. Holding Company's Interest	100%	100%	100%
3. Net aggregate amount of Subsidiary's Profit not dealt with in the Holding Company's Accounts			
i) For the Financial Year of the Subsidiary ended as on March 31, 2010	3.59	(52.44)	483.15
ii) For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	Nil	0.20	10.68
4. Net aggregate amount of Subsidiary's Profit dealt with in the Holding Company's Account			
i) For the Financial Year of the Subsidiary ended as on March 31, 2010	Nil	Nil	Nil
ii) For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	Nil	Nil	Nil

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 28, 2010

S. K. Goenka
Managing Director

N. H. Bhansali
President - CFO

A. K. Joshi
Company Secy. & Sr. GM-Legal

emami* limited

Regd. Office: "Emami Tower" 687, Anandapur, E M Bypass, Kolkata 700107

Notice

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of Emami Limited will be held on Thursday, August 19, 2010 at 11.00 A.M. at "Vidya Mandir" 1, Moira Street, Kolkata 700 017 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt Audited Balance Sheet as at March 31, 2010, Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri Viren J Shah, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.K. Todi, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Mohan Goenka, who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri S.K. Goenka, who retires by rotation and, being eligible, offers himself for reappointment
7. To appoint Auditors and to fix their remuneration.

Special Business:

8. To appoint a Director in place of Shri S B Ganguly who has been appointed as an Additional Director of the Company with effect from January 30, 2010 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.
9. To appoint a Director in place of Shri Y P Trivedi who has been appointed as an Additional Director of the Company with effect from January 30, 2010 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom

the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.

10. To appoint a Director in place of Shri Amit Kiran Deb who has been appointed as an Additional Director of the Company with effect from January 30, 2010 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.
11. To appoint a Director in place of Mrs. Priti Sureka who has been appointed as an Additional Director of the Company with effect from January 30, 2010 by the Board of Directors and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of Director.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from Friday, July 23, 2010 to Tuesday, July 27, 2010. (both days inclusive) and that:
 - A. Dividend as recommended by the Board, if declared at the said ensuing Annual General Meeting, will be paid to those members whose names stand registered on the

Company's Register of Members:

a) as beneficial owners as at the end of business on July 22, 2010 as per list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in electronic form, and

b) as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company's Registrar and Share Transfer Agents M/s. Maheswari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata 700 001 on or before July 20, 2010. The instruments of share transfers complete in all respects should reach the said Registrar and Share Transfer Agents well before the book closure date as stated above.

B. Two equity shares of face value of Re 1/- each fully paid up would be issued/credited (pursuant to approval given by members for subdivision of face value of equity shares of Rs 2/- each into Re 1/ per share) to members whose names appear on July 22, 2010 as mentioned above in clause (a) & (b).

4. Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed / unpaid for seven years shall be transferred to the Investors' Education

and Protection Fund when the same becomes due. Members who have not yet en-cashed dividend warrants / cheques are requested to claim the same with the Company.

5. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item nos. 8 to 11 as set out above are annexed hereto.

6. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting, members are requested to bring their copies to the meeting.

7. Members / proxies should bring their Attendance slip sent herewith, duly filled in, for attending the meeting.

8. A statement containing details of the directors seeking reappointment/appointment at the forthcoming Annual General Meeting is annexed.

Registered Office :
Emami Tower
687, Anandapur
E M Bypass,
Kolkata 700107
Dated: July 13, 2010

By Order of the Board

A.K. Joshi
Company Secy. & Sr. GM-Legal

Explanatory Statements pursuant to Section 173(2) of the Companies Act 1956

Resolutions at item No 8 to 11

Your directors at their meeting held on January 30, 2010 appointed Shri S B Ganguly, Shri Y P Trivedi, Shri Amit Kiran Deb and Smt Priti Sureka as additional directors under Section 260 of the Companies Act, 1956 and they hold the office till the date of ensuing Annual General Meeting. Shri S B Ganguly, Shri Y P Trivedi and Shri Amit Kiran Deb are independent directors on the Board of the Company and Smt Priti Sureka is a whole time director of the Company.

The Company has received notices from the members under section 257 of the Companies Act, 1956 for appointment of Shri S B Ganguly, Shri Y P Trivedi, Shri Amit Kiran Deb and Smt Priti Sureka as directors of the Company at the ensuing Annual General Meeting.

Shri Y P Trivedi, Director of Reliance Industries Ltd is an advocate of Supreme Court of India, and also on Board and Committees of various companies including Birla Power Solution Ltd and Birla Cotsyn (India) Ltd.

Shri S B Ganguly is Chairman – Emeritus of Exide Industries Ltd, Director of West Bengal Industrial Development Corporation Limited, Public Interest Director of The Calcutta Stock Exchange Association Limited and Chairman of Century Ply Boards (India) Limited.

Shri Amit Kiran Deb is an IAS and former Chief Secretary of Govt. of West Bengal. Shri Deb is Chairman of Bengal Ambuja Housing Development Ltd and director of Skipper Ltd and DPSC Ltd.

Smt Priti Sureka has extensive knowledge and experience in marketing, brand development and business strategies.

The Board considers that their association at their respective position will be in the interest of the Company and therefore recommends that the resolutions set out in item no 8 to 11 of the notice be passed. In respect of appointment of Smt Priti Sureka, apart from Smt Priti Sureka, Shri R S Agarwal, Shri A V Agarwal & Shri H V Agarwal being her relatives, none of directors is interested in the resolution. In respect of appointment of other directors, apart from the aforesaid new appointees, none of the directors is interested in the resolutions.

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Dated: July 13, 2010

By Order of the Board

A.K. Joshi
Company Secy. & Sr. GM-Legal

Details of Directors seeking appointment / reappointment at the Ensuing Annual General Meeting

Name	Shri S B Ganguly	Shri Amit Kiran Deb	Shri Y P Trivedi	Smt Priti Sureka	Shri Viren J Shah	Shri S K Todi	Shri Mohan Goenka	Shri S K Goenka
Date of Birth	23.10.1942	26.12.1948	06.01.1929	23.05.1972	12.05.1926	15.08.1943	20.01.1973	06.05.1956
Date of Appointment	30.01.2010	30.01.2010	30.01.2010	30.01.2010	15.01.2005	15.01.02005	15.05.2006	17.05.1995
Experience in Specific Functional Area	Eminent Industrialist	Former Chief Secretary of Govt. of West Bengal	An advocate of Supreme Court of India	Marketing and brand development	Former Governor of West Bengal & Chairman of Mukund Limited for 27 years	Eminent Industrialist	Marketing and brand development	Production and Operations
Qualification	Chemical Engineer	M.A. in Political Science, IAS	B. Com, L.L.B., Advocate of Supreme Court	B.A. English (Hons.)	AMP(Harvard Business School), U.S.A with a special expertise in General Business Management.	Post Graduate in Commerce	Commerce Graduate, MBA	B . Com
Directorship in Companies as on 31.03.2010	<ol style="list-style-type: none"> 1. Associated Battery Manufacturers (Ceylon)Ltd. 2. ING Vysya Insurance Co. Ltd. 3. West Bengal Industrial Development Corporation Ltd. 4. The Calcutta Stock Exchange Association Ltd. 5. Sundarban Infrastructure Development Corporation 6. Century Plyboards (I) Ltd. 7. Phaharpur Cooling Towers Ltd. 8. Emami Ltd. 	<ol style="list-style-type: none"> 1. Skipper ltd. 2. Bengal Ambuja Housing Developments Ltd. 3. Dishergarh Power Supply Corporation Limited 4. Emami Ltd. 	<ol style="list-style-type: none"> 1. Reliance Industries Limited 2. Zodiac Clothing Co. Limited 3. Birla Power Solution Limited 4. Birla Cotsyn (India) Ltd. 5. Emami Ltd. 6. Sai Service Station Limited 7. Zandu Realty Limited 8. Supreme Industries Ltd. 9. Seksaria Biswan Sugar Factory Ltd 10. New Consolidated Consn. Co. Ltd. 11. Metro Exporters Pvt.Ltd 12. Monica Travels Pvt. Limited 13. Trivedi Consultants Pvt. Ltd 14. Indian Merchant chamber 15. Colosseum Sports and Recreation International 	<ol style="list-style-type: none"> 1. Emami Limited 2. Emami Group of Companies Pvt Ltd 3. Emami Biotech Ltd 4. TMT Viniyogan Limited. 5. AMRI Hospitals Ltd. 6. Emami Frank Ross Limited 	<ol style="list-style-type: none"> 1. Emami Ltd. 	<ol style="list-style-type: none"> 1. AMRI Hospitals Limited 2. Bengal NRI Complex Limited 3. Bengal Shrachi Housing Development Limited 4. Bengal Tools Ltd. 5. Emami Paper Mills Limited 6. Bhaskar Shrachi Alloys Limited 7. South City Projects (Kolkata) Limited 8. Hardeo Finance (P) Limited 9. Murlidhar Ratanlal Exports Ltd. 10. MSG Estate Services (P) Ltd. 11. Rosedale Developers (P) Ltd. 12. Juhi Investment (P) Ltd. 13. Web Development Company Ltd. 14. Emami Limited 15. GNB Logistics Pvt. Ltd. 16. Magma Fincorp Ltd. 17. Bengal Anmol South City Infrastructure Ltd. 18. Shrachi Realty Pvt. Ltd. 19. Shrachi Developers Pvt. Ltd. 20. Bengal South City Matrix Infrastructure Ltd. 21. South City Recreation (P) Ltd. 22. South City Academy Pvt. Ltd. 23. Liberty Pharma Ltd. 	<ol style="list-style-type: none"> 1. Neelam Lefin Limited 2. Emami Cement Limited 3. Emami Limited 4. Zandu Realty Limited 5. Emami (Meghalaya) Cement Ltd 6. Suraj Viniyog Pvt. Ltd 7. Diwakar Viniyog Pvt. Ltd 	<ol style="list-style-type: none"> 1. Emami Limited 2. New Way Construction Limited 3. Neelam Lefin Ltd. 4. Emami (Bangladesh) Ltd. 5. Emami (Meghalaya) Cement Ltd 6. Suraj Viniyog Pvt. Ltd 7. Diwakar Viniyog Pvt. Ltd

emami* limited

Regd. Office: "Emami Tower" 687, Anandapur, E M Bypass, Kolkata 700 107

Dear Shareholder/s

The Company is pleased to enclose herewith discount coupons for purchase of Emami's & Zandu's Products from selected counters of its distributors located in your area. The offer is made to the shareholders of Emami as a token of appreciation for their continued support to the Company. You are entitled to discount of 20% on MRP on purchase of Company's products upto Rs. 2000/-. The coupons can be used till its validity as mentioned on the face of it. However, please note that

- Discount coupons cannot be exchanged for cash
- No duplicate coupons can be used for lost, defaced or torn coupons
- The discount coupons cannot be clubbed with any other ongoing scheme or discount except the declared consumer offer.
- Validity period of coupons will not be extended for any reason whatsoever.

List of places/ Distributors from where Shareholders can use Discount Coupons

Agra: M/s. Mittal Enterprises, Palika Nagar, Nawabganj, Agra

Ahmedabad: M/s. Samir Trading Company, Embassy Market, Near Sankalp Restaurant, Incomtax, Ahmedabad.

Ajmer: M/s. Parasram Heeranand , Rawan ki Bagichi, Kesherganj, Ajmer

Alwar: M/s.Vardhman Sales, 8, Pansari Bazar, Alwar

Ambala Cantt: M/s. Harpreet Sales Corp., 5581/1, Gali Sadagar Bazar, Opp. Punjab National Bank, Ambala Cantt.

Amritsar: M/s. Joy Gopal & Company, 214, City Centre , Near Bus Stand, Amritsar

Bangalore: M/s. Meghraj Marketing Pvt Ltd, No.2006/A , 1st Floor South End, 'E' Main Road, 9th Block, Jayanagar (Near Ragigudda Temple), Bangalore-69

Baroda: M/s. Sai Pratibha Ent, SB-15, Amrapali Complex, Near Muktanand Crossing, karelibag, Baroda

Bhavnagar: M/s. Shiv Shakti Agencies, Nambha Street, Behind Danapith, Bhavnagar- 1

Bhilwara : M/s. Khusbhu Agencies, Near Shyam Ki Subzi Mandi, Bhilwara

Bhopal: M/s. Ajay Agency, 51, Kamali

Mandir Raod, Ghoda Nikas, Bhopal

M/s. Ramesh Sales Agencies, Samson villa 347,Gautam Nagar, Bhopal

Bhubaneswar: M/s. Pradyut Marketing, Plot No. 459, Saheed Nagar, Bhubaneswar (Orissa)

Chandigarh: M/s. Chandigarh Enterprises (P) Ltd., 26/5, Industrial Area, Phase-II, Chandigarh.

Chennai: Paras & Paras, No 39, Anna Pillai Street, Near Andhra Bank, Chennai 600 079.

Coimbatore: M/s. Balaji Distributors, No.78-C, Thomas St, Coimbatore-641001.

Cuttack: M/s. P.K. Enterprisers, Samanta Sahi, Canal Road, Cuttack – 1 (Orissa)

Dehradun: M/s. Ram Swaroop Arun Kumar, 136 Paltan Bazar Dehradun-248001.

Faridabad: M/s. Neha Enterprises, 7/157, Agarwal Bhawan, Gopi Colony Chawk, Old Faridabad – 121002.

Gandhi Nagar: M/s. Konark Traders, 326, Kontey Shoping Centre, Behind Dena Bank, GH 4 , Circle Sector 16, Gandhinagar

Ghaziabad: M/s. Kumar Sales Corporation - 204, Nai Basti – Ghaziabad.

Gurgaon: M/s. Vimal Sales Agency, 11/2, Gopal Nagar, New Rly Road, Gurgaon – 122 001.

Guwahati: M/s. Sree Ram Enterprise, Sister Nivedita Path, Bhaskar Nagar, Guwahati – 781 018.

Hooghly: M/s. S.R.Enterprise, 121, Amarendu Sarani, Uttarpara, Hooghly

Hyderabad: M/s. National General Stores, 4-4-241, Indrabagh, Sultan Bazaar, Hyderabad, Andhra Pradesh

Indore: M/s. Sajal Agencies, Kodhumbar Samaz Dharamsala, Katkatpura, (Juni Indore), Indore

Jaipur: M/s. Shubham Ganeices, P 230, Janata Colony, Jaipur.

M/s. Niharika Enterprises, S-8, Joshi Colony Barkat Nagar, Tonk Road, Jaipur

M/s Anil Distributors, B-29, Govind Mang, Near ICE Factory, Adarsh Nagar, Jaipur, - 4004865

M/S. Govindham Sales, G- 135, Shyamnagar, Near WLC College, Jaipur.

Jalandhar: M/s. S.S. Enterprises, C/o. M/s. Khanna Bhawan, Near Pradeep Trading Company, 1st Floor, Jail Road, Jalandhar City.

Jamshedpur0: M/s. Laxmi Enterprises, 4, Diagonal Road, Bistupur, Jamshedpur

M/s. Raj Enterprises, Punjabi Tola,
Sakchi, Jamshedpur

Jodhpur: M/s. Jai Maruti Entp., Ram
Lodge Gali, Bombay Motors Choraha,
Jodhpur

M/s. U.K.Distributors, Near Chand Ka
Takia Market, Link Road, Sojati Gate,
Jodhpur

Junagadh: M/s. Kalpana Agencies,
M. M. Chambers, Post Office Road,
Juangadh-1

Kanpur: M/s. H.C. Marketing, 84/77-B
Narayabagh, G.T. Road, Kanpur

M/s Tirupati Traders,
15 - M -13, Dabauli Kanpur

Karnal: M/s. Green Land Sales Corp.,
Purani Mandi, Karnal

Kolkata: M/s. Deo Distributor,
P-889, Lake Town, Kolkata - 700089

M/s. Suman Trading Company,
C/o. Mr. Dilip Garodia,
27 Muktarambabu Street,
Kolkata – 700007

M/s. K.K. Enterprise,
28/4, Ashoke Road, Ganguly Bagan,
Kolkata – 700084

Lucknow: M/s. Sarkar Agencies, Pratap
Market, Ram Krishna Park, Aminabad,
Lucknow

M/s. Perfect Distributors, 498/115,
Hasanganj, Daliganj, Lucknow

Ludhiana: M/s. Malhotra Agency, B-1,

237/10, New Kundan Puri, Civil Line,
Ludhiana

Mangalore: M/s. Swarnadeep Agencies,
8/8/685 Lower Car Street Mangalore

Meerut: M/s A.P.Enterprises - 10,
Balwant Nagar, Jail Chungi- Meerut

Mumbai: M/s. Laxmi Marketing, B4,
Hema Industrial Estate, Sarvodaye
Nagar, near Megh Wadi Police Station,
pump house Andheri (east).

Mysore: M/s Roopali Marketing C/o
Roopali # 26, 2nd Cross, Gokulam 3rd
Stage, Mysore-02

Nagpur: M/s. N.S. Enterprises,
9, Wholesale Cloth market, Gandhibad,
Near Nagaputta, Nagpur:-2

M/s. Gajraj Agencies, Kalhar Lane,
Sita Buldi, Nagpur-12

Nasik: Pushkraj Trading Company,
Siddheshwar Apartment, Gangapur
Road, Nasik

New Delhi: M/s. Kanshi Ram Pawan
Kumar, 361-362, Azad market, new
Delhi – 110006, M/s. Mayur Traders,
1248/86, Shanti Nagar, Tri Nagar,
Delhi and M/s. Aggarwal Associates,
C-7/156, Yamuna Vihar, New Delhi –
110053.

Patna: M/s. Chandan Enterprises,
Milakh Market, Near I.G.M.S., Beli
Road, Rajabazar, Patna

Pune: M/s. Shree Ram Agencies,
Sadashiv Peth, Pune

Rajkot: M/s. Maruti Agency, Dhebar
Road One Way, 20 Ground Floor,
Sadguru Arcade, Rajkot – 360001.

Ranchi: M/s. Agency House, East
Market, Upper Bazar, Ranchi-1

Rohtak: M/s.Mohinder Sales, 968/22,
Mansrover Colony, Rohtak

Surat: M/s. Vasudev Trading Company,
51/2, Amrut Nagar, Near Hari Nagar-2,
Udhna, Surat-394210.

Thane: M/s.Ramanand Enterprises,
Bata Compound, Khopat, Thane (West),
thane – 400602.

Udaipur: M/s. Brijmohan and Sons,
385 I /1 Road, Brij Bhawan
Bhupalpura, Udaipur.

Ulhasnagar: M/s. Dimpti Traders, Shop
No. 104, 1st floor, Chander Shopping
Complex, Main Road, Ulhasnagar – 5

Unjha: M/s. Baloj Sales Agency,
2 Ganpati Market, S.T. Road,
Unjha – 384170.

Vijayawada: M/s. Golecha Agencies,
11-40-129/2, Pulipati Vari Street,
Vijayawada-1,

Visakhapatnam: M/s. Sri Bhagavan
Traders, Plot No.68, Sector 2, MIG 1,
MVP Colony, Visakhapatnam 17

M/s. Gayathri Corporation 50-50-15/2
Behind Guruwara T P T Colony

Seethamma Dhara, Visakhapatnam-13

Discount
@ 20%
on purchases
upto
Rs. 400/-
Valid upto
31/10/2010

Discount
@ 20% on
purchases
upto
Rs. 400/-
Valid upto
31/12/2010

Discount
@ 20% on
purchases
upto
Rs. 400/-
Valid upto
28/02/2011

Discount
@ 20% on
purchases
upto
Rs. 400/-
Valid upto
30/04/2011

Discount
@ 20% on
purchases
upto
Rs. 400/-
Valid upto
30/06/2011

emami* limited

Regd. Office: "Emami Tower" 687 Anandapur, E M Bypass, Kolkata 700107

ATTENDANCE SLIP

I,hereby record my presence at the Twenty Seventh Annual General Meeting of the Company to be held on Thursday, August 19, 2010, at "Vidya Mandir", 1, Moira Street, Kolkata 700 017

Name of Proxy:

Name of Shareholder :

Folio/ Client ID No.:

DP ID No.:

No. of Equity Shares held:

Signature of the Attending Shareholder / Proxy

Note:

1. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his / her copy of the Notice for reference at the meeting.



emami* limited

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PROXY FORM

Registered Folio No. DP ID No. Client ID No.

I / Weof being a member (S) of the above named Company hereby appoint ofor failing himof as my / our proxy to vote for me / us and on my / our behalf at the Twenty Seventh Annual General Meeting of the Company to be held at "Vidya Mandir", 1 Moira Street, Kolkata 700 017 at 11.00 A.M. on Thursday, August 19, 2010 and at any adjournment thereof.

Signed this day of 2010

Signature



Note : This proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.





Forward-looking statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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