

'Main
Zandu
Balmhui,
darling
tere liye!'

Emami touches
consumers the world over



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 & AVP-Legal

Shri A.K. Joshi

* Auditors

M/s S.K. Agrawal & Co

Chartered Accountants

* Bankers

Canara Bank

ICICI Bank Ltd.

State Bank of India

HDFC Bank

The Hongkong and Shanghai

Banking Corporation Limited

* Registrar & Transfer Agent

M/s Maheswari Datamatics Private Limited

6, Mangoe Lane, Kolkata-700001

West Bengal, India

Tel: 91-33-2243 5029

Fax No 91-33-2248 4787,

Email: mdpl@cal.vsnl.net.in

* Registered office

Emami Tower

687, Anandapur, EM Bypass

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

31 depots

Five overseas subsidiaries

65 countries

* Website

www.emamigroup.com




Emami leverages the wisdom of the ages while being driven by modern scientific processes. It provides value-for-money products and is focused on enhancing investment returns. The Company is deeply Indian in its orientation but truly international as well, marketing products to 65 countries. The result: Emami is one of the fastest-growing Indian FMCG companies in the country's health, personal and beauty care sector.

Contents

- Emami touches consumers 01 ■ Founders' statement 12 ■ Corporate identity 16 ■ Snapshots 18 ■ Awards and ac
- Directors and profiles 34 ■ MD's review 38 ■ Our strategy 40 ■ Brand ambassadors 42 ■ Directors' Report & Ma
- Balance Sheet 88 ■ Profit & Loss account 89 ■ Cash Flow statement 90 ■ Schedules 92 ■ Balance sheet abstra



Chocolates 19 ■ Emami's competitive advantage 20 ■ Performance highlights 22 ■ Emami brands 24
Management discussion and analysis 44 ■ Corporate Governance Report 66 ■ Auditors' Report 85
Fact 108 ■ Consolidated accounts 109 ■ Section 212 128



Emami touches
consumers the
world over through
innovative products,
global footprint,
effective
communication,
compassion &
humanity,
and healthy returns.

We understand unmet consumer needs and deliver relevant products. We market these products through impactful communication, endorsements and jingles. We service growing consumer needs, whether in India, Africa or Europe. We touch the everyday lives of consumers through innovative and effective products (cool oil rather than ordinary oil or specialised men's fairness cream rather than just any fairness cream). We satisfy their every need through varying packaging options. We touch a wide consumer diversity - whether a rickshaw puller or farmer or artisan or businessmen or officer or industrialist or professional. *We touch life.*

Emami touches consumers through...

innovative pr

IF IT IS EMAMI, IT MUST BE DIFFERENT. IF IT IS EMAMI, IT MUST BE SAFE. IF IT IS EMAMI, IT MUST BE EXACTLY WHAT WE WANT. THESE THREE SENTENCES ENCAPSULATE WHAT EMAMI STANDS FOR IN THE MINDS OF THOUSANDS OF OUR CONSUMERS – ACROSS CATEGORIES, PRODUCTS AND GEOGRAPHIES.

The whisper is official: We don't just create products; we create complete categories. In a number of other instances, we ventured into categories, re-defined them through innovative practices and extended into adjacent product segments.

Emami reconciled ayurvedic science and modern technology through an institutionalised commitment to the following:

- ✦ Consistent investment in R&D across the decades, combining practical experience with knowledge.
- ✦ Periodic launch of new products in India and across the world through a respect for regulatory discipline.
- ✦ Co-ordinated working between Emami's R&D team, Himani Ayurvedic Science Foundation and Zandu Foundation for Health Care.

- ✦ Investment in modern laboratory standards and certifications (ISO 9001:2000, ISO 14001 and WHO-GMP).

- ✦ Modern packaging standards, making products attractive on the one hand and tamper-proof on the other.

- ✦ Product endorsements by celebrities.

The result of these initiatives: Created a wide product portfolio (personal care, hair care, ayurvedic health supplements, rubificent, and ayurvedic medicine segments) and extended product lines. The Company introduced new categories (men's fairness cream, petroleum jelly with perfume, cold cream with ayurvedic elements and cooling agents in normal talcum powder). The Company also introduced gold and silver elements in a product as traditional as chyawanprash to enhance effectiveness.

*Baar baar dekho...
haazar baar dekho...
yeh dekhne ki cheez hai...*



Products



Emami touches consumers through...

global footprint

IF IT IS EMAMI, IT MUST BE NATIONAL. IF IT IS EMAMI, IT MUST BE INTERNATIONAL. THESE TWO SENTENCES EXEMPLIFY WHAT EMAMI STANDS FOR – A PERFECT COMBINATION OF AN ANCIENT SOUL AND MODERN CHARACTER; AN INDIAN ORIGIN AND AN INTERNATIONAL PRESENCE.

EMAMI products enjoy a wide appeal – in India and the world over - wherever benign personal care products are needed. Emami products leverage a number of positives – high efficacy, quality consistency and consumer relevance - emerging from a resurgent Indian brand.

Emami addresses a growing preference for ayurvedic products through the following initiatives:

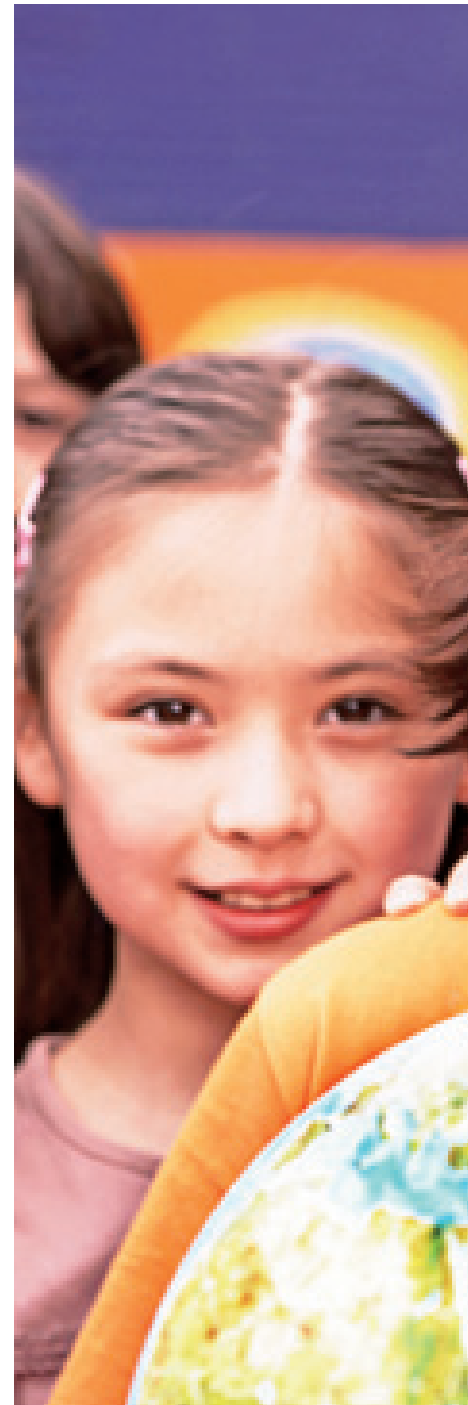
- ✦ Presence in 65 countries, helping wider and deeper product circulation from those locations.
- ✦ A strong distribution network of 3,500 distributors and 2,500 sub-

distributors with direct reach to over 450,000 retail outlets in India.

- ✦ Promotions through media (TV, radio and print), advertisements on the one hand and mass activities (van operations, e-shop activities, sampling in factories and saloons) on the other.
- ✦ Growing international focus, with exports rising from ₹ 137 crore in 2009-10 to ₹ 174 crore in 2010-11, coupled with a proposed manufacturing presence overseas, starting from 2012.

The result is that if there is a consumer need, there is every possibility that there will be an Emami product to address it across various categories.

*Yahaan wahan saare jahan
mein mera raj hai.....*



rint



Emami touches consumers through...

effective com

IF IT IS EMAMI, IT MUST BE TRANSPARENT. IF IT IS EMAMI, IT MUST BE EFFECTIVE. THESE TWO SENTENCES EMBODIES WHAT EMAMI STANDS FOR – PROMINENT AND EASILY RECOGNISABLE.



munication

Meri aawaz hi pehchaan hai...



EMAMI is positioned as everyone's brand, fulfilling consumer needs through a combination of consumer research and transparent communication.

- * Emami understands latent consumer needs, reflected in the introduction of pathbreaking products. For instance, the Company created an entire category (men's fairness cream) where none existed and now accounts for a major market share of the segment.
- * Emami leverages diverse media (print, television, digital and outdoor) to enhance product visibility.
- * Emami enlisted national celebrities (Amitabh Bachchan, Shahrukh Khan, Mahendra Singh Dhoni, Kareena Kapoor and Virendra Sehwal) to endorse its products, cutting through the competitive clutter, emerging as the leading company in the country's rubefacient, chyanprash, balm and ayurvedic segments to utilise national celebrities. It also enlisted regional film stars like Suriya, Rituparna Sengupta, Prosenjit, Chiranjeevi, Junior NTR and Mahesh Babu to enhance its local visibility.
- * Emami endeavours to offer the best products - in India and across world.

The result is that Emami possesses a global base of millions of everyday consumers.

Emami touches consumers through...

compassion a

IF IT IS EMAMI, IT MUST BE RESPONSIBLE. IF IT IS EMAMI, IT MUST BE PHILANTHROPIC.
THESE TWO SENTENCES EPITOMISES WHAT EMAMI STANDS FOR IN SOCIETY.





nd humanity



*Kisi ki muskurahato pe ho
nisar, kisi ka dard mil sakey
to le udhar, kisi ke vaaste
ho tere dil mein pyaar....
jeena isi ka naam hai...*

EMAMI's CSR activities extend beyond statutory obligations to sustainable socio-economic development. Emami's philanthropic tradition is supported by a professional outlook, reflected in the following realities:

- * Emami Foundation provides financial support to various educational and academic institutions. It supports poor meritorious students through scholarships, books and computers; it extends stipends to physically-handicapped students and funds primary level coaching, among others.
- * Magan Shankar Foundation, supported by Emami, conducts eye camps, ayurvedic and homeopathic clinics, allopathic and dental camps through renowned specialists; donations support healthcare organisations; blood donations camps are held by the various Emami production units.
- * Emami supports rural women empowerment in partnership with NGOs and as an extension of its commitment, financially supports women marriages in rural India.
- * Emami invests in environment-friendly technologies and processes.

The result is that Emami's socially responsible presence benefits a vast family of stakeholders.

Emami touches stakeholders through...

healthy retu

IF IT IS EMAMI, IT MUST BE HEALTHY.

IF IT IS EMAMI, IT MUST BE WEALTH-ENHANCING.





rns

THESE TWO SENTENCES REPRESENTS WHAT EMAMI STANDS FOR: THE ABILITY TO ENHANCE HEALTH AND WEALTH FOR ALL THOSE WHOSE LIVES ARE TOUCHED BY THE COMPANY.



The initial investors of Emami who invested ₹ 1,000 for 100 shares which eventually became ₹ 4,000 after the rights issue, are presently proud owners of Emami shares worth over ₹ 2 crore.

- * Economic value-added (EVA) of ₹ 113 crores in 2010-11, 17.6% higher than in 2009-10
- * EVA as a proportion of capital employed increased from 11.8% in 2009-10 to 12.5% in 2010-11
- * Increase in the return on capital employed (ROCE) by 548 basis points to 24.5% in 2010-11 over the previous year's 19%
- * Dividend @ 350% amounting to 27.1% pay out ratio
- * Market capitalisation of over ₹ 6,000 crores as on 31st March 2011
- * Return of over 1100% in six years to investors who invested in the public issue in March 2005
- * Investments in QIP more than trebled in the last two years

Dene wala jab bhi deta..deta chhappar phaad ke...

Founders' statement

“Emami is growing its business around the ayurveda platform, reconciling the wisdom of the ages with modern science.”



The year 2010-11 was one of the most challenging for the Indian FMCG sector, marked by inflation and rising interest rates. While the economy and consumer sectors grew, margins declined due to higher overall costs.

Emami performed creditably in this challenging environment. The Company retained its market leadership across various brands and continued to launch innovative products supported by effective marketing campaigns. Even as the industry environment became progressively difficult, Emami strengthened its position as India's leading household brand in the markets of its presence.

Performance

It is indeed a pleasure to state that the financial year 2010-11 proved to be another period of attractive performance: Consolidated turnover and profit after tax of ₹ 1,278 crore and ₹ 229 crore grew 23.1% and 34.8% respectively over the previous year.

The Company reported a growth across all its brands. While power brands like Navratna Oil, Boroplus Antiseptic Cream, Fair & Handsome, Menthoplus Balm and Zandu Balm performed satisfactorily, new brands like Navratna

Cool Talc, Boroplus Winter Lotion, Vasocare Petroleum Jelly and Malai Kesar Cold Cream were well received, resulting in a creditable performance. The Company sustained its investment in brands and enhanced innovation, resulting in profitable growth.

Emami strengthened its marketing, sales, operation, supply chain, finance, IT, HR, operations and R&D functions, resulting in competent margins management. The Company's international business performed satisfactorily - a 27.6% growth in consolidated turnover to ₹ 174 crores. Products like Boroplus Antiseptic Cream, Fair & Handsome Fairness Cream for Men, Menthoplus Balm and Navratna Oil enjoyed leading positions in important international markets.

Boroplus emerged as the largest selling antiseptic cream in Ukraine, Russia and Nepal. Fair & Handsome Fairness Cream for Men retained its position as the number one face cream for men in UAE, Gulf countries and Saudi Arabia.

At Emami, margin management was a significant challenge in a volatile commodity environment. This impact was managed dynamically through the combination of judicious pricing and effective cost savings. This resulted in

handsome revenue growth, aggressive brand investments and higher profits.

Emami's key assets comprise brands, people and reputation. Emami demonstrated competence in enlisting celebrities for product endorsements. Celebrities like Amitabh Bachchan, Shahrukh Khan, Madhuri Dixit, Kareena Kapoor, Surya, Chiranjeevi, Bipasha Basu, Junior NTR, Neil Nitin Mukesh and MS Dhoni, among others, endorsed Emami products, leading to positive recall and quicker offtake.

The result: Emami continued to feature prominently as India's most trusted brand. Boroplus was ranked 46th, Zandu Balm 64th and Navratna Oil 82nd among India's most trusted brands across all categories by Brand Equity Survey, 2010. Emami was recognised among Asia's Best under a Billion 2010 list of companies compiled by *Forbes* magazine. During the year under review, Emami won various awards for quality, packaging, marketing and operations. The Company's executives were recognised for outstanding professional contribution in their respective fields.

Founders' statement

The India opportunity

India is teeming with opportunities – economic, lifestyle, knowledge and others.

More than 75% of our 1.2 billion-population is below the age of 35 years. A huge consumer class, coupled with rising levels of literacy, income and awareness, generated strong demand for personal and healthcare products. With a considerably low penetration of our products coupled with increasing literacy, rural income and brand awareness, our markets are growing exponentially. Emami, with its effective, value for money and ayurvedic/herbal products is positioned for aggressive business growth.

The ayurveda preference

An important trickle-down impact of this reality is a growing redefinition of something as basic as health as a state of 'no-illness'. The result is that in today's world, 'health' is redefined as a holistic equilibrium covering lifestyle, diet, fitness and well-being (physical, emotional and spiritual) with relevant 'down the line' preferences across food, residence, leisure and products.

This preference for wellness was prominently noticed in the personal care product, reconciling health

on one hand and beauty on the other. Ayurveda provides herbal, natural and organic personal care products, which are widely accepted as safe, benign and free of side-effects. This space is particularly relevant now than ever before with an increasing number of consumers disenchanted by the toxicity of chemical products.

Emami's attractive positioning

For over three decades, Emami is growing its business around the ayurveda platform, reconciling the wisdom of the ages with the science of the day.

Emami is committed to make people healthy and beautiful, naturally. Emami's ayurvedic heritage, strengthened by centuries old wisdom acquired through Zandu's acquisition is effectively leveraged to deliver innovative and effective products to satisfy consumer needs. We continue to deliver superior products at affordable prices. Our marketing and R&D teams work relentlessly to deliver innovative, effective and world-class products. We are in the midst of an optimistic phase of economic growth in India and Emami is poised to take advantage of this growing opportunity. Emami will continue to focus on aggressive,

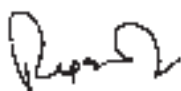
profitable and sustainable growth. Emami strives to make people healthy and beautiful, naturally by upholding the highest standards of corporate integrity.

Outlook

Emami is optimistic of its prospects in view of the following optimistic realities:

- ✦ Emami possesses a robust foundation with around 65% of its turnover derived from leadership brands, 14% from International business, over 10% from new brands/extensions and the balance from other sources, providing revenue visibility
- ✦ Emami possesses an excellent product throughput; over 4,000 Emami products are sold every minute in India
- ✦ Emami expects to sustain new product launches across emerging categories in global and Indian geographies
- ✦ Emami expects to combine a sense of entrepreneurial vision with research-led innovation, distribution, marketing and branding

In widening our revenue spread and climbing the value-chain, we expect to enhance value for our stakeholders more visibly over the foreseeable future.



Shri R.S. Agarwal



Shri R.S. Goenka

SOUL BROTHERS

Emami to strengthen R and D capability: To invest Rs 12 cr

Emami going global

Emami launches new sunscreen lotion

Unique Business Hou

Pt Birju Maharaj to endorse Zandu rang

School friends who built FMCG empire Emami

BALM CALM

Emami improves bottom line riding on power brands

Emami's power keg

The company's power brands strategy is based on their potential for growth and uniqueness.

Fair & Handsome

Soap Queen! Priti Sureka

EMAMI'S HOT PROPERTY

Nivea, which has 70% market share in the cool hair oil category, has had a free run so far, but the Rs 200-cr brand is set to face competition from Akalis and Cadbur

Emami expects Boroplus to be a Rs 500 cr brand

"MNCs have not considered the niche markets as much as we have. They don't want to enter small or non-existing segments"
ADITYA AGARWAL
DIRECTOR, EMAMI



Emami offers value products

Emami Q1 net zooms to 35.25 cr on power brands

SUCCESSION PLAN

Emami founders prepare to hand reins to the next generation

MOHAN GOENKA, DIRECTOR, EMAMI

CULTURALLY, THE INDIAN MARKET IS TOO STRONG TO ACCEPT A MISFIT

"WE SPEND RS.400 MN ON R&D"
AFTER SUCCESSFULLY SELLING A FAIRNESS PRODUCT TO MEN, DIRECTOR, EMAMI GROUP DISCUSSES WHY R&D IS A NECESSITY TO SUSTAIN A FERCE COMPETITION

Bipasha Basu
new brand ambassador

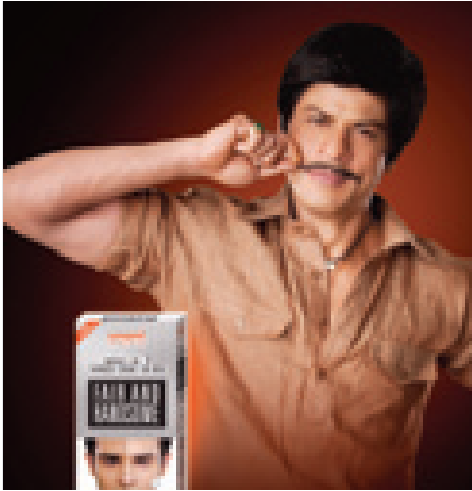
18 in final round of E&Y Entrepreneur of the Year award

Munni to endorse Zandu Balm >20

KEEPING INNOVATION FIRST

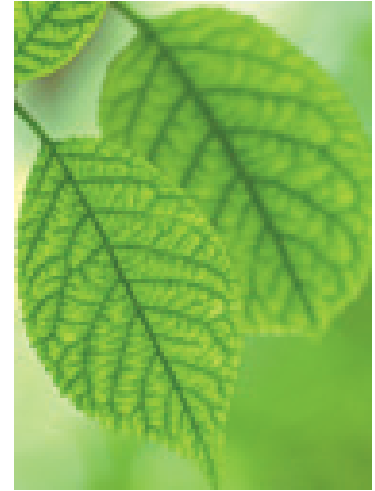
EMAMI HAS SHOWN COSMETICS AND SKIN-CARE COMPANIES IN INDIA HOW INVESTMENTS IN R&D CAN BOOST THEIR TOPLINES.
BY ANUSHKAR PAUL

Corporate identity



Dream

- ✦ The founders, Mr R. S. Agarwal and Mr R. S. Goenka, nurtured a dream to make Emami a household brand influencing people's lives everywhere
- ✦ Emami started in 1974, with its first manufacturing unit in Kolkata, West Bengal.



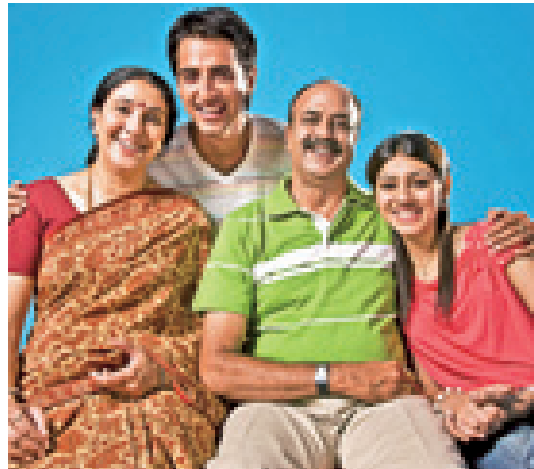
Vision

Making people healthy and beautiful, naturally



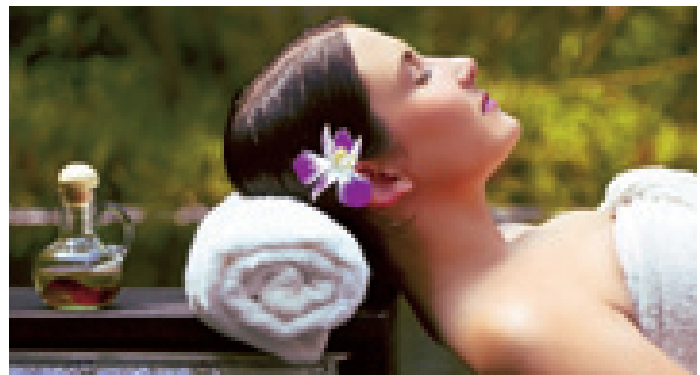
Mission

- ✦ 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 consumers' mind
- ✦ To effectively manage talent by building a learning organisation
- ✦ To strengthen and foster strong feelings of oneness within the Company's employees
- ✦ To drive growth through quality and innovation in products and services
- ✦ To uphold Corporate Governance principles
- ✦ To encourage decision making abilities at all organisational levels



Business

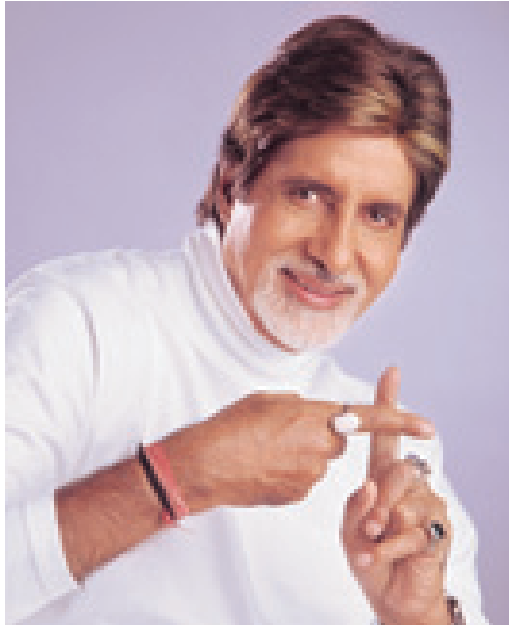
The Company is engaged in the business of personal, beauty and healthcare products.



Brand

* Strong brand recall is built around its power brands (Boroplus Antiseptic Cream, Navratna Oil, Zandu Balm and Fair and Handsome), that are strong market leaders in their respective segments.

* Markets over 270 products



Quality

- * Manufacturing units are ISO 9001:2008 and cGMP-compliant.
- * Internal audit division is ISO 9001:2008-certified.
- * Strong R&D is spearheaded by Padmashree Vaidya Suresh Chaturvedi and supported by eminent Indian and international experts.



Key facts

- * Registered a turnover of ₹ 1,278 crore and over ₹ 6,000 crore of market capitalisation
- * Loyal and dedicated workforce of over 2,000 employees
- * Shareholder strength of over 16,000
- * Listed on the BSE, the NSE and the CSE

Geographical presence

- * Headquartered in Kolkata, West Bengal.
- * Pan-India presence with six regional sales offices and 31 depots.
- * Manufacturing units located in Kolkata (West Bengal), Guwahati (Assam), Pantnagar (Uttaranchal), Vapi (Gujarat), Silvassa (Dadra & Nagar Haveli) and Talasari (Maharashtra).
- * Strong network of 3,500 distributors and 2,500 sub-distributors, with a direct reach across over 4,50,000 retail outlets.
- * Market presence across over 65 countries with subsidiaries in Bangladesh, Egypt, Dubai and the UK

Highlights 2010-11

Key financial indicators

Consolidated net sales at ₹ 1,278 crores grew by

23.1%



PAT at ₹ 229 crores grew by

34.8%



International Business at ₹ 174 crores grew by

27.0%



EPS at ₹ 15.1 grew by

30.0%



Brand investments at ₹ 230 crores grew by

18.6%



Market cap grew by

27.7%

-from ₹ 4,700 crores to over ₹ 6,000 crores



* Stocks split from ₹ 2 paidup to ₹ 1 paidup

* Acquired infrastructure in Egypt to set up a manufacturing facility. Manufacturing facility also proposed in Bangladesh

Operations & marketing

Number **1** dominance in four categories, viz. balm, cooling oil, antiseptic cream and men's fairness cream with strong growth.

Over **80%** of production sourced from units enjoying fiscal benefits.

Initiated Project Swadesh to reach all **5,000** population towns.

State-of-the-art research and innovation centre spread across **30,000** square feet being built in Kolkata

* Completed integration of the distribution network of Zandu with Emami.

Awards and accolades

Yeh dil mange more



Corporate

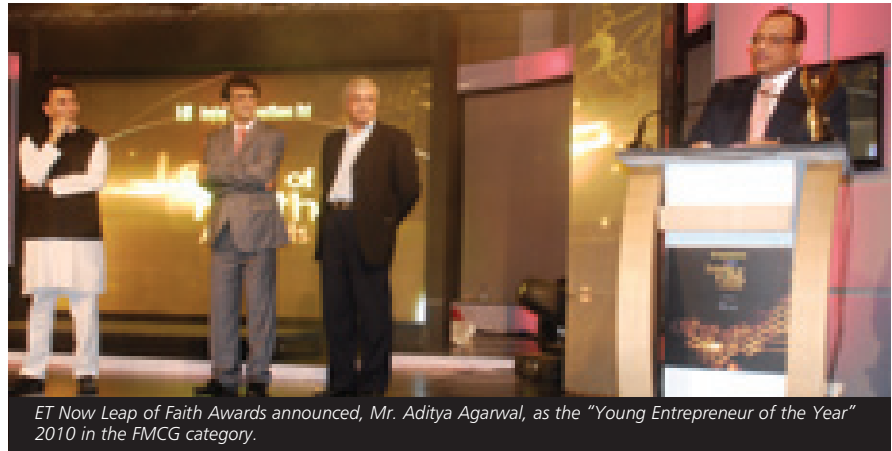
- ✦ Featured among Asia's Best Under A Billion 2010 companies by *Forbes* magazine
- ✦ Ranked 125th among BT-500 Most Valuable Companies of India in the private sector (*Business Today*)
- ✦ Ranked 272 among Fortune 500 India's largest corporations by profitability
- ✦ Rated (by CARE) PR1+ (highest rating) for short-term borrowings signifying highest safety. Upgraded to AA+ for long-term borrowings.

Brands & marketing

- ✦ Boroplus ranked 46th, Zandu Balm ranked 64th and Navratna Oil ranked 82nd among India's most trusted brands across all categories in Brand Equity Survey, 2010
- ✦ Navratna was given the best packaging award by Paper Film & Foil Converters Association

Quality and operations

- ✦ Abhoypur unit accredited with ISO 14001:2004 and ISO 18001:2007, signifying compliance with Environment management system and Occupational health and safety management (OHSAS)
- ✦ Zandu-Emami IT integration project was selected as one of the Top 10 IT Innovations done by CIOs
- ✦ Amingaon unit won the GOLD Award at International Quality Convention at Hyderabad
- ✦ Abhoypur unit won the Silver Award in FMCG sector for outstanding achievement in Environment management from Greentech



ET Now Leap of Faith Awards announced, Mr. Aditya Agarwal, as the "Young Entrepreneur of the Year" 2010 in the FMCG category.

Foundation.

- ✦ Received WORLDSTAR 2010 (INTERNATIONAL AWARDS for excellence in packaging) for:
 - Emami VasoCare Petroleum Jelly in in-built flip top cap
 - Zandu Balm 10 G Pack in Bi-Colour container and cap
- ✦ CII awarded first Prize for sustained level of high productivity in Eastern Region to the Amingaon unit.

Individual recognition

- ✦ Mr. Naresh Bhansali, CEO-Finance, Strategy and Business Development, was

awarded CFO 100 Roll of Honour – an award that recognises the top 100 senior finance professionals in India who have made a difference with their acumen, who brilliantly manage risk, construct a safety net and yet drive growth.

- ✦ Mr. Vikram Saxena, AVP – IT, has been a consistent winner of CIO-100 award for the last four years.

- ✦ Mrs. Mamta Kalra Juneja received the Young Achievers' Award in the field of Corporate Communications and PR from exchange4media and IPRCCA.



Emami was nominated in the final round of E&Y Entrepreneur of the Year award

Yahan ke hum sikandar...

Powerful brands

Emami created a strong brand portfolio; eight brands enjoy leading positions (presence in the top three in their respective categories).

Innovation

Emami blends traditional ayurveda and modern technology to offer innovative products to consumers (men's fairness cream, gold and silver elements in chyawanprash and perfume-added petroleum jelly), resulting in higher product acceptance.

Leadership

Emami's products lead the market in four categories, enjoying more than a 50% share in those categories.

Research driven

The Company's research and development team is engaged in continuous product development-ayurveda blended with modern-day science.

Communications

The Company's products are endorsed by renowned national and regional celebrities like Amitabh Bachchan, Shah Rukh Khan, Kareena Kapoor, Sunny Deol, Chiranjeevi, Suriya, Madhuri Dixit and Virendar Sehwal, among others. The Company invested ₹ 230 crores in advertisement and communication, 18% of total revenues, in 2010-11.

Category creator

The Company is a category creator – first to launch men's fairness cream in India (leading market share).

Product portfolio

The Company created a strong portfolio of more than 270 products across the skin care, hair care, rubificients, ayurvedic medicines and ayurvedic health segments, among others.

Network

The Company's 3,500 dealers made it possible for Emami products to be available across more than 2.8 mn Indian retail outlets and 65 countries.

Financials

The Company has a strong balance sheet - a cash and bank balance of ₹ 210 crore and an attractive debt-equity ratio of 0.33 (both as on 31st March 2011).

Nationwide presence



Pride-enhancing certifications

The Company was accredited for cGMP, ISO 22000 and ISO 14000, reflecting quality operations and environmental responsibility.

Performance highlights 2010-11

(₹ in lacs)

PARTICULARS	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
OPERATING RESULTS										
Net sales	127,778	103,798	76,618	58,812	52,168	42,694	31,802	31,374	29,514	24,728
EBIDTA	27,195	25,346	13,692	9,918	6,838	5,301	3,449	2,590	2,510	2,857
PBT	26,913	20,493	10,587	10,239	7,477	5,149	3,199	2,533	2,155	1,797
PAT (after minority interest)	22,872	16,972	9,186	9,019	6,620	4,937	2,975	2,199	1,867	1,712
Dividend incl tax	6,175	5,311	3,983	3,272	2,853	1,395	697	190	158	129
FINANCIAL POSITION:										
Fixed Assets (Net Block)	49,094	56,729	64,946	9,229	8,137	5,052	4,975	4,712	3,353	3,185
Current Assets, Loans and Advances	59,974	42,463	24,285	33,748	17,318	14,161	11,829	11,509	10,087	10,465
Current Liabilities & Provisions	16,506	16,214	17,635	13,307	6,209	5,774	2,886	2,420	1,531	895
Net Current Assets	43,468	26,249	6,650	20,441	11,109	8,387	8,943	9,089	8,556	9,570
Liquid Investments	-	5,500	3,267	8,233	6,500	8,000	4,700	-	-	-
Other Investments	661	662	667	3,172	1,270	1,361	1,130	1,130	1,460	1,187
TOTAL ASSETS	93,223	89,140	75,530	41,075	27,016	22,800	19,748	14,931	13,369	13,942
Share Capital										
- Equity	1,513	1,513	1,313	1,243	1,243	1,223	1,223	1,123	562	582
- Preference	-	-	-	8	-	-	-	-	-	-
Reserves & Surplus	67,471	61,025	28,799	26,981	21,680	17,923	14,394	8,987	7,668	5,673
Net worth	68,984	62,538	30,112	28,224	22,923	19,146	15,617	10,110	8,230	6,255
Minority Interest	7	-	-	48	-	-	-	-	-	-
LOAN FUNDS	22,937	25,906	44,822	12,580	3,836	3,369	3,624	4,364	4,775	7,401
Deferred Tax (Net)	1370	696	596	215	258	285	506	457	364	286
CAPITAL EMPLOYED	93,299	89,140	75,530	41,075	27,017	22,800	19,747	14,931	13,369	13,942
KEY RATIOS										
ROE (%)	33.16	27.14	30.51	31.96	28.88	25.79	19.05	21.75	22.68	27.37
ROCE (%)	24.52	19.04	12.16	21.96	24.50	21.65	15.07	14.73	13.96	12.28
Debt-Equity ratio	0.33	0.41	1.49	0.45	0.17	0.18	0.23	0.43	0.58	1.18
Total Outside Liabilities to Net Worth	0.57	0.67	2.07	0.92	0.44	0.48	0.42	0.67	0.77	1.33
EBIDTA margin (%)	21.28	24.42	17.87	16.86	13.11	12.42	10.85	8.26	8.50	11.55
Net profit margin (%)	17.90	16.35	11.99	15.34	12.69	11.56	9.35	7.01	6.33	6.92
Interest cover	N.A.	12.08	6.03	N.A.	N.A.	N.A.	N.A.	N.A.	17.19	3.25
EQUITY SHARE DATA :										
Earnings per share (₹)	15.12	11.63*	14.22	7.25	5.33	4.03	2.62	1.96	1.67	1.53
Dividend per share (₹)	4.08	3.51	2.63	2.64	2.30	1.14	0.57	0.17	0.14	0.10
Book Value per share (₹)	45.59	41.33	24.23	22.71	18.45	15.66	12.77	19.01	7.33	5.07

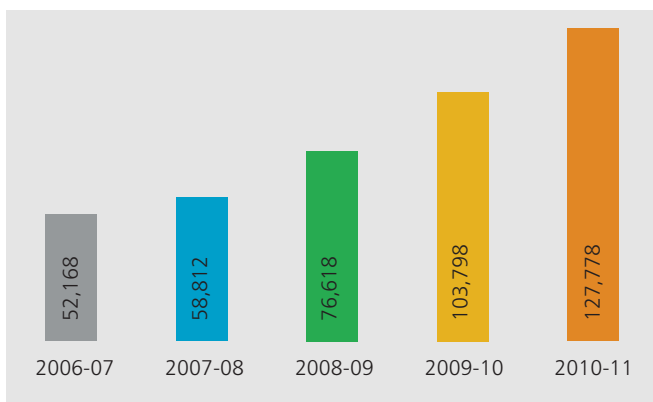
Note:

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.

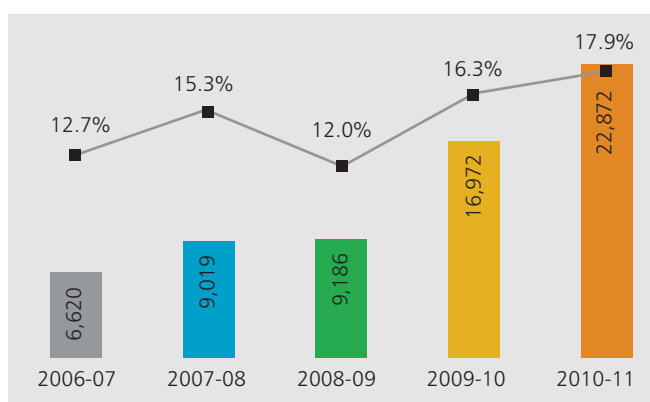
* Previous years EPS, DPS and Book value has been adjusted as per the present face value of ₹ 1 per share.

Yu hi chala chal rahi....

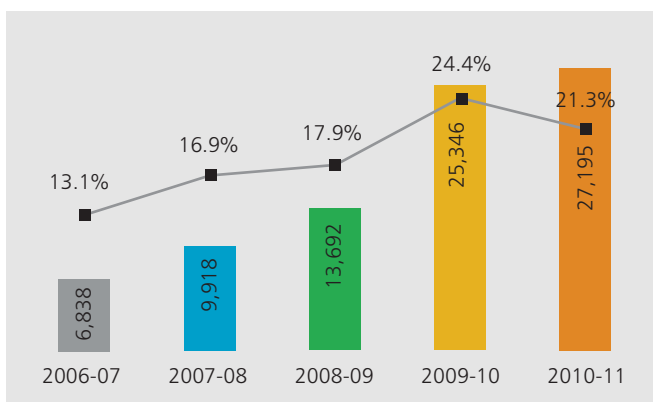
Net sales (₹ lacs)



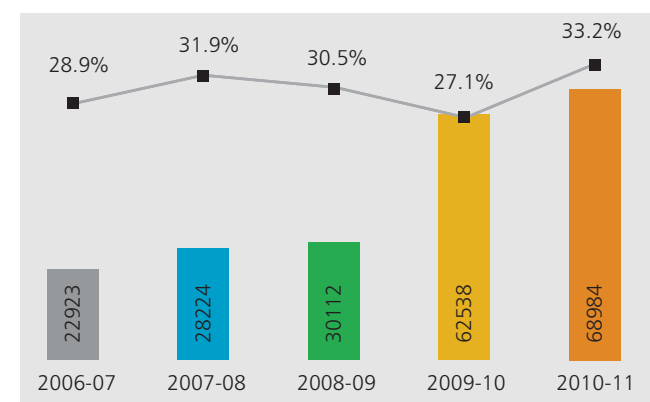
Net profit (₹ lacs) & margin (%)



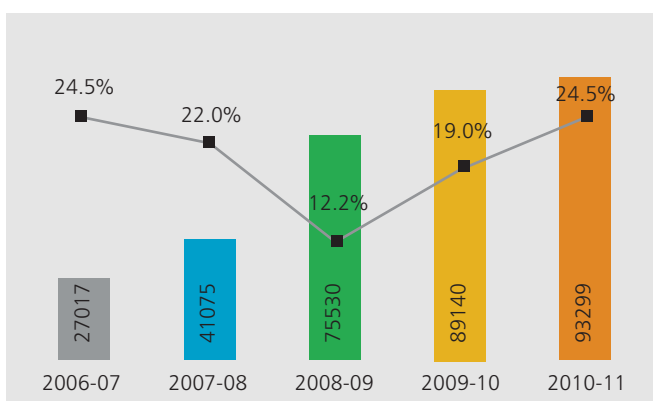
EBIDTA (₹ lacs) & margin (%)



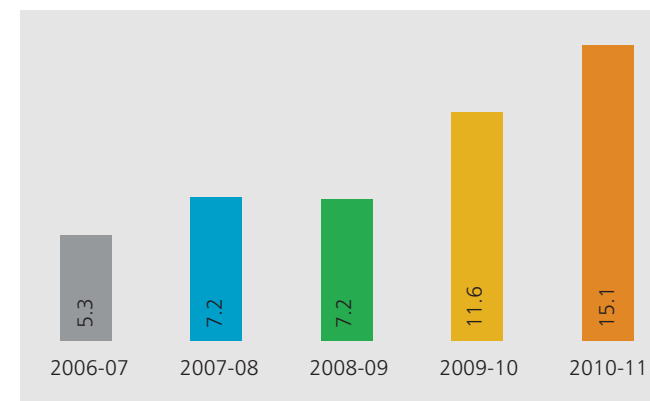
Net worth (₹ lacs) & RONW (%)



Capital employed (₹ lacs) & ROCE (%)



Earnings per share (₹)



Boroplus Antiseptic Cream

Phoolon sa chehra, kaliyon si muskaan hai....



Kareena Kapoor a part of Emami family since 2005.

THE PRODUCT'S CONTENTS (ALOE VERA AND NEEM) CURE MINOR BURNS, *USHIR* KEEPS THE SKIN COOL AND RELAXED, *HARIDRA* RELIEVES CHAPPED SKIN AND *YASTIMADHU* EASES SORES. BESIDES, THE PRESENCE OF HERBS LIKE *CHANDAN* AND *TULSI* ENHANCE SKIN TONE, CURE CUTS, SCRATCHES AND MINOR WOUNDS.

Market share

The brand enjoys a major share of 75%. Boroline is the foremost competitor in this category.

Brand portfolio

Boroplus has a diversified portfolio – Boroplus Winter Lotion, Boroplus Summer Lotion and Boroplus Prickly Heat Powder. The Company launched Boroplus Winter Fairness Cream to provide fairness in addition to the basic function. It also launched Boroplus Sun Protection Lotion that protects from harmful UV rays and also enhances skin glow.

Commercial and communication

Amitabh Bachchan and Kareena Kapoor were retained as brand ambassadors.

The year 2010-11

- The Company's rural promotional activities – Jatra sponsorships, BoroPlus IFA under-19 football tournament in West Bengal enhanced mileage and sustained brand growth.
- The Company undertook extensive radio promotions along with marketing activities like hoardings, outdoor displays and van activation.
- The brand was associated with the prestigious *Anandlok Puraskar*

Way ahead

- The Company plans to expand its portfolio across the face and body care categories and focus on its extension.



Big B in the Emami house since 2004.



Navratna Cool Talc

Suraj ki garmi se jalte hue tan ko mil jaaye taruvar ki chaaya....

THE UNIQUE COMBINATION OF MINT AND CAMPHOR WITH HERBAL GOODNESS RENDERS DESIRED COOLING; THE AROMA REJUVENATES AND REFRESHES.



Market share

The brand enjoys a 13% market share. The brand's competitors comprise Pond's and Dermi Cool.

Commercial and communication

The Company initiated various radio campaigns partnering with Radio Mirchi. A second summer campaign was run in South India and Uttar Pradesh during September-October 2010. The marketing team undertook ground-level initiatives like product and SKU sampling in salons and *melas*. Shah Rukh Khan was retained as the national brand ambassador, supported by regional celebrities like Suriya in Tamil Nadu and Junior NTR in Andhra Pradesh.

The year 2010-11

- * The brand registered a 105% growth in value over 2009-10.
- * The Company participated in various fairs and *melas* – Sabrimela, Shibratri feast and Pongal feast, among others.

Way ahead

The Company expects to add new variants with aggressive marketing and register significant growth in 2011-12



Recently roped in
Southern heart throb
Suriya



Navratna Oil

Sun-sun-sun, arey baba sun, is champi mein bade-bade gun....

NAVRATNA IS A THERAPEUTIC OIL, A UNIQUE COMBINATION OF NINE AYURVEDIC HERBS WITH MULTIPLE BENEFITS. IT RELAXES AND REJUVENATES THE BODY AND MIND, PROVIDING NOURISHMENT. IT REGISTERED A CAGR OF 17% OVER FIVE YEARS.



Flamboyant actor Chiranjeevi, our brand ambassador

Brand extension

The Company extended its mother brand to Navratna Extra Thanda Oil (for extra cooling) and Navratna Lite Oil (for mild and light cooling with a soothing aroma).

Market share

The brand enjoys nearly 49% of the total market share. The principal competitors comprise Himgange and Rahat Rooh, among others.



Commercial and communication

The advertisement campaigns covered conventional and non-conventional media like press advertisements, radio and ground-level activities (shop branding, wall paintings, gumti paintings and shop boards, among others). The Company engaged in samplings in factories and salons. The Company enlisted Suriya for Tamil Nadu, Junior NTR for Andhra Pradesh and Amitabh Bachchan as national ambassador.

The year 2010-11

- * The brand registered 19% growth over 2009-10.
- * The Company participated in various fairs and festivals.

Way ahead

The Company is preparing for significant category and brand growth as the cooling hair oil penetration in India is merely 15-18%, leaving room for significant growth.

Fair and Handsome

Gore gore, o baanke chore, kabhi meri gali aaya karo.....

FAIR AND HANDSOME HAS A UNIQUE FIVE-POWER FORMULA INCLUDING DOUBLE-STRENGTH PEPTIDE COMPLEX, DOUBLE-POWER SUN GUARD, ANTI-BACTERIAL COMPONENTS, NUTRA-COMPLEX AND COOLING HERBS, WHICH ENHANCES AND REJUVENATES SKIN FAIRNESS IN JUST FOUR WEEKS.



Market share

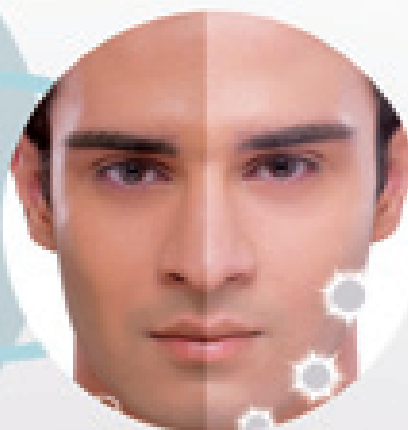
Despite the onslaught of competitors, Emami's Fair and Handsome maintained its leading position in the men's fairness cream segment. The brand's major competitors are Fair & Lovely Menz Active, Nivea for Men Whitening Cream.

Commercial and communication

Shahrukh Khan was retained as brand ambassador. The Company shot new commercials with Shahrukh Khan and Suriya. The brand attempts to drive rural penetration through focused commercials.



Campaign featuring King Khan



The year 2010-11

- * The brand surpassed CAGR of 36% over the last six years.
- * The Company revamped the formulation to enhance consumer appeal.

Way ahead

- * Fair and Handsome will extend its brand to various face application products for men.
- * The Company plans to conduct a 360 degree brand campaign in 2011-12.

Fast Relief

Kitne Bhi Tu Kar Le Sitam, Hans hans ke sahenge hum....

THE PRODUCT OFFERED AN EFFECTIVE AND QUICK SOLUTION FOR MUSCULAR, JOINT, ARTHRITIS AND SHOULDER PAIN.

Market share

The product enjoys a market share of around 9% with a strong foothold in Delhi, Uttar Pradesh and Maharashtra. The major competitors are Moov, Iodex and Volini.



Brand extension

Himani Fast Relief Max (new cream-based, non-sticky line extension with the highest proportion of active ingredients like *Gaultheria ka tel*) was launched in June 2010.



Commercial and communication

Himani Fast Relief Ultra Fast was promoted through a co-branded television commercial in association with blockbuster films like *Golmaal 3*, *Tees Maar Khan* and *Jootha hi Sahi*. The Company also undertook various below-the-line activities to enhance product visibility; it published advertorials to enhance product awareness.

Way ahead

The Company expects to widen its pain relief presence in formats like creams and sprays, among others.



Zandu Balm

Main Zandu Balm Hui Darling Tere Liye...

THE PRODUCT PROVIDES RELIEF FROM HEADACHES, COLD AND BODY PAINS THROUGH ITS UNIQUE FORMULATION OF GAULTHERIA KA TEL AND MENTHOL.

Market share

The brand enjoyed a major market share of 42% among the category of balms. It is the second-largest brand in the category of rubeficient with a market share of 14%. The brand's major competitors include Amrutanjan and Tiger Balm.



At 73, the oldest brand ambassador in India, Padma Vibhushan, Pandit Birju Maharaj



Captain cool, M.S. Dhoni

Commercial and communication

The brand roped in new celebrities in 2010-11, including Virender Sehwag, Dinesh Karthik, Amit Mishra among cricketers. Post the grand success of the "Munni Badnaam" song from the hit film "Dabangg", the brand also roped in Malaika Arora Khan as a brand ambassador and capitalised on the popularity of the song with a 360 degree campaign. The brand also roped in leading actors like Junior NTR and Suriya to improve market share in key states like Andhra Pradesh and Tamil Nadu respectively.

Additionally, the brand launched two major campaigns notably Train films and Goli film (targeting analgesic tablet users).



Zandu Balm Queen, Malaika Arora Khan

The year 2010-11

- * The brand grew over 20% as compared with last year.
- * The Company launched 1.2 ml SKU at ₹ 2 each



Jr. NTR

Way ahead

- * The Company plans to expand its portfolio with 2-3 new variants to target newer user segments
- * The Company will invest aggressively on consumer interaction programmes – sampling, advertising and trade level activities



Mentho Plus

Sar jo tera chakraaye....

THE PRODUCT'S PURE NATURAL INGREDIENTS AND ITS D.U.M. FORMULATION – CONTAINING *LAVANG* AND *NILIGRI* – PROVIDE EFFECTIVE AND HOLISTIC RELIEF.

Market share

The brand accounts for 15% market share. The brand's major competitors include Amrutanjan and Tiger Balm.



Commercial and communication

The Company retained the acclaimed commercial with the Ravana mascot that emphasise the balm's ability to cure headaches. Various promotional below-the-line activities were undertaken in different *melas*.

Way ahead

- * The Company will invest in a focused manner in South India – Andhra Pradesh, Karnataka, Tamil Nadu, North East India and Orissa.
- * The Company will undertake aggressive marketing strategies to promote this brand.



The year 2010-11

- * The brand grew 20% as compared with the previous year.
- * Introduced a new variant, Mentho Plus Balm with Lemongrass

Sona Chandi Chyawanprash

Aaa dekhen zara.... kisme kitna hai dum....

THE PRODUCT ENHANCES IMMUNITY AND REJUVENATION. GOLD AND SILVER SERVE AS DIFFERENTIATORS; GOLD FIGHTS TOXIC ELEMENTS AND IMPROVES BLOOD CIRCULATION; SILVER ACTIVATES NEURONS THAT ENHANCE MEMORY AND CONCENTRATION.



Market share

The product enjoyed a market share of around 9%. The products major competitors are Dabur and Baidynath.



Emami's health gift to Shah Rukh Khan – Sona Chandi Chyawanprash



Commercial and communication

The Company's television commercial featured Shahrukh Khan emphasising the benefits of gold and silver as ingredients. The Company stated that if anyone proves that Sona Chandi Chyawanprash doesn't contain gold and silver, then that individual would be entitled to a kilo of gold. The Company launched the 'Sona Chandi dhoondo' campaign in 14 cities. Below-the-line activities like door-to-door sampling, dealer boards, participation in fairs and festivals, as well as regular point-of-purchase marketing (through posters, danglers, banners, among others) were conducted.

The year 2010-11

✦ The product grew 20% in value terms.

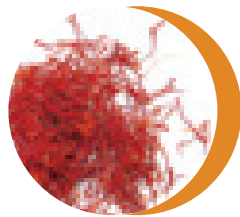
Way ahead

The Company expects to conduct more rural activities to penetrate the rural market.

Malai Kesar Cold Cream

Chandan sa badan, chanchal chitwan.....

MALAI, KESAR AND ALOE VERA COMBINE TO CREATE A NON-GREASY COLD CREAM WITH THE 'FIVE POWER WINTER FORMULA', OFFERING TOTAL WINTER SKIN CARE. THE PRODUCT MOISTURISES, NOURISHES, PROTECTS, REVITALISES AND IMPARTS RADIANT FAIRNESS.



Commercial and communication

The Company aired new TV and press advertisement campaigns around the tagline '*Khelna chahoge*', engaged in extensive window displays and shop promotion. The brand was promoted in the film '*Anjaana Anjaani*' aired nationally.

Market share

The product enjoys a national market share of around 5%. Its principal competitors are Ponds, Ayur and Dabur Gulabari.

Brand extension

The Company extended the brand to Malai Kesar Cream soap and launched it nationally in August 2010, with the objective of developing Malai Kesar as a major skin care brand.

The year 2010-11

- * The brand received the 'Most effective skin care product' award from the Academy of Ayurvedic Doctors in India.
- * The Company replaced the 10 ml SKU with an 8 ml SKU pack.

Way ahead

The Company plans to consolidate existing sales, focus on aggressive marketing and widen its portfolio across suitable categories.



Vasocare

Musu musu hasi, deu malai lai....

THE PRODUCT OFFERS AN EFFECTIVE HERBAL SOLUTION FOR DRY SKIN AND CHAPPED LIPS. THE BRAND IS THE FIRST TO LAUNCH A PETROLEUM JELLY WITH HERBAL INGREDIENTS (ALOE VERA, CHAMOMILE, *TULSI* AND GREEN INSOLUBLE POWDER) AND A SOOTHING AROMA.



Market share

The product enjoys a national market share of around 5% with a strong foothold in Uttar Pradesh and Maharashtra. Its major competitor in this segment is Vaseline.

Commercial and communication

The TV promotion '*Vasocare sanjeevni sparsh ki*' was accepted by consumers, fetching attractive returns. The Company undertook various marketing initiatives like van operations and e-shop activities in rural areas. It offered a free Boroplus lotion with every 50 ml SKU of Vasocare.

The year 2010-11

- * The product grew aggressively at over 50%, outperforming the market growth.
- * The Company expanded under the Vasocare brand with three lip balm variants – fusion bubble, original and citrus.



Way ahead

- * The Company expects to extend its lip balm across India in 2011-12.
- * The brand expects to capture increased market share in 2011-12.
- * The Company's marketing team will focus on strong rural marketing.
- * The Company plans to start a new category comprising basic herbal essence.



Directors and profiles



1. Shri R.S. Agarwal

Executive Chairman, Chartered Accountant, Company Secretary, LLB and Masters degree holder in commerce. Co-founder of the Emami Group of Companies, he is endowed with brilliant financial acumen. A doyen of Indian industry, he is also a master in strategic planning and corporate affairs. Besides Emami Limited, he is also the Board member of several other companies including Emami Paper Mills Ltd, Emami Realty Ltd, AMRI Hospitals Ltd, South City Projects (Kolkata) Ltd, Bengal NRI Complex Ltd, South City International School and Rupa & Co Ltd, among others. Under his able guidance and along with 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 a Director of the West Bengal Industrial Development Corporation Ltd and was

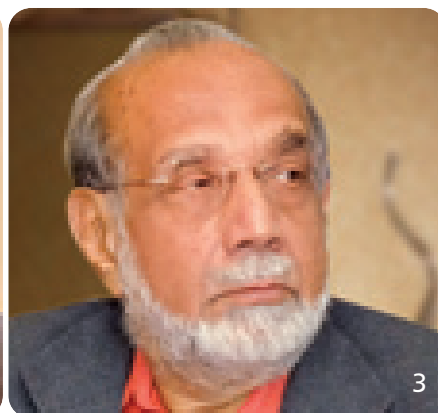


2. Shri R.S. Goenka

the President of Merchants' Chamber of Commerce. Director, Masters degree holder in commerce and LLB. Co-founder of Emami Group of Companies, he is an expert in taxation and a 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, Bengal NRI Complex Ltd, South City International School and many other companies. 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 honoured with the title of Honorary Consul General of the Republic of Poland.

3. Shri Viren J Shah

Independent Director, is an AMP (Harvard Business School), U.S.A. with



special expertise in general business

management. He served as the Governor of West Bengal from December 1999 to December 2004. He was 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 and trustee of Nehru Centre.

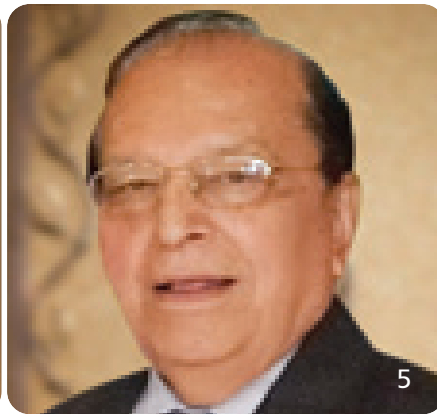
4. Shri K.N. Memani

Independent Director and 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 specialises in business and corporate advisory, foreign taxation and financial consultancy, among others, and is 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 on several public limited company boards viz. Chambal Fertilizers & Chemicals Ltd, DLF Ltd, Great Eastern Energy Corporation Ltd, HEG Ltd, HT Media Ltd, ICICI Venture Fund Management Company Ltd, JK Lakshmi Cement Ltd, Spice Mobility Ltd, Spice Digital Ltd among others. He is the chairman of Audit Committee of DLF Ltd, Chambal Fertilisers & Chemicals Ltd, HT Media Ltd, Aegon Religare Life Insurance Company Ltd, Great Eastern Energy Corporation Ltd 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 and is the only Indian appointed in this committee by IMF.

He is a member of the managing committee of The Associated Chambers of Commerce and Industry in India. He also holds important positions in various educational and professional bodies.



5. Shri Y.P. Trivedi

Independent Director, eminent tax expert and advocate, Supreme Court, is also a member of Rajya Sabha. He is a member of various government committees like the Standing Committee on Finance and Consultative Committee for the Ministry of Commerce and holds important positions in various other fields viz. education, medical and sports among others, Shri Trivedi is on the board of Reliance Industries Ltd, Birla Power Solutions Ltd, Birla Cotsyn (India) Ltd, Supreme Industries Ltd, Sai Services Station Ltd, Zodiac Clothing Co Ltd, and Seksaria Biswan Sugar Factory Ltd and New Consolidated Construction Ltd among other companies. He is also the Chairman of Audit Committee, Corporate Governance and Stakeholders' Interface Committee and Employees Stock Compensation Committee of Reliance Industries Limited. He was the President of the Cricket Club of India and at present, is a member of various working committees of CCI. He is the President of the Western India Automobile Association. He is also a member of the All India Association of Industries;

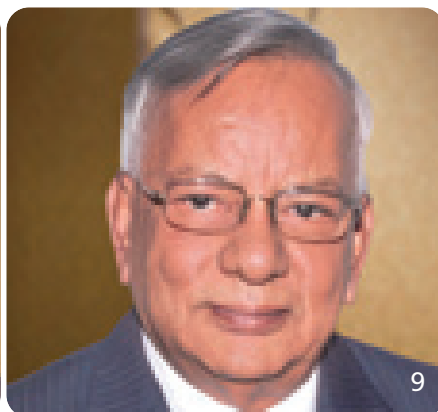
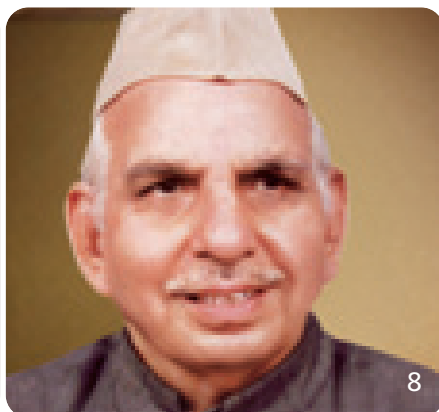
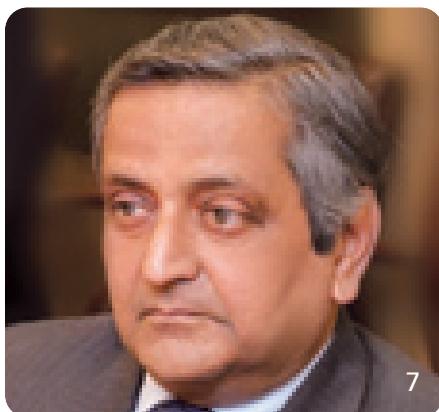


W.I.A.A. CLUB, B.C.A. Club, Orient Club, the Yachting Association of India and the Yacht Club. He was conferred Honorary Doctorate (Honoris Causa) by Fakir Mohan University, Balasore, Odisha.

6. 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, Magma Fincorp Ltd and Web Development Company Limited among others. Shri Todi is a member of the Managing Committee of Associated Chambers 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.

Directors and profiles



7. Shri Amit Kiran Deb

Independent Director. An M.A. in Political Science, Shri Deb joined the IAS in 1971. Former Chief Secretary, Government of West Bengal and currently Chairman, Bengal Ambuja Housing Development Limited. Shri Deb earlier served as Joint Secretary, Cabinet Secretariat & Joint Secretary, Department of Electronics, Government of India, Municipal Commissioner, Calcutta Municipal Corporation, Principal Secretary, Tourism and Information & Cultural Affairs Department, Principal Secretary to Chief Minister and Home Secretary, West Bengal. He is an Independent Director in the Boards of Skipper Limited and Dishergarh Power Supply Company Limited.

8. Padmashree Vaidya S. Chaturvedi

Independent Director, Kaviraj,

Ayurvedacharya, BIMS, MAMS. He held a key positions 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 the 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.

9. Shri S.B. Ganguly

Independent Director, is a 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 a Director of The Calcutta Stock Exchange Association Ltd,

Magma Fincorp Ltd, Paharpur Cooling Towers Ltd ING Vysya Insurance Co. Ltd, West Bengal Industrial Development Corporation Limited and Sundarban Infrastructure Development Corporation and Century Plyboards (I) Ltd. He is Member of Audit Committee of West Bengal Industrial Development Corporation Limited, Peerless Trust Management Ltd, Magma Fincorp Ltd and Century Plyboards (I) Ltd. Shri Ganguly is on various committees of The Calcutta Stock Exchange including Listing, Delisting, Investor Services & Membership Selection Committee and Disciplinary Action Committee.

10. Shri S.K. Goenka

Managing Director, is a commerce graduate. 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.



11. 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' Organisation (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 fairness cream for men 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.

12. Shri Aditya V. Agarwal

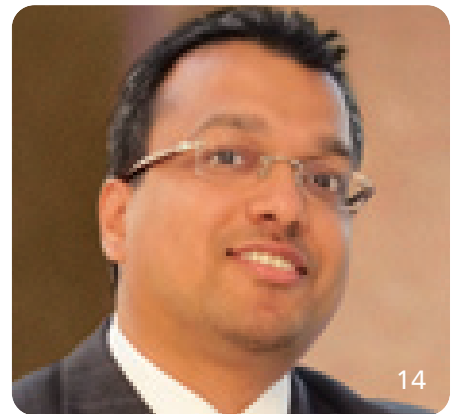
Wholetime Director, is a man who always sees life in a positive light and believes in confronting challenges head-on. Today, he is a Director on the Board of Emami Ltd, and other



group companies like Emami Biotech Ltd, Emami Paper Mills Ltd, AMRI Hospitals Ltd, CRI Ltd, Emami Infrastructure 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.

13. 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.



14. Shri Harsh V. Agarwal

Wholetime Director, 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 the pole position in their respective segments. He is a Director of Emami Cement Ltd, Emami (Meghalaya) Cement Ltd, Bengal Emami Housing Ltd, Emami Power Ltd and Zandu Realty Ltd, among others.

“Emami is poised to grow significantly over the foreseeable future based on a sustainable business model”

Managing Director Shri Sushil Kumar Goenka reviews the Company's performance in 2010-11



Q. Were you satisfied with Emami's performance during the year under review?

A. Following a 23.1% growth, our turnover touched ₹ 1,278 crores in 2010-11, and we outperformed our industry growth of 12% to 14%. This was in line with our expectations. Such an outperforming growth was possible for the following reasons:

- ✦ Strong growth from power brands like Navratna oil, Zandu balm, Menthoplus balm and Boroplus antiseptic cream coupled with excellent growth reported by new brands like Navratna cool talc, Boroplus winter care lotion, Vasocare petroleum jelly and Malai kesar cold cream.
- ✦ Innovative marketing campaigns refreshed our brands and translated into attractive revenue growth.
- ✦ Aggressive brand investments of ₹ 230 crores which was 18% of our turnover against a peer average of around 12% to 14%
- ✦ Increase in our direct reach by 25,000 retail outlets, leading to deeper penetration.

However, managing margins was a big challenge because of rising raw material and commodity prices. We could meet this challenge efficiently through judicious price increases, cost savings and

savings in financial costs. Result: Our PAT improved by 34.8%.

Q. What was the biggest challenge addressed by the Company during 2010-11?

A. Managing soaring raw and packing material prices was the biggest challenge. For instance, menthol rose very sharply owing to speculation affecting us as we are one of the largest menthol consumers in India's FMCG sector; there was also an increase in packaging costs on the back of rising crude prices. This required us to re-engineer our products without compromising quality, which we did to an extent by absorbing the rest of the cost increase. We reinforced our cost management through stronger operational efficiencies, packaging modifications and certain packaging initiatives to make product duplication difficult. There were encouraging results: We avoided shifting the entire cost burden to consumers and protected our competitive position in the challenging marketplace on one hand and retained our position among the lowest cost FMCG manufacturers in India on the other.

Q. Has the Company raised prices of products to combat cost inflation?

A. Yes. We raised prices of few of our products very judiciously. The prices were raised to the extent they did not affect consumers. However, such price rises were not sufficient to manage margins. We therefore worked aggressively on cost reduction and efficiency enhancement. All these helped us report higher profits.

Q. How did Emami re-inforce its industry position and competitiveness?

A. The Company strengthened its

industry position through the following initiatives:

- ✳ Aggressively marketed existing as well as new products. The Company invested ₹ 280 crores, in advertisement and promotions of which 25% was invested in new brands.

- ✳ Introduced effective and innovative products to provide consumers with especially in Boroplus Healthy and Fair Winter Cream, intensive skin therapy cream and sun protection lotion

- ✳ Revamped Zandu balm packaging to counter duplication and marketed aggressively through various campaigns like Dabangg song, cricket team campaign and so on

- ✳ Widened direct reach from 4.25 lac to 4.5 lac retail outlets, strengthened teams for Health Care and Modern Trade divisions and implemented Project Swadesh to enhance distribution efficiency

These combined initiatives are expected to increase the use of Emami products among the existing users on the one hand and extend their use among new consumers on the other.

Q: What is the basis of the Company's optimism?

A: There are three factors at play, which provide the basis for our optimism:

- ✳ Firstly, we ensure that our products possess a distinctive proposition through attractive packaging at affordable prices. We then market them aggressively backed by a clear communication strategy. We engage celebrities of various fields to connect with our consumers and generate a high recall.

- ✳ Secondly, our products continue to be robust and growing. For instance, our top three brands grew aggressively during the year under review, which was higher than the average growth of their respective segments. In fact, it would be fair to state that our products are playing a critical role in driving the growth of the segments in which they are present

- ✳ Thirdly, the overall receptivity of consumers for ayurvedic products continues to remain attractive: There is a growing need for benign products as opposed to chemical-derived remedies. These factors, coupled with a strong focus on cost reduction and efficiency improvement, provides us with a platform for robust and sustainable business growth.

Q: How does the Company expect to counter industry challenges?

A: The worst appears to be over as far as our margins are concerned: Menthol prices are easing and LLP prices are declining. The more we enhance our production, the better our projected economies of scale are likely to be. A number of shareholders are keen to know where we stand on brand acquisitions as this can accelerate growth rapidly in a business that otherwise grows only incrementally for most companies. We must state that we are competitively placed to increase our scale through acquisition since there is no significant debt, on a net basis, on our books and the cost of our working capital is lower than AAA-rated companies. As a result, we are poised to grow significantly over the foreseeable future based on a sustainable business model.

Our growth will be driven by power brands and upcoming brand extensions into existing and new categories coupled with a wider international presence

Drive our topline

- * Innovate and enter new product categories
- * Undertake brand extensions
- Enhance product recall through aggressive marketing
- Expand distribution to reach rural pockets
- * Strengthen presence in existing and enter into new international geographies
- * Differentiated 'value-for-money' products

Grow our bottomline

- * Engage in effective and continuous cost control
- * Leverage on low cost manufacturing taking full benefit of locational advantage
- Reduce proportion of ad-spend with increase in volumes
- Enjoy benefits of economies of scale

Passing the baton

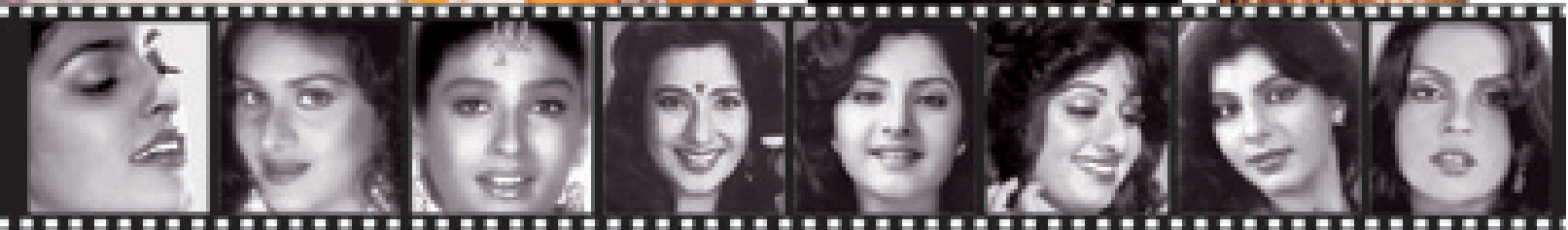


Next Generation: Left to right – Shri Harsh V. Agarwal, Smt. Priti Sureka, Shri Aditya V. Agarwal, Shri Manish Goenka, Shri Prashant Goenka, Shri Mohan Goenka (sitting).

Brand ambassadors

Our confidants. Those who swear by the word Emami





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

Directors' Report and Management Discussion and Analysis

Management team

Your Directors are pleased to present their report on the business and operations of the Company and audited accounts for the year ended March 31, 2011. The Management Discussion and Analysis has also been incorporated in this report.

FMCG industry, 2010

The ₹ 130-bn FMCG sector, the fourth-largest in India, was affected by surging input costs in 2010-11. The sector grew 11% year-on-year over the last decade, tripling in from around ₹ 47,000 crore in 2000-01 to ₹ 1,30,000 crore in 2010-11 (2.2% of GDP).

The Indian FMCG sector grew 11.4% and 11% in the first and second quarters of 2010-11, compared with the overall 12% in 2009-10, owing to rising input costs (petroleum products and packaging materials) and food, among others.

Performance highlights

Your Company delivered another year of remarkable performance during a challenging economic period. While the economy grew attractively during the year, unprecedented volatility in input prices, driven by fluctuations in crude petroleum prices and agricultural crops, needed careful management.

* Standalone revenue for 2010-11 was ₹ 1,221 crore, a growth of 21.3 %, over ₹ 1,007 crore in 2009-10

* Despite a sharp increase in input costs by 33.8%, there was an increase of 37.5% in profit after tax to ₹ 227 crore (standalone)



1. Mr. Naresh Bhansali
CEO, Finance, Strategy and Business Development

2. Mr. Dhiraj Agarwal
Chief, Media Department

3. Mr. Raj Kumar Surana
President – Operations and Commercial

4. Mr. N. Krishna Mohan
CEO, Sales, Supply Chain and Human Capital

5. Mr. Shyam Sutaria
CEO, International Marketing Division

- * Consolidated turnover for 2010-11 was ₹ 1,278 crore, registering an increase of 23.1%, compared with ₹ 1,038 crore in 2009-10
- * Consolidated profit after tax for 2010-11 was ₹ 229 crore as against ₹ 170 crore in 2009-10, an increase of 34.8%

This performance during an unfavourable industry situation was possible due to strong business accretive initiatives like aggressive marketing, innovative R&D, distinctive new launches, expansion of the distribution system, cost optimisation and financial management initiatives.

The Company continues to focus on two objectives: Firstly, develop effective and innovative products based on the natural science of ayurveda using modern laboratory practices and marketing them aggressively; secondly, keep costs in control, which helped in the Company's growing business profitably.

A superior management team, aggressive branding strategies, strong R&D capabilities and striving for innovation are expected to reinforce the Company's industry position graduating to the next level of growth

Financial results (standalone)

(₹ in Lacs)

Particulars	2010-11	2009-10
Operating Income	1,22,115	1,00,686
Profit before interest, depreciation & taxation	26,962	24,905
Interest	(1,181)	2,095
Depreciation & Amortisation	11,603	11,749
Less: Transferred from general reserve	<u>10,209</u>	<u>10,209</u>
Profit Before Exceptional Items & Taxation	26,749	21,271
Exceptional Items :-		
- VRS compensation	-	726
- Share Issue Expenses	-	487
Profit Before Taxation	26,749	20,058
Less : Provision for taxation		
- Current tax (including FBT)	3,300	3,440
- Deferred Tax (net)	674	100
- Provision for taxation of earlier years	26	-22
Profit after taxation	22,749	16,540
Balance brought forward	1,383	2,463
Profit available for appropriation	24,132	19,003
Appropriation		
General reserve	15,209	12,309
Proposed dividend	5,296	4,539
Corporate dividend tax	880	772
Balance carried forward	2,747	1,383
	24,132	19,003

Dividend

The Board of Directors recommended a dividend of ₹ 3.50 per share (i.e. 350% on the share capital of the Company) for the financial year ended March 31, 2011 for its members, pending their approval. The dividend, if approved, will be paid to members whose names appear in the register of members as on August 8, 2011; with respect to the shares held in dematerialisation form, which will be paid to the members whose names are furnished by NSDL and CDSL as beneficial owners as on that date. The total dividend for the year amounts to ₹ 6,175 lacs, including the dividend distribution tax. The dividend payout ratio works out to 27.1%

Economy, 2010

The Indian economy rebounded from the global financial crisis, chiefly owing to strong domestic demand with a growth in excess of 8% year-on-year in real terms. Merchandise exports (15% of GDP) returned to pre-financial crisis levels. Industrial expansion and high food prices, resulting from the combined effects of the weak 2009 monsoon and an inefficient food distribution system, drove inflation to a peak of 11% in the first half of the year, but gradually eased to single digit following a series of central bank interest rate hikes.

Driven by a nominal annual growth rate of 13%, India's economy is set to increase four-fold by 2020, with gross domestic product (GDP) surging to over USD4 trillion (about ₹ 205 lac crore) and per capita income rising to USD 3,213 from USD1,017. Annual incremental savings are also expected to increase four-fold to ₹ 72 lac crore [Source: Edelweiss Capital].

Concerns, 2011

Inflation: High inflation is likely to persist in 2011-12.

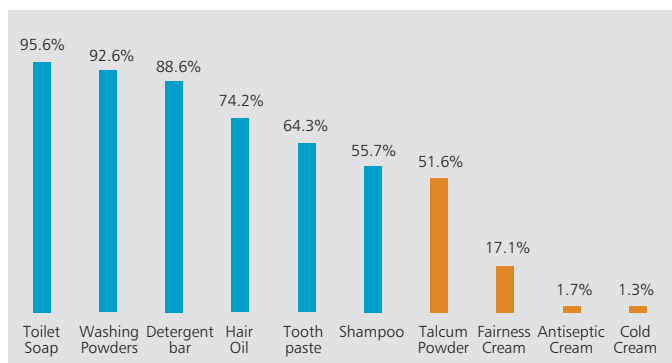
Fiscal deficit: India's public debt was placed at over 76% of GDP, exceeding expectations. Fiscal deficit was ₹ 3.69 trillion (\$81.9 billion), equivalent to 4.7% of India's GDP

(Source: Reuters). The Union Budget emphasised the government's commitment to fiscal consolidation by budgeting a lower fiscal deficit (4.6% of GDP in 2011-12 compared with 5.1% in 2010-11). The revenue deficit-to-GDP ratio is estimated to remain unchanged at 3.4% in 2011-12. Current account deficit is expected to increase, supported by a depreciation of the Indian Rupee, owing to high inflation and interest rates.

FMCG industry outlook

India's FMCG segment is expected to grow at least 12% annually to ₹ 4,00,000 crore by 2020 and could rise to as high as 17% should GDP growth accelerate, leading to an overall industry size of ₹ 6,20,000 crore by 2020. The skin care segment is expected to report a compounded annual growth rate of nearly 13% through 2012, reaching USD365 million [Source: Bloomberg].

Low penetration of major segments indicates long-term growth story



Concerns, 2011

The year 2010 was mixed for the Indian FMCG sector. It witnessed steady growth despite raw material inflation, affecting profitability. Prices of commodities like palm oil and other agricultural commodities rose sharply. Even as realisations are expected to remain range-bound, raw material costs will remain a concern, potentially reducing margins.

SCOT analysis

Strengths

- * Presence of established distribution networks in both urban and rural India
- * Low operational costs
- * Availability of a wide range of raw material bases suitable for various FMCG organisations, mainly food processing units and chemical units
- * Low labour costs

Challenges

- * Lower investment scope in relevant technology and achieving economies of scale especially in small sectors
- * Low export levels
- * 'Me-too' products, which mimic established brands. These products narrow the scope of FMCG products in the rural and semi-urban market.
- * Fierce competition, leading to a significant rise in the marketing costs of middle and small sized players of the industry
- * Infrastructure bottlenecks may hinder in certain cases

Opportunities

- * Low rural penetration
- * Rising income levels, i.e. increase in purchasing power of consumers
- * Large domestic market – a population of over one billion
- * Export potential
- * High consumer goods spending

Threats

- * Removal of import restrictions resulting in the replacement of domestic brands
- * Slowdown in rural demand
- * Tax and regulatory structures

Year of building organisational capabilities

Raw material management

The previous year witnessed a significant increase in input costs, largely owing to ever-increasing crude oil prices, surging inflation, bad commodity markets and increase in minimum wages.

Rise in price of key inputs

At Emami, principal raw material comprises petroleum-based LLP. Its price increased owing to a price rise in crude oil from USD85 per barrel in April 2010 to USD105 per barrel in

March 2011. Besides, there was a growing price pressure in commodity items like menthol, camphor and metals (gold and silver, among others). The cost of gold rose sharply from 16,390/10 gm to ₹ 20,700/10 gm and silver rose sharply from ₹ 27,600/kg to ₹ 51,600/kg in 2010-11. As a result, the cost of goods sold increased by 4.2% of sales.

Cost management

As opposed to an ad hoc and arbitrary response to raw material cost movements, the Company institutionalised its cost management. The result was a deep scrutiny of existing cost influences, leading to proactive alterations and



Head of departments

1. Mr. Sushil Kothari 2. Mr. Gourab Roy Choudhury 3. Mr. Chirag Seth 4. Mrs. Mamta Kalra Juneja 5. Mr. A.K. Joshi 6. Mr. Anup Rungta 7. Mr. S.N. Paul 8. Mr. Dilip Poddar 9. Mr. Rajesh Sharma 10. Mr. Vimal Pandey 11. Mr. Sanjay Madan 12. Mr. B.B. Guha 13. Mr. Pradeep Kumar 14. Mr. Debasish Pal 15. Mr. Dhruvayoti Purkayastha 16. Mr. Nigel Saldanha 17. Mr. L.N. Prasad 18. Mr. Vikram Saxena 19. Mr. R.K. Gupta 20. Mr. Manoj Agarwal

adaptations in raw material sizes and specifications. This was reflected in the prudent use of input substitutes without affecting product yield or quality.

For instance, the Company graduated to the use of alternative plastic grades used in packaging, which are easily available and reasonably priced. It switched from a single blow mould to multi-cavity moulding, resulting in improved productivity with higher bottle production changeover flexibility.

Purchasing policy

As a deliberate strategy, the Company procured its raw material from vendors in non-excisable areas – Guwahati (Assam), Baddi (Himachal Pradesh) – at cost-effective prices. It also imported inputs like micro crystalline wax, methyl salicylates, soap noodles, lumino peptide and ozokerite wax.

Vendor relationships

The Company adopted stringent policies for selecting vendors, based on plant proximity, appropriate quality certifications, financial stability and product quality, among others.

Operations

In a business marked by competitive margins, there was an increasing need to leverage operational efficiency and circumvent rising costs.

Highlights, 2010-11

- ✳ Acquired infrastructure in Egypt to establish a manufacturing facility
- ✳ Commenced operations for setting up a manufacturing facility in Bangladesh
- ✳ Revamped the BT Road factory to comply with WHO GMP
- ✳ Dedicated units at Dongri and BT Road for exports

Initiatives, 2010-11

- ✳ Imported spout machines from Spain to design new packages for Boroplus Antiseptic Cream and Fair and Handsome

- ✳ Rationalised GSM of laminates and boards to compensate for increased raw material costs
- ✳ Introduced automation in Boroplus lotion, balm and Malai Kesar
- ✳ Used multi-cavity moulds (IBM - Injection blow mould and EBM - Extrusion Blow Mould) which helps increase output and simultaneously reduce cost per unit
- ✳ Started using the unique bi-colour cube technology, the first to do so in India; this technology enabled Emami to change Zandu Balm and Mentho Plus packaging to counter spurious products. Currently, both products are available in bi-colour packaging, reducing duplication to a great extent.
- ✳ Trained the floor staff in WHO GMP, WCM (World Class Manufacturing) and TPM (Total Plant Management) practices
- ✳ Started the trial project for contract manufacture of menthol, switching from buying the product directly from the market, consequently reducing costs
- ✳ Initiated cost-effective purchases through the e-auction route. Ernst & Young (E&Y) thoroughly scrutinised and reviewed the portal's purchase system.
- ✳ Conducted various audits at every quarter – technical and SHE (Safety, Health & Environment), among others

Road ahead

- ✳ Expand the Pantnagar unit for the manufacture of Boroplus Antiseptic Cream, Himani Fast Relief, Navratan Oil and Mentho Plus Balm
- ✳ Revamp the two Zandu units in Vapi and Masat in line with WHO GMP certification
- ✳ Establish a new plant for manufacturing Boroplus cream at BT Road, Kolkata
- ✳ Establish a new R&D facility and a packaging unit at BT Road, Kolkata
- ✳ Change the packaging of Zandu products



Men at work in
Emami factory

Logistics

In a business where products are manufactured at different locations and consumers live all across the country, it is imperative to ensure the availability of the right product at the right place at the right time at an optimal cost. Hence, efficient planning and cost play an effective role in the execution of finished goods and logistics planning, leading to a potent business strategy.

The year 2010-11 was challenging as the Company encountered a severe pricing pressure. Between March and July 2010, fuel rates spiralled 14%. During the year, we also noticed increase in the cost of consumables like lubricants, spares and tyres by about 20%. Toll taxes also increased. The Company, however, managed it efficiently.

Highlights, 2010-11

- ✳ Improved risk management initiatives in logistics, leading to a substantial reduction in transit losses
- ✳ Commissioned two warehouses (Bhagalpur in East Bihar and Hubli in North Karnataka)
- ✳ Reduced the number of transportation vendors to leverage economies of scale
- ✳ Integrated S&OP process for Zandu products with the existing Emami distribution channel
- ✳ Sustained S&OP meets, which improved forecasting and stock availability as per demand
- ✳ The Company moved about 90% of its products by road
- ✳ The Company possessed 33 pan-

India warehouses with a cumulative space of 3 lac sq. ft

- ✳ The Company turned its inventory 12 times during the year under review
- ✳ The Company leveraged the use of centralised IT in planning.

Initiatives

- ✳ To mitigate transit losses, the Company strengthened its contractual terms and conditions with transportation service providers, quarterly review mechanism introduced to monitor transporter SLA
- ✳ By using the right vehicle for the right product - voluminous products in large containers and dense/heavy products in open trucks - the Company reduced logistics cost.
- ✳ By mapping lead times precisely from our diverse manufacturing points to various depots, we ensured timely delivery.
- ✳ We encouraged vendors to participate in reverse auctions, leading to superior value for all.

Road ahead

- ✳ Establish own warehouses in Indore (25,000 sq. ft), Kolkata (35,000 sq. ft), Ambala (1,00,000 sq. ft), Hyderabad (30,000 sq. ft) and Patna (20,000 sq. ft) for the following benefits: Rental saving, use of warehouses customised as per needs, smooth product movement, energy savings through the green warehousing concept (low energy turbo-ventilators instead of energy-guzzling exhaust fans, maximising

sky lighting and water harvesting)

- ✳ Widen the hub-and-spoke distribution (in addition to one in South India) to West, North (with one warehouse each in Ambala and Delhi) and East India with the following benefits: Quicker response to demand upturns in the hinterland.
- ✳ Implement Optisuite (an add-on to SAP) to track statutory documentation utilised in transportation
- ✳ Automate supply chain planning process

Sales and distribution

In the FMCG industry, it is imperative to reach products to locations enjoying consumer presence and demand, enhancing sale prospects.

Highlights, 2010-11

- ✳ Witnessed an increase in consolidated revenue to ₹ 1,278 crores from ₹ 1,038 crores in 2009-10
- ✳ Registered a 20.2% growth in the domestic sector and an overall growth of 23.1%
- ✳ Added 100 super stockists, catering to 3,000 sub-stockists in remote locations with populations below 50,000
- ✳ Increased direct retail outlets by 25,000 to 4,50,000
- ✳ Initiated two new depots (Bhagalpur and Hubli) to cater to emerging needs in Bihar and North Karnataka

Initiatives

- ✳ Integrated the distribution network of Zandu balm in North, East and

West India with Emami

- ✳ Segregated sales in two leading states – UP and Andhra Pradesh – across the urban and rural population, leveraging their brand and enhancing accountability and transparency
- ✳ Identified 84 districts across eight states, covering 3,000 villages for direct network in rural India
- ✳ Embarked on a project called 'Swadesh', where Emami through its field staff covered rural markets directly through a dedicated organisation structure for rural operation
- ✳ Implemented standard distributor billing software, covering 235 key distributors (constituting 50-55% of the entire sales) to track, measure and maintain transparency in secondary sales

Road ahead

- ✳ Focus on the rural business and cover eight more states for direct networking
- ✳ Increase manpower for modern trade and rural business at the direct and indirect sales levels
- ✳ Cover 84 districts under 'Project Swadesh' by November, 2011
- ✳ Reorganise the sales team, decentralise the organisational structure towards regional heads, accelerate decision-making and add organisational value
- ✳ Add 100,000-odd outlets into direct coverage in urban and rural India

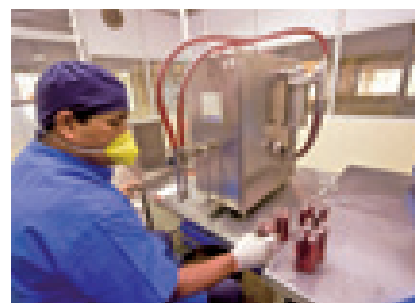
Information technology

Emami's business runs on SAP ECC 5.0,

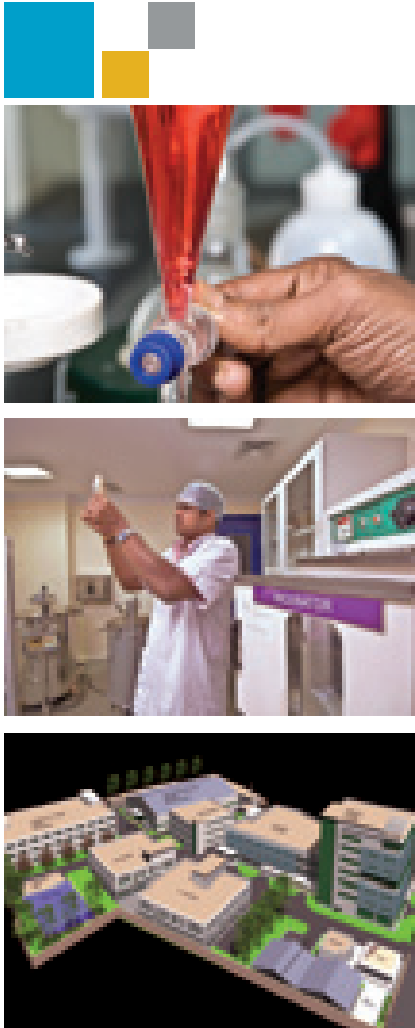
which manages and connects various organisational arms like material handling, production planning, sales / distribution, finance and quality checks, among others.

Highlights, 2010-11

- ✳ Commenced two key projects – SAP Human Capital Management (SAP HCM) and Form Tracking module -SAP Human Capital Management (SAP HCM): This four-module software (personnel administration, organisation management, employee information system and leave, travel and payroll management) will



Clean, organised and safe manufacturing facility



The new, 30,000 sq. ft R&D Centre – it will house the product innovation centre, product processing science and many other facilities.



rationalise structures, decentralise payroll, eliminate paperwork, enhance transparency and strengthen workflow efficiency. The same portal will serve as an intranet for information sharing. The Company expects to integrate leave application with the time-punching system and SAP payroll. Deloitte partnered the Company in this project implementation.

- * Form tracking module: This software facilitates the management and tracking of various taxation forms issued by authorities for purchase/receipt of materials as well as transportation permits. The Company implemented a non-SAP (but SAP-certified) software, helping locate all forms across all units, eliminating the risk of misplacement.
- * Installed a pilot project – desktop virtualisation solution – in the training room, saving costs by a fourth and will be progressively implemented
- * Implemented SAP material requirement planning across all factories, improving raw material and packaging material procurement

Road ahead

- * Implement business intelligence and analytic applications
- * Undertake IT projects in Bangladesh, Dubai and Egypt subsidiaries
- * Implement Phase-II of HCM (performance management, training and development)
- * Implement Information security at the physical, network and application levels
- * WAN link migration - complete

change of existing VPN connectivity at all Emami locations by phasing out VSATs, implement advanced technology communication products (VSAT to MPLS), ensuring improved services, uptime and efficiency.

Research and development

The Company competes in an industry characterised by rapid technological advances. Hence, the Company's ability to compete successfully is heavily dependent upon its ability to ensure a continual and timely flow of competitive products and technologies to the market place. The Company continues to develop new products and technologies and enhance existing products that expand the range of its product offerings and intellectual property through licensing and third-party business and technology acquisitions.

Mission - healthcare

With a mission of contributing to healthy and beautiful skin, hair and lifestyles, extensive research and groundbreaking innovation is one of the keys to Emami's success in the health and personal care industry. In the Consumer Products Division, we are committed to meet the unmet needs of consumers and develop forward-looking products that are tailored to meet consumer need gaps and offer excellent quality.

Research and innovation centre

Emami's Research & Innovation centre is a science-driven, consumer-centric and business aligned power house, comprising structurally-sound, intellectually-strong and with a wealth

of creative talent, all supporting Emami's leadership in personal care, health & wellness and ayurveda.

Our products are the result of understanding consumers' unmet needs, through a pathbreaking technology. We combine generations of practical experience with a continuous flow of new knowledge. For decades, we worked in partnership with universities, startups and suppliers. These relationships are now richer and more productive than ever. The constant innovation stream we deliver is founded in our past and created in the present to strengthen Emami's future.

The Centre was reorganised to align itself with Emami's dynamic business strategy. The Group now encompasses a Competitive Intelligence cell, which monitors the effectiveness of current operations, competitors' perceptions, competitor capabilities, and medium to long-term market prospects. The same is done under the strategic, tactical and counter intelligence sub-sections.

The Centre is also keenly focused on strengthening its presence in global markets and hence is taking active part in tapping the consumer habits, attitudes and newer insights for product development. With regulations getting tougher all over the world for products which offer cosmetic and functional benefit, Emami Research & Innovation Centre is reinforcing the teams responsible for defending the scientific validity of our brands with both international and local authorities. The Regulatory team supports the innovation process, helping brands get access to markets for which they are

responsible, while guaranteeing that they will conform with operating regulations.

Infrastructure

A state-of-the-art, high-end multi-storey Research & Innovation Centre, spanning more than 30,000 sq. ft, was created in Kolkata. The Centre encompasses product innovation development, product processing science, competitive intelligence cell, analytical development, perfumery science, quality assurance and packaging and development.

Future technology directions

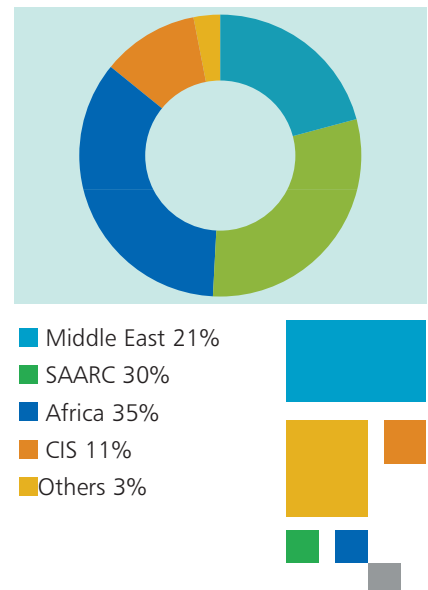
The Research & Innovation team comprises more than 55 scientists, with multi-dimensional backgrounds and industry experience. These are geared towards the development of high-end, targeted products that deliver higher performance, tapping the latest technologies around the world while appealing to the global consumer.

The strong in-house innovation team also formed collaborative projects with modern technology centres, enabling co-development of novel products in the home and personal care category.

Emami Research & Innovation Group strengthened its capability through innovation partnerships at each stage of the product development process – from early stage collaborations with start up and biotech companies to late stage partnerships with its key suppliers. Above all, Emami brings to consumers, products that are of the highest quality and safety and is non-negotiable. R&D is also critical in ensuring regulatory compliance of all Emami International products. This



Region-wise share of international business (%)



Business review contd...

enables Emami to launch new products quickly and efficiently, in countries all over the world, by integrating regulatory affairs in its R&D activities, from start to finish. The Research & Innovation team also developed in-house strengths in focusing on basic science areas including ayurvedic science.

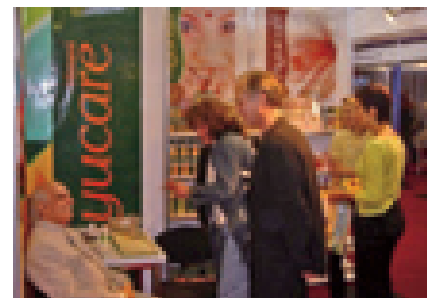
Road ahead

We believe Emami's future will be exceptional, fashioned on our ability to deliver innovative growth in our businesses and value to all stakeholders. The shared values we generate will reach beyond our consumers and shareholders, benefitting our partners, clients, suppliers and raw material manufacturers.

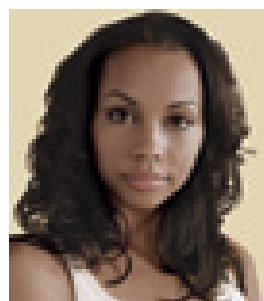
We are constantly at the cutting-edge of science and technology; deploying this in our products, packages and services. Hence, we undertake an ever-increasing number of clinical trials, proving scientifically that our innovations fulfil promises.

Quality management

In a business where personal care and healthcare is imperative, Emami invests extensively to meet international quality standards. The following are the points comprising quality policy:



Our success worldwide continues. We have fans all over the world. United colours of Emami.



- * SOPs are defined.
- * Measurement procedures are defined.
- * All critical quality parameters are aligned in a unified system and documented for reference.
- * Quality is defined at different levels like before-process, in-process and after-process quality checks.
- * After a product is launched, a stability study is conducted on control samples continuously across the product's lifespan.
- * The smallest quality complaints are taken seriously and addressed immediately.

Recognitions

- * Majority of the units are cGMP and ISO 9000-certified.
- * Units abide by highest safety and environmental protection standards.

Overseas business

The global FMCG industry entered into a consolidation mode during 2010-11. Companies either increased their focus on certain market segments or consolidated their business portfolios. As a result, there were a number of mergers and acquisitions in the industry. Developing nations, especially Africa, emerged as regions with potential. Consequently, the Company doubled sales in Africa and the SAARC region.

Emami exports cosmetics, toiletries and ayurvedic products to over 65 countries across the globe, with a large presence in Africa, SAARC, the Middle East and the CIS.

Highlights

Exports constituted about 13.6% of the Company's total revenue, up from 13.1% during 2009-10

- * Exports grew 27.6% from ₹ 137 crore in 2009-10 to ₹ 174 crore in 2010-11
- * Africa and SAARC were the key growth markets for international business
- * Completed the acquisition of Pharmaderm in Egypt in December, 2010, through a step-down subsidiary in Dubai
- * Commenced the construction of a manufacturing facility in Bangladesh in March, 2011.

Challenges

Along with the opportunities in the industry, there were also

challenges. The major challenges were competition from larger FMCG companies, the threat of spurious products in some of the international markets and a political upheaval in North Africa.

Despite these challenges, Emami retained or increased its market share in most countries through aggressive advertising and branding activities. The Company's initiatives against spurious products continued through legal recourse, innovative packaging and consumer awareness, among others. Owing to the political unrest in North Africa, the Company decided to tread cautiously and wait until matters improved.

Modernisation/expansion/ new projects

Emami Bangladesh Ltd, a wholly-owned subsidiary company, took initiatives for setting up manufacturing facilities at Dhaka, Bangladesh.

Emami Overseas FZE, a step-down, wholly-owned subsidiary of Emami International FZE, was incorporated in 2010-11. Emami Overseas FZE acquired 90.6% equity share capital of Pharma Derm SAE Co, Egypt. Consequently, the said company is now a subsidiary of the Company. Pharma Derm SAE Co has manufacturing infrastructure in Borg Al Arab, which is proposed to be utilised for setting up a manufacturing unit.

Outlook

With increasing disposable incomes in developing countries, there is greater awareness and demand for grooming and wellness products, helping the industry grow at a good pace.

To capitalise on this opportunity and fuel the Company's ambitious plans, it intends to acquire companies and brands which will increase its product portfolio, as well as its market presence. Besides, the Company plans to launch a new range of products, as well as strengthen the sales force and brand team to promote the Company, the brand and the products effectively.

Human resources

In a business where it is imperative to introduce products with differentiated features and position them differently to attain market leadership, there is an ongoing need to attract and retain competent human resources and develop their capabilities, thereby enabling them to meet business challenges for sustained growth

Business review contd...

Highlights and initiatives 2010-11

- ✳ The Company focused on training across all management and worker levels.
- ✳ The Company organised employee engagement events like family picnics, sit and draw competition for employee wards, sports and cultural activities, among others.
- ✳ The Company established processes to strengthen HR delivery and services for the benefit of internal customers.
- ✳ The Company strengthened the HR team by restructuring (number and capability) and capability development.
- ✳ The Company formed a training committee comprising external members and senior management.
- ✳ The Company created a training calendar with a focus on functional and behavioural training.
- ✳ The Company conducted training in the areas dealing with time management, personal effectiveness, managerial effectiveness, effective execution and problem-solving workshops to name a few.
- ✳ The Company dovetailed recruitment with a nine-month comprehensive and customised management programme for graduates, leading to on-the-job absorption on successful completion of their training.
- ✳ The Company identified high-potential employees with the objective of accelerating their development and creating the next rung of leaders.

Road ahead

- ✳ The Company intends to add SAP HR modules to strengthen the HR processes across recruitment, training, performance management, among others.
- ✳ The Company intends to focus on training around cost-effectiveness, leadership and business growth, among others to carry forward the momentum gained.
- ✳ The Company intends to strengthen the performance management process further, which will create a high performance orientation.

Corporate social responsibility

Your Company is a responsible corporate citizen, supporting activities related to the welfare of its employees and society.

The Emami Group is involved in corporate social responsibility through Emami Foundation and other charitable organisations. The Company's CSR approach comprises medical services, education, community development, women empowerment and poverty alleviation, among others. An organising committee evolved CSR guidelines, evaluated and monitored activities and planned macro-level CSR initiatives. Under this Organising Committee, sub-committees were created for enhanced attention to medical services, education and disaster relief, among others.

At Emami, CSR extends beyond statutory obligations to sustainable socio-economic development. Ethical corporate behaviour forms the basis of our CSR initiative. Hunger, diseases and ignorance are still the burning issues of modern times, despite growth in science; government budgetary resources are inadequate to mitigate suffering. The corporate world cannot afford to remain a mere onlooker when people are afflicted with hunger and malnutrition, diseases and physical infirmity, illiteracy and ignorance.

Emami has a long tradition in conducting philanthropic activities, supported by a professional outlook. An exercise is underway to integrate all such activities of Emami Limited Group companies and Emami Foundation across the healthcare, education, community development, women empowerment, livelihood creation and environment management segments.

Education

Recognising the vital role that education plays in ushering socio-economic change, Emami's CSR activities comprise



Shri R.K. Goenka
Chief, Corporate Social Responsibility



Emami spreading smiles. For the past many years, we worked with the underprivileged sections in India, in an effort towards social upliftment.

innovative programmes. Apart from providing financial support to various educational and academic institutions, Emami Foundation supports poor meritorious students through scholarships, exercise books and computers, among others. Stipends are provided to poor and physically-challenged students; coaching is offered to students at the primary education level. Emami Foundation and units also provide funds for school renovation and maintenance.

Health

Financially supported by Emami, Magan Shankar Foundation conducts eye camps, ayurvedic and homeopathic clinics, allopathic and dental camps at various locations (Aradhanadham at Haripal and in Kolkata). Magan Shankar

Foundation organises eye, ear and hernia operations and medical treatment camps. Emami Foundation conducts free/subsidised camps for the reversal of heart disease under the supervision of the renowned heart specialist Dr. Bimal Chajjer. Donations are made to various healthcare organisations. Blood donation camps are organised by various Emami production units.

Women empowerment

Emami Limited partnered with an NGO to sponsor 40 underprivileged girls from various parts of rural West Bengal. The fellowship programme enables them to rise to their potential through higher education and personalised guidance.

Business review contd...

For the past many years, a fund has been set for rendering financial assistance for the marriage of the underprivileged section of the society. During the year under review, the Company supported marriages of 22 underprivileged girls. Besides, the Company helped in initial set up of their homes and provided funds for meeting household expenses for the first month.

Environment

Emami uses environment-friendly technologies and processes. Recycling, re-use of by-products are stressed; emissions are controlled. Research and development into cow dung and cow urine as well as the maintenance of *goshalas* were adopted.

Listing

The equity shares of your Company are listed on the National Stock Exchange, the Bombay Stock Exchange and the Calcutta Stock Exchange. The listing fees for the financial year 2011-12 were paid.

Share capital

Consequent to the approval of shareholders on 13th July 2010, face value of equity shares of the Company was changed from ₹ 2 per share to ₹ 1 per share and new shares were credited/issued accordingly.

Subsidiary companies

As on March 31, 2011, the Company includes following subsidiary companies.

1. Emami UK Ltd
2. Emami Bangladesh Ltd
3. Emami International FZE
4. Emami Overseas FZE
5. Pharma Derm S A E Co, Egypt

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

In terms of general exemption granted by Ministry of Corporate Affairs, the Balance Sheet, Profit & Loss Account of the subsidiary companies are not attached with the Balance Sheet of the Company.

The following information in aggregate for each subsidiary is also being enclosed (a) Capital (b) Reserves (c) Total assets (d) Total liabilities (e) Details 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.

In compliance with the Accounting Standard 21 of the 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.

The accounts of the subsidiary companies will be available to any member seeking such information at any point of time. These accounts will be available at the website of the Company viz. www.emamiltd.in and kept open for inspection at the registered office of the Company.

Directors

Shri R.S. Goenka, Shri K.N. Memani, Shri A.V. Agarwal and Shri H.V. Agarwal, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment.

During the year the Board of Directors have reappointed Shri S.K. Goenka, Managing Director, Shri Mohan Goenka, Shri A.V. Agarwal, Shri H.V. Agarwal, Executive Directors of the Company, for a period of five years after completion of their present term subject to the approval of members of the Company.

A brief resume of the Directors proposed to be appointed/reappointed 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.

Internal control systems and their adequacy

The Company has in place adequate systems of internal controls commensurate with its size, requirements and the nature of operations. These systems were 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 internal audit at all manufacturing locations, head offices and sales depots situated across the country through its internal team and reputed internal audit firms. 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 thereafter, 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.

The Company appointed Ernst & Young, an eminent consultancy firm for capacity building of the Company's Internal Audit Department.

Risk management

The following is an analysis of the Company's key business risks and mitigation plans:

Industry risk

An industry slowdown could affect business sustainability.

Mitigation

- ✳ The FMCG industry is expected to grow at least 12% annually to ₹ 400,000 crore by 2020.
- ✳ India's per capita income is projected to grow significantly from USD1,017 to USD3,213 in 2020.
- ✳ Rural consumers spend about USD9 billion per annum on FMCG and product categories; they account for more than half the sales in some large FMCG categories.
- ✳ The rural FMCG market growth at 18% exceeded that of urban markets at 12%. While the rural market comprise only 34% of the total FMCG market, given the current growth, its share is expected to increase to 45-50% by 2020.

Raw material risk

Soaring raw material costs could result in product inflation; raw material non-availability could affect operations

Mitigation

- ✳ The Company procures raw materials (menthol, micro crystal wax, hard paraffin, stearic acid and methyl salicylate) through imports and forward contracts, booking them in advance proactively and ensuring timely availability.

- ✳ The Company procured raw materials from local vendors and vendors in non-excisable areas – Guwahati (Assam), Baddi (Himachal Pradesh)– at cost-effective prices.
- ✳ The Company implemented value engineering projects for cost control

Climatic risk

Inadequate monsoons could affect rural incomes.

Mitigation

- ✳ India's south-west monsoon is likely to be normal in 2011 as per meteorological forecasts.
- ✳ India's per capita rural income increased significantly from the 2001 levels to reach ₹ 16,327 in 2009-10 and is poised to rise in the coming years owing to various income-generating initiatives undertaken by the government.

Launch failure risk

Any delay in launching new products could affect earnings

Mitigation

- ✳ The Company invests heavily in R&D, introduces new products in a timely way and markets products aggressively, leading to a strong marketplace presence.
- ✳ The Company conceives and tests products with the plan of a prospective launch.

Quality risk

Declining product quality could affect Emami's brand and profitability

Mitigation

- ✳ The Company implemented Total Production Maintenance (TPM) across all its production units.
- ✳ The Company's units received ISO 9001, ISO 14001 and WHO GMP certifications.
- ✳ The Company established protocols to standardise herb quality and procurement.
- ✳ Emami's R&D team, Himani Ayurvedic Science Foundation and Zandu Foundation for healthcare work to deliver innovative and effective products.

Brand risk

Growing competition could affect market share.

Business review contd...

Mitigation

- ✳ The Company enjoys a pan-India presence and brand recall owing to effective and innovative products, ayurvedic positioning and a value-for-money proposition.
- ✳ The Company invested extensively in advertisements and celebrity product endorsements to enhance brand recall
- ✳ The Company created contemporary commercials and innovative packaging to attract consumer attention.
- ✳ The Company's units are located in tax-exempted zones (accounting for over 80% per cent of turnover).

Counterfeit risk

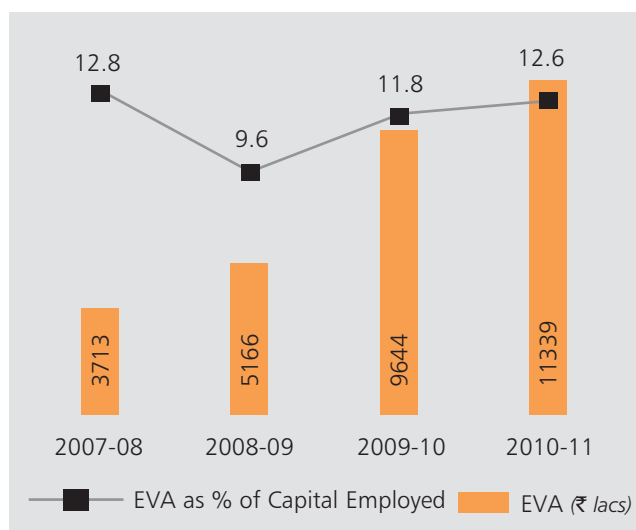
Product imitation could dent profitability.

Mitigation

- ✳ The Company switched from a single blow mould to multi-cavity moulding, improving product quality.
- ✳ The Company invested extensively in imported moulding technology (dual colour moulding) from an Italian company to counter duplication; it extended this technology to Zandu Balm and Mentho Plus Balm.

Shareholder returns

The Company continues to work toward two objectives: Firstly, to develop effective and innovative products, based on the natural science of ayurveda using modern laboratory practices and market them aggressively; secondly, to grow the business aggressively while keeping costs under control.



Directors' responsibilities

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

- In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 as at March 31, 2011 and of the profit of the Company for that year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts were prepared on a 'going concern' basis.

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

Audit & accounts

The Company's Auditors M/s. S. K. Agrawal & Co, Chartered

Accountants, who retire at the ensuing Annual General Meeting are eligible for reappointment. They have confirmed their eligibility under Sec. 224 of the Companies Act, 1956 for reappointment as auditors of the Company.

M/S V.K. Jain & Co, Cost Accountants have been appointed as Cost Auditors for the financial year 2011-12 subject to approval of Central Government.

Auditors' report

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

Corporate governance

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

Consolidated financial statements

The Consolidated Financial Statements prepared in accordance with Accounting Standard AS21 – Consolidated Financial Statements of the Group form part of this report. The net worth of the Group as on March 31st, 2011 is ₹ 690 crore as against ₹ 625 crore, as at the end of the previous year.

Energy, technology & foreign exchange

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provisions of Sec 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed and forms a part of this annual report.

Personnel

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, names and other particulars of the employees are set out in the Annexure to the Directors Report. Although in

accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, 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.

Group for inter se transfer of shares

Pursuant to intimation from the Promoters, the names of the persons and entities comprising "group" is annexed to the Directors' Report for the purpose of SEBI (substantial acquisition of shares and takeovers) Regulations 1997.

Acknowledgement

Your Directors would like to acknowledge and place on record their sincere appreciation of all stakeholders – shareholders, banks, dealers, vendors and other business partners for the excellent support received from them during the year. Your Directors recognise and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

Cautionary statement

Statements in the Directors' Report and the Management Discussion and Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations

For and on behalf of the Board

Kolkata
19th May, 2011

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 consumption as per the prescribed format are as follows:

A. POWER AND FUEL CONSUMPTION

	2010-11	2009-10
1. Electricity		
a) Purchased units (lac KWH)	56.77	54.64
Total amount (₹ in lacs)	267.29	234.45
Average rate/unit (₹)	4.71	4.29
b) Own generation		
i) Through diesel generator Units (lac KWH)	12.69	4.20
Unit/Litre of Diesel	3.15	2.93
Cost/Unit (₹)	12.28	11.66
Total amount (₹ in lacs)	155.84	49.00
ii) Through steam turbine/Generator	N.A.	N.A.
2. Coal	–	–
3. Furnace oil		
Quantity (Kilo litre)	175.55	214.04
Cost/Unit (₹)	0.30	0.32
Total amount (₹ in lacs)	53.11	68.32
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 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. The Company's future plan includes putting greater emphasis on Ayurveda science to deliver innovative and effective products.

5. Expenditure in R&D :	₹ in lacs
a) Capital	--
b) Recurring	134.52
c) Total	134.52
d) R&D as a percentage of total turnover	0.11%

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 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 and business requirements to introduce 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; Initiatives taken to increase exports; development of new export markets for products; and export plans.

Total export in foreign exchange for the financial year 2010-11 was ₹ 9,689.84 lacs. In order to expand overseas business, the Company has registered its various brands in a number of countries apart from obtaining registration of respective products from the statutory authorities in those countries. The Company has also undertaken extensive marketing and advertising campaigns overseas to increase its exports business.

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

	₹ in lacs
Raw materials	779.44
Capital goods	1,562.64
Professional fees	152.89
Interest	1,147.28
Others	428.01
	4,070.26

C. Foreign exchange earnings during the year (Export of goods on FOB basis) 9,689.84



Annexure to the Directors' Report

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	Aditya Vardhan Agarwal	46	Savitri Devi Agarwal
2	Amitabh Goenka	47	Shanti Devi Agarwal
3	Ashish Goenka	48	Shreya Goenka
4	Avishi Sureka	49	Shruti Goenka
5	Babita Jalan	50	Smriti Goenka
6	Bajranglal Agarwal	51	Sobhna Agarwal
7	Devarsh Goenka	52	Subham Agarwal
8	Dhiraj Agarwal	53	Sumangal Agarwal
9	Divya Agarwal	54	Suresh Kumar Goenka
10	Harsh Vardhan Agarwal	55	Sushil Kumar Goenka
11	Indu Goenka	56	Usha Agarwal
12	Jayant Goenka	57	Vibhash Vardhan Agarwal
13	Jyoti Agarwal	58	Vidishree Agarwal
14	Jyoti Goenka	59	Vidula Agarwal
15	Kavita Agarwal	60	Vihan Vardhan Agarwal
16	Kavita Jhunjhunwala	61	Vishal Agarwal
17	Kusum Agarwal	62	Yogesh Goenka
18	Laxmi Devi Bajoria	63	Aditya Vardhan Agarwal (HUF)
19	Madan Lal Agarwal	64	Ashish Goenka (HUF)
20	Manan Goenka	65	Bajrang Lal Agarwal (HUF)
21	Manish Goenka	66	D.D. Agarwal (HUF)
22	Mansi Agarwal	67	Goenka Trading Co. (HUF)
23	Meena Goenka	68	H V Agarwal (HUF)
24	Mohan Goenka	69	K.D. Goenka & Sons (HUF)
25	Nimisha Goenka	70	Mohan Goenka (HUF)
26	Pradeep Agarwal	71	Prashant Goenka (HUF)
27	Prashant Goenka	72	R.S. Agarwal (HUF)
28	Priti Sureka	73	R.S. Goenka (HUF)
29	Puja Goenka	74	Raj Kr. Goenka (HUF)
30	Rachna Bagaria	75	Raj Kumar Sureka (HUF)
31	Rachna Goenka	76	Sushil Kumar Goenka (HUF)
32	Radheshyam Agarwal	77	Bansilal Jankidevi Agarwal Trust
33	Radheshyam Goenka	78	Bhagatram Charitable Trust
34	Raj Kumar Goenka	79	Emami Foundation
35	Raj Kumar Sureka	80	Kesardeo Ratnidevi Goenka Trust
36	Rajesh Bagaria	81	A Rajabasan Pvt Ltd
37	Rashmi Goenka	82	Ajanta Suppliers Pvt Ltd
38	Richa Agarwal	83	AMRI Hospitals Ltd
39	Rohin Raj Sureka	84	Auto Hi-tech Pvt Ltd
40	Sachin Goenka	85	Aviro Vanijya Pvt Ltd
41	Sangita Agarwal	86	Aviro Vyapaar Pvt Ltd
42	Sanjana Goenka	87	Basera Enclave Makers Pvt Ltd
43	Santosh Goenka	88	Bhanu Vyapaar (P) Ltd
44	Saroj Goenka	89	CRI (Shanghai) Co. Ltd
45	Saswat Goenka	90	CRI International Ltd

91	CRI Ltd	118	Emami Vridhi Commercial Pvt Ltd
92	Deevee Commercials Ltd	119	EPL Securities Ltd
93	Delta PV Ltd	120	Karan Business Pvt Ltd
94	Diwakar Viniyog Pvt Ltd	121	Medal Chemical & Research Works Ltd
95	EFL Foods Ltd	122	Neelam Lefin Ltd
96	Emami Aavas LLP	123	New Age Realty Pvt Ltd
97	Emami Ashiana Pvt Ltd	124	New Way Construction Ltd
98	Emami Bangladesh Ltd	125	Octagon BPO Pvt Ltd
99	Emami Biotech Ltd	126	Orbit Projects Pvt Ltd
100	Emami Capital Markets Ltd	127	Orbit Realty Infrastructure Ltd
101	Emami Cement Ltd	128	Pan Emami Cosmed Ltd
102	Emami Constructions Pvt Ltd	129	Premier Ferro Alloys and Securities Ltd
103	Emami Enclave Makers Pvt Ltd	130	Prestige Vyapaar Ltd
104	Emami Frank Ross Ltd	131	Ramshila Enterprise Pvt Ltd
105	Emami Group of Comp. Pvt Ltd	132	Sanjeevani Vyapaar LLP
106	Emami High Rise Pvt Ltd	133	Sneha Abasan Pvt Ltd
107	Emami Home Pvt Ltd	134	Sneha Enclave Pvt Ltd
108	Emami Infrastructure Ltd	135	Sneha Gardens Pvt. Ltd
109	Emami International FZE	136	Sneha Niketan Pvt Ltd
110	Emami International Pvt Ltd	137	South City Projects (Kolkata) Ltd
111	Emami Paper Mills Ltd	138	Suntrack Commerce (P) Ltd
112	Emami Power Ltd	139	Suraj Viniyog (P) Ltd
113	Emami Properties Pvt Ltd	140	Swastik Promoters Pvt Ltd
114	Emami Rainbow Niketan Pvt Ltd	141	TMT Viniyogan Ltd
115	Emami Realty Ltd	142	Zandu Realty Ltd
116	Emami Skyhigh Pvt Ltd	143	Zen Business Pvt Ltd
117	Emami UK Ltd		

III. Statement pursuant to Notification No 2 dated February 8, 2011 under section 212(8) of the Companies Act, 1956 relating to subsidiary companies (₹ in lacs)

Sl. No.	Particulars	Emami Uk Ltd	Emami Bangladesh Ltd	Emami International FZE	Emami Overseas FZE	Pharma Derm S A E Co Egypt
a.	Capital	28.91	27.82	18.98	3.04	166.21
b.	Reserves	(12.71)	56.72	733.62	(37.18)	94.11
c.	Total assets	162.90	340.68	5,752.21	713.63	324.49
d.	Total liabilities	146.70	256.14	5,003.44	747.77	252.38
e.	Details of investments	--	--	--	--	--
f.	Turnover	159.62	2,616.89	6,480.00	NIL	NIL
g.	Profit /(Loss) before taxation	34.77	107.68	30.04	(40.00)	(5.79)
h.	Provision for taxation	NIL	40.72	NIL	NIL	NIL
i.	Profit / (Loss) after taxation	34.77	66.96	30.04	(40.00)	(5.79)
j.	Proposed Dividend	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Kolkata
May 19, 2011

R.S. AGARWAL
Chairman



Corporate Governance Report

For the year ended March 31, 2011

Company's philosophy on Corporate Governance

Corporate Governance encompasses the commitment to values and ethical business conduct and the method of managing a 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 key to 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 a source of challenges and evaluation wherever appropriate.

The Company feels that Corporate Governance is a journey for constantly improving each of its aspects. To meet the objective of adhering to the best Corporate Governance practices, the Board, at its meeting held on July 30, 2010, constituted a Corporate Governance Committee which reviews Corporate Governance practices in addition to other roles and responsibilities.

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 that governs 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 shareholders are being served. The Chairman, Managing Director and Wholetime Directors are assisted by the CEO/CFO/senior managerial personnel in overseeing functional matters of the Company. The Board Meetings are usually held at the registered office of the Company at Emami Tower, 687, Anandapur, E M Bypass, Kolkata- 700 107.

b. Composition of Board

As on March 31, 2011, the Board of Directors of Emami Limited comprised 14 Directors – an Executive Chairman, a Managing Director, four Executive Directors and eight Non-Executive Directors including seven 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, Executive Chairman	1) Shri Viren J. Shah
2) Shri R.S. Goenka, Non-Executive Director	2) Shri K.N. Memani
3) Shri S.K. Goenka, Managing Director	3) Shri Y.P. Trivedi
4) Shri Mohan Goenka, Whole time Director	4) Shri S.K. Todi
5) Shri Aditya Vardhan Agarwal, Whole time Director	5) Shri Amit Kiran Deb
6) Shri Harsh Vardhan Agarwal, Whole time Director	6) Shri S.B. Ganguly
7) Smt Priti Sureka, Whole time Director	7) Padmashree Vaidya Suresh Chaturvedi

c. Agenda papers distributed in advance

Agenda and notes on the agenda are circulated among the Directors, in advance, via structured agenda. 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 decisions/suggestions 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, the notes on the agenda and meeting minutes, among others 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 there under.

f. Number of Board meetings and attendance therein

Details of the board meetings held during the financial year and the number of Directors present:

Serial No.	Dates on which the board Meetings were held	Total strength of the board	No. of directors present
1	May 28, 2010	14	11
2	July 30, 2010	14	12
3	August 19, 2010	14	13
4	October 15, 2010	14	6
5	November 1, 2010	14	14
6	January 27, 2011	14	12

The maximum gap between any two meetings did not exceed four months.



Corporate Governance Report, for the year ended March 31, 2011

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, 2011

Sl No	Name of the Director	Position	Number of Board meetings attended	Number of Directorships as on 31.03.2011*	Number of committee positions held**	Attendance at the last AGM
1	Shri R.S. Agarwal	Promoter Executive (Chairman)	6	18	Member 1	Yes
2	Shri R.S. Goenka	Promoter/ Non – Executive	6	19	Member 3 Chairman 1	Yes
3	Shri S.K. Goenka	Promoter Executive (Managing Director)	5	8	Member 1	Yes
4	Shri Viren J. Shah	Non – Executive Independent	5	1	—	Yes
5	Shri K.N. Memani	Non – Executive Independent	5	15	Member 24 Chairman 6	Yes
6	Shri Y.P. Trivedi	Non – Executive Independent	4	13	Member 10 Chairman 4	Yes
7	Shri S.K. Todi	Non – Executive Independent	4	18	Member 5 Chairman 4	Yes
8	Shri Amit Kiran Deb	Non – Executive Independent	5	4	Member 3 Chairman 1	Yes
9	Shri S.B. Ganguly	Non – Executive Independent	3	8	Member 17 Chairman 4	Yes
10	Padmashree Vaidya Suresh Chaturvedi	Non – Executive Independent	4	1	—	Yes
11	Shri Mohan Goenka	Promoter Executive	6	10	Member 3 Chairman 1	Yes
12	Shri Aditya Vardhan Agarwal	Promoter Executive	4	17	Member 2	No
13	Shri Harsh Vardhan Agarwal	Promoter Executive	5	14	Member 5	Yes
14	Smt Priti Sureka	Promoter Executive	5	8	Member 2	Yes

*Includes Directorship in Private Limited Companies

**Committees include non Statutory Committees also.

h. Information placed before Board of Directors

The Company has complied with clause 49 of the listing agreement with regard to information being placed before the Board of Directors.

Before putting on record the quarterly / annual financial results of the Company, a presentation is made before the Board on operations of the Company including performance of major brands, international business, initiatives taken for sales promotion and all other matters having impact on the business of the Company. 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 and above
- 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 a substantial nature
- Details of joint ventures, acquisitions of companies or collaboration agreements
- Transactions that involve 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 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
- Any other important or critical matters

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 Committees and employees working at the level of Head of Departments, 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.emamilttd.in. Under the Code, the board has 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 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 (ceased with effect from August 19, 2010)
4. Share Transfer Committee
5. Investor Grievance Committee
6. Finance Committee
7. Corporate Governance Committee

1) Audit Committee (constituted on March 28, 2001)

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

As on March 31, 2011, the Audit Committee comprises four Directors out of whom three are Independent Directors. Shri S.K. Todi, Chairman of the Committee is knowledgeable in finance, accounts and laws and has vast experience in corporate affairs. Shri R S Goenka has expertise in commercial and taxation matters and Shri S B Ganguly possesses prolonged experience in corporate matters. Shri A. K. Deb, an



Corporate Governance Report, for the year ended March 31, 2011

Independent Director was inducted as member of the committee with effect from May 24, 2010. Shri S N Jalan ceased to be member of the committee with effect from May 24, 2010 due to his sudden demise.

Shri A. K. Joshi, Company Secretary & AVP-Legal, is the Secretary of the Committee.

The Audit Committee met four times during the year on May 27, 2010, July 28, 2010, November 01, 2010 and January 27, 2011 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
- Any 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	Non – Executive Independent	3
Shri R.S. Goenka	Promoter/Non Executive	4
Shri A. K. Deb	Non – Executive Independent	4
Shri S.B. Ganguly	Non – Executive Independent	2

2) Remuneration Committee (constituted on January 31, 2003)

The Remuneration Committee comprises three Non-Executive Independent Directors and Shri A. K. Joshi, Company Secretary & AVP-Legal, as its secretary. With effect from 19th August, 2010, Shri S. B. Ganguly, an Independent Director of the Company was inducted as member of committee to fill the vacancy caused by sudden demise of Shri S. N. Jalan.

During the year, the committee held one meeting on January 06, 2011.

The functions of the Committee include

To evaluate, review and recommend to the Board, the remuneration of the Executive Directors so as to be objective in determining the remuneration package while striking a balance between the interest of the Company and 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 A. K. Deb, Chairman	Independent	1
Shri S. B. Ganguly	Independent	1
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 recommendations to the Board. The Board then decides the quantum of remuneration to be paid to Executive Directors, subject to approval by the shareholders in terms of the provisions of the Companies Act, 1956, read with Schedule XIII thereof. The Committee aims to reward stellar performance on a periodical basis.

Non-Executive Directors

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

In order to reward Non-Executive Independent Directors for their contribution, they are paid remuneration by way of a sitting fee for attending the meetings of the Board and committees and also commissions as approved by the Board of Directors in terms of approval of members under section

309(5) of the Companies Act 1956. At present, sitting fee for the Board, Audit Committee and Finance Committee is ₹ 20,000/- for each meeting and for other committees is ₹ 15,000/- for 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 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 various committees of the Board i.e. Audit Committee, Remuneration Committee, Investors' Grievance Committee, Finance Committee and Corporate Governance Committee.

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

Details of remuneration for the financial year 2010-11

(Figure in ₹)

Sl No	Name of the Director	Sitting fees	Salary	Commission	Contribution to PF	Value of perquisites	Total
1	Shri R.S. Agarwal (Executive Chairman)	–	1,20,00,000	2,50,00,000	14,40,000	4,25,362	3,88,65,362
2	Shri R.S. Goenka	3,35,000	–	–	–	–	3,35,000
3	Shri S.K. Goenka (Managing Director)	–	48,00,000	–	5,76,000	3,59,312	57,35,312
4	Shri Viren J. Shah	1,00,000	–	4,00,000	–	–	5,00,000
5	Shri K.N. Memani	1,00,000	–	4,00,000	–	–	5,00,000
6	Shri Y.P. Trivedi	95,000	–	2,00,000	–	–	2,95,000
7	Shri S.K. Todi	2,15,000	–	4,00,000	–	–	6,15,000
8	Shri Amit Kiran Deb	2,10,000	–	2,00,000	–	–	4,10,000
9	Shri S.B. Ganguly	1,45,000	–	2,00,000	–	–	3,45,000
10	Padmashree Vaidya Suresh Chaturvedi	80,000	–	2,00,000	–	–	2,80,000
11	Shri Mohan Goenka (Whole time Director)	–	39,82,258	–	4,77,871	16,43,387	61,03,516
12	Shri Aditya Vardhan Agarwal (Whole time Director)	–	39,82,258	–	4,77,871	12,26,538	56,86,667
13	Shri Harsh Vardhan Agarwal (Whole time Director)	–	39,82,258	–	4,77,871	5,64,398	50,24,527
14	Smt Priti Sureka (Whole time Director)	–	23,50,000	–	2,82,000	6,30,139	32,62,139

Shares held by the Non-Executive Directors as on 31.3.2011

Sl.No	Name of the Director	Category of Director	Number of shares
1	Shri R.S. Goenka	Promoter/ Non executive	312760
2	Shri Viren J. Shah	Independent	10200
3	Shri K.N. Memani	Independent	NIL
4	Shri Y.P. Trivedi	Independent	NIL
5	Shri S.K. Todi	Independent	200
6	Shri Amit Kiran Deb	Independent	NIL
7	Shri S.B. Ganguly	Independent	NIL
8	Vaidya Suresh Chaturvedi	Independent	NIL
TOTAL			323160

3) Share Transfer and Shareholders'/ Investors' Grievance Committee (constituted on July 30, 2003)

Upto August 19, 2010, the Company had Share Transfer and Shareholders'/Investors' Grievance Committee comprising four members, one Non-Executive Independent Director and three Promoter Executive Directors. Shri A. K. Joshi, Company Secretary & AVP - Legal, is the secretary of the Committee.

During the period, five meetings were held on April 23, 2010, June 1, 2010, June 30, 2010, July 13, 2010 and July 28, 2010.

In order to emphasise investor protection, the Board, in its meeting held on August 19, 2010, divided the Share Transfer and Shareholders'/Investors' Grievance Committee into two separate committees namely Share Transfer Committee and Investors Grievance Committee ; the Composition, role and functions of these committees are detailed in a separate section of this report.

The committee reviews the status of investors' grievances on a periodical basis and ensures cordial investors relations by supervising the mechanism for redressal of investors' grievances. During the year, the Company received 44 investors' complaints and none of them were pending as on 31st March 2011.

The functions of the committee include:

- Approval of share transfers and transmissions
- Taking actions on 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 follows:

Name of the member of the committee	Category of Director	Number of meetings attended
Shri S. K. Todi – Chairman	Independent Director	4
Shri Mohan Goenka	Promoter Executive	5
Shri Aditya Vardhan Agarwal	Promoter Executive	4
Smt Priti Sureka	Promoter Executive	4

4) Share Transfer Committee (constituted on August 19, 2010)

In its meeting held on August 19, 2010, the Board constituted Share Transfer Committee comprising four members. Shri A. K. Joshi, Company Secretary & AVP- Legal, is the Secretary of the Committee.

During 2010-11, seven meetings were held on October 4, 2010, November 11, 2010, December 16, 2010, January 13, 2011, February 14, 2011, March 7, 2011 and March 25, 2011. The functions of the committee include:

- Approval of transfer / transmission of securities of the Company
- Overseeing of the performance of the Registrar and Transfer Agents of the Company
- Redressal of shareholders complaints relating to transfer of shares, non receipt of Annual Reports and non receipt of declared dividend, among others
- 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 Mohan Goenka, Chairman	Promoter Executive	7
Shri Aditya Vardhan Agarwal	Promoter Executive	7
Shri Harsh Vardhan Agarwal	Promoter Executive	7
Smt Priti Sureka	Promoter Executive	7

5) Investors' Grievance Committee (constituted on August 19, 2010)

In its meeting held on August 19, 2010, the Board constituted the Investors' Grievance Committee comprising two Independent Directors and two Promoter Executive Directors. Shri A. K. Joshi, Company Secretary & AVP - Legal, is the secretary of the Committee.

The functions of the Committee include

- Providing guidance for overall improvement in the quality of services to investors
- Dissemination of factually correct information to investors and the public at large
- Any other matters(s) out of and incidental to these functions and such other acts assigned by the Board

During the year, one meeting was held by the committee on March 31, 2011.

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	-
Shri S. B. Ganguly	Independent	1
Shri Mohan Goenka	Promoter Executive	1
Shri Harsh Vardhan Agarwal	Promoter Executive	1

Company Secretary is the Compliance Officer as per the Listing Agreement.

During the year ended March 31, 2011, 44 investors' complaints were received from shareholders, all of which have been attended/resolved as of date. No investor grievances remained unattended/pending for more than thirty days as on March 31, 2011.



Corporate Governance Report, for the year ended March 31, 2011

Details of queries and grievances received and attended by the Company during the year 2010-11

Nature of Complaint	Pending as on 1st Apr'2010	Received during the year	Disposed during the year	Pending as on 31st March, 2011
Non-receipt of Dividend	Nil	9	9	Nil
Non-receipt of Share Certificate	Nil	11	11	Nil
Non-receipt of Annual Report	Nil	24	24	Nil
Total	Nil	44	44	Nil

6) Finance Committee (constituted on May 28, 2008)

The Finance Committee of the Board comprises six directors, five of whom are Executive Directors. Shri A. K. Joshi, Company Secretary & AVP-Legal, is the secretary of the Committee. The Committee held six meetings during the year on April 26, 2010, June 04, 2010, June 30, 2010, September 22, 2010, November 24, 2010 and February 10, 2011.

The functions of the Committee include:

- Opening and modification in operation of bank accounts.
- Review and consideration of periodical budgets of the Company and approval of capital expenditures.
- Execution of Power of Attorneys for empowering executives and /or authorised representatives for business operations of the Company.
- Opening, modification and closure of trading and demat accounts required for securities, derivatives and all other options.
- Consideration of matters relating to participation in bids / tender / expression of interest and all other business alliances and joint ventures, among others, if any .
- Any other matters(s) out of and incidental to these functions and such other acts assigned by the Board.

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	6
Shri S.K. Goenka	Promoter Executive	4
Shri Mohan Goenka	Promoter Executive	6
Shri Aditya Vardhan Agarwal	Promoter Executive	6
Shri Harsh Vardhan Agarwal	Promoter Executive	6
Smt Priti Sureka	Promoter Executive	6

7) Corporate Governance Committee (constituted on July 30, 2010)

With an objective of overseeing and continuing improving Corporate Governance policies and practices of the Company, the Board, at its meeting held on 30th July, 2010, constituted Corporate Governance Committee comprising three Independent Directors and one Promoter Director of the Company. Shri A. K. Joshi, Company Secretary & AVP - Legal, is the secretary of the Committee.

During the year, one meeting was held by the committee on 31st March 2011.

The functions of the Committee include

- Implementation of the best Corporate Governance Practices.
- Review of compliance with Corporate Governance at all levels and providing suggestions for its furtherance wherever necessary.
- Enhancement of shareholders' value and protection of their interest.
- Building up of environment of trust and confidence and review of corporate performance and accountability.
- Review of compliances under Listing Agreement.

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. B. Ganguly, Chairman	Independent	1
Shri R.S. Goenka	Promoter Director	1
Shri Y. P. Trivedi	Independent	1
Shri A. K. Deb	Independent	1

Management discussion and analysis report

The Company's annual report has a separate section for detailed management discussion and analysis

Disclosures

Related Party Transactions

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 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

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

As on March 31, 2011, the Company had the following non-listed overseas subsidiaries.

1. Emami UK Ltd
2. Emami Bangladesh Ltd
3. Emami International FZE
4. Emami Overseas FZE, 100% subsidiary of Emami International FZE
5. Pharma Derm S A E Co, Egypt, 90.59% subsidiary of Emami Overseas 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 has 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 in consultation with the reputed and specialised consultant and updated as per requirement to ensure that risk is controlled.

CEO (Managing Director)/CFO (CEO-Finance, Strategy & Business Development) 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 R.S. Goenka, Shri K.N. Memani, Shri A.V. Agarwal and Shri H.V. Agarwal, Directors, would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

Shri S.K. Goenka, Managing Director, Shri Mohan Goenka, Shri A V Agarwal and Shri H.V. Agarwal, wholetime Directors were re-appointed for a period of five year after expiry of their present terms subject to approval of members. The information pertaining to these Directors is as follows:

Shri R. S. Goenka is an M.Com and LLB and co-founder of the Company. He is an expert at taxation, strategic planning, corporate affairs and financial planning. His contribution towards the growth of the Company is remarkable.

Shri K. N. Memani is a Chartered Accountant. He is a former Chairman and Country Managing Partner of Ernst & Young, India. He was also member of Ernst & Young Global Council for

a decade and is specialised in business and corporate advisory, foreign taxation and financial consultancy, among others.

Shri S. K. Goenka, Managing Director, is a commerce graduate. He looks after the production, procurement, operation, human resources management and public relations.

Shri Mohan Goenka, Wholetime Director, is a Commerce graduate and has done his MBA from the United Kingdom. He has wide knowledge and experience in the business and plays a major role in managing key power brands of the Company.

Shri Aditya Vardhan Agarwal, Wholetime Director, graduated in Commerce from St. Xavier's College. He has wide knowledge and interest in business and industries. Mr. Agarwal has extensive knowledge and experience in marketing as well as brand development.

Shri Harsh Vardhan Agarwal, Wholetime Director, is a Commerce graduate. He has extensive knowledge and experience in marketing as well as brand development.

General Body Meetings

The location and time of the last three Annual General Meetings and special resolutions passed there are as follows:

For the year ended	Location	Date	Time	Special resolutions transacted
March 31, 2010	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	Thursday, August 19, 2010	11 am	None
March 31, 2009	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	Friday, December 31, 2009	11 am	Alteration of Article 4 of Article of Association relating to share capital. Re-appointment of Shri R.S. Agarwal as Executive Chairman.
March 31, 2008	"Vidya Mandir" 1, Moira Street, Kolkata- 700 017	Monday, 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

Special Resolutions passed through postal ballot during the financial year 2010-11 were as under:

Date of declaration of Result	Subject matter of the Resolution	No of Valid ballots received	Votes in favour of resolution	Votes against the resolution	Votes in favour	No of invalid forms received
July 13, 2010	Appointment of Smt Priti Sureka as Wholetime Director	292	548,20,030	3703	99.99	3
	Alteration in Articles of Association- Increase in maximum number of Directors from 15 to 16	287	548,21,066	2667	99.99	3
	Sub-Division of face value of equity shares from ₹ 2/- to ₹ 1/- each	307	548,20,772	2961	99.99	3
	Alteration of Clause V of Memorandum of Association for change in face value of Equity Shares	306	548,20,758	2975	99.99	3
October 22, 2010	Alteration of Memorandum of Association by inserting new Clause no.6 under Main Objects	216	1109,45,584	70	99.99	2
November 18, 2010	Raising of Long Term Resources through issue of Securities upto ₹ 2000 Crore	146	1109,46,172	6276890	91.56	None
	Increase in Borrowing Limits from ₹ 1,500 Crore to ₹ 3,000 Crore	142	1109,11,078	6311984	91.53	None
	Increase of Authorised Share Capital from ₹ 16 Crore to ₹ 20 Crore	152	1211,73,062	Nil	100.00	None
	Inter Corporate Investments etc up a sum of ₹ 5000 Crore in other body corporate(s)	151	1172,23,062	Nil	96.74	None
	Investment in Equity Share Capital of the Company by FII's up to the Sectoral Cap as permissible under law.	151	1211,72,894	168	99.99	None

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 a 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 circulated national and local dailies and are displayed on the Company's website www.emamilttd.in. Hence, these are



Corporate Governance Report, for the year ended March 31, 2011

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 competent 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.

Code for prevention of insider-trading practices

As per the SEBI (Prohibition of Insider Trading) Regulations 1992, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, preclearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices. All the Directors on the Board, executives at the level of head of the departments and other employees of finance department who could be privy to unpublished price sensitive information of the Company are governed by this Code.

Market Information

Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Listing Fees have been paid to the Exchanges:

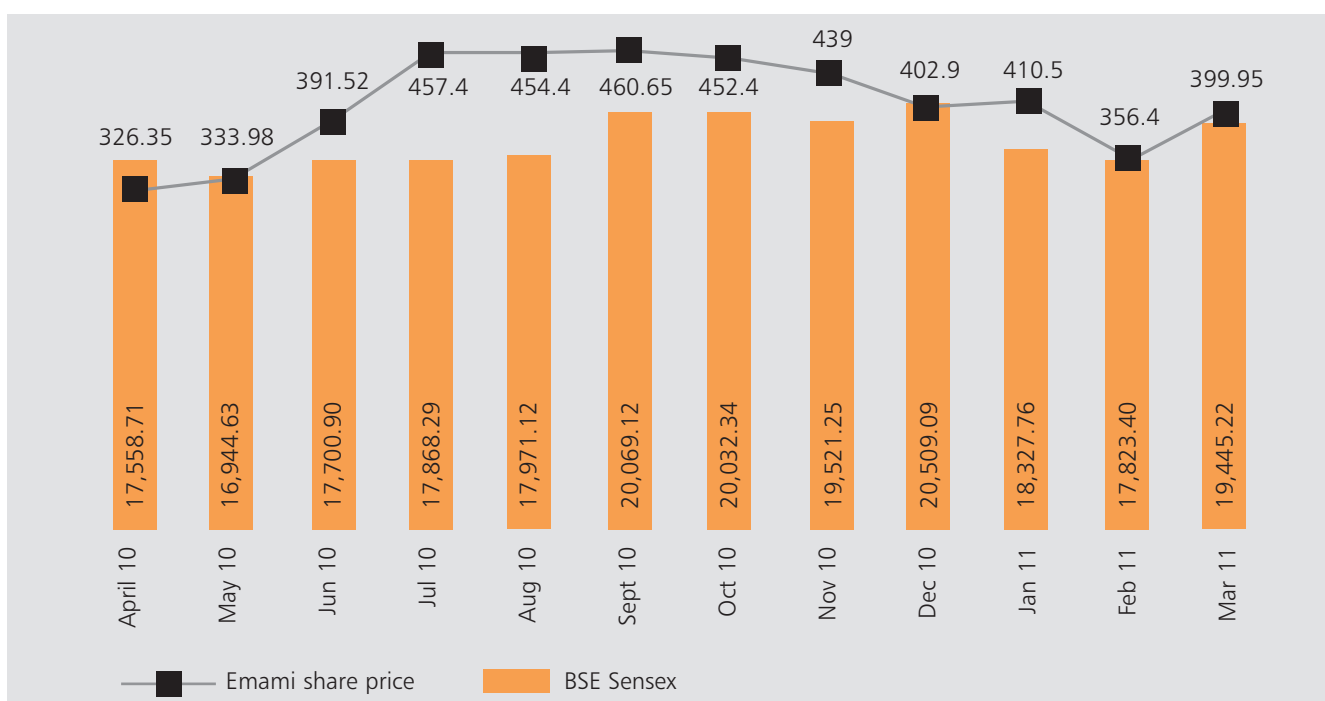
Sl No	Name and address of the exchange	Stock code
1	The National Stock Exchange of India Ltd Exchange Plaza, Bandra- Kurla Complex, Bandra (E) Mumbai 400 051, India	EMAMILTD
2	The Bombay Stock Exchange Ltd Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 023, India	531162
3	The Calcutta Stock Exchange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

Emami Share Price vis a vis Bombay Stock Exchange April – March 2011 (Face value of shares ₹ 2/- each up to 22nd July 2010 and Face value of shares ₹ 1/- each on and from 23rd July 2010)

Month	BSE Sensex Close	Emami Share Price (on BSE)			No. of shares traded during the month(on BSE)	Turnover (₹ in Lacs) (on BSE)
		High	Low	Close		
April 2010	17,558.71	375.05*	307.00*	326.35*	8,44,483	5906.58
May 2010	16,944.63	352.50*	312.50*	333.98*	3,73,527	2465.55
June 2010	17,700.90	417.00*	322.50*	391.52*	11,64,604	8798.01
July 2010	17,868.29	442.20*	410.00*	457.40	6,98,495	3978.08
August 2010	17,971.12	492.00	426.30	454.40	5,72,888	2665.76
September 2010	20,069.12	508.10	445.25	460.65	4,04,780	1915.67
October 2010	20,032.34	512.00	442.00	452.40	4,71,598	2263.41
November 2010	19,521.25	505.00	423.00	439.00	5,52,277	2655.92
December 2010	20,509.09	468.00	313.20	402.90	12,33,475	5017.15
January 2011	18,327.76	470.40	370.00	410.50	16,69,552	7083.16
February 2011	17,823.40	423.70	346.00	356.40	3,19,578	1252.04
March 2011	19,445.22	412.00	345.10	399.95	5,71,990	2207.36

*With effect from 23rd July 2010, face value of the shares has been changed from ₹ 2/- to ₹ 1/-, therefore the prices prior to 23rd July 2010 have been adjusted accordingly.

Graphical representation of Emami share price at BSE & BSE Sensex



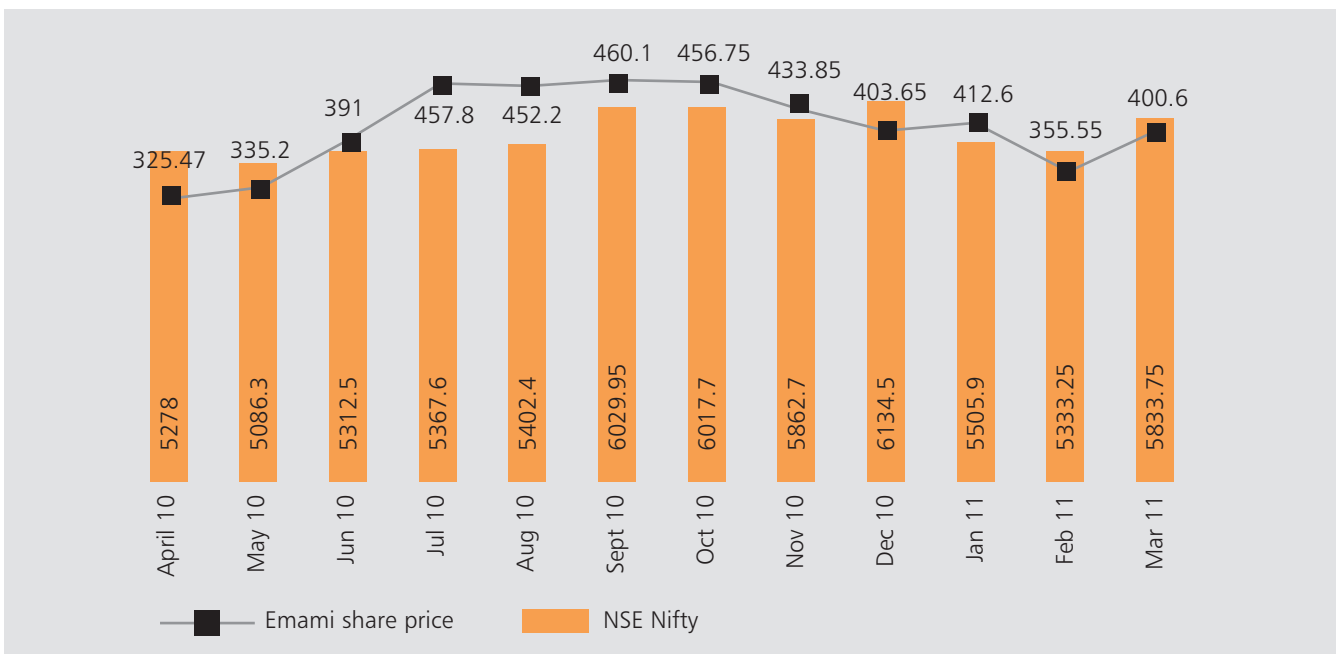


Corporate Governance Report, for the year ended March 31, 2011

Emami Share Price vis a vis National Stock Exchange April – March 2011 (Face value of shares ₹ 2/- each up to 22nd July 2010 and Face value of shares ₹ 1/- each on and from 23rd July 2010)

Month	NSE Nifty Close	Emami Share Price (on NSE)			No. of shares traded during the month (on NSE)	Turnover (₹ in Lacs) (on NSE)
		High	Low	Close		
April 2010	5278.00	375.70*	307.50*	325.47*	2149511	15007.39
May 2010	5086.30	352.00*	310.83*	335.20*	1231793	8159.64
June 2010	5312.50	416.45*	320.75*	391.00*	1566049	11986.61
July 2010	5367.60	442.00*	413.90*	457.80	1470986	8894.49
August 2010	5402.40	493.00	428.00	452.20	2015891	9367.13
September 2010	6029.95	509.70	367.70	460.10	1278994	6029.28
October 2010	6017.70	519.00	443.00	456.75	1090482	5232.86
November 2010	5862.70	504.90	419.90	433.85	1507505	7118.90
December 2010	6134.50	469.95	314.50	403.65	5160999	21112.54
January 2011	5505.90	452.00	359.45	412.60	3702158	15692.96
February 2011	5333.25	423.05	345.00	355.55	1796717	6940.70
March 2011	5833.75	410.00	348.00	400.60	1387442	5290.13

*With effect from 23rd July 2010, face value of the shares has been changed from ₹ 2/- to ₹ 1/-, therefore the prices prior to 23rd July 2010 have been adjusted accordingly.



Shareholders' information

a) Annual General Meeting

Day, date and time

Saturday, August 13, 2011 at 11.00 AM

Venue

"South City International School Auditorium"
375, Prince Anwar Shah Road, Kolkata- 700 068

Last date of receipt of proxy

Thursday, August 11, 2011 till 11.00 AM

Book closure dates

Tuesday August 9, 2011 to Friday August 12, 2011

b) Financial calendar

Financial year: April 1, 2010 to March 31, 2011

The Board meetings for approval of financial results for

financial year 2010-11 were held on the following dates:

First quarter results	: July 30, 2010
Second quarter results	: November 01, 2010
Third quarter results	: January 27, 2011
Fourth quarter and annual results	: May 19, 2011

The tentative dates of the Board meetings for consideration of Quarterly/Annual financial results for the financial year 2011-12 are as follows:

First quarter results	: On or before August 14, 2011
Second quarter results	: On or before November 14, 2011
Third quarter results	: On or before February 14, 2012
Fourth quarter and annual results	: On or before May 30, 2012

Dividend payment date: 16th August 2011 onwards (within thirty days of the declaration of the dividend)

Equity Shares in the Suspense Account

As per clause 5A of the listing agreement, the Company

reports that 400 shares of the Company are lying in the suspense account as on 31st March 2011.

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, 2011

Category	Number of shares held	% of shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	1,52,99,918	10.11
Corporate	8,97,46,088	59.32
- Foreign promoters (NRI)		
	50,13,232	3.31
Sub-total	11,00,59,238	72.74
B. Non-Promoters holding		
1. Institutional investors		
a. Mutual funds and UTI	42,39,886	2.80
b. Banks, financial institutions and insurance companies	22,604	0.01
c. Foreign institutional investors	2,16,34,779	14.30
Sub-total	2,58,97,269	17.11
2. Others		
a. Private corporate bodies	82,74,008	5.47
b. Indian public	63,01,529	4.16
c. NRI / OCBs	2,46,195	0.16
d. Foreign Company	280	0.00
e. Clearing Member	5,33,227	0.35
Sub-total	1,53,55,239	10.14
Grand total	15,13,11,746	100.00



Distribution of shareholding

Shareholding of nominal Value (₹)	Shareholders		Share amount	
	Number	% of Total	In ₹	% of total
Up to - 5,000	16,585	98.01	35,72,460	2..36
5,001 - 10,000	103	0.61	7,57,630	0.50
10,001 – 20,000	67	0.39	9,96,666	0.66
20,001 – 30,000	26	0.15	6,63,795	0.44
30,001 – 40,000	12	0.07	4,21,094	0.28
40,001 – 50,000	7	0.04	3,04,528	0.20
50,001 – 1,00,000	26	0.16	18,98,062	1.25
1,00,001 and above	96	0.57	14,26,97,511	94.31
Grand Total	16,922	100.00	15,13,11,746	100.00

Dematerialisation of shares and liquidity

Nature of holding	Holders	Shares	Percentage
Physical	1,079	16,94,886	1.12
Demat	15,843	14,96,16,860	98.88
Total	16,922	15,13,11,746	100.00

Unclaimed Dividends

The Company is required to transfer dividends which have remained unpaid /unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will accordingly be required to transfer dividend for the year ended 2003-2004 which have remained unclaimed / unpaid, as on September 27, 2011. Shareholders are requested to revert to the Company if they have not received / encashed their dividend warrants.

Correspondence regarding change of address etc.

Shareholders are requested to ensure that any correspondence for change of address, change in Bank Mandates etc., should be signed by the first named shareholder. The Company is now

also requesting for supporting documents such as proof of residence and proof of identification, whenever a letter requesting for change of address is received. This is being done in the interest of shareholders to avoid fraudulently change of the registered address of shareholders by unscrupulous parties. Shareholders are requested to kindly co-operate and submit the necessary documents/evidence while sending the letters for change of address. Shareholders who hold shares in dematerialised form should correspond with the Depository Participant with whom they have opened Demat Account(s).

The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the depositories.

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 The Business Standard, Economic Times, Times of India (in English) and Dainik Statesmen (in Bengali) and are displayed on the Company's website www.emamiltd.in

Presentation

Detailed presentations are displayed on the Company's website

Website

The Company's website contains separate dedicated investors section where shareholders' information, Annual Report and 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 investor's 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,IIE,Pantnagar,Udhamsingh Nagar, Uttarakhand 263 152

Dadra & Nagar Haveli

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

Address for correspondence

Emami Limited,

Emami Tower, 687, Anandapur, E M Bypass, Kolkata – 700107. West Bengal,

Email id: contact@emamigroup.com

Tel: 033-6613-6264



Certification by Managing Director and CEO-Finance, Strategy & Business Development of the Company

We, Sushil Kr Goenka, Managing Director and N H Bhansali, CEO-Finance, Strategy & Business Development of Emami Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Accounts of the Company for the year ended 31st March 2011 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's have 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 2010-11.

Sushil Kr Goenka
Managing Director
Kolkata
May 19, 2011

N H Bhansali
CEO-Finance, Strategy &
Business Development

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, 2011 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the listing agreements of the Company with the stock exchanges.

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

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
Registration No. 306033E

Place: Kolkata
Dated: May 19, 2011

S K Agrawal
Partner
Membership No.9067

Auditors' Report

To
The Members of Emami Limited

We have audited the Balance Sheet of Emami Limited as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We further report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit & Loss Account & Cash Flow Statement referred to in this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 to the extent applicable.
- d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the Companies Act, 1956.
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with 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 31st March, 2011;
 - 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 off 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. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and 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 ₹ 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 accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. According to the information and explanations given to us in respect of statutory and other dues:
- a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, there were no disputed amount payable in respect of these statutory dues which have remained outstanding as at 31st March 2011 for the period of more than six months from the date they became payable.
- 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 ₹ in Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act and Local Sales Tax Act	Sales tax including penalty as applicable	3.54	2004-05	Revisional Board
		14.27	2005-06	ADC
		181.36	2000-2001 to 2005-06	Board of revenue
		0.81	1999-2000	High Court
		179.72	2005-06 and 2006-07	High Court
		85.63	2001-02	JC
		11.34	2004-05	JC (A)
		128.98	1998-99, 2005-06 to 2008-09	DC (A)
		3.36	2004-05	DC
		14.91	1996-97 to 2000-01	DC
The Central Excise Act, 1944	Excise Duty including penalty as applicable	89.45	1999-2000 to 2004-05	Tribunal
		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
		26.38	2006-07 to 2009-10	Additional Commissioner of Customs
		9.40	2002-03 to 2005-06	Commissioner (A)
		37.52	2008-09 to 2010-11	Joint Commissioner (Excise and Customs)
		452.59	2004-05 to 2007-08	Joint Commissioner (Excise and Customs)
253.74	2008-09 to 2009-10	Commissioner Divisional range		

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited ₹ in Lacs	Financial Year to which the amount relates	Forum where the dispute is pending
Service Tax (Finance Act, 1994)	Service Tax including penalty as applicable	5.13	2005-06	CESTAT
		30.78	2004-05 to 2007-08	Joint Commissioner (CBEC)
The Assam Entry Tax Act, 2008	Entry Tax	9.28	2001-02	Board of Revenue
		314.02	2006-07 to 2010-11	Supreme Court
Income Tax Act, 1961	Income Tax	5.22	2007-08	CIT (A)

10. The Company does not have accumulated losses as at the end of the year and the company has not incurred cash losses during the current and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institution and banks.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
14. According to the information given to us, the company has given 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 31st 2011, 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. The company had not raised any money by way of public issue during the year.
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

Kolkata
May 19, 2011

S. K. Agrawal
Partner
Membership No. 9067

Balance Sheet As at March 31, 2011

(₹ in lacs)

	Schedule	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,513.12		1,513.12	
Reserves & Surplus	2	66,788.53	68,301.65	60,424.05	61,937.17
Loan Funds					
Secured Loans	3	17,563.66		14,923.35	
Unsecured Loans	4	5,373.81	22,937.47	10,982.36	25,905.71
Deferred Tax Liability (Net)	5		1,370.00		695.54
			92,609.12		88,538.42
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	6	79,696.46		76,346.43	
Less : Depreciation, Amortisation and impairment		31,452.17		20,261.85	
Net Block		48,244.29		56,084.58	
Capital Work-in-Progress		648.19		620.65	
			48,892.48		56,705.23
Investments	7		708.11		6,208.46
Foreign Currency Monetary Item Translation Difference			–		(141.16)
Current Assets, Loans and Advances					
Inventories	8	12,191.11		7,860.97	
Sundry Debtors	9	9,127.70		7,273.47	
Cash & Bank Balances	10	20,415.08		15,979.79	
Loans & Advances	11	16,644.69		10,026.32	
		58,378.58		41,140.55	
Less :					
Current Liabilities & Provisions	12	15,370.05		15,374.66	
Net Current Assets			43,008.53		25,765.89
			92,609.12		88,538.42
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 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
CEO-Finance, Strategy &
Business Development

A. K. Joshi
Company Secretary &
AVP-Legal

Profit and Loss Account For the year ended March 31, 2011

(₹ in lacs)

	Schedule	As at March 31, 2011	As at March 31, 2010
INCOME			
Sales		122,115.39	100,685.42
Other Income	13	1,854.17	801.79
		123,969.56	101,487.21
EXPENDITURE			
Cost of Goods Sold/ Consumed	14	51,132.04	38,204.41
Manufacturing, Administrative & Selling Expenses	15	45,875.05	38,377.48
Interest & Finance Charges (Net)	16	(1,180.75)	2,094.52
		95,826.34	78,676.41
PROFIT			
Profit Before Depreciation, Exceptional Items & Taxation		28,143.22	22,810.80
Depreciation, Amortisation & Impairment		11,603.00	11,749.33
Transfer from General Reserve		(10,209.25)	(10,209.25)
Profit Before Exceptional Items & Taxation		26,749.47	21,270.72
Exceptional Items			
VRS compensation		–	725.98
Share Issue Expenses		–	486.82
Profit Before Taxation		26,749.47	20,057.92
Provision for Taxation			
Current Tax		3,300.00	3,440.00
(Excess)/Short Provision of Earlier Years		25.79	(22.35)
Deferred Tax		674.46	100.00
		4,000.25	3,517.65
Profit After Taxation		22,749.22	16,540.27
Balance Brought Forward		1,382.69	2,462.48
Available for Appropriation		24,131.91	19,002.75
APPROPRIATIONS			
General Reserve		15,209.25	12,309.25
Proposed Dividend		5,295.91	4,539.35
Corporate Dividend Tax		879.58	771.46
Balance Carried Forward		2,747.17	1,382.69
		24,131.91	19,002.75
Significant Accounting Policies & Notes on Accounts	17		
Earnings per Share - Basic & Diluted		₹ 15.03	₹ 11.33

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 19, 2011S. K. Goenka
Managing DirectorN. H. Bhansali
CEO-Finance, Strategy &
Business DevelopmentA. K. Joshi
Company Secretary &
AVP-Legal

Cash Flow Statement For the year ended March 31, 2011

	(₹ in lacs)	
	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	26,749.47	21,270.76
Add : ADJUSTMENTS FOR		
Depreciation, Amortisation & Impairment	1,393.75	1,540.09
Interest	(1,180.75)	2,094.51
Loss / (Profit) on sale of Fixed Assets	136.79	(222.70)
Loss / (Profit) on sale of Investments	(221.61)	(46.66)
Investment Written off	–	28.91
Provision for Doubtful Debts	26.69	(4.18)
Diminution in Value of Investment	0.45	5.40
Foreign Exchange Fluctuations	(1,189.78)	(108.90)
Dividend Received	(47.68)	(47.70)
Operating Profit Before Working Capital Changes	25,667.33	24,509.53
Add : DECREASE / (INCREASE) IN WORKING CAPITAL		
Trade & other Payables	(76.98)	(1,737.31)
Inventories	(4,330.14)	(541.18)
Trade & other Receivables	(7,979.14)	(3,506.48)
Provision for Sales Tax	(689.53)	398.80
Provision for Gratuity and Leave Encashment	116.13	(11.12)
	(12,959.66)	(5,397.29)
Cash Generated From Operations	12,707.67	19,112.24
Less : Direct Taxes Paid	3,264.20	3,139.53
Cash Flow Before Extraordinary Items	9,443.47	15,972.71
Extraordinary Items	–	1,212.81
Net Cash Flow From Operating Activities	9,443.47	14,759.90
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	737.09	634.64
Interest Received	2,209.49	2,089.42
Dividend Received	47.68	47.70
Sale of Investments	5,721.61	3,313.88
	8,715.87	6,085.64
Less :Purchase of Fixed Assets	4,664.12	3,938.90
Purchase of Investments	0.10	5,500.00
Purchase of Investment in Subsidiary	–	20.63
Net Cash Used In Investing Activities	4,051.65	(3,373.89)

Cash Flow Statement (Contd.)

	(₹ in lacs)	
	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	–	31,000.00
	–	31,000.00
Less : Repayment of Loans (Net)	3,109.39	18,458.37
Interest Paid	1,832.82	5,157.70
Dividend Paid	4,535.94	3,397.52
Corporate Dividend Tax	771.46	578.60
	10,249.61	27,592.19
Net Cash Used In Financing Activities	(10,249.61)	3,407.81
D. Effect of Foreign Exchange Fluctuation	1,189.78	108.90
Net Changes in Cash & Cash Equivalents (A+B+C+D)	4,435.29	14,902.72
* Cash & Cash Equivalents-Opening Balance	15,979.79	1,077.07
* Cash & Cash Equivalents-Closing Balance	20,415.08	15,979.79
* Represents Cash and Bank Balances as indicated in Schedule 10		

Note: Closing Cash & Cash equivalents represents "Cash & Bank Balances" including ₹14.04 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 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
CEO-Finance, Strategy &
Business Development

A. K. Joshi
Company Secretary &
AVP-Legal

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
1 SHARE CAPITAL				
Authorised				
20,00,00,000 Equity Shares of ₹ 1/- each				
(8,00,00,000 Equity Shares of ₹ 2/- each)		2,000.00		1,600.00
		2,000.00		1,600.00
Issued & Subscribed				
15,13,11,746 Equity Shares of ₹ 1/- each fully paid up *		1,513.12		1,513.12
(7,56,55,873 Equity Shares of ₹ 2/- each)				
		1,513.12		1,513.12

* a. Includes 5,61,50,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - ₹ 250 lacs and Revenue Reserves - ₹ 311.50 lacs

b. Includes 6,26,71,746 Equity Shares allotted for consideration other than cash.

2 RESERVES & SURPLUS				
Capital Reserve		79.64		79.64
Share Premium				
At commencement of the year	33,961.72		3,161.72	
Received during the year	–	33,961.72	30,800.00	33,961.72
General Reserve				
At commencement of the year	25,000.00		22,900.00	
Transferred to Profit & Loss Account	(10,209.25)		(10,209.25)	
Transferred from Profit & Loss Account	15,209.25	30,000.00	12,309.25	25,000.00
Profit & Loss Account		2,747.17		1,382.69
		66,788.53		60,424.05

3 SECURED LOANS				
Term Loans				
– From Banks		9,280.92		13,048.16
– Secured by first charge/mortgage on movable and immovable assets including plant and machinery (present and future) situated at BT Road Plant and at Kolkata Office.				
[Repayable within 12 months - ₹ 2,315.52 lacs (PY ₹ 1,918.45 lacs)]				
Cash Credits				
– From Banks		8,282.74		1,875.19
Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu among State Bank of India, Canara Bank, ICICI Bank, HDFC Bank and Hongkong and Shanghai Banking Corporation				
		17,563.66		14,923.35

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
4 UNSECURED LOANS		
Trade Deposits	550.91	580.53
Short Term Loans		
From Banks	4,810.85	5,388.33
From others	–	5,000.00
ICICI Pact Project	12.05	13.50
	5,373.81	10,982.36

5 DEFERRED TAX LIABILITY

Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,879.00	1,332.16
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	(509.00)	(636.62)
	1,370.00	695.54

6 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTISATION					NET BLOCK		
	As on April 1, 2010	Additions during the Year	Sales/ Adjust-ments	As on March 31, 2011	As on April 1, 2010	For the Year	Impairment/ (Reversal)	Sales/ Adjust-ments	As on March 31, 2011	As on March 31, 2011	As on March 31, 2010	
Land												
Leasehold	327.71	–	5.71	322.00	18.29	3.74	–	0.57	21.46	300.54	309.42	
Freehold	956.57	471.69	–	1,428.26	–	–	–	–	–	1,428.26	956.57	
Buildings	9,500.66	356.48	148.88	9,708.26	2,123.68	258.90	–	53.09	2,329.49	7,378.77	7,376.98	
Plant & Machinery	12,703.74	3,268.94	510.11	15,462.57	4,994.92	902.63	(170.43)	227.48	5,499.64	9,962.93	7,708.82	
Furniture, Equipments & Computers	3,788.35	346.64	580.38	3,554.61	1,388.59	283.77	(6.17)	104.83	1,561.36	1,993.25	2,399.76	
Motor Vehicles	541.73	60.83	41.47	561.09	217.70	45.56	(4.87)	26.71	231.68	329.41	324.03	
Intangible Assets												
Goodwill	47,899.11	–	–	47,899.11	11,173.79	10,209.25	–	–	21,383.04	26,516.07	36,725.32	
Software	528.56	132.00	–	660.56	333.66	65.62	–	–	399.28	261.28	194.90	
Trade Marks and other Intangible assets	100.00	–	–	100.00	11.22	15.00	–	–	26.22	73.78	88.78	
Total	76,346.43	4,636.58	1,286.55	79,696.46	20,261.85	11,784.47	(181.47)	412.68	31,452.17	48,244.29	56,084.58	
Capital Work- In-Progress	620.65	185.77	158.23	648.19	–	–	–	–	–	648.19	620.65	
Grand Total	76,967.08	4,822.35	1,444.78	80,344.65	20,261.85	11,784.47	(181.47)	412.68	31,452.17	48,892.48	56,705.23	
Previous Year's Figures	74,314.20	7,426.56	4,773.68	76,967.08	9,386.63	11,567.86	181.47	874.11	20,261.85	56,705.23		

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
7 INVESTMENTS		
Long Term		
A. Quoted - Fully Paid up		
Emami Paper Mills Limited 79,46,000 Equity Shares of ₹ 2/- each	368.47	368.47
Creative Eye Limited 10,000 Equity Shares of ₹ 10/- each	6.41	6.41
Hindustan Unilever Limited Nil (220) Equity Shares of ₹ 1/- each	–	–
Tata Motors Limited Nil (10) Equity Shares of ₹ 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	–	–
Emami Bangladesh Limited * 37,916 Ordinary Shares of Taka 100 each	27.82	27.82
Emami International FZE* 1 Share of UAE Dirham 1,50,000/-	18.98	18.98
Others		
CRI Limited 95,630 Equity Shares of ₹ 10/- each	27.17	27.17
Bengal Emami Infrastructure Limited 1 Equity Share of ₹ 10/- each	–	–
AMRI Hospitals Ltd. 8,00,000 Equity Shares of ₹ 10/- each	264.66	264.66
6 Years' National Savings Certificate (Lodged With Government Authority)	0.45	0.35
(ii)	339.08	338.98
Current (Unquoted) (Units of ₹ 10/- each)		
Birla Sunlife Savings Fund - Institutional Growth Sold 5,49,62,625.42 Units	–	5500.00
(iii)	–	5500.00
Less : Provision for Diminution in value of Investment	5.85	5.40
(iv)		
TOTAL (i) + (ii) + (iii) - (iv)	708.11	6208.46
Aggregate Book Value of Quoted Investments	374.88	374.88
Aggregate Book Value of Unquoted Investments	333.23	5833.58
Aggregate Market Value of Quoted Investments	4148.37	843.88

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

8 INVENTORIES		
Raw & Packing Materials	4,387.10	3,638.61
Work-in-progress	292.44	70.34
Finished Goods	6,923.71	4,038.82
Stores & Advertising Materials	587.86	113.20
	12,191.11	7,860.97

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
9 SUNDRY DEBTORS				
Unsecured				
Due over six months		595.43		387.49
Other Debts		8,589.42		6,916.44
		9,184.85		7,303.93
Less : Provision		57.15		30.46
		9,127.70		7,273.47
Notes:				
Considered Good		9,127.70		7,273.47
Considered Doubtful		57.15		30.46
		9,184.85		7,303.93

10 CASH & BANK BALANCES

Cash in hand		43.40		28.57
With Scheduled Banks				
Current Accounts	520.51		2,681.87	
Exchange Earners Foreign Currency Account	5.00		14.04	
Fixed Deposit	19,832.13		13,244.69	
Unpaid Dividend Account	14.04	20,371.68	10.62	15,951.22
		20,415.08		15,979.79

11 LOAN & ADVANCES

Unsecured, Considered Good				
Loans & Advances recoverable in cash or in kind or for value to be received		16,422.44		9,808.90
Balances with Excise Department		2.38		19.77
Deposits		219.87		197.65
		16,644.69		10,026.32

12 CURRENT LIABILITIES & PROVISIONS

Current liabilities				
Sundry Creditors				
Micro, Small & Medium Enterprises	3.32		1.71	
Others	7,803.27		8,096.73	
Advance from Customers	262.76		331.80	
Unclaimed Dividend	14.04	8,083.39	10.62	8,440.86
Provisions				
Proposed Dividend	5,295.91		4,539.35	
Corporate Dividend Tax	879.58		771.46	
Direct Taxes				
[Net of Advance Tax ₹ 9,041.91 lacs (PY ₹ 5,792.48 lacs)]		78.13		16.54
Indirect Taxes	613.52		1,303.06	
Gratuity and Leave Encashment	419.52	7,286.66	303.39	6,933.80
		15,370.05		15,374.66

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
13 OTHER INCOME				
Profit on Sale of Current Non- Trade Investments		220.91		46.67
Profit on Sale of Long Term Non- Trade Investments		0.70		–
Profit on Sale of Fixed Assets		125.49		286.91
Dividend from Long Term Non Trade Investments		47.68		47.70
Rent and Maintenance Received				
[TDS : ₹ 9.09 lacs (PY - ₹ 12.53 lacs)]		120.69		130.08
Foreign Exchange Fluctuation (Net)		1,189.78		108.91
Provision for Doubtful Loans/ Debts Written Back		–		4.18
Miscellaneous Receipts		148.92		177.34
		1,854.17		801.79
14 COST OF GOODS SOLD/ CONSUMED				
Purchases/Materials Consumed		54,239.03		37,954.45
Add : Opening Stock				
Work-in-progress	70.34		89.28	
Finished Goods	4,038.82	4,109.16	4,269.84	4,359.12
		58,348.19		42,313.57
Less : Closing Stock				
Work-in-progress	292.44		70.34	
Finished Goods	6,923.71	7,216.15	4,038.82	4,109.16
		51,132.04		38,204.41
15 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES				
Salaries, Wages & Bonus		5,922.45		4,733.91
Contribution to Provident & Other Funds		452.35		394.35
Workmen and Staff Welfare Expenses		218.75		235.60
Power & Fuel		608.97		552.52
Consumption of Stores and Spare Parts		166.10		134.81
Rent		350.57		220.76
Rates & Taxes		74.57		89.05
Insurance		215.76		160.23
Repairs				
Building	62.78		96.07	
Machinery	385.45		280.48	
Others	522.96	971.19	517.65	894.20
Freight & Forwarding		3,607.58		2,342.73
Directors' Fees and Commission		282.80		231.50
Advertisement & Sales Promotion		20,322.25		17,120.15
Commission		625.02		788.20
Cash Discount		50.98		367.13
Taxes on Sales		5,288.36		5,104.65
Excise Duty paid		1,877.35		1,627.74
Loss on Sale/Disposal of Fixed Assets		262.28		64.19
Investment Written off		–		28.91
Diminution in value of Investment		0.45		5.40
Legal and Professional Fees		1,449.86		882.69
Travelling and Conveyance		1,320.26		1,027.67
Miscellaneous Expenses		1,807.15		1,371.09
		45,875.05		38,377.48

Schedules to the accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
16 INTEREST & FINANCE CHARGES (Net)		
Paid		
Term Loans	19.90	3,603.48
Others	1,529.02	1,868.48
Less:		
Received		
Subsidiaries	(90.24)	(3.87)
Income Tax Department	(0.04)	(6.74)
Other Loans & Deposits		
[TDS : ₹ 261.66 lacs (PY - ₹ 291.77 lacs)]	(2,639.39)	(3,366.83)
	(1,180.75)	2,094.52

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 made for the purpose of acquisition of fixed assets.

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 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, Dongari and Masat 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 and changes therein 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, Dongari and Masat Units which is amortised @ 20%.

Schedules to the accounts

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

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 and advertising material which are valued at cost. The Cost is calculated on weighted average method. Cost comprises of 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, Dongari and Masat 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 ended 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, Dongari and Masat 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

Schedules to the accounts

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

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 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 asset. Exchange differences are recognized as income or expenses 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. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

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

	(₹ in lacs)	
	2010-11	2009-10
India	1,10,285.82	90,264.51
Overseas	11,829.57	10,420.91
Total	1,22,115.39	1,00,685.42

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: (₹ in lacs)

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	2010-11	2009-10	2010-11	2009-10
India	1,02,679.58	98,734.19	4,664.12	3,938.90
Overseas	5,299.59	5,178.89	–	–
Total	1,07,979.17	1,03,913.08	4,664.12	3,938.90

2 Defined Benefit Plans

As per actuarial valuations as on 31st March, 2011 and recognised in the financial statements in respect of Employees benefit schemes. (₹ in lacs)

	March 31, 2011			March 31, 2010		
	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	75.51	–	61.33	68.29	–	38.87
2 Interest Cost	60.14	–	16.59	64.00	–	9.57
3 Expected Return on Plan assets	(56.08)	(5.41)	–	(56.24)	(5.74)	–
4 Past Service Cost	65.02	–	–	–	–	–
5 Actuarial Losses	92.48	(0.47)	7.30	(62.95)	4.12	6.13
6 Losses/(Gains) on Curtailments and Settlements	–	–	–	19.68	–	–
7 Total Expenses recognised in the Statement of Profit & Loss	237.07	(5.88)	85.22	32.78	(1.62)	54.57
B Net asset/(liability) recognised in balance sheet as at 31st March 2011						
1 Present value of Defined Benefit Obligation (DBO)	1,075.86	36.83	252.92	828.36	70.24	167.70
2 Fair value of plan assets	868.07	78.03	–	690.77	72.15	0.00
3 Funded Status [Surplus/(deficit)]	(207.80)	41.20	(252.92)	(137.60)	1.91	(167.70)
4 Net asset/(liability) recognised in balance sheet	(207.80)	41.20	(252.92)	(137.60)	1.91	(167.70)
C Change in Defined Benefit Obligation during the year ended 31st March 2011						
1 Present value of DBO at beginning of period	828.36	70.24	167.70	939.17	92.81	142.05
2 Current Service Cost	75.51	–	61.33	68.29	–	38.87
3 Interest Cost	60.14	–	16.59	64.00	–	9.57
4 Plan amendments cost/(credit)	65.02	–	–	–	–	–
5 Actuarial Losses / (Gains)	99.87	–	7.30	(47.97)	4.13	6.13
6 Benefits Paid	(53.04)	(33.41)	–	(96.57)	(26.70)	(28.92)
7 Liabilities extinguished on settlements	–	–	–	(98.56)	–	–
8 Present value of DBO at the end of period	1075.86	36.83	252.92	828.36	70.24	167.70

Schedules to the accounts

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

(₹ in lacs)

	March 31, 2011			March 31, 2010		
	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	690.77	72.15	–	793.13	66.41	–
2 Expected Return on Plan assets	56.08	5.41	–	56.24	5.74	–
3 Actuarial Gains	7.39	0.47	–	14.98	–	–
4 Actual company contributions	166.87	33.41	–	41.23	26.70	28.92
5 Benefits paid	(53.04)	(33.41)	–	(96.57)	(26.70)	(28.92)
6 Assets distributed on settlements	–	–	–	(118.24)	–	–
7 Plan assets at the end of period	868.07	78.03	–	690.77	72.15	–
E Actuarial Assumptions						
1 Discount Rate (%)	8.00	8.00	8.00	7.50 / 8.20	8.20	7.50
2 Annual Salary Escalation Rate (%)	5.00	5.00	5.00	5.00	5.00	5.00
3 Expected Return on Plan Assets (%)	7.50	7.50	7.50	7.50	–	–

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 as on March 31, 2011:-

For hedging currency risks:

(₹ in lacs)

Forward Covers	March 31, 2011	March 31, 2010
Receivables		
Current	–	4253.01
Future	–	6,965.98
Loan	5,134.75	7,612.29

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

(₹ in lacs)

Forward Covers	March 31, 2011	March 31, 2010
Receivables	2,987.75	20.35
Loan	15,877.77	12,305.16

4. The Company has made a provision of ₹ 112.06 Lacs (Previous Year - ₹ 424.24 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below:

(₹ in lacs)

Description	March 31, 2011	March 31, 2010
Opening Balance	1,303.06	904.26
Provisions during the year	112.06	424.24
Provisions reversed during the year	801.60	25.44
Closing Balance	613.52	1,303.06

Schedules to the accounts

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

5. Taxes on Sales is net of ₹ 1087.70 Lacs being reversal of excess provisions / payments made in earlier years
6. The assets of the company have been assessed for impairment in accordance with Accounting Standard 28 "Impairment of Assets", consequently, during the year an impairment reversal of ₹ 181.47 Lacs was recognised (P.Y. impairment charge of ₹ 181.47 Lacs).
7. 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.
8. Security for Term Loan from Banks of ₹ 4465.00 Lacs is yet to be created.
9. Loans & Advances include Security Deposit of ₹ 14.72 Lacs (Previous Year- ₹ 14.82 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹ 14.82 Lacs) (Previous Year - ₹ 15.01 Lacs).

10. Loans & Advances include amount due from Subsidiaries as under : (₹ in lacs)

	March 31, 2011		March 31, 2010	
	Balance	Maximum amount outstanding during the year	Balance	Maximum amount outstanding during the year
Emami UK Limited	–	–	–	2.91
Emami Bangladesh Limited	0.03	0.03	0.03	0.03
Emami International FZE	2,265.02	2,265.02	308.57	308.57
	2,265.05		308.60	

11. The Company has incurred a sum of ₹ 134.52 Lacs (Previous Year - ₹ 168.64 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 : (₹ in lacs)

	March 31, 2011	March 31, 2010
i) Excise Duty demands	833.88	668.51
ii) Service Tax	35.91	35.91
iii) Sales Tax demands under appeal (Net of Advances)	643.89	500.92
iv) Income Tax	5.22	–
v) Other Taxes	9.28	9.28
vi) Claims against Company not acknowledged as Debts	58.93	57.20

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

- b) Guarantees and counter guarantees given 10,203.94 10,158.77
(₹ in lacs)

13. Estimated amount of commitments [net of advances of ₹ 2152.42 Lacs (Previous Year - ₹ 359.72 Lacs)] on capital account not provided for March 31, 2011 March 31, 2010
1,203.76 436.10

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.

Schedules to the accounts

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

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

	March 31, 2011		March 31, 2010	
Salaries		310.97		255.61
Contribution to Provident and Other Funds		37.32		30.67
Perquisites		48.51		31.70
Directors Fees & Commission				
Directors Fees	12.80		14.50	
Commission to the Executive Chairman	250.00		200.00	
Commission to Non Whole time Independent Directors	20.00	282.80	17.00	231.50
		679.60		549.48

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 : (₹ in lacs)

	March 31, 2011		March 31, 2010	
Profit Before Taxation		26,749.47		20,057.92
Add:				
(a) Remuneration paid to the Directors	396.80		317.98	
(b) Commission & Directors Fees	282.80		231.50	
(c) Loss on sale of Fixed Assets	262.28	941.88	64.19	613.67
		27,691.35		20,671.59
Less:				
(a) Profit on sale of Fixed Assets as per Sec 349	59.12		66.29	
(b) Provision for Doubtful Loans/ Debt Written Back	–		4.18	
(c) Profit on sale of Current Non Trade Investments	220.91		46.67	
(d) Profit on sale of Long Term Non Trade Investments	0.70	280.73	–	117.14
Net Profit for the purpose of Director's Commission		27,410.62		20,554.45
Maximum amount permissible for Executive Chairman & Whole time Directors under section 309 of the Companies Act ,1956.		3,015.17		2,260.99
Commission @ 3% (P.Y.@ 2%) of Net Profit for Executive Chairman		822.32		411.09
Commission @ 1% of Net Profit for Non Wholetime Directors		274.11		205.54
Remuneration to Executive Chairman & Whole time Directors		396.79		317.98
Commission approved for Executive Chairman by the Board		250.00		200.00
Commission approved for Non Wholetime Independent Directors by the Board		20.00		17.00

17. The company had 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.

As per the above notification foreign exchange translation reserve of ₹ 141.16 Lacs has been credited to Profit & Loss Account.

Schedules to the accounts

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

18. i) Payment to Auditors

(₹ in lacs)

	March 31, 2011	March 31, 2010
Audit Fees	29.34	17.84
Tax Audit Fees	3.81	2.76
Other Services	7.03	12.53
Out of Pocket Expenses	–	0.37
Branch Auditors		
Audit Fees	–	1.53
Tax Audit Fees	–	0.96
Other Services	–	2.12
	40.18	38.11
ii. Payment to Cost Auditors		
Audit Fees	0.83	0.67

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

20. a. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301(E) dated 8th February 2011 issued under Section 211(3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit & loss account. The company being an manufacturing & trading company is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3(ii)(a) and 3(ii)(b) of Part-II, Schedule VI to the Companies Act, 1956 have not been provided.
- b. The Ministry of Corporate Affairs, Government of India vide its General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

21.

(₹ in lacs)

	March 31, 2011		March 31, 2010	
	Qty. M. T.	Value	Qty. M. T.	Value
A. Licensed/Installed Annual Capacity and Production				
i) Licensed capacity per annum	N. A.		N. A.	
Cosmetics & Toiletries				
Ayurvedic Medicines				
ii) Installed capacity per annum (On single shift basis as certified by a Director)				
Cosmetics & Toiletries	12,776.00		11,800.00	
Ayurvedic Medicines	51,341.00		47,129.00	
Other Ayurvedic (Tablets & Pills) Nos in Lacs		18,500.00		18,500.00
iii) Actual production during the year				
Cosmetics & Toiletries	2,504.91		2,400.35	
Ayurvedic Medicines	14,692.98		12,317.30	
Other Ayurvedic (Tablets & Pills) Nos in Lacs	4,742.91		3,629.15	
B. Raw & Packing Materials consumed				
Indigenous (96.52%) (P.Y.98.68%)		33,537.59		24,667.71
Imported (3.48%) (P.Y. 1.32%)		1,209.41		331.12
		34,747.00		24,998.83

Schedules to the accounts

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

	(₹ in lacs)	
	March 31, 2011	March 31, 2010
C. Expenditure in Foreign Currency (On Payment Basis)		
Professional Fees	152.89	82.30
Interest	1,147.28	729.41
Others	428.01	288.47
	1,728.18	1,100.18
D. Value of Imports on CIF basis		
Raw Materials	779.44	468.49
Capital Goods	1,562.64	669.11
	2,342.08	1,137.60
E. Earnings in Foreign Exchange for Export of goods calculated on FOB basis	9,689.84	7,116.27

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%
iv) Emami Overseas FZE - Subsidiary of Emami International FZE (w.e.f. 25/11/2010)	100.00%
v) Pharma Derm SAE Co.- Subsidiary of Emami Overseas FZE (w.e.f. 04/12/2010)	90.60%

B. Other Related Parties with whom transactions have 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

Schedules to the accounts

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

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
- 14 Himani Ayurveda Science Foundation
- 15 Aviro Vyapar Private Limited

C. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on March 31, 2011

(₹ in lacs)

Particulars	Subsidiary		Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
1. Remuneration								
a) - Directors	-	-	646.80	517.98	-	-	646.80	517.98
b) - Others	-	-	-	10.10	-	-	-	10.10
2. Sales	3592.13	2942.77	-	-	-	-	3592.13	2942.77
3. Directors Sitting Fees	-	-	3.35	3.90	-	-	3.35	3.90
4. Rent & Maintenance Charges Paid	-	-	2.64	4.26	5.83	4.68	8.47	8.94
5. Rent Received	-	-	-	-	41.71	41.24	41.71	41.24
6. Maintenance Charges Received	-	-	-	-	64.94	58.58	64.94	58.58
7. Loan / Advances Given	2036.13	312.32	-	-	53.80	26550.24	2089.93	26862.56
8. Royalty Received	-	-	-	-	13.24	-	13.24	-
9. Interest Received	90.25	3.87	-	-	61.74	2334.02	151.99	2337.89
10. Loan / Advances Received	-	-	-	-	97.19	-	97.19	-
11. Receipt Towards Loan Given	169.93	20.63	-	-	167.50	26456.07	337.43	26476.70
12. Commission Received	-	-	-	-	12.80	24.39	12.80	24.39
13. Investment	-	20.63	-	-	-	-	-	20.63

Schedules to the accounts

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

(₹ in lacs)

Particulars	Subsidiary		Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
14. Investment Written off	-	28.91	-	-	-	-	-	28.91
15. Donation Paid	-	-	-	-	115.00	159.00	115.00	159.00
16. Security Deposit Received	-	-	-	-	0.90	-	0.90	-
17. Security Deposit Refund	-	-	-	-	-	15.47	-	15.47
18. Research & Development	-	-	-	-	5.80	-	5.80	-
19. Balance As on 31st March 2011								
A) - Investment	46.80	46.80	-	-	368.48	368.48	415.28	415.28
B) - Loan / Advances Given	2170.93	304.72	-	-	-	113.70	2170.93	418.42
C) - Loan / Advances Received	-	-	-	-	97.19	-	97.19	-
D) - Interest Receivable	94.12	3.88	-	-	-	1741.63	94.12	1745.51
E) - Debtors	2125.46	1830.79	-	-	-	-	2125.46	1830.79
F) - Security Deposit Paid	-	-	27.54	27.74	35.74	7.00	63.28	34.74
G) - Security Deposit Received	-	-	-	-	41.47	40.57	41.47	40.57

23. Information for Earnings Per Share as per AS-20

	March 31, 2011	March 31, 2010
Net Profit (₹ in Lacs)	22,749.22	16,540.27
Weighted average number of shares	151311746	145941882
Earnings Per Share - Basic & Diluted (₹)	15.03	11.33

24. 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
PartnerR. S. Agarwal
ChairmanR. S. Goenka
DirectorS. K. Todi
DirectorKolkata
May 19, 2011S. K. Goenka
Managing DirectorN. H. Bhansali
CEO-Finance, Strategy &
Business DevelopmentA. K. Joshi
Company Secretary &
AVP-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 2 1
 Balance Sheet Date 3 1 0 3 2 0 1 1
 Date Month Year

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

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

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

Total Liabilities 1 0 7 9 7 9 Total Assets 1 0 7 9 7 9
Source of Funds
 Paid-up Capital 1 5 1 3 Reserves and Surplus 6 6 7 8 9
 Secured Loans 1 7 5 6 4 Unsecured Loans 5 3 7 4
 Deferred tax Liabilities 1 3 7 0
Application of Funds
 Net Fixed Assets 4 8 8 9 2 Investments 7 0 8
 Net Current Assets 4 3 0 0 9 Misc. Expenditure NIL
 Accumulated Losses NIL

IV. Performance of Company (Amount in ₹ Lacs)

Total Income 1 2 3 9 7 0 Total Expenditure 9 7 2 2 0
 Profit before Tax 2 6 7 4 9 Profit after Tax 2 2 7 4 9
 Earnings Per Share (₹) 1 5 . 0 3 Dividend Rate (%) 3 5 0

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

Item Code No. (ITC Code) 3 0 0 4 9 0 0 1
 Product Description Ayurvedic Medicine
 Item Code No. (ITC Code) 3 4 0 1 1 1 0 3
 Product Description Toilet Soaps (Cosmetics & Toiletries)
 Item Code No. (ITC Code) 3 3 0 4 9 2 0 2
 Product Description Talcum Powder (Cosmetics & Toiletries)
 Item Code No. (ITC Code) 3 3 0 4 9 9 0 1
 Product Description Face Cream (Cosmetics & Toiletries)

R. S. Agarwal
 Chairman

R. S. Goenka
 Director

S. K. Todi
 Director

Kolkata
 May 19, 2011

S. K. Goenka
 Managing Director

N. H. Bhansali
 CEO-Finance, Strategy &
 Business Development

A. K. Joshi
 Company Secretary &
 AVP-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 31st March, 2011 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 three subsidiaries and one step-down subsidiary, whose financial statements reflect total assets of ₹ 6583.32 lacs as at 31st March 2011, total revenue of ₹ 9254.48 lacs and net cash inflows amounting to ₹ 234.30 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 31st March 2011;
 - 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, 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. : 306033E

S. K. Agrawal

Partner

Membership No. 9067

Kolkata

May 19, 2011

Consolidated Balance Sheet As at March 31, 2011

(₹ in lacs)

	Schedule	As at March 31, 2011		As at March 31, 2010	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	1,513.12		1,513.12	
Reserves & Surplus	2	67,472.15	68,985.27	61,029.16	62,542.28
Minority Interest			7.15		
Loan Funds					
Secured Loans	3	17,563.66		14,923.35	
Unsecured Loans	4	5,373.81	22,937.47	10,982.36	25,905.71
Deferred Tax Liability	5		1,370.00		695.54
			93,299.89		89,143.53
APPLICATION OF FUNDS					
Goodwill On Consolidation			76.60		
Fixed Assets					
Gross Block	6	79,928.93		76,380.41	
Less : Depreciation, Amortisation and Impairment		31,483.27		20,272.32	
Net Block		48,445.66		56,108.09	
Capital Work-in-Progress		648.19		620.65	
			49,093.85		56,728.74
Investments	7		661.31		6,161.66
Foreign Currency Monetary Item Translation Difference			–		(141.16)
Current Assets, Loans And Advances					
Inventories	8	12,335.78		8,264.99	
Sundry Debtors	9	10,890.51		7,545.74	
Cash & Bank Balances	10	21,049.84		16,142.73	
Loans & Advances	11	15,698.07		10,650.67	
		59,974.20		42,604.13	
Less :					
Current Liabilities & Provisions	12	16,506.86		16,213.82	
Net Current Assets			43,467.34		26,390.31
Miscellaneous Expenditure					
Preliminary Expenses		0.19		0.97	
Preoperative Expenses		0.60	0.79	3.01	3.98
			93,299.89		89,143.53
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 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
CEO-Finance, Strategy &
Business Development

A. K. Joshi
Company Secretary &
AVP-Legal

Consolidated Profit and Loss Account For the year ended March 31, 2011

(₹ in lacs)

	Schedule	As at March 31, 2011	As at March 31, 2010
INCOME			
Sales		127,777.74	103,798.35
Other Income	13	1,850.95	829.37
		129,628.69	104,627.72
EXPENDITURE			
Cost of Goods Sold/ Consumed	14	52,318.34	38,052.52
Manufacturing, Administrative & Selling Expenses	15	50,115.83	41,228.04
Interest & Finance Charges (Net)	16	(1,117.11)	2,097.70
		101,317.06	81,378.26
PROFIT			
Profit Before Depreciation, Exceptional Items & Taxation		28,311.63	23,249.46
Depreciation, Amortisation & Impairment		11,608.65	11,752.12
Less :- Transferred from General Reserve		(10,209.25)	(10,209.25)
Profit Before Exceptional Items & Taxation		26,912.23	21,706.59
Exceptional Item			
VRS compensation		–	725.98
Share Issue Expenses		–	486.82
Profit Before Taxation		26,912.23	20,493.79
Provision for Taxation			
Current Tax		3,340.72	3,443.41
(Excess)/Short Provision of Earlier Years		25.79	(22.35)
Deferred Tax		674.46	100.00
Profit After Taxation Before Minority Interest		22,871.26	16,972.73
Share of Minority Interest		(0.54)	–
Profit After Minority Interest		22,871.80	16,972.73
Balance Brought Forward		2,014.72	2,662.05
Available for Appropriation		24,886.52	19,634.78
APPROPRIATIONS			
General Reserve (Including ₹ 0.30 Lacs on account of reversal of Employee Benefits)		15,209.55	12,309.25
Proposed Dividend		5,295.91	4,539.35
Corporate Dividend Tax		879.58	771.46
Balance Carried Forward		3,501.48	2,014.72
		24,886.52	19,634.78
Notes on Accounts & Significant Accounting Policies	17		
Earnings Per Share - Basic & Diluted		₹ 15.12	₹ 11.63

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 19, 2011S. K. Goenka
Managing DirectorN. H. Bhansali
CEO-Finance, Strategy &
Business DevelopmentA. K. Joshi
Company Secretary &
AVP-Legal

Consolidated Cash Flow Statement For the year ended March 31, 2011

(₹ in lacs)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax And Extraordinary Items	26,912.23	21,706.59
Add: Adjustments For		
Depreciation, Amortisation & Impairment	1,399.40	1,542.87
Preoperative and Preliminary Expenses	3.19	9.32
Interest	(1,117.11)	2,097.70
Loss / (Profit) on sale of Fixed Assets	142.46	(222.72)
Loss / (Profit) on sale of Investments	(221.61)	(46.67)
Provision for Doubtful Debts	26.69	(4.18)
Diminution in Value of Investment	0.45	5.40
Foreign Exchange Fluctuations	1,180.89	(106.35)
Dividend Received	(47.68)	(47.70)
Operating Profit Before Working Capital Changes	28,278.91	24,934.26
Add: Decrease / (Increase) in Working Capital		
Trade & other Payables	185.35	(3,745.86)
Inventories	(4,070.79)	(885.06)
Trade & other Receivables	(7,898.65)	(1,724.10)
Provision for Sales Tax	(689.54)	398.80
Provision for Gratuity and Leave Encashment	110.87	(0.72)
	(12,362.76)	(5,956.94)
Cash Generated from Operations	15,916.15	18,977.32
Less: Direct Taxes Paid	3,264.36	3,143.58
CASH FLOW BEFORE EXTRAORDINARY ITEMS	12,651.79	15,833.74
Extraordinary Items	–	1,212.80
Net Cash Flow from Operating Activities	12,651.79	14,620.94
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	741.03	632.94
Interest Received	2,119.92	2,087.39
Dividend Received	47.68	47.70
Sale of Investments	5,721.61	3,313.89
	8,630.24	6,081.92
Less: Purchase of Fixed Assets	4,926.18	3,944.84
Purchase of Investments	0.10	5,500.00
Net Cash Used In Investing Activities	3,703.96	(3,362.92)

Consolidated Cash Flow Statement (Contd.)

	(₹ in lacs)	
	2010-11	2009-10
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	–	31,000.00
	–	31,000.00
Less : Repayment of Loans (Net)	3,109.40	18,461.58
Interest Paid	1,806.89	5,158.87
Dividend Paid	4,535.93	3,397.51
Corporate Dividend Tax	771.46	578.60
	10,223.68	27,596.56
Net Cash Used In Financing Activities	(10,223.68)	3,403.44
D. Effect of Foreign Exchange Fluctuation	(1,224.96)	70.53
Net Changes in Cash & Cash Equivalents (A+B+C+D)	4,907.11	14,731.99
* Cash & Cash Equivalents-Opening Balance	16,142.73	1,410.74
* Cash & Cash Equivalents-Closing Balance	21,049.84	16,142.73
* Represents Cash and Bank Balances as indicated in Schedule 10		

Note: Closing Cash & Cash equivalents represents " Cash & Bank Balances" including ₹ 14.04 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 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
CEO-Finance, Strategy &
Business Development

A. K. Joshi
Company Secretary &
AVP-Legal

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
1 SHARE CAPITAL				
Authorised				
20,00,00,000 Equity Shares of ₹ 1/- each				
(8,00,00,000 Equity Shares of ₹ 2/- each)		2,000.00		1,600.00
		2,000.00		1,600.00
Issued & Subscribed				
15,13,11,746 Equity Shares of ₹ 1/- each fully paid up *		1,513.12		1,513.12
(7,56,55,873 Equity Shares of ₹ 2/- each)				
		1,513.12		1,513.12

* a. Includes 5,61,50,000 Equity Shares issued as fully paid Bonus Shares by capitalisation of Capital Redemption Reserve - ₹ 250 lacs and Revenue Reserves - ₹ 311.50 lacs

b. Includes 6,26,71,746 Equity Shares allotted for consideration other than cash.

2 RESERVES & SURPLUS				
Capital Reserve		79.64		79.64
Security Premium				
At commencement of the year	33,961.72		3,161.72	
Received during the year	–	33,961.72	30,800.00	33,961.72
General Reserve				
At commencement of the year	24,999.70		22,899.70	
Transferred to Profit & Loss Account	(10,209.25)		(10,209.25)	
Transferred from Profit & Loss Account	15,209.55	30,000.00	12,309.25	24,999.70
Foreign Currency Translation Reserve		(70.69)		(26.62)
Profit & Loss Account		3,501.48		2,014.72
		67,472.15		61,029.16

3 SECURED LOANS				
Term Loans				
– From Banks		9,280.92		13,048.16
– Secured by first charge/mortgage on movable and immovable assets including plant and machinery (present and future) situated at BT Road Plant and at Kolkata Office.				
[Repayable within 12 months - ₹ 2,315.52 lacs (PY ₹ 1,918.45 lacs)]				
Cash Credits				
– From Banks		8,282.74		1,875.19
Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu among State Bank of India, Canara Bank, ICICI Bank, HDFC Bank and Hongkong and Shanghai Banking Corporation				
		17,563.66		14,923.35

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
4 UNSECURED LOANS		
Trade Deposits	550.91	580.53
Short Term Loans		
From Banks	4,810.85	5,388.33
From Others	–	5,000.00
ICICI Pact Project	12.05	13.50
	5,373.81	10,982.36

5 DEFERRED TAX LIABILITY		
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,879.00	1,332.16
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	(509.00)	(636.62)
	1,370.00	695.54

6 FIXED ASSETS	GROSS BLOCK				DEPRECIATION, AMORTISATION & IMPAIRMENT				NET BLOCK		
PARTICULARS	As on April 1, 2010	Additions during the Year	Sales/ Adjust-ments	As on March 31, 2011	As on April 1, 2010	For the Year	Impairment (Reversal)	Sales/ Adjust-ments	As on March 31, 2011	As on March 31, 2011	As on March 31, 2010
Land											
Leasehold	327.71	–	5.71	322.00	18.29	3.74	–	0.57	21.46	300.54	309.42
Others	975.82	518.36	0.55	1,493.63	–	–	–	–	–	1,493.63	956.57
Buildings	9,608.80	356.48	151.95	9,813.33	2,132.00	260.13	–	53.34	2,338.79	7,474.54	7,376.98
Plant & Machinery	12,726.24	3,268.94	510.75	15,484.43	5,006.92	903.28	(170.43)	227.83	5,511.94	9,972.49	7,708.94
Furniture, Equipments & Computers	3,812.26	362.70	592.14	3,582.82	1,397.27	286.38	(6.17)	110.71	1,566.77	2,016.05	2,414.05
Motor Vehicles	553.82	60.83	41.60	573.05	220.68	46.72	(4.87)	26.76	235.77	337.28	333.13
Intangible Assets											
Goodwill	47,899.11	–	–	47,899.11	11,173.79	10,209.25	–	–	21,383.04	26,516.07	36,725.32
Software	528.56	132.00	–	660.56	333.66	65.62	–	–	399.28	261.28	194.90
Trade Marks and other Intangible assets	100.00	–	–	100.00	11.22	15.00	–	–	26.22	73.78	88.78
Total	76,532.32	4,699.31	1,302.70	79,928.93	20,293.83	11,790.12	(181.47)	419.21	31,483.27	48,445.66	56,108.09
Capital Work-In-Progress	620.65	185.77	158.23	648.19	–	–	–	–	–	648.19	620.65
Grand Total	77,152.97	4,885.08	1,460.93	80,577.12	20,293.83	11,790.12	(181.47)	419.21	31,483.27	49,093.85	56,728.74
Previous Year's Figures	74,341.40	7,432.50	4,772.84	77,001.06	9,395.16	11,570.65	181.47	874.96	20,272.32	56,728.74	

Note: Balance as on 01.04.2010 includes opening balance of Pharma Derm SAE Co.- Egypt, which became subsidiary during the year

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
7 INVESTMENTS		
Long Term		
A. Quoted - Fully Paid up		
Emami Paper Mills Limited		
79,46,000 Equity Shares of ₹ 2/- each	368.47	368.47
Creative Eye Limited		
10,000 Equity Shares of ₹ 10/- each	6.41	6.41
Hindustan Unilever Limited		
Nil (220) Equity Shares of ₹ 1/- each	–	–
Tata Motors Limited		
Nil (10) Equity Shares of ₹ 10/- each	–	–
(i)	374.88	374.88
B. Unquoted - Fully paid up		
Others		
CRI Limited		
95,630 Equity Shares of ₹ 10/- each	27.17	27.17
Bengal Emami Infrastructure Limited		
1 Equity Share of ₹ 10/- each	–	–
AMRI Hospitals Ltd		
8,00,000 Equity Shares of ₹ 10/- each	264.66	264.66
6 Years' National Savings Certificate (Lodged With Government Authority)	0.45	0.35
(ii)	292.28	292.18
Current (Unquoted) (Units of ₹ 10/- each)		
Birla Cash Plus - Institutional Premium - Daily Dividend Sold 5,49,62,625.42 Units	–	5,500.00
(iii)	–	5,500.00
Less: Provision for Diminution in value of investment	5.85	5.40
(iv)	5.85	5.40
Total (i) + (ii) + (iii) - (vi)	661.31	6,161.66
Aggregate Book Value of Quoted Investments	374.88	374.88
Aggregate Book Value of Unquoted Investments	286.43	5,786.78
Market Value of Quoted Investments	4,148.37	843.88

8 INVENTORIES		
Raw & Packing Materials	4,387.10	3,638.61
Work-in-progress	292.44	70.34
Finished Goods	7,068.38	4,442.84
Stores & Advertising Materials	587.86	113.20
	12,335.78	8,264.99

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
9 SUNDRY DEBTORS				
Unsecured				
Due over six months		689.70		387.49
Other Debts		10,257.96		7,188.71
		10,947.66		7,576.20
Less : Provision		57.15		30.46
		10,890.51		7,545.74
Notes:				
Considered Good		10,890.51		7,545.74
Considered Doubtful		57.15		30.46
		10,947.66		7,576.20
10 CASH & BANK BALANCES				
Cash in hand		53.56		31.18
With Scheduled Banks				
Current Accounts	711.06		2,698.32	
Exchange Earners Foreign Currency Account	5.00		14.04	
Fixed Deposit	20,040.35		13,244.69	
Unpaid Dividend Account	14.04	20,770.45	10.62	15,967.67
With Banks other than Scheduled Banks				
Current Accounts		146.95		143.88
Fixed Deposit [For Details refer Note No. 3(xv) of Schedule 17]		78.88		–
		21,049.84		16,142.73
11 LOAN & ADVANCES				
Unsecured, Considered Good				
Loans & Advances recoverable in cash or in kind or for value to be received		15,457.96		10,421.04
Balances with Excise Department		2.38		19.77
Deposits		237.73		209.86
		15,698.07		10,650.67
12 CURRENT LIABILITIES & PROVISIONS				
Current liabilities				
Sundry Creditors				
Micro, Small & Medium Enterprises	3.32		1.71	
Others	8,829.20		8,897.97	
Advance from Customers	326.09		357.47	
Unclaimed Dividend	14.04	9,172.65	10.62	9,267.77
Provisions				
Proposed Dividend	5,295.91		4,539.35	
Corporate Dividend Tax	879.58		771.46	
Direct Taxes [Net of Advance Tax ₹ 9,081.78 lacs (PY ₹ 5,792.48 lacs)]		118.85		16.70
Indirect Taxes	613.52		1,303.06	
Gratuity and Leave Encashment	426.35	7,334.21	315.48	6,946.05
		16,506.86		16,213.82

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011		As at March 31, 2010	
13 OTHER INCOME				
Profit on Sale of Current Non- Trade Investments		220.91		46.67
Profit on Sale of Long Term Non- Trade Investments		0.70		–
Profit on Sale of Fixed Assets		125.49		286.91
Dividend from Long Term Non Trade Investments		47.68		47.70
Rent and Maintenance Received [TDS : ₹ 9.09 lacs (PY - ₹ 12.53 lacs)]		120.69		130.08
Foreign Exchange Fluctuation (Net)		1,180.89		106.35
Provision for Doubtful Loans/ Debts Written Back		–		4.18
Miscellaneous Receipts		154.59		207.48
		1,850.95		829.37
14 COST OF GOODS SOLD/ CONSUMED				
Purchases/Materials Consumed		55,165.98		38,146.45
Add: Opening Stock				
Work-in-progress	70.34		89.28	
Finished Goods	4,442.84	4,513.18	4,329.96	4,419.24
		59,679.16		42,565.69
Less: Closing Stock				
Work-in-progress	292.44		70.34	
Finished Goods	7,068.38	7,360.82	4,442.84	4,513.17
		52,318.34		38,052.52
15 MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES				
Salaries, Wages & Bonus		6,690.50		5,155.14
Contribution to Provident & Other Funds		452.35		394.35
Workmen and Staff Welfare Expenses		227.91		242.14
Power & Fuel		608.97		552.52
Consumption of Stores and Spare Parts		166.10		134.81
Rent		390.26		248.25
Rates & Taxes		83.87		89.64
Insurance		225.77		164.68
Repairs				
Building	62.78		96.07	
Machinery	385.45		280.48	
Others	559.48	1,007.71	526.87	903.41
Freight & Forwarding		3,626.23		2,270.75
Directors' Fees and Commission		305.10		231.50
Advertisement & Sales Promotion		23,050.23		19,441.93
Commission		625.02		788.20
Cash Discount		51.04		367.42
Taxes on Sales		5,660.47		5,107.28
Excise Duty paid		1,877.35		1,627.74
Loss on Sale/Disposal of Fixed Assets		267.95		64.19
Diminution in value of Investment		0.45		5.40
Legal and Professional Fees		1,543.00		890.55
Travelling and Conveyance		1,403.72		1,074.07
Miscellaneous Expenses		1,851.83		1,474.07
		50,115.83		41,228.04

Schedules to the consolidated accounts

(₹ in lacs)

	As at March 31, 2011	As at March 31, 2010
16 INTEREST & FINANCE CHARGES (Net)		
Paid		
Term Loans	19.90	3,603.48
Others	1,503.09	1,869.64
Received		
Income Tax Department	(0.04)	(6.74)
Other Loans & Deposits		
[TDS : ₹ 261.66 lacs (PY - ₹ 291.77 lacs)]	(2,640.06)	(3,368.68)
	(1,117.11)	2,097.70

17 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:

- 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.
- 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.
- 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.
- 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.
- 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, 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 made for the purpose of acquisition of fixed assets.

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 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, Dongri and Masat units for which depreciation is provided on written down value method, at the rates and in the manner prescribed under Schedule XIV

Schedules to the consolidated accounts

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

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, whichever is higher.
- d. In Pharma Derm SAE Co.-Egypt, depreciation is provided on reducing balance method @ 25% except for Building & Utilities which is depreciated @ 5%.

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 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.
- c. Software is depreciated @ 16.21% on Straight Line Method except for Vapi, Dongari and Masat Units which 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 and advertising material which are valued at cost. The Cost is calculated on weighted average method. Cost comprises of 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.

In Pharma Derm SAE Co.-Egypt cost is determined under FIFO method.

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, Dongari and Masat 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, Dongari and Masat 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

Schedules to the consolidated accounts

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

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 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 asset. Exchange differences are recognized as income or expenses 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. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

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.

Schedules to the consolidated accounts

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

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%
Emami Overseas FZE - (Subsidiary of Emami- International FZE)-w.e.f. 25/11/2010	UAE	100%
Pharma Derm SAE Co.-Egypt (Subsidiary of Emami Overseas FZE)-w.e.f. 04/12/2010	Egypt	90.60%

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	(₹ in lacs)	
	2010-11	2009-10
India	1,10,285.82	90,264.51
Overseas	17,491.92	13,533.84
Total	1,27,777.74	1,03,798.35

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:

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	2010-11	2009-10	2010-11	2009-10
	(₹ in lacs)			
India	1,02,683.56	96,523.48	4,664.14	3,938.90
Overseas	7,122.40	8,829.89	62.71	5.94
Total	1,09,805.96	1,05,353.37	4,726.85	3,944.84

iii. Defined Benefit Plans

As per actuarial valuations as on 31st March, 2011 and recognised in the financial statements in respect of Employees benefit schemes.

	March 31, 2011			March 31, 2010		
	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	75.51	–	61.33	68.29	–	38.87
2 Interest Cost	60.14	–	16.59	64.00	–	9.57
3 Expected Return on Plan assets	(56.08)	(5.41)	–	(56.24)	(5.74)	–
4 Past Service Cost	65.02	–	–	–	–	–
5 Actuarial Losses	92.48	(0.47)	7.30	(62.95)	4.12	6.13
6 Losses /(Gains) on Curtailements and Settlements	–	–	–	19.68	–	–
7 Total Expenses recognised in the Statement of Profit & Loss	237.07	(5.88)	85.22	32.78	(1.62)	54.57

Schedules to the consolidated accounts

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

(₹ in lacs)

	March 31, 2011			March 31, 2010		
	Gratuity	Leave	Leave	Gratuity	Leave	Leave
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
B Net asset/(liability) recognised in balance sheet as at 31st March 2011						
1 Present value of Defined Benefit Obligation (DBO)	1075.86	36.83	252.92	828.36	70.24	167.70
2 Fair value of plan assets	868.07	78.03	–	690.77	72.15	–
3 Funded Status [Surplus/(deficit)]	(207.80)	41.20	(252.92)	(137.60)	1.91	(167.70)
4 Net asset/(liability) recognised in balance sheet	(207.80)	41.20	(252.92)	(137.60)	1.91	(167.70)
C Change in Defined Benefit Obligation during the year ended 31st March 2011						
1 Present value of DBO at beginning of period	828.36	70.24	167.70	939.17	92.81	142.05
2 Current Service Cost	75.51	–	61.33	68.29	–	38.87
3 Interest Cost	60.14	–	16.59	64.00	–	9.57
4 Plan amendments cost/(credit)	65.02	–	–	–	–	–
5 Actuarial Losses / (Gains)	99.87	–	7.30	(47.97)	4.13	6.13
6 Benefits Paid	(53.04)	(33.41)	–	(96.57)	(26.70)	(28.92)
7 Liabilities extinguished on settlements	–	–	–	(98.56)	–	–
8 Present value of DBO at the end of period	1075.86	36.83	252.92	828.36	70.24	167.70
D Change in Fair Value of Assets						
1 Plan Assets at beginning of period	690.77	72.15	–	793.13	66.41	–
2 Expected Return on Plan assets	56.08	5.41	–	56.24	5.74	–
3 Actuarial Gains	7.39	0.47	–	14.98	–	–
4 Actual company contributions	166.87	33.41	–	41.23	26.70	28.92
5 Benefits paid	(53.04)	(33.41)	–	(96.57)	(26.70)	(28.92)
6 Assets distributed on settlements	–	–	–	(118.24)	–	–
7 Plan assets at the end of period	868.07	78.03	–	690.77	72.15	–
E Actuarial Assumptions						
1 Discount Rate (%)	8.00	8.00	8.00	7.50/8.20	8.20	7.50
2 Annual Escalation Rate	5.00	5.00	5.00	5.00	5.00	5.00
3 Expected Return on Plan Assets (%)	7.50	7.50	7.50	7.50	–	–

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.

Schedules to the consolidated accounts

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

- a) The following are the outstanding forward contracts as on March 31, 2011:-
For hedging currency risks:

	(₹ in lacs)	
Forward Covers	March 31, 2011	March 31, 2010
Receivables		
– Current	–	6356.06
– Future	–	4,862.93
Loan	5134.75	7,612.29

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

	(₹ in lacs)	
	March 31, 2011	March 31, 2010
Receivables	2987.75	20.35
Loan taken	15877.77	12305.16

- v. The Company has made a provision of ₹ 112.06 Lacs (Previous Year - ₹ 424.24 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below:

	(₹ in lacs)	
Description	March 31, 2011	March 31, 2010
Opening Balance	1,303.06	904.26
Provisions during the year	112.06	424.24
Provisions reversed during the year	801.60	25.44
Closing Balance	613.52	1,303.06

- vi. Taxes on Sales is net of ₹ 1087.70 Lacs being reversal of excess provisions / payments made in earlier years
vii. The assets of the company have been assessed for impairment in accordance with Accounting Standard 28 "Impairment of Assets", consequently, during the year an impairment reversal of ₹ 181.47 Lacs was recognised (P.Y. impairment charge of ₹ 181.47 Lacs).
viii. Security for Term Loan from Banks of ₹ 4465.00 Lacs is yet to be created.

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

	(₹ in lacs)	
	March 31, 2011	March 31, 2010
i) Excise Duty demands	833.88	668.51
ii) Service Tax	35.91	35.91
iii) Sales Tax demands under appeal (Net of Advances)	643.89	500.92
iv) Income Tax	5.22	–
v) Other Taxes	9.28	9.28
vi) Claims against Company not acknowledged as Debts	58.93	57.20

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

- b) Guarantees and counter guarantees given
- | | (₹ in lacs) | |
|--|----------------|----------------|
| | March 31, 2011 | March 31, 2010 |
| | 10,203.94 | 10,158.77 |

- x. Estimated amount of commitments [net of advances of ₹ 2152.42 Lacs (Previous Year - ₹ 359.72 Lacs)] on capital account not provided for
- | | (₹ in lacs) | |
|--|----------------|----------------|
| | March 31, 2011 | March 31, 2010 |
| | 1,203.76 | 436.10 |

Schedules to the consolidated accounts

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

- 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.

As per the above notification foreign exchange translation reserve of ₹ 141.16 Lacs has been credited to Profit & Loss Account .

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

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

- i) Smt. Usha Agarwal
- ii) Shri A. V. Agarwal
- iii) Shri H. V. Agarwal
- iv) Shri Mohan Goenka
- v) Shri Manish Goenka
- vi) Smt. Saroj Goenka
- vii) Smt. Priti Sureka

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

- i) Diwakar Viniyog Private Limited
- ii) Suntrack Commerce Private Limited
- iii) Bhanu Vyapaar Private Limited
- iv) Emami Paper Mills Limited
- v) Emami Foundation
- vi) Bansilal Jankidevi Agarwal Trust
- vii) Keshardeo Ratnidevi Goenka Trust
- viii) Zandu Foundation Health Care
- ix) Emami Infrastructure Limited
- x) Emami Realty Limited
- xi) Zandu Realty Limited
- xii) K.D.Goenka & Sons HUF
- xiii) R.S.Agarwal HUF
- xiv) Himani Ayurveda Science Foundation
- xv) Aviro Vyapar Private Limited

Schedules to the consolidated accounts

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

B. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on March 31, 2011

(₹ in lacs)

Particulars	Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
1. Remuneration						
A) - Directors	646.80	517.98	-	-	646.80	517.98
B) - Others	-	10.10	-	-	-	10.10
2. Directors Sitting Fees	3.35	3.90	-	-	3.35	3.90
3. Rent & Maintenance Charges Paid	2.64	4.26	5.83	4.68	8.47	8.94
4. Rent Received	-	-	41.71	41.24	41.71	41.24
5. Maintenance Charges Received	-	-	64.94	58.58	64.94	58.58
6. Loan / Advances Given	-	-	53.80	26,550.24	53.80	26,550.24
7. Royalty Received	-	-	13.24	-	13.24	-
8. Interest Received	-	-	61.74	2,334.02	61.74	2,334.02
9. Loan / Advances Received	-	-	97.19	-	97.19	-
10. Receipt Towards Loan Given	-	-	167.50	26,456.07	167.50	26,456.07
11. Commission Received	-	-	12.80	24.39	12.80	24.39
12. Donation Paid	-	-	115.00	159.00	115.00	159.00
13. Security Deposit Received	-	-	0.90	-	0.90	-
14. Security Deposit Refund	-	-	-	15.47	-	15.47
15. Research & Development	-	-	5.80	-	5.80	-
16. Balance As on 31st March 2011						
A) - Investment	-	-	368.48	368.48	368.48	368.48
B) - Loan /Advances Given	-	-	-	113.70	-	113.70
C) - Loan /Advances Received	-	-	97.19	-	97.19	-
D) - Interest Receivable	-	-	-	1,741.63	-	1,741.63
E) - Security Deposit Paid	27.54	27.74	35.74	7.00	63.28	34.74
F) - Security Deposit Received	-	-	41.47	40.57	41.47	40.57

Schedules to the consolidated accounts

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

xv. Particulars of Balances with other than Schedule Bank: (₹ in lacs)

	Balance as on March 31, 2011	Max. Bal During 2010-2011	Bal. as on March 31, 2010	Max. Bal. During 2009-2010
Current Account				
HSBC Bank – Egypt	7.14	381.95	–	–
HSBC Bank –Dubai	72.42	380.58	–	–
HSBC Bank plc UK	10.54	28.23	2.56	85.88
HSBC Bank –Dubai	0.10	10.96	–	–
HSBC–Bangladesh	55.82	226.33	139.40	140.90
Dhaka Bank Ltd.–Bangladesh	0.93	4.21	1.92	88.26
Total	146.95		143.88	
Deposit Account				
HSBC Bank –Dubai	78.88	98.97	–	–

xvi. Information for Earnings Per Share as per AS-20

	March 31, 2011	March 31, 2010
Net Profit (₹ in Lacs)	22,871.80	16,972.73
Weighted average number of shares	151311746	145941882
Earnings Per Share - Basic & Diluted (₹)	15.12	11.63

xvii. 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 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
CEO-Finance, Strategy &
Business Development

A. K. Joshi
Company Secretary &
AVP-Legal

Section 212

STATEMENT REGARDING SUBSIDIARY COMPANY Pursuant to Section 212 of the Companies Act, 1956

(₹ in lacs)

1. Name of the Subsidiary Company	Emami Bangladesh Limited	Emami UK Limited	Emami International FZE	Emami Overseas FZE	Pharmaderm Company S.A.E
2. Name of the Holding Company	Emami Limited	Emami Limited	Emami Limited	Emami International FZE	Emami Overseas FZE
3. Holding Company's Interest	100%	100%	100%	100%	90.59%
4. 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 31st March, 2011	66.95	34.76	30.05	(40.00)	(5.25)
ii) For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	0.18	(54.18)	724.15	Nil	Nil
5. 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 31st March,2011	Nil	Nil	Nil	Nil	Nil
ii) For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	Nil	Nil	Nil	Nil	Nil

R. S. Agarwal
Chairman

R. S. Goenka
Director

S. K. Todi
Director

Kolkata
May 19, 2011

S. K. Goenka
Managing Director

N. H. Bhansali
*CEO-Finance, Strategy &
Business Development*

A. K. Joshi
*Company Secretary &
AVP-Legal*



Disclaimer

In this annual report, we have disclosed the Company's objectives, expectations and forecasts to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make may be forward-looking within the meaning of applicable securities laws and regulations. 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. Although we believe that we have been prudent in our assumptions, actual results may differ materially from those expressed in the statement. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.



www.emamigroup.com