



I am

India

Emami Limited
Annual Report 2011-12



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 Sajjan Bhajanka

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

Board Committees

Audit Committee

Shri S.K. Todi – Chairman

Shri R.S. Goenka

Shri Amit Kiran Deb

Shri S.B. Ganguly

Remuneration Committee

Shri Amit Kiran Deb – Chairman

Shri S.B. Ganguly

Shri S.K. Todi

Share Transfer Committee

Shri Mohan Goenka – Chairman

Shri A.V. Agarwal

Shri H.V. Agarwal

Smt Priti Sureka

Investors' Grievance Committee

Shri S.K. Todi – Chairman

Shri S.B. Ganguly

Shri Mohan Goenka

Shri H.V. Agarwal

Finance Committee

Shri R.S. Goenka – Chairman

Shri Sushil Kr. Goenka

Shri Mohan Goenka

Shri A.V. Agarwal

Shri H.V. Agarwal

Smt Priti Sureka

Corporate Governance Committee

Shri S.B. Ganguly – Chairman

Shri R.S. Goenka

Shri Y.P. Trivedi

Shri Amit Kiran Deb

Bankers

Canara Bank

ICICI Bank Ltd.

State Bank of India

HDFC Bank

The Hongkong and Shanghai Banking
Corporation Limited

Registrar & Share Transfer Agent

Maheswari Datamatics Private Limited

6, Mangoe Lane, Kolkata – 700001

West Bengal, India

Tel: +91-33-2248 2248

Fax: +91-33-2248 4787

Email: mdpl@cal.vsnl.net.in

Registered office

Emami Tower

687, Anandapur, EM Bypass

Kolkata 700 107, West Bengal

Tel : +91-33-6613 6264

Fax: +91-33-6613 6600

Email: contact@emamigroup.com

Our presence

Seven factories

Five regional offices

32 depots

Five overseas subsidiaries

Over 60 countries

Website

www.emamigroup.com

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India - A land of unified diversity.
Differently consistent. Consistently different.

Where vibrancy is not just about colour but the pace of life.
Where variety is not about product choice but content of opinion.
Where experience is not only the wisdom of the ages but the reality of the present.

Where faith and fashion are practiced with fervor. Where voices, religions and cultures merge into an oceanic democracy. Where the farmers co-exist with IT engineers. Where savings for future and gold buying are age-old traditions for all, whether rich or poor. Where people seeks to the forests to unwind and elephants still walk city streets. Where the tallest mountains in the world reside alongside some of the largest deserts. Many faces. One face.

Where malls share space with mandis. Where ayurveda rubs shoulders with atomic research. Where Marx is invoked in the same breath as Mohammed. Where AB could be Atal Behari or Amitabh Bachchan. Many hearts. One soul.

Where a company like Emami has created 300 products to cater to the needs of the next-door neighbour as well as a Shah Rukh Khan. The bus conductor as well as a Tendulkar. One company. Many users.

Emami responds to the needs of the people of India, as diverse and as unique as they are. Emami products are vast in range and reach. Constantly innovating, preserving legacy, thriving in diversity and finding pattern in chaos to connect with the people of India.

Emami. Not just providing for people. But touching their lives.





highlights of 2011-12

Corporate

- Consolidated net sales grew **16.6%** to ₹ **1,454** crores.
- International business grew **13%** to ₹ **187** crores.
- EBIDTA grew **17%** to ₹ **297** crores.
- PAT grew **13.2%** to ₹ **259** crores.
- EPS grew **13.2%** to ₹ **17.11**
- Market capitalisation of over ₹ **6,100** crores (as on 31st March 2012).

Operations

- The Bangladesh unit is expected to commence operations in the second half of FY 2012-13.
- Established state-of-the-art research and innovation centre spread across 30,000 square feet in Kolkata.

Marketing and distribution

- Leadership strengthened in major power brands - Navratna Oil, Boroplus Antiseptic Cream, Fair & Handsome and Zandu Balm.
- Strong geographical presence with Navratna brand today being available in 36 lakh outlets

A collage of Indian cultural elements. On the left, a woman in traditional jewelry and a temple are visible. In the center, a metal pot is shown. On the right, a woman is depicted in a traditional pose. The background is a light gray with a subtle pattern.

I am novel.

**I leave behind a
rich legacy.**

**I thrive in
diversity.**

**I find patterns in
chaos.**

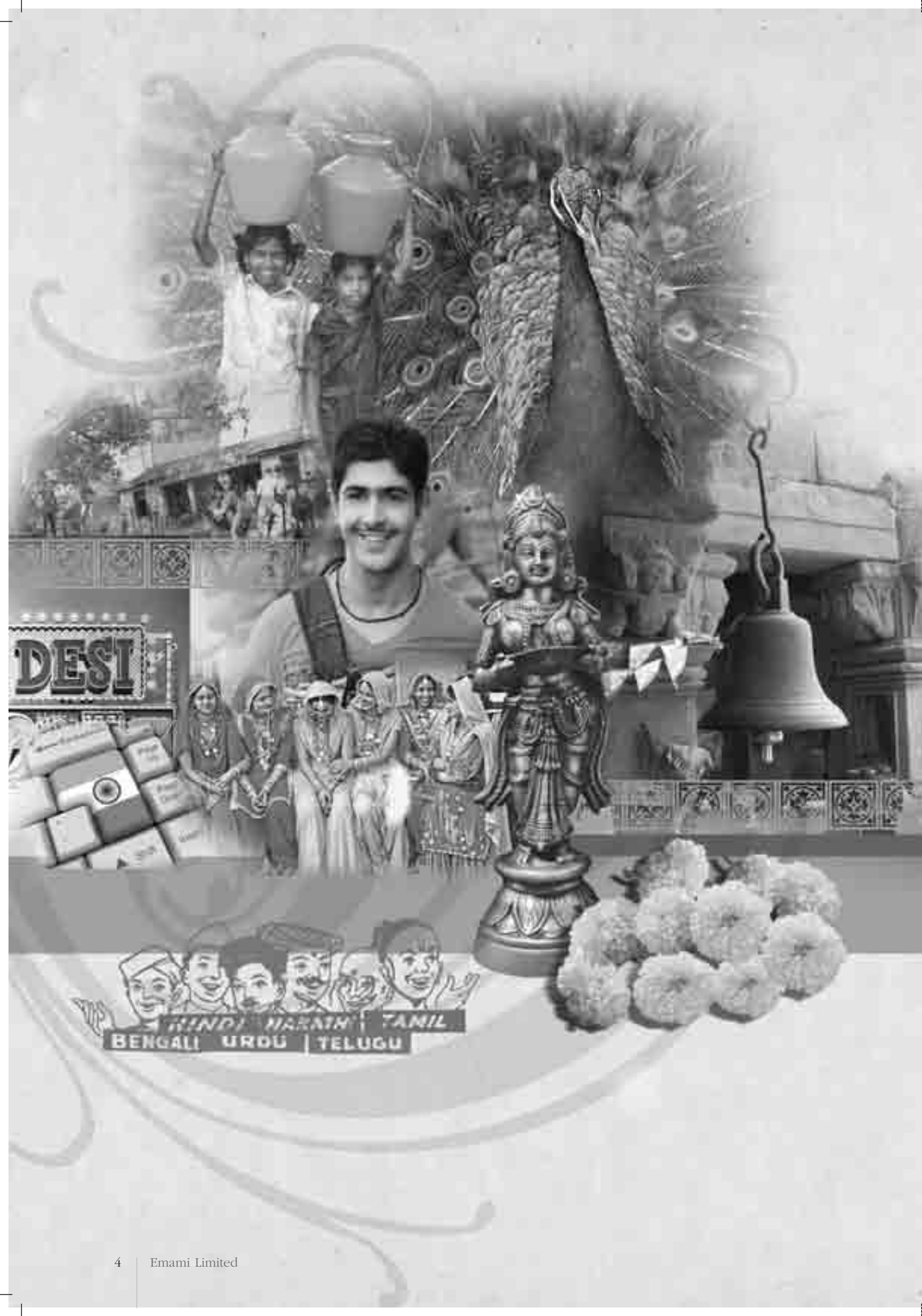
I connect.

I am glamorous.

I am everywhere.

I am India.

I am Emami.





INNOVATIVE PROBLEM SOLVING IS AN INDIAN REFLEX ACTION. PRESENT AN INDIAN WITH A PROBLEM AND IT IS LIKELY THAT HE/SHE WILL COME UP WITH AN INNOVATIVE SOLUTION TO IT.

At Emami, we have an attractive record in this respect.

For years, the doubters claimed that whatever needed to be developed for the personal care market had already been launched. There was no way in which we could improve upon.

At Emami, we disagreed.

We recognised a significant niche where we could make a mark and distinguish ourselves. These ideas were derived not by locking ourselves in a room and arriving at solutions. But by travelling extensively across the country, seeing how people lived, understanding their small needs, devising concepts to plug preference gaps, scaling these ideas into products and graduating them into household brands. Besides, our deep understanding of Ayurveda helped us blend these ideas with modern science to innovate new products.

- The recognition that men often sheepishly used women's creams to lighten their skintone, helped create an entire men's fairness cream category.
- The insight that the market for prickly heat powders remained seasonal even as the need for a talc remained perennial, catalysed the creation of a cooling talc category that became an industry standard.
- Complaints by consumers about the traditional stickiness of hair oil resulted in the creation of a relatively lighter equivalent.
- A resistance to buy into large rubefacients resulted in the creation of containers of 1.2 ml equivalent, the smallest in the market, enhancing affordability and accelerating offtake.

The result is that 'If it is Emami, it must be novel.'

Thanks to Emami, I finally have a product that meets my requirement!

I work as a sales executive and my job requires me to travel across the city. I am exposed to the sunlight and my skin gets extremely tanned. Earlier, I had no other option but to use a fairness cream meant for women until Emami launched Fair & Handsome especially for men. It is much more effective on my skin than other fairness creams. I am really thankful to Emami. *Arjun Khurana, Delhi*

॥ वक्रतुण्ड महाकाय सूर्यकोटि समप्रभः ॥





i Leave behind a rich legacy

ENRICHING EXPERIENCE. THE UTILITY OF AN INTERACTION FOR MOST INDIANS IS THE VALUE THAT YOU LEAVE WITH THEM AT THE END OF IT.

At Emami, we cherish this attribute.

We have not only conducted our business in a profitable way, we have also inspired the credibility that translated into an attractive market capitalisation.

For instance, Emami reported a profit after tax of ₹ 259 cr in 2011-12. The Company had an attractive market capitalisation of ₹ 6100 cr as on 31st March 2012. The initial investors of Emami, who invested ₹1000 for 100 shares which eventually became ₹ 4000 after the rights issue, are presently proud owners of Emami shares worth

over ₹ 2.25 cr. The Emami share that was offered at ₹ 70 in the public issue in March 2005 had appreciated over 11 times at the close of 2011-12. The Emami scrip has delivered returns of over 160% to QIP investors in the last three years. Not surprisingly, the Company reported an EVA of ₹ 167 cr in 2011-12, indicating that it generated a return that was higher than the cost of employed capital (debt plus equity). The Company's EVA as a percentage of capital employed also improved to 18.6% from 15.5% in the previous year.

The result is that 'If it is Emami, it must be profitable.'

Thanks to Emami, I could finance my daughter's marriage!


I have never been into the share market. Seven years ago, a friend of mine who is regular in the share markets advised me to invest in a FMCG company called Emami and told me that it is going to benefit you over the long term. I invested ₹ 1 lac in the stock and held it. Last year my daughter's marriage got fixed and I needed money to finance the same. I recalled my investment in Emami. When I sold the stock, I was surprised to get ₹ 12 lac. I didn't have to take a loan and it was sufficient for a grand wedding. An investment worth making. *Tarak Pandey, Balasore*






I thrive in diversity

THE MOUNTAINS... DESERTS... PLAINS...
COASTLINE. THERE IS NO ONE DISTINCTIVE INDIA...
INDIA IS EVERYTHING.



At Emami, we have imbibed this typically diverse aspect of India into our image.

Over the years, Emami progressively evolved from seasonal products to products which are used the year-round and across the country.



Emami introduced body lotions, petroleum jelly (with herbs) and cold cream for cold climates, while its cool talc and prickly heat powder are

directed at people of the hot and dusty regions of the country. While Zandu Balm and Boroplus Antiseptic cream heals and protects, products like Zandu Pancharishta, Trifala, Sudarshan, Rhumasyal or Lalima helps keep body in good health against different ailments.

The result is a trust that 'If you need protection or healing or good health or even beauty, there must be something from Emami to fall upon.'

Thanks to Emami, I can stay comfortable in this extreme heat!

The scorching heat on one hand and perspiration on the other makes my life difficult during the summers. Thanks to Emami for introducing soothing cool talc. I can even carry it with me in my bag. It really is the smallest AC in the world. *Meenakshi Bajoria, Jaipur*





ifind patterns in chaos

INDIA IS THE SEVENTH-LARGEST COUNTRY IN THE WORLD WITH 28 STATES AND SEVEN UNION TERRITORIES. EVEN AS THE COUNTRY MAY TRANSFORM EVERY FEW HUNDRED KILOMETRES, ITS CHARACTER IS UNCHANGING .

The same holds true for Emami. The further you go, the closer you get. Because wherever you are in India, Emami products are never too far away.

Over the years, Emami invested in a pan-India distribution network comprising more than 3,500 distributors, 160 super-stockists, 4,000 sub-stockists, 5,00,000 retailers and five mother warehouses (cumulative storage capacity of 2.78 lacs sq. ft.)

On the one hand, it is possible to walk

into some of the fanciest malls of the country and buy Emami products; on the other, it is possible to access the Company's products in pockets with a population of less than 50,000.

Also, Emami's products are available in more than 60 countries with a market leadership in some.

The result is that around 85 Emami products are sold every second – somewhere in India or the world.

Thanks to Emami, I can now tend to my rough skin!

I stay in an Uttaranchal hamlet where we need to protect our skin through the year and especially during the harsh winter months. Emami was the first company to identify our needs. We now get all the products we need – creams and lotions that help smoothen rough skin through the seasons – at the local shop.

Shivani Badola, Gangora





THE INDIAN CONNECTS WITH PEOPLE THROUGH AN
EMBRACE, SMILE OR CONVERSATION.

Emami epitomises this typically Indian characteristic. The Company connects with people through promotions, packaging and advertising. In 2011-12, the Company invested ₹ 229 crore in promotions as compared with ₹ 219 crore in 2010-11. Over the years, the Company has also connected with consumers through two things which bind the people of India together – cricket and films.

The Company has chosen to enhance recall through endorsements by prominent film personalities and with in-film branding leading to superior visibility. The Company has a galaxy of stars from sports, films and

entertainment such as Amitabh Bachchan, Shah Rukh Khan, Govinda, Kareena Kapoor, Bipasha Basu, Madhuri Dixit, Surya, Mahesh Babu, Rituparna Sengupta, Prosenjit and Junior NTR, Mahendra Singh Dhoni, Virender Sehwag, Gautam Gambhir, Saurav Ganguly, Amit Mishra, Vijender Singh, Sushil Kumar, Mary Kom, Saina Nehwal and dancing maestro Pt Birju Maharaj.

These endorsements were promoted through print, radio, television, digital and outdoor, resulting in a countrywide brand visibility.

The result is that Emami has emerged as the brand of recall and preference for millions of users.

Thanks to Emami, I know what I need to buy!

I thought of investing in an expensive massager to counter stress until an Emami promotional demonstrated how this could be achieved at a fraction of the cost through a ₹ 1 sachet of Navratna oil. Thanks to Emami for educating people like us to choose what product to buy. *Madhav Mangaonkar, Pune*

Joint Promoters' statement

“Emami’s singular edge lies in its Indianness, enabling it to outperform the Indian FMCG industry average in 2011-12”



Overview of 2011-12

Seldom in recent history has there been a convergence of such a multitude of adverse developments as there was during 2011-12.

The year under review was marked by a steep hike in interest rates by the Reserve Bank of India, increasing borrowing costs. There was an unprecedented increase in input costs like menthol prices and rise in crude oil prices which affected the cost of various raw materials and the transportation cost. There was an average inflation (CPI) of 8.4% throughout the year affecting consumer spending. And there was significant depreciation of the Indian rupee compared with the US dollar. Besides, an erratic summer and a delayed winter impacted the sale of seasonal products.

The worst of times often bring out the best in companies and so it was the same with Emami in 2011-12. Despite various challenges, Emami outperformed the Indian FMCG industry growth; Emami grew 16.6% from ₹ 1247 cr in 2010-11 to ₹ 1454 cr in 2011-12; EBITDA at ₹ 297 cr grew 17.1% during the year and net profit increased 13.2% from ₹ 229 cr in 2010-11 to ₹ 259 cr in 2011-12.

Correspondingly, our book value increased from ₹ 45.59 to ₹ 46.70 towards the close of the year.

As a result, the Board recommended a dividend of 800% including a special dividend of 400%.

Drivers

The one reason why Emami outperformed its sectoral average was not because it moved with the overall momentum of the market but because it continued to respond to a moving goalpost with speed and sensitivity.

For instance, consumers desired products with specific applications with shifts in seasonal patterns; Emami responded with increased production supported by promotion. Rural consumers had more cash to spend following successful government schemes and favourable monsoons; Emami accelerated product ruralisation. As a result, the direct rural reach grew substantially in 2011-12 and now contributes about 23% of total sales.

Initiatives

At Emami, we recognised the need to stay relevant in a dynamic market space.

The result was that we continued to invest in our principal capital – our brands. The investment in our brands increased from ₹ 219 cr in 2010 -11 to ₹ 229 cr in 2011-12. The brand expenditure as a proportion of revenues was 15.8% in 2011-12. It was not as much as the increase in brand spending as much as the innovative campaign behind it that translated into a superior performance. For instance, our brands were endorsed by prominent national and regional personalities; they were advertised in the national media; they addressed specific target segments (adults, housewives and children based on product relevance); they ranged from the mainstream to the

unconventional; they stood for the directness of their language; they figured periodically in the consciousness of its consumers; they stood for curative and benign impact.

Above all, we re-emphasised the Indian-ness of our products. Latent in all our communication was the initiative of bringing to consumers innovative products, leveraging the rich ancient Indian legacy of Ayurveda blended with the rigours of modern science. Our brands did not merely offer consumers a prospect; they delivered a tangible reality. We created products suitable for diverse climates; we provided products for seasonal use; we created benign products by reaching deep into the rich legacy of Ayurveda; we pioneered the creation of market spaces (Fair & Handsome), introduced innovative products (Navratna Cool Talc) and made pathbreaking additions (addition of gold and silver in chyawanprash); we packaged innovatively (Navratna oil in a sachet; Zandu Balm in a 1.2 ml container).

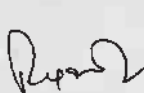
The result was that almost all power brands grew aggressively, emphasising their robustness. Boroplus Antiseptic Cream, Fair & Handsome, Navratna Oil and Zandu Balm accounted for around 60% of the Company's revenues in 2011-12. The power brands also performed well overseas. Boroplus remained the market leader in Russia, Ukraine and Nepal. Navratna Oil occupied a leadership position in Bangladesh and Nepal. Fair & Handsome continued to be a leading player in Bangladesh, Nepal and UAE. The Zandu healthcare products reported an aggressive growth of over 30% in sales over the previous year.

During the year under review, 85 Emami products were sold every second in India or the world; Emami is the visible face of India across more than 60 countries.

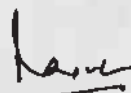
The big picture

Going ahead, Emami is optimistic of sustaining its growth for some interesting reasons: India is becoming increasingly affluent with India's per capita income rising from ₹ 31,206 in 2006-07 to ₹ 60,972 in 2011-12. India is getting younger; with Indian youth (in the age group 15-34 years) comprising 34% of the total population and becoming increasingly brand-conscious. AC Nielsen expects India's rural FMCG market to grow from USD 12 bn in 2011 to an estimated USD 100 bn by 2025.

Emami is attractively positioned to capitalise on this emerging reality through its Indian-ness, translating into superior value for its shareholders.



RS Agarwal



RS Goenka

Corporate identity

Emami. Over 300 diverse products. Comprising oils, talcs, creams, balms, medicines and cosmetics. Offering head-to-toe solutions. Across all seasons. In over 60 countries. This is the result: over 85 Emami products are sold every second. To people who swear by them. To people who use them daily. To people who consider these products a part of their lives. Because finally, it comes down to trust.



Background

- Established in 1974
- Founded by Shri R.S. Agarwal and Shri R.S. Goenka and managed by a team of dedicated and experienced professionals

Lines of operation

- Engaged in the business of manufacturing and marketing personal care, healthcare and beauty products

Presence

- Headquartered in Kolkata, West Bengal
- Pan-India presence with five regional sales offices and 32 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 4,000 sub-distributors, with a direct reach across 500,000 retail outlets
- Market presence across 60 countries with subsidiaries in Bangladesh, Egypt, the UAE and the UK
- Listed on the BSE, NSE and CSE



Philosophy

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.



Quality

- All manufacturing units are ISO 9001:2008-certified and GMP-compliant. The Abhoypur, Amingaon, Pantnagar and Dongri units accredited with ISO 14001:2004 and ISO 18001:2007
- ISO 9001:2008-certified Internal Audit Division.
- Robust R&D spearheaded by Padmashree Vaidya Suresh Chaturvedi and supported by eminent Indian and international experts.

Brands

- Portfolio comprises more than 300 products
- Strong brand recall built around its power brands (Boroplus Antiseptic Cream, Navratna Oil, Zandu Balm and Fair and Handsome), which are strong market leaders in their respective segments.
- Sona Chandi Chyawanprash, Kesari Jivan, Mentho Plus Balm, Fast Relief, Malai Kesar cold cream and Vasocare petroleum jelly are other prominent brands.
- Zandu Pancharishta, Rhumasyal, Lalima, Sudarshan, Trifala comprise prominent health care brands



Revenue
₹ 1,454
crore
in 2011-12

ROCE
29.33%
for 2011-12

Market
Capitalisation
Over ₹ 6,100
crore as on 31st
March 2012

Shareholders'
Strength
16,719
as on 31st
March 2012

Employees
2,500
(approx) as on
31st March 2012



Management team

Founded by Mr. R.S. Agarwal and Mr. R.S. Goenka and managed by a team of young and dynamic professionals with rich industry experience.



Brands

The Company invested aggressively in developing its brands over the years leading to the creation of a strong brand portfolio. These brands now enjoy a leadership position in their respective segments.



Innovation

Blending ayurveda and modern science, Emami created a portfolio of innovative and effective products without side-effects. The Company also created new categories in India (like men's grooming and cool talc) through Fair & Handsome and Navratna Cool Talc.



Financials

The Company's robust business model is reflected in an attractive debt-equity ratio of 0.23 (as on 31st March 2012) and strong cash and cash equivalent balance of ₹ 350 crore (as on 31st March 2012).



Research and Development

The Company possesses a strong research and development team dedicated to create products around the ayurveda foundation.

What makes Emami different?



Certifications

All manufacturing units are accredited for cGMP, ISO 9001:2008.

The Abhoypur, Amingoan, Pantnagar and Dongri units are accredited with ISO 14001:2004 and ISO 18001:2007, resulting in globally benchmarked Environment and Occupational Health and Safety management system



Product range

Emami created a product range that comprises personal care, skin care, rubefacients, ayurvedic medicines and child care products, among others. The Company provided over 300 products in various SKUs.



International presence

The Company is present in more than 60 countries outside India (13% of revenues) with Boroplus maintaining a leadership position in Russia, Ukraine and Nepal. Fair & Handsome in Bangladesh, Nepal and the UAE, and Navratna Oil in Bangladesh and Nepal.



Distribution channel

The Company created a strong pan-India distribution network of 3,500 dealers and a direct reach across 500,000 retailers.



Endorsement

The Company's products are endorsed by prominent film (national and regional) and sporting personalities. The Company invested ₹ 229 crore in advertisements and promotions in 2011-12.

Awards and accolades



Mr Naresh Bhansali receiving the 'Best CFO Award- in Best Transformation Agent (Midsize Companies) category' for the year 2012' by Business Today and YES Bank



National Award for Technology Innovation for Mentho Plus Balm packaging under 'Emerging Packaging Technologies including Creative Design' category.

Corporate awards

1. Ranked 144 among BT-500 Most Valuable Companies of India in the private sector (Business Today)
2. Rated (by CARE) PR1+ (highest rating) for short-term borrowings signifying highest safety. AA+ Rating for long-term borrowings.
3. Emami Ltd has been chosen among the top 500 companies by Inc. India 500 Awards.

Brands and marketing awards

1. Emami's power brand featured in the Brand Equity Most Trusted Brand 2011.
 - Emami ranked 24th in Personal care category
 - Zandu balm ranked No. 3 in the OTC personal care category
 - Navratna ranked No. 3 in hair oil category
 - Boroplus ranked 21st in personal care category
 - Fair and Handsome ranked 26th in personal care category
2. Navratna was awarded the best packaging award by Paper Film & Foil Converters Association

Quality and operations awards

1. Pantnagar and Dongri units accredited with ISO 14001:2004 and ISO 18001:2007 accreditation signifying compliance with Environment system and Occupational Health and Safety management system
2. IMEA (India Manufacturing Excellence Award) Silver Award for Amingaon and Abhoypur Units.
3. Received Greentech Environment Excellence Silver Award for Abhoypur Unit.

4. Received 'Best of the Best Award' at CCQC Mumbai chapter for Abhoypur unit; gold Award for Amingaon unit, silver award for BT Road unit.
5. Received 'Par Excellence Award' at NCQC Hyderabad for Amingaon, Abhoypur and BT Road Units and 'Excellence' Award for Pantnagar unit.
6. Received Gold Award at CCQC Kolkata Chapter for Amingaon and BT Road units.
7. Received Best Model Award for Kaizen implementation for Pantnagar unit by NCQC Hyderabad.
8. BT Road unit stood first in CII Works Skill Competition - Refrigeration category (National Level).
9. Abhoypur unit received DL Shah National Quality Award for quality initiatives.
10. Received National Award for Technology Innovation for Mentho Plus Balm packaging under 'Emerging Packaging Technologies including Creative Design' category.

Individual recognition

1. Forbes Asia 2011, ranked Shri R.S. Agarwal and Shri R.S. Goenka among the 100 richest Indians
2. Mr. Naresh Bhansali, CEO-Finance, Strategy and Business Development, has been awarded the 'Best CFO Award 2012 - in Best Transformation Agent (Mid-size Companies) category' by Business Today and YES Bank.
3. Mr. Rajesh Sharma, Associate Vice President- Accounts & Finance, has been voted as one of the BEST CFO – Investor Relations by M/s Thomson Reuters Extel.

Passing on the legacy



The next generation: (Seated left to right) Shri Mohan Goenka, Smt. Priti Sureka, Shri Harsha V. Agarwal, Shri Aditya V. Agarwal (Standing left to right) Shri Prashant Goenka, Shri Manish Goenka

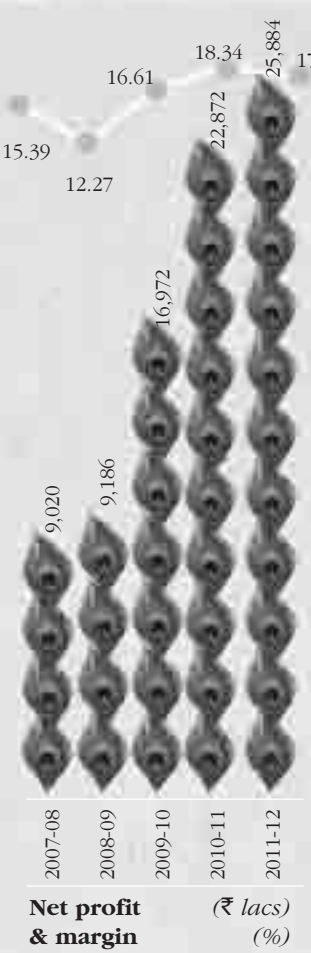
10 years highlights

(₹ in lacs)

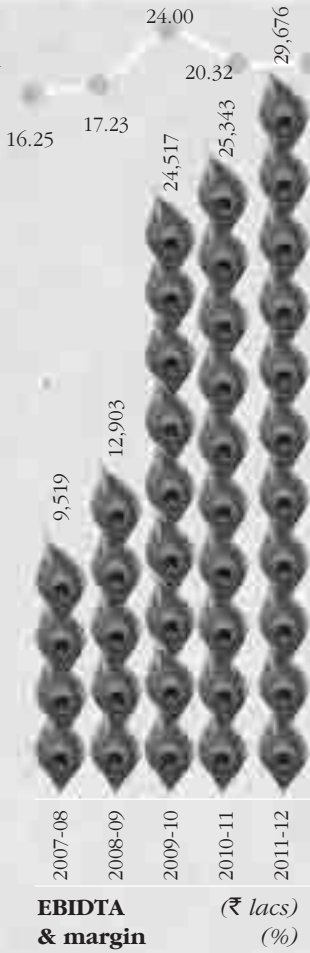
PARTICULARS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
A. OPERATING RESULTS:										
Income from operations	145,351	124,707	102,170	74,893	58,593	51,825	42,044	31,126	30,678	29,514
EBITDA	29,676	25,343	24,517	12,903	9,519	6,624	5,074	3,365	2,463	2,465
PBT	29,893	26,912	20,493	10,587	10,240	7,476	5,148	3,200	2,533	2,155
PAT (after minority interest)	25,884	22,872	16,972	9,186	9,020	6,619	4,936	2,976	2,199	1,867
Dividend incl tax	14069	6175	5,311	3,983	3,272	2,853	1,395	697	190	158
B. FINANCIAL POSITION:										
Fixed assets (Net block)	48,034	49,094	56,729	64,946	9,229	8,137	5,052	4,975	4,712	3,353
Liquid investments	7,356	-	5,500	3,267	8,233	6,500	8,000	4,700	-	-
Other assets	61,927	60,635	43,125	24,952	36,920	18,588	15,522	12,959	12,639	11,547
Total assets	117,317	109,729	105,354	93,165	54,382	33,225	28,574	22,634	17,351	14,900
Share capital										
- Equity	1,513	1,513	1,513	1,313	1,243	1,243	1,223	1,223	1,123	562
- Preference	-	-	-	-	8	-	-	-	-	-
Reserves & surplus	69,150	67,471	61,025	28,799	26,981	21,680	17,923	14,394	8,987	7,668
Net worth	70,663	68,984	62,538	30,112	28,224	22,923	19,146	15,617	10,110	8,230
Minority interest	12	7	-	-	48	-	-	-	-	-
Loan funds	16,114	22,937	25,906	44,822	12,580	3,836	3,369	3,624	4,364	4,775
Deferred tax (Net)	1450	1370	696	596	215	258	285	506	457	364
Capital employed	88,239	93,299	89,140	75,530	41,075	27,017	22,800	19,747	14,931	13,369
C. KEY RATIOS:										
ROE (%)	36.63	33.15	27.14	30.51	31.96	28.87	25.78	19.06	21.75	22.68
ROCE (%)	29.33	24.51	19.04	12.16	21.96	24.50	21.65	15.07	14.73	13.96
Debt - Equity ratio	0.23	0.33	0.41	1.49	0.45	0.17	0.18	0.23	0.43	0.58
EBIDTA margin (%)	20.42	20.32	24.00	17.23	16.25	12.78	12.07	10.81	8.03	8.35
Net profit margin (%)	17.81	18.34	16.61	12.27	15.39	12.77	11.74	9.56	7.17	6.33
Interest cover	19.51	16.64	4.48	3.30	13.83	45.98	NA	36.18	NA	16.88
D. EQUITY SHARE DATA:										
Earnings per share (₹)	17.11	15.12	11.63	7.23	7.26	5.33	4.03	2.62	1.96	1.66
Dividend per share (₹)	9.30	4.08	7.28	5.17	5.27	4.59	2.28	1.14	0.34	0.28
Book value per share (₹)	46.70	45.59	85.70	47.38	45.42	36.89	31.31	25.54	18.01	14.66



Net sales (₹ lacs)



Net profit & margin (₹ lacs) (%)



EBITDA & margin (₹ lacs) (%)



Net worth & RONW (₹ lacs) (%)



Capital employed (₹ lacs) & ROCE (₹ lacs) (%)



Earning per share (₹)

Board of Directors



1. Shri R.S. Agarwal 2. Shri R.S. Goenka 3. Shri Viren J Shah 4. Shri K.N. Memani 5. Shri Y.P. Trivedi
10. Padmashree Vaidya S. Chaturvedi 11. Shri S.K. Goenka 12. Shri Mohan Goenka



6. Shri S.K. Todi 7. Shri Sajjan Bhajanka 8. Shri Amit Kiran Deb 9. Shri S.B. Ganguly
13. Shri Aditya V. Agarwal 14. Shri Harsha V. Agarwal 15. Smt. Priti Sureka

Q&A with MD

“Emami is expected to report robust sustainable growth over the foreseeable future”



Q

How would you evaluate the performance of the Company during 2011-12?

A

The year 2011-12 proved a challenging year for the Company. Despite the varied adversities, the Company reported a 16.6% growth in revenue from ₹1,247 crore in 2010-11 to ₹ 1454 crore in 2011-12 with a 13.2% PAT growth from ₹ 229 crore in 2010-11 to ₹ 259 crore in 2011-12. What was credible was that despite high inflation, we maintained our EBIDTA margin at 20.4% in 2011-12.

Q

Which challenges did the Company face during the year under review?

A

The Company addressed the following challenges:

- Intense competition from regional and organised players.
- High crude oil prices and commodity inflation strengthened the cost of our purchases of LLP, mentha oil and vegetable oils.
- Steep rupee depreciation resulted in forex losses. The currency volatility in some of our international markets also impacted our business. The Kenyan currency depreciation made imports unviable in that country.
- A delayed and short summer impacted our talcum powder sales; a delayed winter affected the sale of our winter products.
- The Company's international business was affected by political unrest in Egypt, Libya, Algeria, Morocco and Kenya.

Q

Despite these realities, how did the Company protect its margins?

A

Emami leveraged its operating efficiencies through the following initiatives:

- We increased our product prices judiciously to cover cost increases without affecting market share.

- We invested in brand promotions to capture a larger mind share.
- We enhanced our operational efficiency to reduce production costs.
- We recorded a 13% growth in our international business with some of our products leading the market in various countries.
- We strengthened our distribution network to deliver products directly to over 500,000 outlets.



What were the highlights of the Company's working in 2011-12?

We invested around ₹ 229 crore in brand promotion, which was around 15.8% of our revenues. This helped us generate a 16.6% increase in revenues.

We strengthened the sales of Zandu Generic, OTC and Ethical segment through a stronger sales team. We aired an advertisement for Zandu Pancharishta with MS Dhoni and Pt Birju Maharaj as brand ambassadors. This Zandu range registered a growth of 34% in 2011-12, led by Zandu pancharishta which grew 137%.

We created a new segment – rural – covering towns/villages with a population of less than 50,000 under 'Project Swadesh'. The Company adopted a hub-and-spoke model in these areas by appointing super-stockists and sub-stockists. By the end, the Company had 160 super-stockists and 4000 sub-stockists. We have strengthened our rural presence and enhanced the availability of our products across 3.6 mn. retail outlets. A separate team handled the modern trade accounts across the country which grew 64% over 2010-11.

We strengthened our R&D and developed new products which will be ready for launch in 2012-13.

We became debt-free with a net cash and cash equivalent of ₹ 350 crores as on 31st March, 2012. We declared our highest-ever dividend of 800%.



What challenges do you foresee in 2012-13?

The challenges that we foresee in 2012-13 comprise:

- **Raw material costs:** Rising crude oil, mentha oil and other raw materials costs threaten margins. The Company is engaging in advance raw material booking to minimise the impact of inflation and also evaluate backward integration into producing some raw materials.
- **High inflation:** We expect high-to-moderate inflation to impact consumer spending and cost management. We expect to enhance efficiency to minimise this impact and offer innovative solutions to consumers.
- **Competition:** Competition from regional and organised national players



What are the reasons of optimism for the Company?

A combination of initiatives will drive our growth over the coming years:

- Cost efficiency program is institutionalised across the organisation covering all functions and expenses.
- We are strengthening our distribution network by appointing more super-stockists, sub-stockists and direct retailers; we are investing in our rural distribution channel and planning to add more people in the direct sales force.
- Our products are uniquely ayurvedic and reinforced by strong communication initiatives.
- Our Bangladesh and Egypt plants are expected to be operational in 2012.
- We are focusing on the healthcare and OTC Zandu product portfolio coupled with new launches, stronger sales and wider marketing.

On the back of these initiatives, we expect to graduate the Company to the next growth level, generating increasing revenues over the coming years.

Directors' report and management discussion and analysis

Your Directors have pleasure in presenting their report on the business and operations of the Company and audited accounts for the year ended March 31, 2012. The Management Discussion and Analysis has also been incorporated into this report.



Management team

(Front row: standing left to right)

1. Mr. Dhiraj Agarwal, *Chief, Media Department*
2. Mr. Naresh Bhansali, *CEO, Finance, Strategy and Business Development*

(Back row: standing left to right)

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*

Indian economy

India's economic growth declined to 6.9% in 2011-12. The growth was the second-lowest in the past nine years, only better than the global financial crisis period of 2008-09 when it was 6.7%. The Indian manufacturing sector faced various challenges in 2011-12. Industrial growth declined sharply during 2011-12. The manufacturing sector's growth remained volatile and highly concentrated, with seven out of the 22 industry groups showing negative growth during April-February 2011-12.

Inflation and capital runaway were the two main factors affecting the economy. Inflation remained above 9% and RBI hiked the interest rate 13 times since December 2010 to curb inflation. The country's economic momentum was halted due to monetary tightening and inflation.

Indian FMCG industry

The Indian FMCG sector is the fourth-largest in the economy with a total market size in excess of US\$ 13.1 billion. It has a strong MNC presence and is characterised by an established distribution network, intense competition between the organised and unorganised segments and low operational cost. Availability of key raw materials, cheap labour costs and presence across the entire value chain provides India with a competitive advantage.

The sector registered an average annual growth of about 11% per annum over the last decade. Unlike developed markets, which are dominated by a few large players, India's FMCG market is fragmented and comprises unorganised players selling unbranded and unpackaged products. There are around 12-13 million retail stores in India, of which nine million are of the FMCG *kirana* variety.

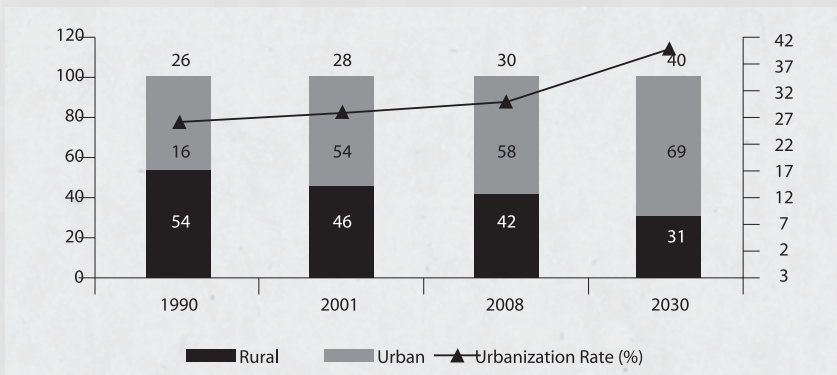
Factors driving FMCG sector growth in India

- **Per capita income:** A steady economic growth resulted in higher per capita income growth. It took nearly 40 years for the real per capita income to double from the level achieved in 1950-51. However, it increased 2.5 times in the next 20 post-reform years. India's per capita income increased

from ₹ 31,206 in 2006-07 to ₹ 60,972 in 2011-12.

- **Urbanisation:** India is dominated by aspirants and the deprived classes with only 50 million people (5% of the population) constituting the middle-class. By 2015, it is expected that a large chunk of aspirants and seekers will move up the income ladder. Also, by 2025, India will largely be a nation of strivers and seekers with 41% of the population being middle-class. We believe this change in income distribution will fuel the demand for branded consumer goods. Going ahead, India's urbanisation is expected to be higher than the rest of the world, increasing from 30% to 40% by 2030. Nuclearising families and an increasing proportion of working women will further increase the demand for branded consumer goods.

Urban and rural distribution and urbanisation rate (%)

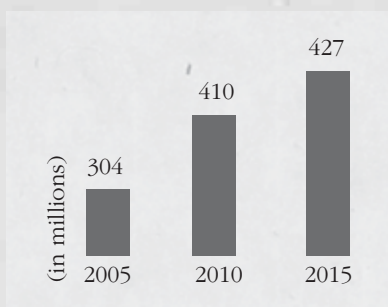


Source: ICICIdirect.com Research

- **Change in rural income:** The change in rural income strengthened the Indian FMCG sector. There was a sharp change in the rural income mix in the past 15 years. The lower class constituted more than 50% share of rural India in 1996 which declined to 21% in 2010. High income growth graduated the lower class into lower middle-class and middle-class. This resulted in a 1,400 bps and 1,300 bps expansion in the lower-middle class and middle-class mix in 15 years. As per 'CII and Euromonitor' (source: *Business world Marketing Whitebook 2011-12*), around 50% of the rural population will come under the ₹ 90,000-200,000 annual income range by 2015 from around 35% in 2005.

- **Young population:** India's youth (in the age group 15 to 34 years) comprises over 34% of the total population. The youth population is expected to cross over 400 mn by 2015. (Source: *PWC report*)

Growing young population



(Source: *PWC report*)

- **Working age population:** The share of working-age population in the total population has been increasing. With more than 50% of the Indian population under 25 years of age, higher than developed

countries like the US (34%), Japan (23%) and Brazil (42%), almost 62% of our population will remain as daily wage earners by 2020. This, along with higher urbanisation, will pave the way for higher consumption growth.

- **Low penetration and low per capita consumption:** India has a low per capita FMCG product consumption – per capita skin-care product consumption is at ₹ 20 compared with ₹ 902 in the UK and ₹ 843 in the US; per capita shampoo consumption is 0.04 kg in India compared with 0.40 kg in the UK and 0.72 kg in Brazil.

FMCG industry outlook

According to CII and Booz & Company, the FMCG industry is expected to register a 12% base CAGR to assume a size of ₹ 4,000 bn in FY20 from ₹ 1,300 bn in FY10. The study estimates that growth will accelerate to 17% in the event of favourable macro economic indicators. There is a gradual change in rural consumption. NSSO's data shows that the share of food and staple benefits in rural consumption gradually declined from 64% in 1987-88 to 53.6% in 2009-10, increasing the share of non-staple benefits consumption. Nielsen expects the rural FMCG market to reach US\$100 bn by 2025 from US\$12 bn in 2011 due to increased penetration, higher consumption, premiumisation and inflation.

As per ASSOCHAM, a fall in the value of the rupee against major currencies, new norms of standard-

size packaging, increase in raw material costs due to spiraling interest rates and inflation might cumulatively dent the performance of the fast moving consumer goods (FMCG) sector which ruled the bourses in 2011.

Performance highlights

- Your Company registered another commendable performance despite a challenging economy. Standalone revenue for 2011-12 was ₹ 1,390 crore, a growth of 15.64%, over ₹ 1,202 crore in 2010-11

- Profit after tax increased 12.9% to ₹ 257 crore (standalone) despite an increase in input costs by 1.1%

- Consolidated turnover for 2011-12 was ₹ 1,454 crore, an increase of 16.6%, compared with ₹ 1,247 crore in 2010-11

- Consolidated profit after tax for 2011-12 was ₹ 259 crore as against ₹ 229 crore in 2010-11, an increase of 13.2%

The year 2011-12 was a satisfactory year for the business. The Company's domestic and international businesses grew substantially despite a competitive environment. On the economic front, high inflation, decelerating GDP growth, higher deficits and forex volatility stifled growth. However, consecutive favourable monsoons and higher consumption levels boosted growth. While the FMCG sector witnessed volume growth owing to higher consumption, high input costs erodes margins. Your Company performed reasonably despite a challenging environment with a 17%

growth in its domestic and international businesses. While we are pleased with our accomplishments, we intend to improve further.

The business witnessed growth across all brands. Most of our power brands like Boroplus, Zandu Balm, Navratna, Fair & Handsome, Menthoplus, Fast Relief and Zandu Pancharishta gained substantial market shares over 2010-11. While CIS, GCC and SAARC spearheaded growth in the international business, North African sales were affected

owing to political instability, volatile currency and a defocus on low margin brands.

Your Company possesses a strong brand portfolio catering to various consumer needs. We are positioned to capitalise on opportunities in a growing Indian market. We will continue to strengthen this advantage with innovation excellence, faster execution, sharper focus on consumer needs and improved distribution reach.

During 2011-12, we increased our direct rural reach. Our direct retail

coverage increased to 5 lac outlets. We initiated our Bangladesh and Egypt units which are expected to become operational in FY 2012-13.

At a time when input costs remain high while price and forex volatility pose additional challenges, we continue to focus on the best value for our customers and vendors through innovation and cost-efficiency.

Financial results (standalone)

(₹ in lacs)

Particulars	2011-12	2010-11
Operating income	1,38,981	1,20,238
Profit before interest, depreciation and taxation	33,034	29,692
Interest	1,555	1,549
Depreciation and amortisation	12,075	11,603
Transfer from general reserve	(10,209)	(10,209)
Profit before taxation	29,613	26,749
Less : Provision for taxation		
- Current tax	3,872	3,300
- Deferred tax (net)	80	674
- Provision for taxation of earlier years	(20)	26
Profit after taxation	25,681	22,749
Balance brought forward	2,747	1,383
Profit available for appropriation	28,428	24,132
Appropriation		
General reserve	10,209	15,209
Proposed dividend	12,105	5,296
Corporate dividend tax	1,943	880
Balance carried forward	4,171	2,747
	28,428	24,132



Emami Tower, Headquarter in Kolkata

Dividend

The Board of Directors recommends a dividend of ₹ 4 per share (400% on the Company's share capital). Considering the strong financial position and available liquidity, an additional dividend of ₹ 4 per share (400% on the share capital of the Company)

is being recommended as a special dividend for the financial year ended March 31, 2012 for its members, pending their approval. The total dividend for the year ended March 31, 2012 would accordingly be ₹ 8 per equity share as against the total dividend of ₹ 3.5 per equity share for the year ended March 31, 2011. The dividend, if approved, will be paid to members whose names appear in the Register of Members as on August 3, 2012; with respect to the shares held in dematerialised form, it would be paid to members whose names are furnished by NSDL and CDSL as beneficial owners as on that date. The total dividend outgo for the current year amounts to ₹ 14,048 lacs, including the dividend distribution tax. The dividend payout ratio works out to 54.7%.

Strength.... beyond limitation

Raw material management

The year under review experienced a steep escalation in the cost of major inputs, especially menthol, vegetable and crude oil-based items along with an increase in minimum wages.

Countering the challenges

The Company responded to these challenges through the following initiatives:

- Changed the oil mix by introducing vegetable oil without impacting product quality to counter the steep hike in crude oil prices and fluctuation in dollar value.

- Hedged inflation through advance order module for key raw materials like menthol, waxes, mercury, liquid paraffin among others
- Started advance booking for menthol when the price rose sharply during the year.
- Backward integration of menthol plantation
- Developed a multiple vendor base for most products to enjoy price benefits.
- Enhanced storage capacity with respect to key inputs, which experienced a substantial price rise during the year in review. The Company maximised the purchase of material from tax-exempted zones (North-east, Uttaranchal and Himachal Pradesh) for cost-effective purchases.

Vision

- The Company expects to explore the possibility of importing raw materials like micro crystalline wax, methyl salicylates, soap noodles, lumino peptide and ozokerite wax and paraffin wax, among others.

Operations

Maintaining operational efficiency is imperative to produce quality products. Besides efficiency, cost optimisation is another key factor to strengthen profitability. Emami has a strong operations team, which enhances process efficiency and ensures quality.

Countering challenges

The Company strengthened its operations through the following initiatives –

- Received awards across all manufacturing locations for

manufacturing excellence.

- Upgraded the ayurvedic manufacturing facility at the BT Road unit as per WHO guidelines.
- Completed capacity expansion at the Pantnagar unit.
- Started equipment efficiency monitoring and improvement programme across all units.
- Standardised and streamlined SOPs for the manufacturing units.
- Created a zonal quality control team for the eastern, western and northern region for better control and accountability.
- Assembled a cross-functional team to facilitate product transfer from R&D to plants.
- Established cGMP, TPM and WCM processes across all manufacturing units.
- Incentivised plant employees to ensure higher retention.

Vision

- Undertake a new manufacturing project in Assam.
- Upgrade Zandu plants in the western region.
- Initiate SAP integration of more processes previously not covered for better control and resources utilisation.

Sales and distribution

Sales and distribution plays an important role in FMCG companies, ensuring that consumers enjoy access to products 24X7. Emami has a strong sales and distribution team ensuring an anytime product availability.

Highlights, 2011-12

- Recorded 18% revenue growth in India despite sales getting affected

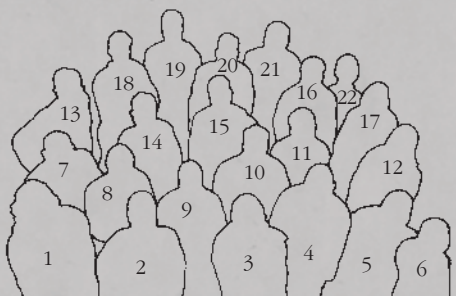
due to weak seasons.

- Zandu health care business grew by 34%.
- Classified a new segment - rural – covering towns/villages with a population of less than 50,000 under Project Swadesh. The Company adopted a hub-and-spoke model in these areas by appointing super-stockists and sub-stockists. As of the end of the year, the Company had 160 super stockists and 4000 sub-stockists. Around 24% of the business was recorded directly through this model.
- A separate team handled the modern trade accounts across the country which grew 64% during the year.
- Increased direct retail coverage from 450,000 outlets in 2010-11 to 500,000 outlets.
- Our indirect reach is over 3.6 million retail outlets. (*Source: AC Nielsen*)

Countering the challenges

- Opened a new depot at Agartala to service the growing demand from north-eastern states.
- Completed integration of the southern distribution channel of Zandu with Emami.
- Created structured sales force for the rural channel with its own dedicated team of more than 225 people in the states of Uttar Pradesh, Andhra Pradesh, West Bengal, Bihar, Madhya Pradesh and Rajasthan
- Enhanced focus on the marketing activities of healthcare products of Zandu. Aired an advertisement for Zandu Pancharishta with MS Dhoni and Pt Birju Maharaj as brand ambassadors clocking a growth in

Team Emami



1. Mrs. Mahasweta Sen,
2. Mr. Rajesh Sharma,
3. Mrs. Shagun Tulsyan,
4. Mr. A.K. Joshi,
5. Mrs. Neena Sharma,
6. Mr. Vilien Dengele,
7. Mr. Nigel Saldanha,
8. Mr. G. L. Agarwal,
9. Mr. Manoj Agarwal,
10. Mr. Vikram Saxena,
11. Mr. Debasish Pal,
12. Mrs. Pinky Agarwal,
13. Mr. Dhrubajyoti Purkayastha,
14. Mr. L.N. Prasad,
15. Mr. Chirag Seth,
16. Mr. Sanjay Madan,
17. Mrs. Mamta Kalra Juneja,
18. Mr. Sushil Kothari,
19. Mr. R.K. Gupta,
20. Mr. Anup Rungta,
21. Mr. Gourab Roy Choudhury,
22. Mr. S.N. Paul

product sales during 2011-12.

- Increased trade marketing activities by enhancing the number of dealer meets, wholesalers loyalty programme and distributor meets, among others.

Vision

- Continue investment in the distribution infrastructure and increase direct reach
- Formulate a structured training programme for the sales team under the Gurukul programme initiated by the Company
- Implement distributor connectivity to provide live data for speedy decision-making
- Undertake an IT project – eStar – to enable the sales officers post secondary sales figures online for faster analysis and actions thereof.

Information technology



Emami is wired on SAP ECC 5.0, a state-of-the-art enterprise resource planning (ERP) software. Its business processes are integrated and connects processes such as order-to-

cash, procure-to-pay, production planning, quality management, sales and distribution, among others.

The Company has a dedicated IT team under the CIO which executes a number of projects across locations.

Countering the challenges

- SAP, our core ERP business system, is now implemented in overseas subsidiaries. SAP went live at Bangladesh in November 2011, the first overseas implementation by Emami's IT team. Emami FZE International (UAE) is scheduled to go live in June 2012.
- Implemented a 3PSCM (Third Party Supply Chain Management) system successfully at one 3P unit for better control across the contract manufacturing units. The Company expects to roll this at nine third party units across the country.
- Implemented a web-based HR Intranet 'Sampark' which includes all critical HR functions like travel management, leave and other self-service applications based on the workflow and business escalation matrix.
- Migrated 48 WAN connectivity links across all locations in India from multiple service providers to MPLS VPN circuits through Sify and Reliance.
- Evaluated various data warehousing and business intelligence systems from leading IT and consulting companies. The implementation is expected to

commence in June 2012.

Implemented the material requirement planning (MRP) module across all factories Maintained 99.5% uptime of IT systems (hardware, software and SAP), ensuring uninterrupted business operations.

Vision

Going ahead, the Company's IT department expects to achieve the following:

- Implement budgeting, business planning and consolidation.
- Implement business intelligence system
- Implement and integrate export documentation modules in SAP
- Enhance information security by implementing high-end firewalls and upgrading the data centre.
- Run SAP optimisation for continuous improvement and enhanced system efficiency

International marketing division

The global FMCG market has been growing and also maturing with increasing competition. While local brands also grew stronger, international players also entered newer geographies, invested in brand building and increasing distribution. They also acquired brands overseas to get a larger market share.

Worldwide presence: As an international branded consumer goods company, Emami is present

in more than 60 countries, focusing on Russia & the CIS, SAARC, South East Asia, Middle East and Africa.

Wide product portfolio : The international division offers a wide product portfolio ranging from skin care to hair care and healthcare.

Export revenue increased 13% from ₹165 crore in 2010-11 to ₹187 crore in 2011-12 contributing about 13% to the Company's revenue. The Company maintained market leadership position for Fair & Handsome in Bangladesh, Nepal

and UAE and for Boroplus in Russia and Nepal.

Countering the challenges

Maintaining growth in challenging environment in the face of crisis in North African markets and Eurozone was a major challenge.

The Company revised its prices during the year and worked closely with distributors and dealers in the international market to maintain off takes despite a price hike.

Currency volatility remained a key concern in the international market.

The Company evaluated the credit policies and opted for bank guarantees and LC.

The Egypt manufacturing project has slowed due to political unrest in the country.

Vision

Going ahead, the Company will concentrate more on the focus countries and its key brands. It is also increasing its sales force in Russia, Bangladesh and Nepal to gain further market share. It also expects to commence operations of





Clean & safe manufacturing facility

the Bangladesh and Egypt plant from 2012-13.

Logistics

The year was a challenging one owing to a 10% hike in fuel cost, 20% hike in tyre cost and around 15-20% hike in toll taxes. There was also a shortage of truck drivers, resulting in lower availability of trucks.

Countering the challenges

- Increased containerisation: Around 80% of the output from Guwahati and 60% from Pantnagar was transported through containers, ensuring higher product security.
- Established new mother warehouses in Indore, Kolkata, Ambala and Hyderabad, taking the total warehousing storage capacity to 2.78 lac sq. ft.
- Ensured adequate risk

management by insisting on bank guarantees from vendors

- Monitored transition time and lead time stringently
- Improved stock demand forecasting through regular sales and operation meetings

Vision

- Reduce transit time
- Increase containerisation from other units
- Establish mother warehouses in Nagpur (25,000 sq. ft), Ahmedabad (25,000 sq. ft) and New Delhi (50,000 sq. ft)

Research and development

The Company competes in an industry characterised by rapid advances. The Company's ability to compete successfully is dependent on its ability to ensure timely flow

of competitive products and technologies. The Company continues to develop new products and intellectual property through licensing and third-party business and technology acquisitions.

Mission – healthcare

Extensive research and innovation facilitates 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 innovative products that meet consumer needs.

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 a wealth of creative talent, all supporting Emami's leadership in personal care, health and wellness and ayurveda. Our products are the result of understanding consumers' needs, through pathbreaking technology. We combine years of practical experience with a continuous influx of new knowledge. For decades, we worked in partnership with universities, start-ups and suppliers. These relationships are now richer and more productive than ever.

Emami's future

The Research and Innovation Centre was reorganised to align itself with Emami's dynamic business strategy. The Group now encompasses a



Emami's Research & Innovation Centre

competitive intelligence cell, which monitors the effectiveness of current operations, competitors' perception, competitor capabilities, and medium-to-long-term prospects. The same is done under the strategic, tactical and counter intelligence sub-sections. The Centre is also keenly strengthening its presence in global markets and taking active part in tapping consumer habits, attitudes and newer insights for product development. With regulations getting tougher globally for products, which offer cosmetic and functional benefit, Emami Research and Innovation Centre is reinforcing teams responsible for defending the scientific validity of its brands with international and local authorities. The regulatory team supports the innovation process, helping brands

enjoy an access to markets for which they are responsible, while guaranteeing compliance with operating regulations.

Infrastructure

A state-of-the-art, high-end multi-storey Research and 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, packaging and development.

Technology direction

The Research and Innovation team comprises more than 55 scientists, with multi-dimensional backgrounds and industry experience. These

professionals are geared towards the development of high-end, targeted products that deliver higher performance, tapping the latest global technologies while appealing to the global consumer.

The strong in-house innovation team of collaborative projects with modern technology centers, resulting in co-development of novel products in the home and personal care category. Emami Research and 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 key suppliers. Emami brings to consumers,





Emami's initiatives for its people

products of the highest quality and safety. Its R&D ensures regulatory compliance of all Emami's international products. This enables Emami to launch new products quickly and efficiently in countries worldwide, by integrating regulatory affairs in its R&D activities from start to finish. The Research and Innovation team developed in-house strengths in focusing on basic science areas including ayurvedic science.



Vision

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

We are constantly aspiring for

cutting-edge 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 fulfill promises.

Human resource management

In a business where it is imperative to introduce products with varied features that position them differently in order to attain market leadership, there is an ongoing need to retain competent human resources and develop their capabilities.

Countering the challenges

- *Performance-driven organisation:* Strengthened the performance management system with rewards and recognition based around them.
- *Learning and development:* Completed 2,000 person-days of training during the year under review. Training needs were identified through performance appraisals. The HR team structured a training calendar. The employees were given a recap after 90 days of training and the training effectiveness was measured. Initiated various employee engagement programmes like family picnic day, annual quiz contest and inter-departmental cricket matches among others.
- *Employee branding:* Introduced



an extensive nine-month graduate training programme customised for Emami in collaboration with an institute. On successful completion, the students will be absorbed in Emami. Around 15 students participated successfully in this programme in 2011-12.

- Recruited MBAs from 'A'-rated business schools who were provided cross-functional training for eight months and posted in key roles.

Vision

- Create a resource development programme to identify and develop leaders in the organisation
- Systematise the HR process by introducing software integrated with SAP
- Focus on the leadership team for high-end training programmes.

- Launch the newly created intranet platform in the current year. The platform shares organisational information and is a knowledge repository. It is a two-way communication portal. The employees can also stay in touch through the chat platform
- Emphasise the creation of a learning organisation through systematic HR, learning and development initiatives. Target at least two man-days of training to each employee

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:

- 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
- Even the smallest quality complaints are addressed immediately



Shri R.K. Goenka
Chief, Corporate Social Responsibility



Initiatives for social upliftment – mass marriage

Recognition

All the units are cGMP and ISO: 9001:2008 certified. Abhoypur, Amingaon, Pantnagar and Dongri units are accredited with ISO 14001:2004 and ISO 18001:2007, abiding by highest Environmental and Occupational health & safety standards.

Corporate social responsibility

At Emami, Corporate Social Responsibility (CSR) forms an integral part of the Company's business activities. It is not philanthropy but purely voluntary -- your Company does it beyond any



statutory requirements or obligations.

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 formulated 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



Emami's education initiatives

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 observer 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 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 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 renowned heart specialist Dr. Bimal Chajjer. Donations are made to various healthcare organisations. Blood donation camps are organised by various Emami factories.

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.

A fund was set up years ago to render financial assistance for the marriage of the underprivileged. During the year under review, the Company supported the weddings of 22 underprivileged girls. Besides, the Company helped with the initial setting up of their homes and provided funds for meeting household expenses for the first month.

Environment

Emami uses environment-friendly technologies and processes. Recycling, reuse of by-products are stressed upon; emissions are controlled. Research and development of cow dung and cow

urine as well as the maintenance of goshalas were adopted.

Listing

The Company’s equity shares are listed on the National Stock Exchange, the Bombay Stock Exchange and the Calcutta Stock Exchange. The listing fees for the financial year 2012-13 were paid.

Subsidiary companies

As of 31st March, 2012, the Company included the 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 and Profit and 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 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 namely www.emamigroup.com and kept open for inspection at the registered office of the Company.

Directors

Vaidya Suresh Chaturvedi, Shri Mohan Goenka, Shri S. K. Goenka, and Shri S. B. Ganguly, Directors of the Company, retire by rotation and being eligible, offer themselves for reappointment. Shri S. K. Todi also retires by rotation but has not offered himself for reappointment. The Board wishes to place on record its sincere appreciation for the valuable guidance rendered by him during his tenure as an Independent Director of the Company.

Shri Sajjan Bhajanka was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors at its meeting held on 8th May, 2012 and pursuant to provisions of Section 260 of the Companies Act, 1956 (the Act), he holds office upto the date of the forthcoming Annual General Meeting of the Company.

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

During the year, the Board of Directors reappointed Shri R S

Agarwal as Executive Chairman of the Company, for a period of five years after completing his 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 system 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 in collaboration with reputed audit firms carries out internal audit at all manufacturing locations, head offices and sales depots situated across the country. Their objective is to assess the existence and operation of financial and operating controls set up by the Company and also to ensure compliance of applicable statutes and corporate policies. A summary of all audit reports containing significant findings by the audit departments along with the follow-up actions 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. Internal audit methodology, process and coverage has been evaluated by M/s Ernst & Young leading to enhanced capacity building and efficiency.

Risk management

The Company's key business risks and mitigation plans are as follows:

Industry risk

A downturn in the industry could impact the Company's performance.

Risk mitigation

- India's per capita income increased from ₹ 53,331 in 2010-11 to ₹ 60,972 in 2011-12
- The FMCG industry is expected to grow substantially by 2016
- Rural consumers spend around USD 9 bn on FMCG products in India
- Possesses a diverse product portfolio

Raw material risk

Inability to procure the right raw material at the right price could impact operations.

Risk mitigation

- The Company secures raw materials through advance booking, reducing the impact of price hikes
- The Company enhanced storage capacity for raw materials with a high price volatility
- The Company procured raw materials from non-excisable areas like Assam and Himachal Pradesh in exchange for cost benefits
- The Company is evaluating backward integration for mentha oil through its own plantation.

Distribution risk

Ineffective distribution channels may

result in an unavailability of products, hampering sales.

Risk mitigation

- The Company is present across multiple cities through the width of its marketing and branch offices.
- The Company created a strong distribution channel with a large number of distributors across the country, ensuring timely product availability.
- The Company adopted a dedicated distribution channel and appointed super-stockists and sub-stockists.
- The Company has direct reach to over five lac retailers across the country and is further expanding the same by way of 'Project Swadesh'.

Product Acceptance risk

The Company's products may not be acceptable in the market.

Risk mitigation

- The Company launched a number of new products in the last three years.
- The products launched by the Company in the last three years accounted for significant part of revenues in 2011-12.
- The Company is the market leader in four products across the country.

Quality risk

Improper product quality could affect the Company's offtake.

Risk mitigation

- The Company's dedicated quality control team ensures conformance to set quality standards.
- The Company implemented Total Production Maintenance (TPM)

across all its production units.

- The Company's manufacturing units are ISO 9001:2008 and WHO GMP-certified. Four units are accredited with ISO 14001:2004 and ISO 18001:2007.
- The Company has set guidelines for raw material procurement and process management.
- The Company's R&D team, Himani Ayurvedic Science Foundation and Zandu Foundation for healthcare will deliver innovative and effective products.

Communication risk

The Company's communication strategy may not be appealing to consumers, resulting in loss of mindshare.

Risk mitigation

- The Company has been communicating innovatively by engaging famous Bollywood actors, cricket players and regional actors to endorse its products
- The Company's commercials highlight the uniqueness of products and are directed towards the masses for higher acceptance.

Counterfeit risk

Counterfeit products with low quality could impact the Company's brand.

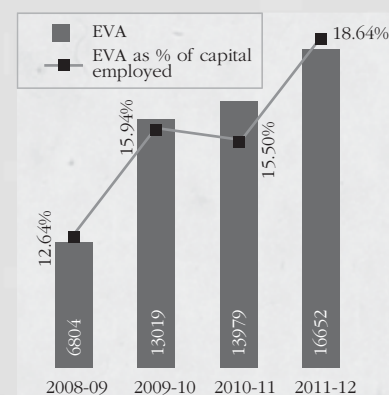
Risk mitigation

- The Company switched from a single-blow mould to multi-cavity moulding, which is an expensive system, but difficult to counterfeit.
- The Company invested extensively in imported dual colour moulding technology from an Italian company to counter duplication; it extended this

technology to Zandu Balm and Mentho Plus Balm.

Shareholders' returns

Emami's constant endeavour is to enhance returns for its shareholders. The Company works relentlessly towards innovative products and process improvisation which can be translated into higher returns for its shareholders.



Directors' responsibility statement

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

- In the preparation of the annual accounts for the year ended 31st March, 2012, 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, 2012 and of the profit of the Company for that year ended on that date

iii) 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

iv) 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 and 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 Section 224(1B) 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 2012-13 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 this does not necessitate 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 networth of the consolidated entity as on 31st March, 2012 is ₹ 707 crore as against ₹ 690 crore, as at the end of the previous year.

Energy, technology and foreign exchange

The particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo in accordance with the provisions of Section 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.

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
May 8, 2012

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

	2011-12	2010-11
1. Electricity		
a) Purchased units (lac KWH)	74.21	56.77
Total amount (₹ in lacs)	409.76	267.29
Average rate/unit (₹)	5.52	4.71
b) i) Through diesel generator units (lac KWH)	8.00	12.69
Unit/Litre of diesel	3.20	3.15
Cost/Unit (₹)	13.20	12.28
Total amount (₹ in lacs)	105.68	155.84
ii) Through steam turbine/generator	N.A.	N.A.
2. Coal	–	–
3. Furnace oil		
Quantity (Kilo litre)	222.76	175.55
Cost/Unit (₹)	0.42	0.30
Total amount (₹ in lacs)	93.91	53.11
4. Other/Internal generation	–	–

B. CONSUMPTION PER UNIT OF PRODUCTION

Product (with details) Unit	
Electricity	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.
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 on developing new products and improving 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	Nil
b) Recurring	132.30
c) Total	132.30
d) R&D as a percentage of total turnover	0.10%

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 reducing cost, improving packaging, upgrading existing products and developing new products. Thus, it 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 were taken to increase exports, development of new export markets for products, and export plans.

Total export in foreign exchange for the financial year 2011-12 was ₹ 9,878.91 lacs. In order to expand overseas business, the Company 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	747.61
Capital goods	1,152.79
Professional fees	108.98
Interest	769.37
Others	421.57
	3,200.32

C. Foreign exchange earnings during the year

Export of goods on FOB basis	9878.91
Interest	221.97
	10,100.88

II. Statement pursuant to Notification No 2 dated 8th February 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	Pharmaderm Company SAE, Egypt
a.	Capital	28.91	27.82	18.98	3.08	168.16
b.	Reserves	(5.14)	183.50	927.70	(181.32)	(54.74)
c.	Total Assets	138.55	758.07	7698.44	898.65	517.05
d.	Total Liabilities	114.79	546.75	6751.76	1076.90	403.63
e.	Details of Investments	N.A	N.A	3.04	491.76	Nil
f.	Turnover	110.80	4236.45	7085.24	Nil	Nil
g.	Profit/(Loss) before taxation	14.69	216.10	89.07	(69.84)	29.82
h.	Provision for taxation	Nil	79.85	Nil	Nil	Nil
i.	Profit/(Loss) after Taxation	14.69	136.26	89.07	(69.84)	29.82
j.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Kolkata
May 8, 2012

R.S. AGARWAL
Chairman

Corporate Governance Report

For the year ended March 31, 2012

Company's philosophy on Corporate Governance

Corporate Governance encapsulates a 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 includes achieving the Company's objectives with a view to translate opportunities into reality.

The Company believes that good Corporate Governance is vital for improving a firm's economic efficiency and also ensures that the Company considers the interests of a wide range of constituencies and of 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 its stakeholders including shareholders, creditors, employees and the State. The Company's philosophy on Corporate Governance envisages attaining the highest levels of transparency, accountability, integrity and equity across all facets of its operations and in its interaction with stakeholders.

Good Corporate Governance in global consensus aims at maximising long-term shareholder value.

In pursuit of this objective, the Company's management and employees 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. Also, the Company ensures full compliance with regulatory disclosure requirements.

The Company endeavours to make Corporate Governance a way of life by forming a Board comprising reputed experts by inducting eminent persons like Independent Directors who can contribute to corporate strategy, providing an external perspective and a source of challenges and evaluation wherever appropriate.

At Emami, the Board of Directors resides at the core of its governance practice. It oversees how the management serves and protects long-term stakeholder interests. Over the years,

we created a richly competent, informed and independent Board. The Board has seven independent directors out of fourteen directors. The role of the Board is supported by audit, remuneration, investors' grievance and Corporate Governance committees, most of which are having independent directors as members.

To that end, your Company will continue to focus on good Corporate Governance which represents the key driver of sustainable corporate growth and long-term value creation.

1. Board of Directors

a. Introduction

The Board plays a pivotal role in ensuring good governance. The Board's role, functions, responsibility and accountability are clearly defined.

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. Its style of functioning is democratic. The Members are free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman. The Chairman, Managing Director and Wholtime Directors are assisted by the CEO/CFO/senior managerial personnel in overseeing the 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

The Board of Directors consists of professionals drawn from diverse fields, who bring in a wide range of skills and experience to the Board. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. As on March 31, 2012, 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. Composition of the Board and category of Directors are as under:

Name and Category of Directors

Promoter Directors	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, Wholetime Director	4) Shri S.K. Todi
5) Shri Aditya Vardhan Agarwal, Wholetime Director	5) Shri Amit Kiran Deb
6) Shri Harsha Vardhan Agarwal, Wholetime Director	6) Shri S.B. Ganguly
7) Smt Priti Sureka, Wholetime 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 to facilitate 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. Role of Company Secretary in overall Governance Process

The Company Secretary plays a vital role in ensuring that Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision making at the meeting.

e. Compliance

The Company Secretary, besides preparing the agenda, the notes on the agenda and minutes of the meetings, 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.

A composite report of Statutory Compliances of all applicable laws, rules and regulations, among others, collected from all businesses of the Company is placed before the Board on a quarterly basis. Based on such reports, a certificate of Statutory Compliances duly signed by the Managing Director and CEO-Finance, Strategy & Business Development was also placed before each of the Board Meetings held during the year under review.

The Board reviews the compliance report of the laws applicable to the Company as well as instances of non-compliances, if any together, with its impact on the business.

f. Number of Board meetings and attendance therein

The Board of Directors held four meetings during the year on May 19, 2011, August 13, 2011, November 7, 2011, and February 11, 2012. Details of board meetings held during the financial year and the number of Directors present are listed below:

Sl. No.	Dates on which the board Meetings were held	Total strength of the board	No. of directors present
1	May 19, 2011	14	9
2	August 13, 2011	14	13
3	November 7, 2011	14	11
4	February 11, 2012	14	7

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

Corporate Governance Report, for the year ended March 31, 2012

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 on March 31, 2012

Sl No	Name of the Director	Position	Number of Board meetings attended	Number of Directorships as on 31.03.2012*	Number of committee positions held**	Attendance at the last AGM
1	Shri R.S. Agarwal	Promoter Executive (Chairman)	2	18	Member 1	Yes
2	Shri R.S. Goenka	Promoter/ Non – Executive	3	19	Member 3 Chairman 1	Yes
3	Shri S.K. Goenka	Promoter Executive (Managing Director)	4	8	Member 1	Yes
4	Shri Viren J. Shah	Non – Executive Independent	3	1	–	Yes
5	Shri K.N. Memani	Non – Executive Independent	2	15	Member 24 Chairman 6	No
6	Shri Y.P. Trivedi	Non – Executive Independent	1	9	Member 10 Chairman 4	Yes
7	Shri S.K. Todi	Non – Executive Independent	2	17	Member 5 Chairman 4	Yes
8	Shri Amit Kiran Deb	Non – Executive Independent	4	4	Member 3 Chairman 1	Yes
9	Shri S.B. Ganguly	Non – Executive Independent	3	9	Member 15 Chairman 5	Yes
10	Padmashree Vaidya Suresh Chaturvedi	Non – Executive Independent	4	1	–	Yes
11	Shri Mohan Goenka	Promoter Executive	3	9	Member 4 Chairman 1	Yes
12	Shri Aditya Vardhan Agarwal	Promoter Executive	3	15	Member 3	Yes
13	Shri Harsha Vardhan Agarwal	Promoter Executive	4	15	Member 6	Yes
14	Smt Priti Sureka	Promoter Executive	2	6	Member 3	Yes

*Includes Directorship in Private Limited Companies, Section 25 Companies & Other Organisations

**Committees include non-Statutory Committees also

None of the Directors is a member of the Board of more than fifteen public companies or a member of more than ten Board level Committees or Chairman of more than five such Committees.

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.

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. Functional Heads are also called to provide additional inputs to the items being discussed by the Board/committee as and when required.

i. Presentation by the Management

Before putting on record the quarterly/half-yearly/annual financial results of the Company, a presentation is made before the Board on the Company's operations including performance

of major brands, international business, initiatives taken for sales promotion and all other matters having an impact on the Company's business.

j. 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.

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.emamigroup.com. Under the Code, the Board 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

Keeping in view the requirements of the Companies Act 1956 as well as Clause 49 of the Listing Agreement and also with the objective to have more focus and attention on various facets of business and for better accountability and ensuring compliances, the Board constituted the following committees:

1. Audit Committee
2. Remuneration Committee
3. Share Transfer Committee
4. Investors' Grievance Committee
5. Finance Committee
6. Corporate Governance Committee

1) Audit Committee

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 292 A of the Companies Act, 1956. These broadly include approval of Annual Internal Audit Plan, review of the financial reporting system, internal control systems, discussions on quarterly, half yearly and annual financial results, interaction with Statutory, Internal & Cost Auditors, recommendation for appointment of Statutory and Cost Auditors and their remuneration, Business Risk Management and its mitigation plan, Management Discussion

Corporate Governance Report, for the year ended March 31, 2012

and Analysis of the Company's operations, review of the utilisation of funds raised by the Company, Internal Audit Report, review of the statutory compliance system, significant related-party transactions.

The Company has its well-defined and structured internal audit control system to ensure reliability of operational and financial information and to ensure statutory compliances and safeguarding assets of the Company. The audit process used by Internal Audit Department is also reviewed by the advisors/experts periodically.

The Internal Audit Department governs its audit through modules/checklist to carry out process-wise or otherwise audit and also to ensure effective discharges of their duties and compliance of Clause 49 of the Listing Agreement.

The representatives of Statutory Auditors are permanent invitees to the Audit Committee Meeting and the representative of the Cost Auditor attends such of those Meetings of the Audit Committee where matters relating to the Cost Audit Report are discussed. The Managing Director, CEO- Finance, Strategy & Business Development and Head of Accounts & Finance attend as special invitees.

As on March 31, 2012, the Audit Committee comprises four Directors of which 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 and Shri Amit Kiran Deb, IAS

and M.A. in Political Science was Chief Secretary of Government of West Bengal.

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 19, 2011, August 12, 2011, November 7, 2011, February 11, 2012 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
- Recommendation for appointment of Statutory and Cost Auditors and their remuneration
- Appointment of Chief Financial Officer
- 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	Independent	2
Shri R.S. Goenka	Promoter/Non-Executive	3
Shri Amit Kiran Deb	Independent	4
Shri S.B. Ganguly	Independent	3

2) Remuneration Committee

The Remuneration Committee comprises three Non-Executive Independent Directors and Shri A. K. Joshi, Company Secretary & AVP-Legal, as its secretary.

During the year, the committee held one meeting on February 11, 2012.

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	None

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

The Non Executive Directors are paid Sitting Fees of ₹ 20,000/- for each meeting of the Board, Audit Committee and Finance Committee and ₹ 15,000/- for other committee meetings attended by them. The non-executive directors are also reimbursed expenses incurred in this regard.

In addition to the Sitting Fees, the Non Executive Independent

Directors are also entitled to receive Commission as approved by the Board of Directors in terms of approval of members under section 309(5) of the Companies Act 1956.

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 systems, 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 – Audit Committee, Remuneration Committee, Investors' Grievance Committee, Finance Committee and Corporate Grievance 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 2011-12

(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)	–	1,08,38,709	2,50,00,000	13,00,645	15,868	3,71,55,222
2	Shri R.S. Goenka	1,40,000	–	–	–	–	1,40,000
3	Shri S.K. Goenka (Managing Director)	–	48,00,000	–	5,76,000	13,014	53,89,014
4	Shri Viren J. Shah	60,000	–	5,00,000	–	–	5,60,000
5	Shri K.N. Memani	40,000	–	5,00,000	–	–	5,40,000
6	Shri Y.P. Trivedi	20,000	–	2,00,000	–	–	2,20,000
7	Shri S.K. Todi	80,000	–	5,00,000	–	–	5,80,000
8	Shri Amit Kiran Deb	1,90,000	–	2,00,000	–	–	3,90,000
9	Shri S.B. Ganguly	1,65,000	–	2,00,000	–	–	3,65,000
10	Padmashree Vaidya Suresh Chaturvedi	80,000	–	2,00,000	–	–	2,80,000
11	Shri Mohan Goenka (Wholetime Director)	–	54,00,000	–	6,48,000	2,16,000	62,64,000
12	Shri Aditya Vardhan Agarwal (Wholetime Director)	–	37,16,129	–	4,45,935	1,48,656	43,10,720
13	Shri Harsha Vardhan Agarwal (Wholetime Director)	–	54,00,000	–	6,48,000	93,846	61,41,846
14	Smt Priti Sureka (Wholetime Director)	–	24,77,419	–	2,97,290	26,470	28,01,179

As per the Shareholders approval the Executive Chairman is entitled to Compensation of ₹ 1016.03 Lacs but to set an example for moderation in managerial compensation level he draws only ₹ 371.55 Lacs.

Corporate Governance Report, for the year ended March 31, 2012

Shares held by the Non-Executive Directors as on March 31, 2012

Sl.No	Name of the Director	Category of Director	Number of shares
1	Shri R.S. Goenka	Promoter/Non-Executive	3,12,760
2	Shri Viren J. Shah	Independent	10,200
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			3,23,160

3. Share Transfer Committee

The Share Transfer Committee comprises four Executive Directors, Shri A. K. Joshi, Company Secretary & AVP-Legal, is the Secretary of the Committee.

During 2011-12, ten meetings were held on May 20, 2011, June 13, 2011, July 11, 2011, August 2, 2011, August 8, 2011, September 16, 2011, November 11, 2011, December 8, 2011, January 25, 2012, and March 1, 2012.

The functions of the Committee include

- Approval of transfer/transmission of securities of the Company

- Overseeing 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, among others
- Issue of duplicate share certificates
- Any other matter(s) arising 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	9
Shri Harsha Vardhan Agarwal	Promoter Executive	10
Shri Aditya Vardhan Agarwal	Promoter Executive	7
Smt Priti Sureka	Promoter Executive	6

4. Investors' Grievance Committee

The Investor's Grievance Committee comprises 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) arising 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 February 11, 2012.

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	None
Shri S.B. Ganguly	Independent	1
Shri Mohan Goenka	Promoter Executive	1
Shri Harsha Vardhan Agarwal	Promoter Executive	1

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

During the year ended March 31, 2012, 19 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, 2012.

Details of queries and grievances received and attended by the Company during the year 2011-12

Nature of Complaint	Pending as on April 01, 2011	Received during the year	Disposed during the year	Pending as on March 31, 2012
1. Non-receipt of dividend	Nil	1	1	Nil
2. Non-receipt of share certificate	Nil	3	3	Nil
3. Non-receipt of annual report	Nil	15	15	Nil
Total	Nil	19	19	Nil

5. Finance Committee

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 two meetings during the year on July 11, 2011 and March 5, 2012.

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	1
Shri S.K. Goenka	Promoter Executive	2
Shri Mohan Goenka	Promoter Executive	2
Shri Aditya Vardhan Agarwal	Promoter Executive	1
Shri Harsha Vardhan Agarwal	Promoter Executive	2
Smt Priti Sureka	Promoter Executive	1

Corporate Governance Report, for the year ended March 31, 2012

6. Corporate Governance Committee

The Corporate Governance Committee comprises 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 February 11, 2012.

The functions of the Committee include

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

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.B. Ganguly – Chairman	Independent	1
Shri Y.P. Trivedi	Independent	None
Shri Amit Kiran Deb	Independent	1
Shri R.S. Goenka	Promoter Director	None

Subsidiary Companies

The Company does not have a material non-listed Indian subsidiary whose turnover or net worth (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, 2012, the Company had the following non-listed overseas subsidiary companies:

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

The Audit Committee reviews the financial statements and investments made by the unlisted subsidiary companies. Minutes of the unlisted subsidiary companies' meetings were placed before the Company's Board from time to time.

Disclosures

a. Related-party transactions

Disclosures on materially significant related-party transactions, 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 No. 2.52 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.

b. Details of non-compliance by the Company

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

c. Accounting treatment in preparation of financial statement

The Company followed the guidelines as laid down in Accounting Standards, prescribed by the Companies (Accounting Standard) Rules, 2006, for the preparation of financial statements.

d. Risk Management

The Company framed comprehensive risk management policies for both the employees and the Company, not only

to manage risks but also to minimise their impact. This policy is periodically reviewed by the management in consultation with the reputed and specialised consultant and updated as per requirement to ensure that risk is controlled.

e. Proceeds from public issues, right issues, preferential issues, among others
The Company did not have any of the above issues during the year under review.

Management discussion and analysis report
The Company’s annual report has a separate section for detailed management discussion and analysis.

General Shareholders’ Information
Details of appointment/reappointment of Directors

Shri R. S. Agarwal, Executive Chairman is reappointed for a period of five years subject to approval of shareholders in ensuing Annual General Meeting.

Vaidya S. Chaturvedi, Shri Mohan Goenka, Shri S. K. Goenka and Shri S. B. Ganguly will retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. Shri S. K. Todi will also retire by rotation at the ensuing Annual General Meeting but has not offered for reappointment.

Shri Sajjan Bhajanka who was appointed as an Additional Director by the Board of Directors at their meeting held on 8th May 2012 is also proposed to be appointed as a Director of the company at the ensuing Annual General Meeting.

Profile of Directors

Shri R.S. Agarwal, Executive Chairman is Chartered Accountant, Company Secretary, LLB and a Master Degree holder in commerce. Co-founder of Emami Group of Companies, he is endowed with brilliant financial acumen. A Doyen of Indian Industries, he is also a master in strategic planning and corporate affairs.

Vaidya S. Chaturvedi is a Kaviraj, Ayurvedacharya, BIMS, and MAMS. He held key positions in Rashtriya Ayurvedic Mandal, Indian Academy of Sexology and Indian Association of Traditional Asian Medicines. He authored authoritative articles in leading newspapers and numerous books on diet and health.

Shri Mohan Goenka, Wholetime Director is a Commerce Graduate and completed his MBA from the UK. He has extensive knowledge and experience in marketing as well as brand development.

Shri S.K. Goenka, Managing Director is a Commerce graduate. He monitors the production, operation and strategy of the Company.

Shri S. B. Ganguly is a graduate of Chemical Engineering and Fellow of Chemical Engineers, Fellow of Chemicals and fellow of Plastics & Rubber Institutes (London). He is Chairman Emeritus of Exide Industries Ltd.

Shri Sajjan Bhajanka is a commerce graduate and an eminent Industrialist. He is Executive Chairman of Century Plyboards (India) Ltd.

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, 2011	South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700 068	Saturday, August 13, 2011	11 am	None
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

Details of resolutions passed through Postal Ballot, the person who conducted the postal ballot exercise and detail of the voting pattern

During the year under review, no resolution has been passed through the exercise of postal ballot.

Green Initiatives drive by the Ministry of Corporate Affairs, Government of India

The Company, as a responsible corporate citizen welcomes and supports the green initiatives taken by the Ministry of Corporate Affairs, Government of India by its circular, enabling electronic delivery of documents to the shareholders. The Company has sent the communication to the shareholders by electronic mode at their e-mail addresses registered with the Depository/Registrar & Share Transfer Agent and all such communications were immediately uploaded on the Company's website.

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 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, employees at senior management level at all locations and other employees who could be privy to unpublished price sensitive information of the Company are governed by this Code.

Means of communication

a. Quarterly/Annual results

Financial results are published in The Business Standard, Economic Times, Times of India, Financial Express, Business line (in English) and Ekdin (in Bengali) and are displayed on the Company's website www.emamigroup.com

b. Presentation

Detailed presentations are displayed on the Company's website

c. Website

The Company's corporate website www.emamigroup.com contains comprehensive information about it. An exclusive

section on investors where annual reports, quarterly/half-yearly financial results, notices, shareholdings patterns, among others, are available in downloadable format.

d. Annual Report

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

e. Designated exclusive email-id

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

f. Intimation to stock exchanges

The Company intimates the stock exchanges of all price-sensitive information or such other matters which in its opinion are material and relevant to the shareholders.

Shareholders' information

Annual General Meeting

Day, date and time

Wednesday, August 8, 2012 at 3:30 pm.

Venue

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

Last date of receipt of proxy

Monday, August 6, 2012 by 3:30 pm.

Book closure dates

Saturday, August 4, 2012 to Wednesday August 8, 2012 (both days inclusive) for payment of dividend.

Financial Calender

Financial year: April 1, 2011 to March 31, 2012

The Board meetings for approval of financial results for 2011-12 were held on the following dates:

First quarter results	: August 13, 2011
Second quarter results	: November 1, 2011
Third quarter results	: February 11, 2012
Fourth quarter & annual results	: May 8, 2012

The tentative dates of the Board meetings for consideration of quarterly/annual financial results for the financial year 2012-13 are as follows:

First quarter results	: On or before August 14, 2012
Second quarter results	: On or before November 14, 2012
Third quarter results	: On or before February 14, 2013
Fourth quarter and annual results	: On or before May 30, 2013

Dividend payment date:

August 8, 2012 onwards (within thirty days of the declaration of the dividend)

Credit/dispatch of dividend warrants:

August 10, 2012 onwards (within thirty days of the declaration of the dividend).

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:

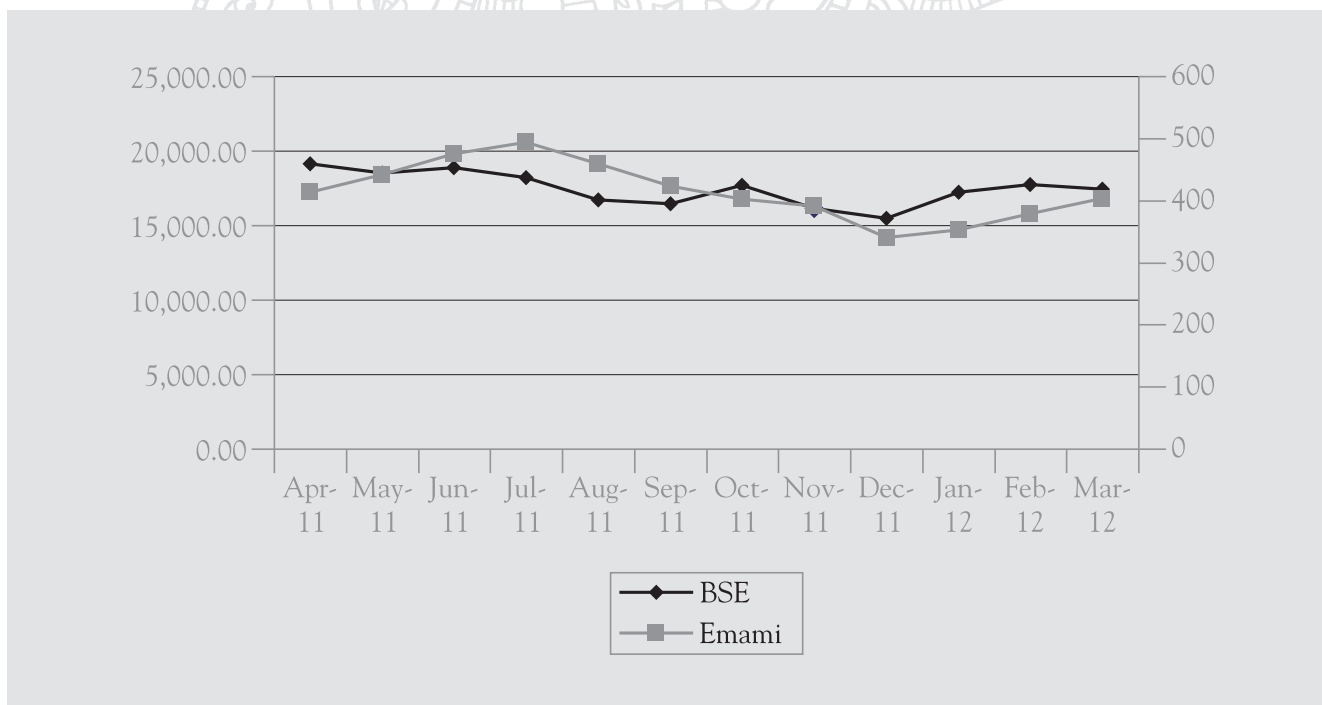
Sl. No	Name and address of the exchange	Stock code
1	The National Stock Exchange of India Ltd Exchange Plaza, Bandra-Kurla Complex, Bandra (E) Mumbai 400 051, India	EMAMILTD
2	The Bombay Stock Exchange Ltd Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 023, India	531162
3	The Calcutta Stock Exchange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

Emami's share price vis a vis Bombay Stock Exchange April 2011 – March 2012 (Face value of shares ₹ 1 each)

Month	BSE Sensex Close	Emami Share Price (on BSE)			No. of shares traded during the month	Turnover (₹ in Lacs) (on BSE)
		High	Low	Close		
April 2011	19,135.96	429.90	387.00	413.65	1,52,895	627.87
May 2011	18,503.28	448.00	395.40	441.80	4,64,479	1,989.06
June 2011	18,845.87	482.00	428.15	475.25	2,50,393	1,130.89
July 2011	18,197.20	545.00	480.10	493.70	3,72,800	1,920.92
August 2011	16,676.75	507.70	445.00	459.25	1,20,785	577.73
September 2011	16,453.76	486.25	420.00	423.05	4,37,590	2,027.84
October 2011	17,705.01	456.50	392.00	402.25	1,89,327	783.83
November 2011	16,123.46	450.00	387.50	390.80	1,27,045	537.32
December 2011	15,454.92	408.00	320.75	340.70	11,94,296	4,356.09
January 2012	17,193.55	359.80	324.90	353.15	1,05,737	362.34
February 2012	17,752.68	402.00	349.00	378.75	2,33,946	902.72
March 2012	17,404.20	414.00	366.00	403.20	2,63,024	1,041.52

Corporate Governance Report, for the year ended March 31, 2012

Graphical representation of Emami share price at BSE & BSE Sensex



Emami's share price vis a vis National Stock Exchange April 2011 – March 2012 (Face value of shares ₹ 1 each)

Month	NSE Nifty Close	Emami Share Price (on NSE)			No. of shares traded during the month	Turnover (₹ in Lacs) (on NSE)
		High	Low	Close		
April 2011	5,706.05	430.00	386.00	414.80	16,65,392	6,786.92
May 2011	5,489.70	448.00	385.80	441.65	13,69,946	5,851.83
June 2011	5,606.10	484.90	431.05	476.05	18,49,050	8,366.98
July 2011	5,453.95	545.70	475.50	493.75	9,54,614	4,878.25
August 2011	4,927.55	507.80	433.00	460.95	4,97,476	2,385.55
September 2011	4,924.30	486.90	421.00	424.90	12,31,257	5,667.58
October 2011	5,314.60	467.40	392.05	401.80	15,75,245	6,519.24
November 2011	4,754.80	492.00	388.00	392.00	27,06,679	11,554.45
December 2011	4,608.90	408.00	312.50	341.10	45,92,178	16,789.44
January 2012	5,120.15	358.95	311.85	352.90	14,99,527	5,148.22
February 2012	5,352.25	403.00	347.50	379.95	12,78,010	4,870.81
March 2012	5,295.55	413.80	365.15	404.25	20,08,307	7,938.45



Emami power brands

Brand portfolio of personal and healthcare products comprising Emami, Himani and Zandu brands.



Navratna Oil

Thanda thanda, cool cool



Emami launched the brand in 1989 amidst unorganised regional players. It invented Ayurvedic therapeutic multipurpose cool oil contrary to coconut or amla oil. The cool oil is a stress and fatigue buster and used for massaging and champi unlike other oils used only for hair. Navratna carved out its own cool oil segment and is the first in this category with a pan-India presence.

Brand ambassadors: Govinda, Amitabh Bachchan, Shahrukh Khan and regional actors like Mahesh Babu, Surya, Chiranjeevi and Jr. NTR

The result: Today the Navratna brand is available in 36 lacs outlets across the country.

Highlights

- Navratna Oil grew by 19% and increased its market share to 54% in 2011-12
- Navratna Oil is the market leader in Bangladesh and Nepal also
- Brand Extension Navratna Extra Thanda Oil is also growing aggressively at 88%

Outlook

As a category leader, the Company is considering different variants to help increase the user base in the country. It is also planning to launch in-film branding to promote the brand.

Boroplus Antiseptic Cream

India's No. 1 Antiseptic Cream



Boroplus was launched in 1982 as a modern alternative to existing products available in the category. With time, it evolved into a multi-purpose antiseptic solution for all skin problems and is now the largest selling antiseptic cream in India, Russia, Ukraine and Nepal.

Brand ambassadors: Amitabh Bachchan and Kareena Kapoor.

The result: The brand enjoys a strong market share of 75%.

Highlights

- Innovative communication strategy for promoting the product in rural Bengal through 'Jatra' sponsorship.
- Aired a radio campaign for winter and non-winter season.

Outlook

Going ahead, the Company will focus on enhancing its communication strategy. Emami is also targeting the rural markets of UP, Bihar, West Bengal and Madhya Pradesh to garner a higher market share.

Zandu Balm

Desh ka balm – ek balm teen kam



Zandu Balm formed a part of Emami's portfolio in 2008. The brand has been present in the Indian market for the last 100 years. But the brand was not adequately marketed. Emami realised the importance of promoting the product. It repositioned the brand by giving it a stronger tagline – 'Desh ka Balm'.

Brand ambassadors: Malaika Arora Khan, MS Dhoni, Pt Birju Maharaj and Jr NTR

The result: Zandu Balm is now growing aggressively.

Highlights

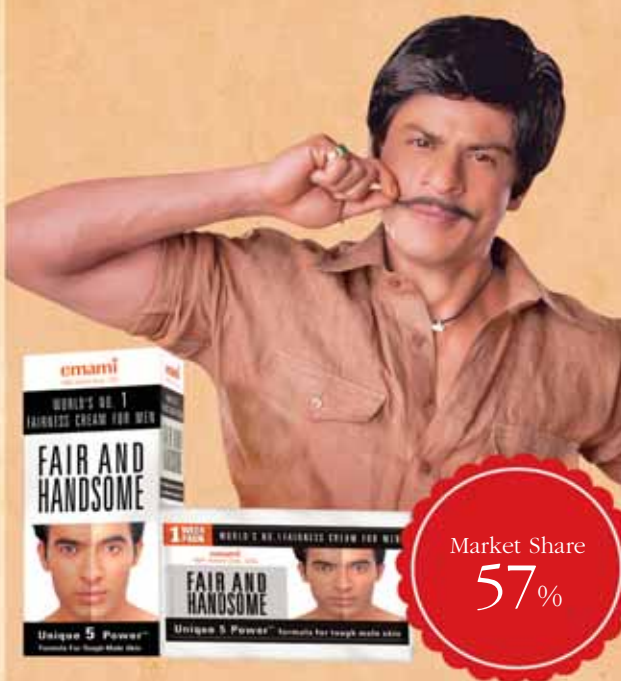
- The largest selling balm in India
- Recorded a growth of 26% growth vis-a-vis last year.
- The product is ranked No. 3 in the OTC personal care category as per the Brand Equity Most Trusted Brands

Outlook

Going ahead, the Company will focus on driving category growth and strengthening market share across the country

Fair & Handsome

Hi Handsome, Hi Handsome



Emami is the pioneer of the men's fairness cream category. It was observed that around 30 % of the fairness cream market in 2005 was constituted by men. Since men were more exposed to outdoor activities, they needed a special product for their skin. Emami understood their need and came out with Fair & Handsome, the first fairness cream for men in the country.

Brand ambassador: Shah Rukh Khan

The result: Fair & Handsome enjoys leadership in men's fairness cream segment

Highlights

- Registered a growth of 35%
- Leadership position in Bangladesh, Nepal and UAE
- Launched a new ad film targeting rural consumers.

Outlook

To increase market share and take initiatives to enhance category growth. The Company is also exploring opportunities to launch other grooming products for men.

PIONEERS & LEADERS

Chyawanprash

Sona de surakshit tan, chandi de tej dimag



Emami launched Sona Chandi Chyawanprash in 1999. It added the benefits of gold and silver to it. The product provides immunity and rejuvenates the system. The product is endorsed by Shahrukh Khan.

Zandu Kesari Jivan is filled with the goodness of kesar and Zandu Chyawanprash rich in amla.

Emami Chyawanprash portfolio enjoys a market share of 15%.

Highlights

- Emami Chyawanprash portfolio grew by 8% over the previous year
- Introduced a new press advertisement of Zandu Chyawanprash and new television commercial of Zandu Kesari Jivan featuring Pt Birju Maharaj.

Outlook

Going ahead, the Company is working on new promotional strategies for further penetration.

Malai Kesar Cold Cream

Khulke Khelo



Malai Kesar is an ingredient driven brand with the goodness of time-tested natural ingredients 'malai' and 'kesar'. 'Malai' is well known for its moisturising and nourishing qualities and 'Kesar' for providing radiant skin. The cream is specially formulated to provide winter protection along with glowing fairness.

Highlights

- Enjoys a market share of 5%
- Conducted various on-ground promotional activities

Outlook

Going ahead, the Company will focus on strengthening the brand across India and establish it as a superior winter cream.

Vasocare

Herbal power to heal



Vasocare was launched as a differentiated Moisturisation brand in 2008 when it entered the petroleum jelly market. It was launched as a 'herbal' brand with the curative, protective and moisturisation benefits of tulsi, chamomile and aloe vera.

In 2010, the brand was extended to the lip balm category. In 2011 it entered the booming body lotion market under the name Vasocare Total Moisturizing Lotion. The core proposition was 'long lasting deep moisturisation'.

Highlights

- The brand grew at a rate of 56% over the last year.
- Petroleum jelly launched in two new variants – Fruit touch and Flower touch.

Outlook

The Company plans to launch Lip Moisturiser in 2012-13 with Bipasha Basu as the brand ambassador. Emami will focus on strengthening its presence in the southern market.

Mentho Plus Balm

Dus siron ke dard bhagaye



Emami entered the balm segment by launching Mentho Plus in 1990. The brand recorded strong growth and is presently the third largest brand in the category. The Company has a strong presence in Southern India.

Highlights

- Registered a growth of 16% in 2011-12
- Enjoys a market share of 14%

Outlook

Going ahead, the Company will focus on enhancing penetration. It is also expected to introduce stronger variations targeting specific markets.

Fast Relief

Dard mitaye chutki mein



Emami entered the pain relief segment by launching Fast Relief in 2000. The brand currently holds a 10% market share in the country. The Company engaged Amitabh Bachchan as the brand ambassador.

Highlights

- Registered a growth of 16% over 2010-11
- Introduced new packaging

Outlook

Going ahead, the Company will enhance penetration and also evaluate a new formulation for enhanced effectiveness.

INNOVATION & EXCELLENCE

Consumer healthcare division

Healthcare Division consist of three segments – generics, OTC and ethical products.
The Division registered a growth of 34% during the year 2011-12.

Ayurvedic generics

These are Ayurvedic medicines manufactured as per the ancient text books of Ayurveda. The Company has a portfolio of around 200 products which it promotes aggressively through in-shop advertisements and other BTL activities.

Highlights

- The Ayurvedic generic business grew aggressively at 29%
- Initiated health care activities like health camps, vaida meet, Zandu clinics among others

OTC

The OTC division grew aggressively at 47% in the year 2011-12. The products were endorsed by celebrities like Pt. Birju Maharaj and Mahendra Singh Dhoni.

Highlights

- Aided by the TV campaigns featuring M.S.Dhoni and Pt.Birju Maharaj, Pancharishta grew at a scorching 137% for the year
- Nityam Churna which was relaunched in a new contemporary packaging, grew by around 100%

Ethical

The products under Zandu Ethical Division are Ayurvedic Proprietary Medicines, sold through the prescription of registered medical practitioners. We have a portfolio of 15 products in this category.

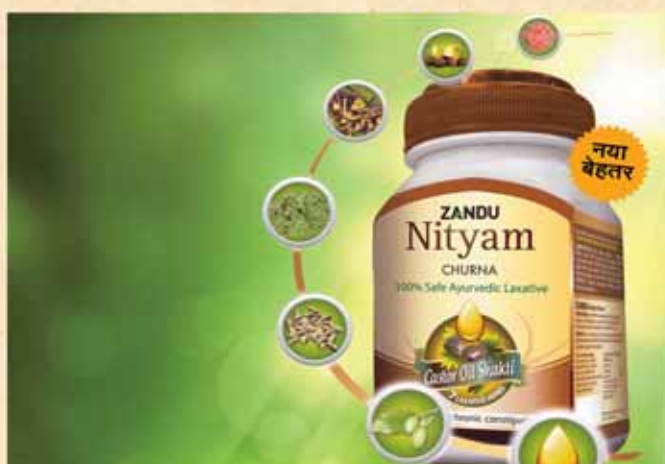
Highlights

- Grew 16% over the previous year
- Extract based Ayurvedic Forte Range launched in October 2011, has been well-received by doctors and traders.

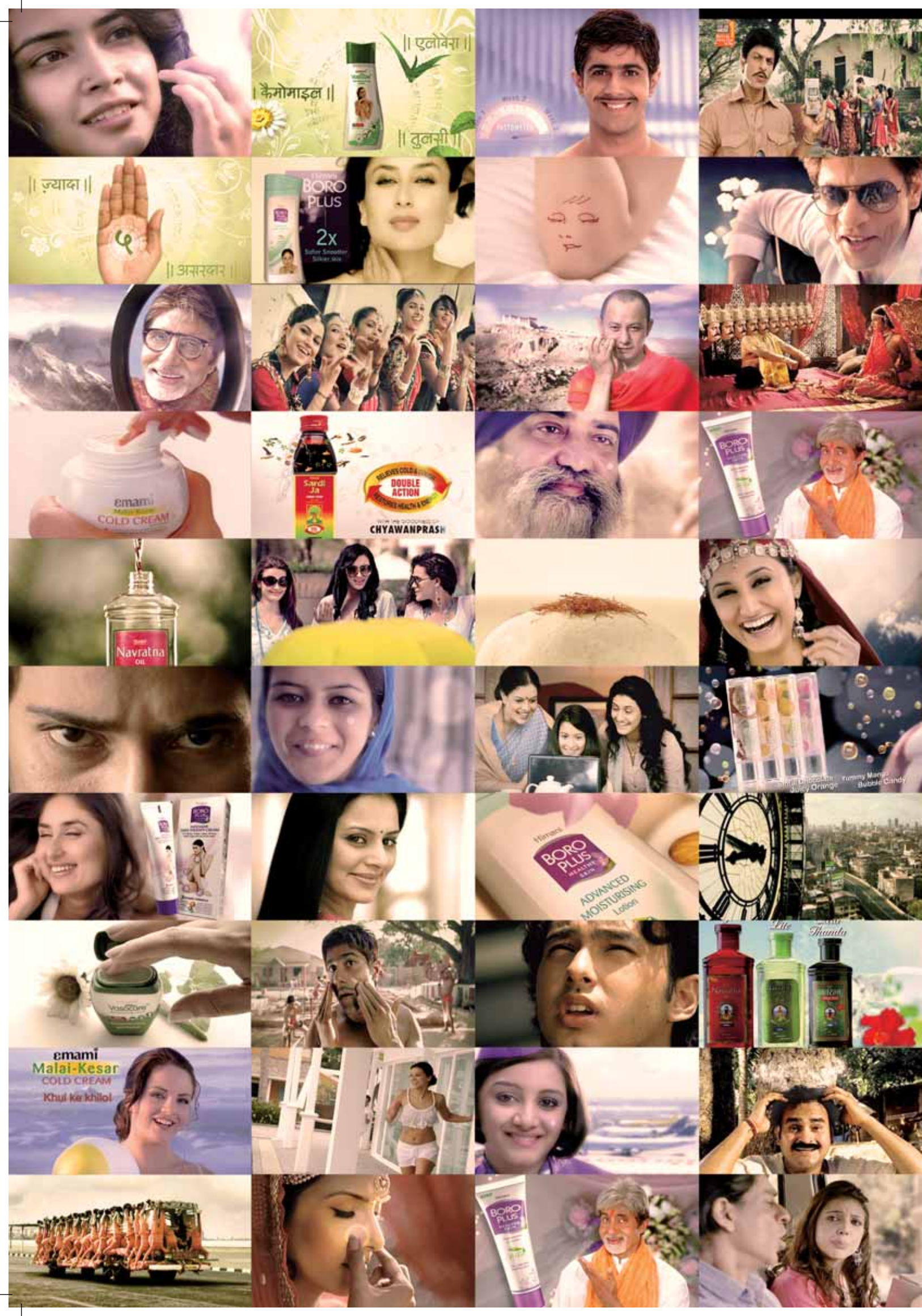
Outlook

- Introduce new products to plug the gaps in the current portfolio and strengthen market share
- Re-launch generic range in new packs
- Enhance distribution reach significantly through new manpower recruitment and coverage expansion.
- Initiate Ayurvedic vaidya coverage for Generics products, and strengthen presence in modern trade
- Promote the product portfolio through effective advertising and promotional activities

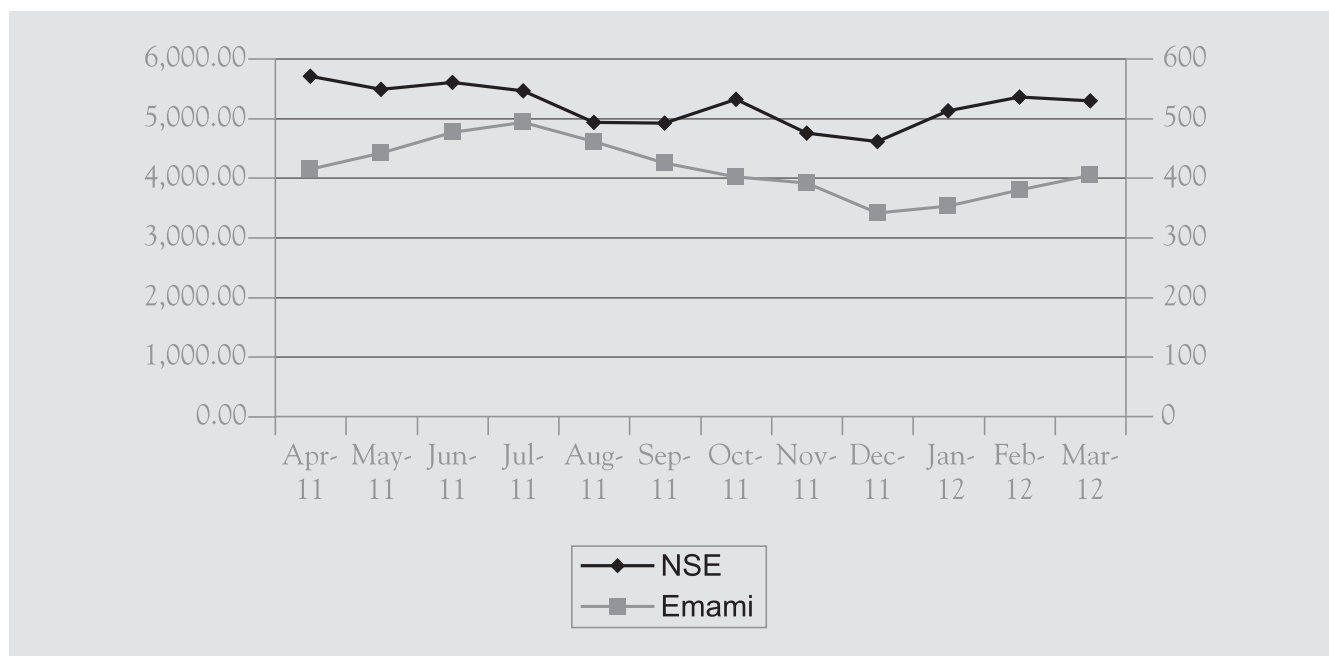




NEW LAUNCHES



Graphical representation of Emami share price at NSE & NSE Nifty



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 March 31, 2012.

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.

Pursuant to the Clause 47(c) of the Listing Agreement certificate on half-yearly basis confirming the compliance of share transfer formalities, quarterly certificate for timely dematerialisation of the shares as per SEBI (Depositories & Participants) Regulation 1996 are sent to the Exchanges by Registrar & Transfer Agent(RTA).

Besides, a Secretarial Audit Report by the Practising Company Secretaries for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and total number of dematerialisation shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit report is submitted to the stock exchanges.

Dematerialisation of shares and liquidity as on March 31, 2012

Nature of holding	Holders	Shares	Percentage
Physical	997	11,97,739	0.79
Demat	15,722	15,01,14,007	99.21
Total	16,719	15,13,11,746	100.00

Corporate Governance Report, for the year ended March 31, 2012

Distribution of shareholding as on March 31, 2012

Category	Number of shares held	% of shareholding
A. Promoters' holding		
Promoters		
- Indian promoters		
Individuals	15,383,818	10.17
Corporate	89,811,588	59.36
- Foreign promoters (NRI)	4,863,832	3.21
Sub-total	11,00,59,238	72.74
B. Non-Promoters holding		
1. Institutional investors		
a. Mutual funds and UTI	5,306,363	3.51
b. Banks, financial institutions and insurance companies	21,774	0.01
c. Foreign institutional investors	22,443,362	14.83
Sub-total	27,771,499	18.35
2. Others		
a. Private corporate bodies	7,181,356	4.75
b. Indian public	57,27,240	3.78
c. NRI/OCBs	3,01,089	0.20
d. Trusts	800	0.00
e. Clearing Member	2,70,524	0.18
Sub-total	13,481,009	8.91
Grand total	15,13,11,746	100.00

Distribution of shareholding by size as on March 31, 2012

Shareholding of nominal Value (₹)	Shareholders		Share amount	
	Number	% of Total	In ₹	% of total
Up to - 5,000	16,377	97.95	33,94,024	2.24
5,001 - 10,000	99	0.59	7,24,005	0.48
10,001 - 20,000	82	0.49	12,21,179	0.81
20,001 - 30,000	23	0.14	5,69,004	0.38
30,001 - 40,000	8	0.05	2,78,772	0.18
40,001 - 50,000	8	0.05	3,42,100	0.23
50,001 - 1,00,000	22	0.13	15,66,534	1.04
1,00,001 and above	100	0.60	14,32,16,128	94.65
Grand Total	16719	100.00	15,13,11,746	100.00

Corporate Benefits to Investors

A. Split of Equity Shares

(i) Split of Equity Shares of ₹ 10/- into Five Equity shares of ₹ 2/- each as per the approval of Shareholders as on 30.01.2004.

(ii) Split of Equity Shares of ₹ 2/- into One Equity shares of ₹ 1/- each as per the approval of Shareholders as on 23.07.2010.

B. Bonus Issues of Fully Paid-up Equity Shares

Financial Year	Ratio
2003-2004	1:1

C. Dividend Declared for the last 7 Years

Financial Year	Dividend Declaration	Dividend Per Share
2004-05	August 25, 2005	1
2005-06	August 25, 2006	2
2006-07 (Interim)	March 17, 2007	3
2006-07 (Final)	September 25, 2007	1
2007-08	August 25, 2008	4.50
2008-09	December 31, 2009	4.50
2009-10	August 19, 2010	6
2010-11	August 13, 2011	3.50

* Till 2009-2010 face value was ₹ 2/- per share and thereafter of ₹ 1/- per share.

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 of ₹ 45,479 for the year ended 2004-05 which remained unclaimed/unpaid, as on August 28, 2012.

As in the past, the Company will send intimation to the shareholders whose dividend warrants have not been encashed. Shareholders are requested to revert to the Company if they have not received/ encashed their dividend warrants.

Correspondence regarding change of address, among others

Shareholders are requested to ensure that any correspondence for change of address, change in bank mandates, among others, should be signed by the first named shareholder. The Company is now also requesting for supporting documents such as proof of residence and 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 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

Plant locations

West Bengal

13, B.T. Road, Kolkata – 700056, West Bengal

Assam

EPIP Complex Amingaon, Guwahati – 781031

Abhoypur Plant P.O. College Nagar, Abhoypur, Guwahati, Assam – 781031



Corporate Governance Report, for the year ended March 31, 2012

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, Udham Singh Nagar, Uttarakhand 263 152

Dadra & Nagar Haveli

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

Address for correspondence

Emami Limited,

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

CEO (Managing Director)/CFO certification

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

Report on Corporate Governance

The Quarterly Compliance Report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the prescribed format as per annexure 1B of Clause 49 duly signed by Company Secretary.

Compliance

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:

1. Maintenance of Chairman Office:

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

2. Tenure for Independent Director:

The Board has not decided on a specific tenure for

Independent Directors.

3. 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. The Chairman of the Remuneration Committee was present at the Annual General Meeting held during the year under review.

4. 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.emamigroup.com. Hence, these are not individually sent to the shareholders.

5. Audit qualification

There is no audit qualification given in the Auditors' Report.

6. Training of Board members

At Emami, all the members of the Company's Board are well-experienced professionals and are well acquainted with the 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.

7. 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 the basis of such evaluation, it is decided as to whether his appointment should be extended or not.

8. Whistle Blower Policy

The Company 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.

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 2012 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 2011-12.

Sushil Kr Goenka
Managing Director
Emami Ltd.

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

Place: Kolkata
Dated: May 8, 2012

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, 2012 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 or effectiveness with which the management has conducted the affairs of the Company.

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

S K Agrawal
Place: Kolkata
Dated: May 8, 2012

S K Agrawal
Partner
Membership No.9067

Financial Section



Auditors' Report

To

The Members of **Emami Limited**

We have audited the Balance Sheet of Emami Limited as at 31st March, 2012 and also the Statement of Profit & Loss 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, Statement of Profit & Loss & 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 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 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 thereon 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, 2012;
 - ii. In the case of Statement of Profit & Loss of the Profit for the year ended on that date; and

- iii. In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- b) The fixed assets were physically verified during the year by the management in accordance with a program of verification, covering all fixed assets over a period of three years, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) Fixed assets disposed of during the year were not substantial and therefore, do not affect the going concern assumption.
2. a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. The discrepancies noted on physical verification of stocks as compared to book records were not significant and the same has been properly dealt with in the books of accounts.
3. 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 entered into a transaction in pursuance of such contracts or arrangements in respect of a party listed in the register maintained under section 301 of the Companies Act, 1956 at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits as defined under section 58A & 58AA or other relevant provisions of the Companies Act, 1956.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules

prescribed by the Central Government for maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) The company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, there were no disputed amount payable in respect of these statutory dues which have remained outstanding as at 31st March 2012 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 interest and penalty as applicable	11.14	2000-01 & 2004-05	WB Taxation Tribunal
		14.27	2005-06	ADC
		181.36	2000-01 to 2005-06	Board of Revenue
		0.81	1999-2000	High Court
		179.72	2005-06 & 2006-07	High Court
		85.63	2001-02	JC
		11.34	2004-05	JC (A)
		65.00	2005-06 & 2006-07	DC (A)
		14.91	1996-97 to 2000-01	DC
		62.25	1999-2000 to 2004-05	Tribunal
		107.25	1989-90, 1993-94 to 1996-97	Supreme Court
The Central Excise Act, 1994	Excise Duty including penalty and interest as applicable	4.83	1983-84 to 1990-91	Assistant Commissioner of Central Excise
		68.85	1981-82 to 1986-87, 1989-90	Deputy Commissioner of Excise
		26.38	2006-07 to 2009-10	Additional Commissioner of Customs
		15.11	2002-03 to 2005-06	High Court (Mumbai)
		46.16	2008-09 to 2010-11	Joint Commissioner of (Excise & Customs)
		229.00	2008-09 to 2009-10	CESTAT
		42.02	1993-94 to 1995-96	Commissioner
Service Tax (Finance Act, 1994)	Service Tax including penalty and interest as applicable	44.33	2005-2008	CESTAT
Entry Tax Act, 2008	Entry Tax	9.28	2001-02	Board of Revenue
Income Tax Act, 1961	Income Tax	4.10	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 not given guarantees for loan taken by others from a Bank.
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 2012, 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 has not issued any secured debentures during the year.
19. The company had not raised any money by way of public issue during the year.
20. 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
Firm Registration No.- 306033E

Place: Kolkata
Dated: 8th May, 2012

S. K. Agrawal
Partner
Membership No. 9067



Balance Sheet As at March 31, 2012

₹ in lacs

	Notes	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	1,513.12		1,513.12	
Reserves and Surplus	2.2	68,212.39	69,725.51	66,788.55	68,301.67
Non-Current Liabilities					
Long-Term Borrowings	2.3	5,268.43		6,965.40	
Deferred Tax Liabilities (Net)	2.4	1,450.00		1,370.00	
Other Long Term Liabilities	2.5	752.29		759.19	
Long-Term Provisions	2.6	389.34	7,860.06	374.09	9,468.68
Current Liabilities					
Short-Term Borrowings	2.7	5,484.95		11,208.01	
Trade Payables	2.8	10,055.56		6,008.57	
Other Current Liabilities	2.9	6,806.78		6,079.67	
Short-Term Provisions	2.10	15,816.22	38,163.51	6,912.58	30,208.83
Total			1,15,749.08		1,07,979.18
ASSETS					
Non-Current Assets					
Fixed Assets	2.11				
Tangible Assets		23,408.21		21,393.14	
Intangible Assets		16,691.45		26,851.12	
Capital Work-in-Progress		6,563.17		648.19	
Non-Current Investments	2.12	724.20		708.10	
Long-Term Loans and Advances	2.13	5,448.84		6,622.43	
Other Non-Current Assets	2.14	11.81	52,847.68	19.73	56,242.71
Current Assets					
Current Investments	2.15	7,355.80		—	
Inventories	2.16	10,941.13		12,191.11	
Trade Receivables	2.17	7,893.30		9,107.99	
Cash and Cash Equivalents	2.18	27,247.65		20,415.10	
Short-Term Loans and Advances	2.19	9,408.95		10,022.27	
Other Current Assets	2.20	54.57	62,901.40	—	51,736.47
Total			1,15,749.08		1,07,979.18
Summary of Significant Accounting Policies and Notes on Accounts					
	1 & 2				

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 08, 2012

S K Goenka
Managing Director

N H Bhansali
CEO-Finance, Strategy &
Business Development

A K Joshi
Company Secretary &
AVP-Legal

Statement of Profit and Loss For the year ended March 31, 2012

₹ in lacs

	Notes	2011-12	2010-11
Income			
Revenue From Operations	2.21	1,38,981.45	1,20,238.04
Other Income	2.22	5,553.28	3,428.03
Total Revenue		1,44,534.73	1,23,666.07
Expenses			
Cost of Materials Consumed	2.42	41,512.10	34,675.68
Purchase of Finished Goods	2.43	17,217.97	19,563.35
Changes in Inventories	2.23	2,350.65	(3,106.97)
Employee Benefits	2.24	7,906.60	6,593.55
Finance Costs	2.25	1,555.44	1,548.92
Depreciation and Amortization	2.11	12,074.63	11,603.00
Transfer From General Reserve		(10,209.25)	(10,209.25)
Foreign Exchange Loss/(Gain)		1,783.02	(1,189.78)
Other Expenses	2.26	40,730.07	37,438.11
Total Expenses		1,14,921.23	96,916.61
Profit Before Tax		29,613.50	26,749.47
Tax Expense			
Current Tax		3,872.00	3,300.00
Deferred Tax		80.00	674.46
(Excess)/Short Provision of Earlier Years		(19.80)	25.79
Profit for the period		25,681.30	22,749.22
Earnings Per Equity Share			
(1) Basic		16.97	15.03
(2) Diluted		16.97	15.03
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2		

As per our report of even date

For S K Agrawal & Co.
Chartered AccountantsS K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS K Todi
DirectorKolkata
May 08, 2012S 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, 2012

₹ in lacs

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	29,613.50	26,749.47
Add : Adjustments for		
Depreciation & Amortisation	1,865.38	1,393.75
Interest	(1,536.10)	(1,180.75)
Loss / (Profit) on sale of Fixed Assets	(48.79)	136.79
Loss / (Profit) on sale of Investments	(383.55)	(221.61)
Provision for Doubtful Debts	—	26.69
Diminution in Value of Investment	0.11	0.45
Foreign Exchange Fluctuations	1,783.02	(1,189.78)
Dividend Received	(47.68)	(47.68)
Operating Profit Before Working Capital Changes	31,245.90	25,667.33
Add : Decrease / (Increase) in Working Capital		
Trade & Other Payables	4,234.23	(76.98)
Inventories	1,249.98	(4,330.14)
Trade & Other Receivables	1,613.15	(7,979.14)
Provision for Indirect Taxes	(284.81)	(689.53)
Provision for Employee Benefits	14.84	116.13
	6,827.40	(12,959.66)
Cash Generated from Operations	38,073.30	12,707.66
Less : Direct Taxes Paid	2,556.51	3,264.20
Cash Flow Before Extraordinary Items	35,516.79	9,443.47
Extraordinary Items	—	—
Net Cash Flow from Operating Activities	35,516.79	9,443.47
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	265.21	737.10
Interest Received	5,188.61	2,209.49
Dividend Received	47.68	47.68
Sale of Investments	53,689.10	5,721.61
	59,190.59	8,715.87
Less : Purchase of Fixed Assets	10,061.42	4,664.14
Purchase of Investments	60,677.56	0.10
Net Cash Used in Investing Activities	(11,548.39)	4,051.65

Cash Flow Statement

For the year ended March 31, 2012

₹ in lacs

	2011-12	2010-11
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	—	—
	—	—
Less : Repayment of Loans (Net)	7,653.56	3,109.39
Interest Paid	1,550.51	1,832.82
Dividend Paid	5,289.62	4,535.94
Corporate Dividend Tax	859.13	771.46
	15,352.82	10,249.61
Net Cash Used in Financing Activities	(15,352.82)	(10,249.61)
D EFFECT OF FOREIGN EXCHANGE FLUCTUATION	(1,783.02)	1,189.78
Net Changes in Cash & Cash Equivalents (A+B+C+D)	6,832.56	4,435.29
* Cash & Cash Equivalents-Opening Balance	20,415.08	15,979.80
* Cash & Cash Equivalents-Closing Balance	27,247.65	20,415.08
* Represents Cash and Bank Balances as indicated in Note 2.18		

Notes :- Closing Cash & Cash equivalents represents "Cash & Bank Balances" including ₹20.33 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 08, 2012

S K Goenka
Managing Director

N H Bhansali
CEO-Finance, Strategy &
Business Development

A K Joshi
Company Secretary &
AVP-Legal

1 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

- a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
- b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
- c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings 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 :

- a. Block, dies & moulds (other than high-end moulds) are depreciated @ 95% in the year of purchase itself on pro-rate basis.
- b. Lease hold land is amortised over the period of lease.

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 Statement of Profit & Loss over, the estimated useful life of five years. As per the terms of the scheme equivalent amount of such amortisation is transferred from General Reserve.

The estimated useful life of Goodwill is reviewed by the management periodically and changes there in are taken cognisance of, by accelerating or decelerating the pace of amortisation.

- b. 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.

v) Investments

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

vi) Inventories

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 the regulatory authorities to a defined contribution retirement benefit plan for qualifying employees, where the Company has no further

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

obligations. 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.

In respect of certain employees, provident fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the statement of Profit and Loss in the year in which they arise.

- 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 includes 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. Forward Exchange Contract - The premium or discount arising at the inception of forward exchange contracts entered into to hedge an asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rate change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expenses for the period.

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 Statement of Profit & Loss.

- 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.

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- 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. Other exchange differences arising from Long-Term Foreign Currency Monetary Items are Transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the life of such monetary items but not beyond March 31, 2020. Other exchange differences are recognized as income or expenses in the Statement of Profit & Loss.
- 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.

Notes forming part of the accounts

₹ in lacs

2.1 SHARE CAPITAL	March 31, 2012	March 31, 2011
Authorised		
20,00,00,000 Equity Shares of Re 1/- each	2,000.00	2,000.00
Issued		
15,13,11,746 Equity Shares of Re 1/- each fully paid up	1,513.12	1,513.12
Subscribed & Paid up*		
15,13,11,746 Equity Shares of Re. 1/- each fully paid up	1,513.12	1,513.12
Total issued, subscribed and fully paid up share capital	1,513.12	1,513.12
*{Of the above, 1,80,23,492 equity shares fully paid up have been allotted for consideration other than cash in last 5 years}		

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

	March 31, 2012		March 31, 2011	
Particulars	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
Shares outstanding at the beginning of the year	15,13,11,746	1,513.12	15,13,11,746	1,513.12
Shares outstanding at the end of the year	15,13,11,746	1,513.12	15,13,11,746	1,513.12

Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares & pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shareholders holding more than 5% shares in the Company

	March 31, 2012		March 31, 2011	
Particulars	No. of shares	% of holding	No. of shares	% of holding
Diwakar Viniyog Private Limited	2,17,01,336	14.34	2,16,85,836	14.33
Suntrack Commerce Private Limited	2,13,98,044	14.14	2,13,82,544	14.13
Bhanu Vyapaar Private Limited	1,78,30,836	11.78	1,78,18,436	11.78
Emami Enclave Makers Private Limited	86,62,200	5.72	86,56,000	5.72
Emami High Rise Private Limited	84,10,200	5.56	84,04,000	5.55
Suraj Vinjyog Private Limited	84,13,252	5.56	84,03,552	5.55

Notes forming part of the accounts

₹ in lacs

2.2 RESERVES AND SURPLUS	March 31, 2012	March 31, 2011
a. Capital Reserves	79.64	79.64
b. Securities Premium Account	33,961.72	33,961.72
c. General Reserve		
Opening Balance	30,000.00	25,000.00
Tranfered from Surplus in Statement of Profit & Loss during the year	10,209.25	15,209.25
Transfer to Statement of Profit & Loss	(10,209.25)	(10,209.25)
Closing Balance	30,000.00	30,000.00
d. Surplus		
Opening balance	2,747.19	1,382.71
Net Profit For the current year	25,681.30	22,749.22
Proposed Dividend	(12,104.94)	(5,295.91)
Corporate Dividend Tax	(1,943.27)	(879.58)
Transfer to General Reserve	(10,209.25)	(15,209.25)
Closing Balance	4,171.03	2,747.19
Total	68,212.39	66,788.55

For the period, the amount of per share dividend recognised as distribution to equity shareholders is ₹ 8.00 (PY: ₹ 3.50)

2.3 LONG TERM BORROWINGS	March 31, 2012	March 31, 2011
Secured		
Term loans		
From Bank	5,268.43	6,965.40
{Secured By First charge/mortgage on fixed movable and immovable assets including plant and machinery (present and future) situated at BT Road and Amingaon Plant}		
Terms of Repayment :		
i) Loan I - One instalment of ₹ 1,432.39 lacs		
ii) Loan II - Three yearly instalments of ₹ 1,278.68 lacs each		
Total	5,268.43	6,965.40

2.4 DEFERRED TAX (NET)	March 31, 2012	March 31, 2011
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,826.00	1,879.00
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	376.00	509.00
Total	1,450.00	1,370.00

2.5 OTHER LONG TERM LIABILITIES	March 31, 2012	March 31, 2011
Trade Payables	256.19	240.41
Creditors for Capital Goods	26.39	26.39
Trade Deposits	469.71	492.39
Total	752.29	759.19

Notes forming part of the accounts

₹ in lacs

2.6 LONG TERM PROVISIONS	March 31, 2012	March 31, 2011
Provision for Employee Benefits		
Provident Fund	19.78	—
Gratuity	177.27	207.80
Leave Encashment	192.29	166.29
Total	389.34	374.09

2.7 SHORT TERM BORROWINGS	March 31, 2012	March 31, 2011
Secured		
From Banks		
Cash Credit	1,382.28	1,361.99
Term Loan	4,092.52	6,920.75
<i>(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)</i>		8,282.74
Unsecured		
Term Loan		
From Banks	—	2,913.22
ICICI Pact Project	10.15	12.05
Total	5,484.95	11,208.01

2.8 TRADE PAYABLES	March 31, 2012	March 31, 2011
Micro, Small & Medium Enterprises	85.92	3.32
Others	9,969.64	6,005.25
Total	10,055.56	6,008.57

2.9 OTHER CURRENT LIABILITIES	March 31, 2012	March 31, 2011
Current Maturities of Long-Term Debt	4,757.55	4,213.14
Interest Accrued and Due on Trade Deposits	63.45	58.52
Unpaid Dividends	20.33	14.04
Advance from Customer	376.88	262.76
Creditors for Capital Goods	146.09	232.63
Other Payables		
Employee Benefits	584.18	668.87
Duties & Taxes	858.30	629.70
Total	6,806.78	6,079.67

2.10 SHORT TERM PROVISIONS	March 31, 2012	March 31, 2011
Provision for Employee Benefits		
Leave Encashment	45.02	45.44
Others		
Provision for Dividend	12,104.94	5,295.91
Corporate Dividend Tax	1,963.72	879.58
Provision for Direct Taxes		
[Net of Advance Tax ₹ 10,342.68 lacs (PY ₹ 9,041.91 lacs)]	1,373.82	78.13
Provision for Indirect Taxes	328.72	613.52
Total	15,816.22	6,912.58

Notes forming part of the accounts

₹ in lacs

2.11 FIXED ASSETS										
PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	Balance	Additions	Disposals/	Balance	Balance	For the	Disposals/	Balance	Balance	Balance
	as at 01.04.2011		Adjustments** as at 31.03.2012	as at 31.03.2012	as at 01.04.2011	Year	Adjustments as at 31.03.2012	as at 31.03.2012	as at 31.03.2012	as at 31.03.2011
Tangible Assets										
Land										
<i>Leasehold</i>	322.00	–	12.04	309.96	21.46	3.61	1.41	23.65	286.31	300.54
<i>Freehold</i>	1,428.26	87.22	0.25	1,515.24	–	–	–	–	1,515.24	1,428.26
Building*	9,708.26	396.69	184.14	9,920.81	2,329.38	254.67	68.05	2,516.00	7,404.81	7,378.89
Plant & Machinery*	15,462.58	3,058.77	75.46	18,445.89	5,476.87	1,123.06	11.42	6,588.51	11,857.38	9,985.71
Furniture & Fittings	1,495.99	188.02	5.48	1,678.53	293.90	148.29	4.35	437.83	1,240.70	1,202.12
Office Equipment	2,058.60	127.08	41.13	2,144.55	1,290.37	168.36	36.56	1,422.17	722.38	768.21
Motor Vehicles	561.09	122.33	54.20	629.22	231.68	50.63	34.47	247.83	381.38	329.41
Tangible Assets	31,036.78	3,980.11	372.69	34,644.20	9,643.64	1,748.61	156.26	11,235.99	23,408.21	21,393.14
Intangible Assets										
Goodwill	47,899.11	–	–	47,899.11	21,383.04	10,209.25	–	31,592.28	16,306.81	26,516.05
Software	660.56	166.33	–	826.90	399.28	101.76	–	501.04	325.83	261.28
Trade Marks & other Intangible assets	100.00	–	–	100.00	26.21	15.00	–	41.21	58.79	73.79
Intangible Assets	48,659.68	166.33	–	48,826.01	21,808.53	10,326.01	–	32,134.54	16,691.45	26,851.12
Total	79,696.45	4,146.44	372.69	83,470.21	31,452.17	12,074.63	156.26	43,370.54	40,099.66	48,244.26
Capital Work- In-Progress*	648.19	5,914.98	–	6,563.17	–	–	–	–	6,563.17	648.19
Grand Total	80,344.65	10,061.42	372.69	90,033.38	31,452.17	12,074.63	156.26	43,370.54	46,662.83	48,892.45
Previous Year's Figures	76,967.08	4,822.35	1,444.78	80,344.66	20,261.85	11,603.00	412.68	31,452.17	48,892.45	

* Includes Capitalisation of :

Particulars	Forex Fluctuation	Borrowing Cost
Building	30.29	–
Plant & Machinery	229.64	–
Capital Work-in-Progress	323.71	257.28
Total	583.64	257.28
Previous Year	–	–

** Includes Capital Subsidy of ₹ 30 lacs (PY: Nil) credited to Plant & Machinery.

Notes forming part of the accounts

₹ in lacs

2.12 NON CURRENT INVESTMENTS	March 31, 2012	March 31, 2011
Long Term Investments (Valued at Cost)		
Trade Investments		
Investment in Equity Instruments (Unquoted)		
In Subsidiaries		
Emami UK Limited		
38,704 Ordinary Shares of ₹ 1 each	—	—
Emami Bangladesh Limited		
37,916 Ordinary Shares of Taka 100 each	27.81	27.81
Emami International FZE		
1 Share of UAE Dirham 1,50,000/-	18.98	18.98
(i)	<u>46.79</u>	<u>46.79</u>
Other Non Trade Investments		
Investment In Equity Instruments (Quoted)		
Emami Paper Mills Limited		
79,46,000 Equity Shares of ₹ 2/- each	368.48	368.48
Creative Eye Limited		
10,000 Equity Shares of ₹ 5/- each	6.41	6.41
Investment In Equity Instruments (Unquoted)		
CRI Limited		
95,630 Equity Shares of ₹ 10/- each	27.17	27.17
Bengal Emami Infrastructure Limited		
1 Equity Shares of ₹ 10/- each	—	—
AMRI Hospitals Ltd.		
8,00,000 Fully paid Equity Shares of ₹ 10/- each	264.66	264.66
16,00,000 Partly paid Equity Shares of ₹ 10/- each		
(Paid up value ₹ 1 per share)	16.00	—
Investment In Government & Trust Securities (Unquoted)		
6 Years' National Savings Certificate	0.65	0.44
(Lodged With Government Authority)		
(ii)	<u>683.37</u>	<u>667.16</u>
Less : Provision for Diminution in value of Investment (iii)	<u>5.96</u>	<u>5.85</u>
Total (i) + (ii) - (iii)	<u>724.20</u>	<u>708.10</u>
Aggregate Book Value of Quoted Investments	368.92	369.03
Aggregate Book Value of Unquoted Investments	355.28	339.07
Aggregate Market Value of Quoted Investments	2,459.73	4,148.37

2.13 LONG TERM LOANS AND ADVANCES	March 31, 2012	March 31, 2011
(Unsecured, Considered Good)		
Capital Advance	1,486.18	2,805.34
Security Deposits	243.53	229.88
Loan to Subsidiaries	3,020.31	2,265.05
Advances to Employees	44.25	40.63
Balances with Excise and Sales Tax Department	183.53	180.89
Subsidy Receivable	344.73	337.77
Advance against Trade Payables	122.95	762.87
Others	3.36	—
Total	<u>5,448.84</u>	<u>6,622.43</u>

Notes forming part of the accounts

₹ in lacs

2.14 OTHER NON CURRENT ASSETS	March 31, 2012	March 31, 2011
(Unsecured)		
Trade Receivable		
Considered Good	11.81	19.73
Considered Doubtful	57.15	57.15
Less: Provision for Doubtful Advances	(57.15)	(57.15)
Total	11.81	19.73

2.15 CURRENT INVESTMENTS	March 31, 2012	March 31, 2011
Non Trade Investments		
(Valued at lower of Cost or Market Value)		
Investment in Mutual Fund (Unquoted)		
BSL Cash Plus - Institutional Premium - Growth	2,000.00	—
11,64,838.064 (PY-Nil) Units		
BSL Floating Rate Fund - Short Term Institutional Plan - Growth	1,000.00	—
7,19,157.808 (PY-Nil) Units		
Liquid Plus -Super - Institutional - Growth	1,000.00	—
6,30,831.411 (PY-Nil) Units		
DWS Insta Cash Plus - Super-Institutional - Growth	955.80	—
6,88,148.229 (PY-Nil) Units		
Taurus Liquid Fund - Super Institutional - Growth	1,000.00	—
86,529.184 (PY-Nil) Units		
JM High Liquidity Fund - Super Institutional Plan - Growth	1,400.00	—
83,22,330.016 (PY-Nil) Units		
Total	7,355.80	—
Net Asset Value of Unquoted Investments	7,383.74	—

2.16 INVENTORIES	March 31, 2012	March 31, 2011
Raw and Packing Materials		
Raw Materials	3,448.32	2,640.49
Packing Materials	1,742.96	1,746.61
Work-in-Progress	229.17	292.44
Finished Goods	4,636.33	6,923.71
Stores and Spares	108.77	89.67
Advertising Materials	775.58	498.19
Total	10,941.13	12,191.11

2.17 TRADE RECEIVABLES	March 31, 2012	March 31, 2011
(Unsecured, Considered Good)		
Due over six months	16.87	63.33
Other Debts	7,876.43	9,044.66
Total	7,893.30	9,107.99

Notes forming part of the accounts

₹ in lacs

2.18 CASH AND CASH EQUIVALENTS	March 31, 2012		March 31, 2011	
Balances with Banks:				
On Current Accounts	1,032.61		520.83	
Fixed Deposits with Banks***	26,176.51		19,832.14	
Exchange Earners Foreign Currency Account	0.06		5.01	
Unpaid Dividend Account	20.33	27,229.51	14.04	20,372.02
Cash on hand		18.14		43.08
Total		27,247.65		20,415.10

*** Deposits with maturity less than 3 months amounts to ₹ 21,423 lacs (PY ₹ 19,775 lacs)

Deposits with maturity more than 12 months amounts to ₹ 4,750 lacs (PY Nil)

Margin money deposit of ₹ 4 lacs (PY: ₹ 57.14 lacs)

2.19 SHORT TERM LOANS AND ADVANCES	March 31, 2012		March 31, 2011	
(Unsecured, Considered Good)				
Balances with Excise and Sales Tax Department	1,607.85		1,564.58	
Advance against Trade Payables	6,975.97		5,596.61	
Advances to Employees	126.21		74.21	
Interest Receivable	76.07		2,173.13	
Prepaid Expense	209.26		221.93	
Other Receivables	413.59		391.81	
Total		9,408.95		10,022.27

2.20 OTHER CURRENT ASSETS	March 31, 2012		March 31, 2011	
Foreign Currency Monetary Item Translation Difference (Refer Note No: 2.36)	54.57		-	
Total		54.57		-

2.21 REVENUE FROM OPERATIONS	2011-12		2010-11	
Sale of Products	1,41,424.65		1,22,115.39	
Less: Excise Duty	2,443.20		1,877.35	
Total		1,38,981.45		1,20,238.04

2.22 OTHER INCOME	2011-12		2010-11	
Interest Income				
Subsidiaries	221.97		90.25	
Income Tax Department	106.81		0.04	
Others Loans & Deposits	2,762.76	3,091.54	2,639.39	2,729.68
Dividend from Long Term Non-Trade Investment		47.68		47.68
Profit on Sale of Current Non-Trade Investments		383.55		220.92
Profit on Sale of Long Term Non-Trade Investments		-		0.71
Profit on Sale of Fixed Assets		68.19		125.49
Rent and Maintenance Charges Received		236.97		120.69
Provision for Doubtful Debts Written Back		16.49		16.93
Miscellaneous Receipts		1,644.92		65.78
Insurance Claim Received		63.94		100.15
Total		5,553.28		3,428.03

Notes forming part of the accounts

₹ in lacs

2.23 CHANGES IN INVENTORY	2011-12		2010-11	
I) Opening Stock				
Work-in-Progress	292.44		70.36	
Finished Goods	6,923.70	7,216.14	4,038.83	4,109.19
II) Closing Stock				
Work-in-Progress	229.17		292.44	
Finished Goods	4,636.34	4,865.51	6,923.70	7,216.14
(I) - (II)		2,350.65		(3,106.97)

2.24 EMPLOYEE BENEFITS	2011-12		2010-11	
Salaries and Wages		6,909.80		5,922.45
Contribution to Provident and Other Funds		687.32		452.35
Welfare Expense		309.48		218.75
Total		7,906.60		6,593.55

2.25 FINANCE COSTS	2011-12		2010-11	
Interest Expenses		1,008.73		1,382.83
Exchange difference to the extent considered as an adjustment to borrowing cost		546.71		166.09
Total		1,555.44		1,548.92

2.26 OTHER EXPENSES	2011-12		2010-11	
Consumption of stores and spare parts		197.86		166.10
Power and fuel		688.84		608.97
Rent		414.39		350.57
Repairs :				
Building	87.30		62.78	
Machinery	465.28		385.45	
Others	564.49	1,117.07	522.96	971.19
Insurance		259.20		215.76
Rates and taxes, excluding taxes on income		97.45		74.57
Freight & Forwarding		4,121.59		3,607.58
Directors' Fees and Commission		280.75		282.80
Advertisement & Sales Promotion		20,887.76		20,322.25
Commission		751.34		625.02
Cash Discount		32.62		50.98
Taxes on Sales		7,745.58		5,288.36
Loss on Sale/Disposal of Fixed Assets		19.41		262.28
Sundry Balance Written off		9.35		33.95
Diminution in value of Investment		0.11		0.45
Legal and Professional Fees		1,181.39		1,449.86
Travelling and Conveyance		1,414.44		1,320.26
Miscellaneous Expenses		1,510.92		1,807.16
Total		40,730.07		37,438.11

Notes forming part of the accounts

2.27 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 from Operation

₹ in lacs

Particulars	2011-12	2010-11
India	1,26,666.55	1,08,408.47
Overseas	12,314.90	11,829.57
Total	1,38,981.45	1,20,238.04

The carrying amount of segment assets and additions to segment fixed assets by geographical area to which the assets are attributable:

Particulars	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
India	1,07,735.33	1,02,679.59	10,061.42	4,664.12
Overseas	8,013.75	5,299.59	–	–
Total	1,15,749.08	1,07,979.18	10,061.42	4,664.12

2.28 Defined Benefit Plans

As per actuarial valuations as on 31st March, 2012 and recognised in the financial statements in respect of Employees benefit schemes.

Particulars	March 31, 2012			March 31, 2011		
	Gratuity Funded	Leave Encashment Funded	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Funded	Leave Encashment Unfunded
A Components of Employer Expenses						
1 Current Service Cost	89.38	–	97.91	75.51	–	61.33
2 Interest Cost	82.58	–	22.48	60.14	–	16.59
3 Expected Return on Plan assets	(66.90)	(5.85)	–	(56.08)	(5.41)	–
4 Past Service Cost	–	–	–	65.02	–	–
5 Actuarial Losses	(0.57)	(1.37)	(70.03)	92.48	(0.47)	7.30
6 Losses /(Gains) on Curtailments and Settlements	–	–	–	–	–	–
7 Total Expenses recognised in the Statement of Profit & Loss	104.49	(7.22)	50.36	237.07	(5.88)	85.22

Notes forming part of the accounts

2.28 Defined Benefit Plans

₹ in lacs

Particulars	March 31, 2012			March 31, 2011		
	Gratuity	Leave	Leave	Gratuity	Leave	Leave
	Funded	Encashment Funded	Encashment Unfunded	Funded	Encashment Funded	Encashment Unfunded
B Net asset/(liability) recognised in balance sheet as at 31st March 2012						
1 Present value of Defined Benefit Obligation (DBO)	1,172.46	19.81	302.75	1,075.86	36.83	252.92
2 Fair value of plan assets	995.20	85.25	–	868.07	78.03	–
3 Funded Status [Surplus/(deficit)]	(177.27)	65.44	(302.75)	(207.80)	41.20	(252.92)
4 Net asset/(liability) recognised in balance sheet	(177.27)	65.44	(302.75)	(207.80)	41.20	(252.92)
C Change in Defined Benefit Obligation during the year ended 31st March 2011						
1 Present value of DBO at beginning of period	1,075.86	36.83	252.92	828.36	70.24	167.70
2 Current Service Cost	89.38	–	97.91	75.51	–	61.33
3 Interest Cost	82.58	–	22.48	60.14	–	16.59
4 Plan amendments cost/(credit)	–	–	–	65.02	–	–
5 Actuarial Losses / (Gains)	11.88	–	(70.03)	99.87	0.01	7.30
6 Benefits Paid	(87.24)	(17.02)	(0.53)	(53.04)	(33.41)	–
7 Liabilities extinguished on settlements	–	–	–	–	–	–
8 Present value of DBO at the end of period	1,172.46	19.81	302.75	1,075.86	36.83	252.92
D Change in Fair Value of Assets						
1 Plan Assets at beginning of period	868.05	78.03	–	690.77	72.15	–
2 Expected Return on Plan assets	66.90	5.85	–	56.08	5.41	–
3 Actuarial Gains	12.45	1.37	–	7.39	0.47	–
4 Actual company contributions	135.04	17.02	0.53	166.87	33.41	–
5 Benefits paid	(87.24)	(17.02)	(0.53)	(53.04)	(33.41)	–
6 Assets distributed on settlements	–	–	–	–	–	–
7 Plan assets at the end of period	995.20	85.25	–	868.07	78.03	–
E Actuarial Assumptions						
1 Discount Rate (%)	8.60	8.60	8.60	8.00	8.00	8.00
2 Annual Salary Escalation Rate (%)	5.00	5.00	5.00	5.00	5.00	5.00
3 Expected Return on Plan Assets (%)	8.50	8.50	8.50	7.50	7.50	7.50

Notes forming part of the accounts

2.29 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

For hedging currency risks :-

₹ in lacs

Forward Covers	31.03.2012	31.03.2011
Receivables		
- Current	79.15	–
- Future	18,757.70	5,134.75

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

	31.03.2012	31.03.2011
Receivables	21.17	3,022.65
Loan	14,119.19	15,877.77

2.30 The Company has made a provision of ₹ 5.19 Lacs (P.Y. ₹ 112.06 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below :

Description	31.03.2012	31.03.2011
Opening Balance	613.52	1,303.06
Provisions during the year	5.19	112.06
Provisions reversed during the year	290.00	801.60
Closing Balance	328.72	613.52

2.31 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.

2.32 Long Term Loans & Advances include Security Deposit of ₹ 15.67 Lacs (P.Y. ₹ 15.77 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹ 15.77 Lacs) (P.Y. ₹ 16.82 Lacs).

2.33 Long term loans & advances include amount due from Subsidiaries as under :

	31.03.2012	31.03.2011
Emami Bangladesh Limited	0.03	0.03
Emami International FZE	3,020.28	2,265.02
	3,020.31	2,265.05

2.34 Contingent Liabilities & Commitments

i) Contingent Liabilities	31.03.2012	31.03.2011
a) Claims against the Company not acknowledged as debt:		
i) Excise Duty demands	502.35	833.88
ii) Service Tax	44.45	35.91
iii) Sales Tax demands under appeal (Net of Advances)	664.19	643.89
iv) Income Tax	32.08	5.22
v) Other Taxes (Net of Advances)	9.28	9.28
vi) Claims against Company not acknowledged as Debts	66.64	58.93
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	182.90	10,203.94

Notes forming part of the accounts

₹ in lacs

ii) Commitments	31.03.2012	31.03.2011
a) Estimated amount of commitments [net of advances of ₹1,486.18 lacs (P.Y. ₹ 2,805.34 lacs)] on capital account not provided for	1,422.72	1,203.76
b) Uncalled liability on partly paid shares	144.00	–

2.35 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 7.56 million.

2.36 The Company has opted to follow the extension for accounting the exchange differences arising on long term foreign currency monetary items in line with Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 relating to “The Effects of Changes in Foreign Exchange Rates” notified by Government of India on March 31, 2009 and as amended by Notification No. G.S.R 378(E), dated 11th May, 2011 & G.S.R 913(E), dated 29th December, 2011.

As per the above Notifications, foreign exchange loss of ₹ 54.57 Lacs chargeable to Statement of Profit & Loss has been transferred to “Foreign Currency Monetary Item Translation Difference Account” to be amortised in subsequent periods, but not beyond 31st March, 2020.

2.37 Payment to Auditors

	31.03.2012	31.03.2011
As Auditors :		
Audit Fees	28.35	28.68
Tax Audit Fees	3.81	3.81
Limited Review	1.10	1.10
In Other Capacity :		
Other Services (Certification fees)	4.25	6.59
	37.51	40.18
Payment to Cost Auditors		
Audit Fees	1.38	0.83

2.38 Miscellaneous Receipt includes EPCG benefits amounting to ₹ 1,502.67 lacs (P.Y.- NIL)

2.39 Miscellaneous Expenses includes contribution to Assam Pradesh Congress Committee amounting to ₹ 10.00 lacs (P.Y.- NIL)

2.40 Amount due and outstanding to be credited to Investor Education and Protection Fund - Nil (P.Y. - Nil)

2.41 Exchange differences on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs as mandated by paragraph 4(e) of Accounting Standard 16 have been disclosed under note “Finance Cost”. Such exchange differences on principal amount of foreign borrowing are not interest on the foreign borrowing.

2.42 Materials Consumed

	31.03.2012	31.03.2011
Indigenous (99.64%) (P.Y.96.52%)		
Oil	9,353.65	6,653.47
Chemicals	12,752.60	9,503.66
Fats	408.41	43.21
Herbs	1,545.45	1,194.51
Tubes & Containers	7,877.27	8,523.38
Other Packing Materials	6,956.23	5,562.98
Others	2,469.53	1,985.05
	41,363.14	33,466.26
Imported (0.36%) (P.Y. 3.48%)		
Oils	2.48	149.72
Chemicals	146.48	1,059.70
	41,512.10	34,675.68

Notes forming part of the accounts

2.43 Purchase of Finished Goods

₹ in lacs

	31.03.2012	31.03.2011
Cosmetics & Toiletries	6,651.94	8,621.71
Ayurvedic Medicines	10,281.88	10,660.83
Others	284.15	280.81
	17,217.97	19,563.35

2.44 Sale of Products

	31.03.2012	31.03.2011
Cosmetics & Toiletries	32,603.20	27,800.55
Ayurvedic Medicines	1,04,967.30	90,679.91
Other Ayurvedic (Tablets & Pills)	3,070.24	2,381.33
Others	783.91	1,253.60
	1,41,424.65	1,22,115.39

2.45 Opening Stock of Finished Goods

	31.03.2012	31.03.2011
Cosmetics & Toiletries	2,540.57	872.09
Ayurvedic Medicines	3,967.49	2,899.51
Other Ayurvedic (Tablets & Pills)	340.00	205.02
Others	75.64	62.21
	6,923.70	4,038.83

2.46 Closing Stock of Finished Goods

	31.03.2012	31.03.2011
Cosmetics & Toiletries	1,560.63	2,540.57
Ayurvedic Medicines	2,818.92	3,967.49
Other Ayurvedic (Tablets & Pills)	217.94	340.00
Others	38.85	75.64
	4,636.34	6,923.70

2.47 Work in Progress

	31.03.2012	31.03.2011
Cosmetics & Toiletries	31.17	38.14
Ayurvedic Medicines	198.00	254.30
	229.17	292.44

2.48 Stores & Spares

	31.03.2012	31.03.2011
Indigenous (100%) (P.Y.100%)	197.86	166.10

2.49 Expenditure in Foreign Currency (On Payment Basis)

	31.03.2012	31.03.2011
Professional Fees	108.98	152.89
Interest	769.37	1,147.28
Others	421.57	428.01
	1,299.92	1,728.18

Notes forming part of the accounts

2.50 Value of Imports on CIF basis

₹ in lacs

	31.03.2012	31.03.2011
Raw Materials	747.61	779.44
Capital Goods	1,152.79	1,562.64
	1,900.40	2,342.08

2.51 Earnings in Foreign Exchange for

	31.03.2012	31.03.2011
Export of goods calculated on FOB basis	9,878.91	9,689.84
Interest Income	221.97	90.25
	10,100.88	9,780.09

2.52 Related Party Transactions :

A. Parties where Control exists :

Subsidiaries	31.03.2012 % of holdings	31.03.2011 % of holdings
i) Emami UK Limited	100.00%	100.00%
ii) Emami Bangladesh Limited	100.00%	100.00%
iii) Emami International FZE	100.00%	100.00%
iv) Emami Overseas FZE - Subsidiary of Emami International FZE (w.e.f. 25/11/2010)	100.00%	100.00%
v) Pharma Derm SAE Co.- Subsidiary of Emami Overseas FZE (w.e.f. 04/12/2010)	90.60%	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

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

- 1) Diwakar Viniyog Private Limited
- 2) Suntrack Commerce Private Limited
- 3) Emami Paper Mills Limited
- 4) Emami Foundation
- 5) Aradhana Trust
- 6) Emami Infrastructure Limited
- 7) Emami Realty Limited
- 8) Zandu Realty Limited
- 9) K.D.Goenka & Sons HUF
- 10) R.S.Agarwal HUF
- 11) Himani Ayurveda Science Foundation
- 12) Aviro Vyapar Private Limited

Notes forming part of the accounts

C. Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balance as on 31.03.2012 ₹ in lacs

Particulars	Subsidiaries		Key Management Personnel & relatives		Entities where key Management Personnel and their relatives have significant influence		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1. Directors Remuneration	–	–	620.62	646.79	–	–	620.62	646.79
2. Directors Sitting Fees	–	–	1.40	3.35	–	–	1.40	3.35
3. Retainership Fees	–	–	0.45	0.60	–	–	0.45	0.60
4. Sales								
A) Sale of Goods	5,063.07	3,592.13	–	–	3.29	–	5,066.36	3,592.13
B) Sale of Fixed Assets	–	–	–	–	5.58	–	5.58	–
5. Other Income								
A) EPCG Benefits Received	–	–	–	–	1,502.67	–	1,502.67	–
B) Service Charges Received	–	–	–	–	11.03	–	11.03	–
6. Reimbursement of Expenses Received	–	–	–	–	21.92	–	21.92	–
7. Rent, Maintenance & Other Charges Paid	–	–	2.64	2.64	7.21	5.83	9.85	8.47
8. Rent, Maintenance & Other Charges Received	–	–	–	–	121.50	106.65	121.50	106.65
9. Interest Received	221.97	90.25	–	–	–	61.74	221.97	151.99
10. Royalty Received	–	–	–	–	3.31	13.24	3.31	13.24
11. Commission Received	–	–	–	–	10.51	12.80	10.51	12.80
12. Commission Paid	–	–	–	–	1.60	–	1.60	–
13. Dividend Received	–	–	–	–	47.68	47.68	47.68	47.68
14. Forex Gain on Reinstatement of Loan	322.49	–	–	–	–	–	322.49	–
15. Loan / Advances Given	304.91	2,036.13	–	–	–	–	304.91	2,036.13
16. Refund Towards Loan Given	–	169.93	–	–	–	–	–	169.93
17. Loan / Advances Received	–	–	–	–	–	97.19	–	97.19
18. Payment Towards Loan Received	–	–	–	–	93.64	–	93.64	–
19. Security Deposit Paid	–	–	–	–	0.25	–	0.25	–
20. Security Deposit Refund	–	–	0.20	–	–	–	0.20	–
21. Donation Paid	–	–	–	–	144.00	115.00	144.00	115.00
22. Security Deposit Received	–	–	–	–	–	0.90	–	0.90
23. Research & Development	–	–	–	–	–	5.80	–	5.80

Notes forming part of the accounts

C. Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balance as on 31.03.2012 ₹ in lacs

Particulars	Subsidiaries		Key Management Personnel & relatives		Entities where key Management Personnel and their relatives have significant influence		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
24. Balance As on 31st March 2012								
A) Investment	46.79	46.79	–	–	368.48	368.48	415.27	415.27
B) Interest Receivable	221.97	94.12	–	–	–	–	221.97	94.12
C) Loan /Advances Given	2,798.34	2,170.93	–	–	–	–	2,798.34	2,170.93
D) Loan /Advances Received	–	–	–	–	3.55	97.19	3.55	97.19
E) Advance against Reimbursement	–	–	–	–	21.92	–	21.92	–
F) Trade Receivables	3,094.49	2,125.46	–	–	–	–	3,094.49	2,125.46
G) Trade Payables	–	–	–	–	1.60	–	1.60	–
H) Security Deposit Paid	–	–	28.39	28.59	8.45	8.20	36.84	36.79
I) Security Deposit Received	–	–	–	–	41.47	41.47	41.47	41.47

2.53 Information for Earnings Per Share as per AS-20

	31.03.2012	31.03.2011
Net Profit (₹ in Lacs)	25,681.30	22,749.22
Weighted average number of shares	15,13,11,746	15,13,11,746
Earnings Per Share - Basic & Diluted (₹.)	16.97	15.03

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

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 08, 2012

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, Its Subsidiaries and Associates.

1. We have examined the attached Consolidated Balance Sheet of Emami Limited ("the Company"), its subsidiaries, as at 31st March, 2012 and Consolidated Statement of Profit & Loss and Consolidated Cash Flow Statement for the period ended on that date annexed thereto.
2. These financial statements are the responsibility of the 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. An 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 the subsidiaries, whose financial statements reflect total assets of ₹ 8,485.20 lacs as at 31st March 2012, total revenue of ₹ 11,432.49 lacs and net cash outflow amounting to ₹ 214.84 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 21- "Consolidated Financial Statements" as notified in Companies (Accounting Standards) Rules, 2006.
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 2012;
 - b) In the case of Consolidated Statement of Profit & Loss, 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
Firm Registration No.- 306033E

S. K. Agrawal

Partner

Place: Kolkata

Dated: 8th May, 2012

Membership No. 9067



Consolidated Balance Sheet As at March 31, 2012

₹ in lacs

	Notes	As at March 31, 2012		As at March 31, 2011	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	1,513.12		1,513.12	
Reserves and Surplus	2.2	69,150.05	70,663.17	67,472.15	68,985.27
Minority Interest			11.53		7.15
Non-Current Liabilities					
Long-Term Borrowings	2.3	5,268.43		6,965.40	
Deferred Tax Liabilities (Net)	2.4	1,450.00		1,370.00	
Other Long Term Liabilities	2.5	757.32		769.95	
Long-Term Provisions	2.6	389.34	7,865.09	380.92	9,486.27
Current Liabilities					
Short-Term Borrowings	2.7	5,554.88		11,208.01	
Trade Payables	2.8	10,822.76		6,949.25	
Other Current Liabilities	2.9	6,992.28		6,217.49	
Short-Term Provisions	2.10	15,824.20	39,194.12	6,953.29	31,328.04
Total			1,17,733.91		1,09,806.73
ASSETS					
Non-Current Assets					
Fixed Assets	2.11				
Tangible Assets		23,661.18		21,594.53	
Intangible Assets		16,691.45		26,851.12	
Capital Work-in-Progress		7,681.35		648.19	
Goodwill On Consolidation		417.17		76.60	
Non-Current Investments	2.12	677.40		661.30	
Long-Term Loans and Advances	2.13	2,790.96		5,329.61	
Other Non-Current Assets	2.14	11.81	51,931.32	19.72	55,181.07
Current assets					
Current Investments	2.15	7,355.80		—	
Inventories	2.16	11,219.79		12,335.78	
Trade Receivables	2.17	10,054.47		10,870.79	
Cash and Cash Equivalents	2.18	27,593.68		21,049.84	
Short-Term Loans and Advances	2.19	9,524.28		10,369.25	
Other Current Assets	2.20	54.57	65,802.59		54,625.66
Total			1,17,733.91		1,09,806.73
Summary of Significant Accounting Policies and Notes on Accounts					
	1 & 2				

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 08, 2012

S K Goenka
Managing Director

N H Bhansali
CEO-Finance, Strategy &
Business Development

A K Joshi
Company Secretary &
AVP-Legal

Statement of Consolidated Profit and Loss For the year ended March 31, 2012

₹ in lacs

	Notes	2011-12	2010-11
Income			
Revenue From Operations	2.21	1,45,350.87	1,24,707.39
Other Income	2.22	5,412.03	3,310.15
Total Revenue		1,50,762.90	1,28,017.54
Expenses:			
Cost of Materials Consumed		41,512.10	34,675.98
Purchase of Finished Goods		18,913.48	20,490.00
Changes in Inventories	2.23	2,216.66	(2,847.64)
Employee Benefits	2.24	9,230.98	7,287.37
Finance Costs	2.25	1,521.09	1,522.99
Depreciation and Amortization	2.11	12,088.78	11,608.64
Transfer From General Reserve		(10,209.25)	(10,209.25)
Foreign Exchange Loss/(Gain)		1,794.31	(1,180.89)
Other Expenses	2.26	43,801.25	39,758.11
Total Expenses		1,20,869.40	1,01,105.31
Profit Before Tax		29,893.50	26,912.22
Tax Expense			
Current Tax		3,951.85	3,340.72
Deferred Tax		80.00	674.46
(Excess)/Short Provision of Earlier Years		(19.80)	25.79
Profit After Taxation Before Minority Interest		25,881.45	22,871.25
Share of Minority interest		(2.81)	(0.54)
Profit For The Period		25,884.26	22,871.80
Earnings Per Equity Share			
(1) Basic		17.11	15.12
(2) Diluted		17.11	15.12
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2		

As per our report of even date

For S K Agrawal & Co.
Chartered AccountantsS K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS K Todi
DirectorKolkata
May 08, 2012S 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, 2012

₹ in lacs

	2011-12	2010-11
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	29,893.50	26,912.23
Add : Adjustments for		
Depreciation & Amortisation	1,879.54	1,399.40
Preoperative and Preliminary Expenses	—	3.19
Interest	(1,371.67)	(1,117.11)
Loss / (Profit) on sale of Fixed Assets	(48.30)	142.46
Loss / (Profit) on sale of Investments	(383.55)	(221.61)
Provision for Doubtful Debts	—	26.69
Diminution in Value of Investment	0.11	0.45
Foreign Exchange Fluctuations	1,794.31	1,180.89
Dividend Received	(47.68)	(47.68)
Operating Profit Before Working Capital Changes	31,716.26	28,278.91
Add : Decrease / (Increase) in Working Capital		
Trade & Other Payables	4,102.63	185.35
Inventories	1,115.99	(4,070.79)
Trade & Other Receivables	2,056.23	(7,898.65)
Provision for Indirect Taxes	(284.81)	(689.54)
Provision for Employee Benefits	8.01	110.87
	6,998.05	(12,362.76)
Cash Generated from Operations	38,714.31	15,916.15
Less : Direct Taxes Paid	2,669.09	3,264.36
Cash Flow Before Extraordinary Items	36,045.22	12,651.79
Extraordinary Items	—	—
Net Cash Flow from Operating Activities	36,045.22	12,651.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	247.52	741.03
Interest Received	4,989.82	2,119.92
Dividend Received	47.68	47.68
Sale of Investments	5,714.10	5,721.61
	10,999.12	8,630.24
Less : Purchase of Fixed Assets	11,561.54	4,926.18
Purchase of Investments	12,702.56	0.10
Net Cash Used in Investing Activities	(13,264.98)	3,703.96

Consolidated Cash Flow Statement For the year ended March 31, 2012

₹ in lacs

	2011-12	2010-11
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	–	–
	–	–
Less : Repayment of Loans (Net)	6,828.37	3,109.40
Interest Paid	1,516.07	1,806.89
Dividend Paid	5,289.62	4,535.93
Corporate Dividend Tax	859.13	771.46
	14,493.19	10,223.68
Net cash Used in Financing Activities	(14,493.19)	(10,223.68)
D. EFFECT OF FOREIGN EXCHANGE FLUCTUATION	(1,743.21)	(1,224.96)
Net Changes in Cash & Cash Equivalents (A+B+C+D)	6,543.84	4,907.11
* Cash & Cash Equivalents-Opening Balance	21,049.84	16,142.73
* Cash & Cash Equivalents-Closing Balance	27,593.68	21,049.84
* Represents Cash and Bank Balances as indicated in Note 2.18		

Notes :- Closing Cash & Cash equivalents represents "Cash & Bank Balances" including ₹ 20.33 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 08, 2012

S K Goenka
Managing Director

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

A K Joshi
*Company Secretary &
AVP-Legal*

1 SIGNIFICANT ACCOUNTING POLICIES

1 Principles of Consolidation

The Consolidated Financial Statements relate to EMAMI LIMITED ("the Company") and its Subsidiary Companies (refer note 2.27 (i)) has been consolidated as per Accounting Standards on Accounting for Consolidated Financial Statements (AS 21), notified in Companies (Accounting Standards) Rules 2006. The Consolidated Financial Statements have been prepared on the following basis:

- i Consolidated financial statements have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating all significant intra-group transactions/balances and resulting unrealised profits.
- ii The difference between the cost of investment in the Subsidiaries over its proportionate share in the net assets value at the time of acquisition of stake in subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be. For this purpose, the company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation is adjusted against Goodwill.
- iii Minority interest in net profit/loss of the Subsidiaries for the year is identified and adjusted against income in order to arrive at the net income attributable to shareholder's of the company. Minority interest in net assets of the subsidiaries is identified and presented separately in Consolidated Financial Statements.
- iv As far as possible the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's financial statements.
- v The financial statements of the entities used for the purpose of consolidation are drawn up to the same reporting date as that of the company.
- vi Foreign Exchange fluctuations on conversion of the accounts of foreign subsidiaries (refer note 3(i)) have been taken to "Foreign Currency Translation Reserve" (Arising on Consolidation).

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

- a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
- b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
- c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings 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 :

- a. Block, dies & moulds (other than high-end moulds) are depreciated @ 95% in the year of purchase itself on pro-rate basis.
- b. Lease hold land is amortised over the period of lease.
- c. In Emami UK Limited depreciation is provided on reducing balance method@ 25% or based on the useful life of the assets, which ever is higher.
- 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

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

book value method, the cost representing goodwill recognised is being amortised to Statement of Profit & Loss over, the estimated useful life of five years. As per the terms of the scheme equivalent amount of such amortisation is transferred from General Reserve.

The estimated useful life of Goodwill is reviewed by the management periodically and changes there in are taken cognisance of, by accelerating or decelerating the pace of amortisation.

- b. 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.

v) Investments

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

vi) Inventories

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 the regulatory authorities to a defined contribution retirement benefit plan for qualifying employees, where the Company has no further obligations. 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.

In respect of certain employees, provident fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for. Actuarial losses/gains are recognised in the statement of Profit and Loss in the year in which they arise.

- 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 includes 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

1 SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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. Forward Exchange Contract - The premium or discount arising at the inception of forward exchange contracts entered into to hedge an asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rate change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expenses for the period.

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 Statement of Profit & Loss.

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. Other exchange differences arising from Long-Term Foreign Currency Monetary Items are Transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the life of such monetary items but not beyond March 31, 2020. Other exchange differences are recognized as income or expenses in the Statement of Profit & Loss.

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.

Notes to the Consolidated Financial Statements

₹ in lacs

2.1 SHARE CAPITAL	March 31, 2012	March 31, 2011
Authorised		
20,00,00,000 Equity Shares of ₹ 1/- each	2,000.00	2,000.00
Issued		
15,13,11,746 Equity Shares of ₹ 1/- each fully paid up	1,513.12	1,513.12
Subscribed & Paid up*		
15,13,11,746 Equity Shares of ₹ 1/- each fully paid up	1,513.12	1,513.12
Total issued, subscribed and fully paid up share capital	1,513.12	1,513.12
*(Of the above, 1,80,23,492 equity shares fully paid up have been allotted for consideration other than cash in last 5 years)		

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

	March 31, 2012		March 31, 2011	
Particulars	No. of shares	₹ in Lacs	No. of shares	₹ in Lacs
Shares outstanding at the beginning of the year	15,13,11,746	1,513.12	15,13,11,746	1,513.12
Shares outstanding at the end of the year	15,13,11,746	1,513.12	15,13,11,746	1,513.12

Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The company declares & pays dividend in Indian Rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shareholders holding more than 5% shares in the Company

	March 31, 2012		March 31, 2011	
Particulars	No. of shares	% of holding	No. of shares	% of holding
Diwakar Viniyog Private Limited	2,17,01,336	14.34	2,16,85,836	14.33
Suntrack Commerce Private Limited	2,13,98,044	14.14	2,13,82,544	14.13
Bhanu Vyapaar Private Limited	1,78,30,836	11.78	1,78,18,436	11.78
Emami Enclave Makers Private Limited	86,62,200	5.72	86,56,000	5.72
Emami High Rise Private Limited	84,10,200	5.56	84,04,000	5.55
Suraj Vinjyog Private Limited	84,13,252	5.56	84,03,552	5.55

Notes to the Consolidated Financial Statements

₹ in lacs

2.2 RESERVES AND SURPLUS	March 31, 2012	March 31, 2011
a. Capital Reserves	79.64	79.64
b. Securities Premium Account	33,961.72	33,961.72
c. General Reserve		
Opening Balance	30,000.00	25,000.00
Tranfered From Surplus In statement of profit & Loss during the year	10,209.25	15,209.25
Transfer to Statement of Profit & loss	(10,209.25)	(10,209.25)
Closing Balance	30,000.00	30,000.00
d. Foreign Currency Translation Reserve		
Opening Balance	(70.69)	(26.62)
Current Year Transfer	51.10	(44.07)
Written Back in Current Year	—	—
Closing Balance	(19.59)	(70.69)
e. Surplus		
Opening balance	3,501.48	2,014.72
Net Profit For the current year	25,884.26	22,871.80
Proposed Dividend	(12,104.94)	(5,295.91)
Corporate Dividend Tax	(1,943.27)	(879.58)
Transfer to General Reserve	(10,209.25)	(15,209.55)
Closing Balance	5,128.28	3,501.48
Total	69,150.05	67,472.15

For the period, the amount of per share dividend recognised as distribution to equity shareholders is ₹ 8.00 (PY: ₹ 3.50)

2.3 LONG TERM BORROWINGS	March 31, 2012	March 31, 2011
Secured		
Term Loans		
From Bank	5,268.43	6,965.40
{Secured By First charge/mortgage on fixed movable and immovable assets including plant and machinery (present and future) situated at BT Road and Amingaon Plant}		
i) Loan I- One instalment of ₹ 1,432.39 lacs		
ii) Loan II- Three yearly instalments of ₹ 1,278.68 lacs each		
Total	5,268.43	6,965.40

2.4 DEFERRED TAX (NET)	March 31, 2012	March 31, 2011
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,826.00	1,879.00
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	376.00	509.00
Total	1,450.00	1,370.00

2.5 OTHER LONG TERM LIABILITIES	March 31, 2012	March 31, 2011
Trade Payables	256.19	240.41
Creditors for Capital Goods	31.42	37.15
Trade Deposits	469.71	492.39
Total	757.32	769.95

Notes to the Consolidated Financial Statements

₹ in lacs

2.6 LONG TERM PROVISIONS	March 31, 2012	March 31, 2011
Provision for Employee Benefits		
Provident Fund	19.78	—
Gratuity	177.27	214.63
Leave Encashment	192.29	166.29
Total	389.34	380.92

2.7 SHORT TERM BORROWINGS	March 31, 2012	March 31, 2011
Secured		
From Banks		
Cash Credit	1,402.85	1,361.99
Term Loan	4,141.88	6,920.75
(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)		8,282.74
Unsecured		
Term Loans		
From Banks	—	2,913.22
ICICI Pact Project	10.15	12.05
Total	5,554.88	11,208.01

2.8 TRADE PAYABLES	March 31, 2012	March 31, 2011
Micro, Small & Medium Enterprises	85.92	3.32
Others	10,736.84	6,945.93
Total	10,822.76	6,949.25

2.9 OTHER CURRENT LIABILITIES	March 31, 2012	March 31, 2011
Current Maturities of Long-Term Debt	4,757.55	4,213.14
Interest Accrued and Due on Trade Deposits	63.54	58.52
Unpaid Dividends	20.33	14.04
Advance from Customer	380.31	326.09
Creditors for Capital Goods	151.12	232.63
Other payables		
Employee Benefits	754.30	730.26
Duties & Taxes	865.13	642.81
Total	6,992.28	6,217.49

2.10 SHORT TERM PROVISIONS	March 31, 2012	March 31, 2011
Provision for Employee Benefits		
Leave Encashment	45.02	45.43
Others		
Provision for Dividend	12,104.94	5,295.91
Corporate Dividend Tax	1,963.72	879.58
Provision for Direct Tax		
[Net of Advance Tax ₹ 10,415.97 lacs (PY ₹ 9,081.78 lacs)]	1,381.80	118.85
Provision for Indirect Tax	328.72	613.52
Total	15,824.20	6,953.29

Notes to the Consolidated Financial Statements

₹ in lacs

2.11 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	Balance	Additions	Disposals/	Balance	Balance	For the	Disposals/	Balance	Balance	Balance
	as at		Adjustments **	as at	as at	Year	Adjustments	as at	as at	as at
	01.04.2011			31.03.2012	01.04.2011			31.03.2012	31.03.2012	31.03.2011
Tangible Assets										
Land										
<i>Leasehold</i>	322.00	–	12.04	309.96	21.46	3.61	1.41	23.65	286.31	300.54
<i>Freehold</i>	1,493.64	125.08	0.25	1,618.47	–	–	–	–	1,618.47	1,493.63
Building*	9,813.33	396.69	170.52	10,039.49	2,338.68	260.08	66.84	2,531.91	7,507.58	7,474.54
Plant & Machinery*	15,484.44	3,058.77	72.63	18,470.59	5,489.16	1,125.76	9.82	6,605.10	11,865.49	9,972.49
Furniture & Fittings	1,514.11	197.15	30.99	1,680.28	298.70	152.42	3.88	447.24	1,233.03	1,247.84
Office Equipment	2,068.69	128.64	12.66	2,184.67	1,290.98	168.96	36.47	1,423.47	761.20	768.21
Motor Vehicles	573.04	122.33	52.46	642.92	235.76	51.93	33.88	253.82	389.10	337.28
Tangible Assets	31,269.25	4,028.67	351.53	34,946.38	9,674.74	1,762.76	152.31	11,285.19	23,661.18	21,594.53
Intangible Assets										
Goodwill	47,899.11	–	–	47,899.11	21,383.04	10,209.25	–	31,592.28	16,306.83	26,516.07
Software	660.56	166.33	–	826.90	399.28	101.76	–	501.04	325.85	261.27
Trade Marks and other										
Intangible assets	100.00	–	–	100.00	26.22	15.00	–	41.22	58.78	73.78
Intangible Assets	48,659.68	166.33	–	48,826.01	21,808.53	10,326.01	–	32,134.54	16,691.45	26,851.12
Total	79,928.93	4,195.00	351.53	83,772.39	31,483.27	12,088.78	152.31	43,419.74	40,352.63	48,445.65
Capital Work- In-Progress*	648.19	7,033.16	–	7,681.35	–	–	–	–	7,681.35	648.19
Grand Total	80,577.12	11,228.16	351.53	91,453.75	31,483.27	12,088.78	152.31	43,419.74	48,033.98	49,093.84
Previous Year's Figures	77,152.97	4,885.08	1,460.93	80,577.12	20,293.83	11,608.64	419.21	31,483.27	49,093.84	

* Includes Capitalisation of :

Particulars	Forex Fluctuation	Borrowing Cost
Building	30.29	–
Plant & Machinery	229.64	–
Capital Work-in-Progress	323.71	257.36
Total	583.64	257.36

** Includes Capital Subsidy of ₹ 30 lacs (PY: Nil) credited to Plant & Machinery.

Notes to the Consolidated Financial Statements

₹ in lacs

2.12 NON CURRENT INVESTMENTS	March 31, 2012	March 31, 2011
Long Term Investments (Valued at Cost)		
Trade Investments		
Investment in Equity instruments (Quoted)		
Emami Paper Mills Limited		
79,46,000 Equity Shares of ₹ 2/- each	368.48	368.48
Creative Eye Limited		
10,000 Equity Shares of ₹ 5/- each	6.41	6.41
Investment In Equity Instruments (Unquoted)		
CRI Limited		
95,630 Equity Shares of ₹ 10/- each	27.17	27.17
Bengal Emami Infrastructure Limited		
1 Equity Shares of ₹ 10/- each	—	—
AMRI Hospitals Ltd.		
8,00,000 Fully paid Equity Shares of ₹ 10/- each	264.66	264.66
16,00,000 Partly paid Equity Shares of ₹ 10/- each		
(Paid up value ₹1 per share)	16.00	—
Investment In Government & Trust Securities (Unquoted)		
6 Years' National Savings Certificate	0.65	0.44
(Lodged With Government Authority)		
(i)	683.36	667.15
Less : Provision for Diminution in value of Investment (ii)	5.96	5.85
Total (i) - (ii)	677.40	661.30
Aggregate Book Value of Quoted Investments	368.92	369.04
Aggregate Book Value of Unquoted Investments	308.48	292.27
Aggregate Market Value of Quoted Investments	2,459.73	4,148.37

2.13 LONG TERM LOANS AND ADVANCES	March 31, 2012	March 31, 2011
(Unsecured, Considered Good)		
Capital Advance	1,770.26	3,769.73
Security Deposits	286.33	237.73
Advances to Employees	44.25	40.64
Balances with Excise and Sales Tax Department	183.53	180.89
Subsidy Receivable	344.73	337.76
Advance against Trade Payables	122.95	762.86
Others	38.91	—
Total	2,790.96	5,329.61

2.14 OTHER NON CURRENT ASSETS	March 31, 2012	March 31, 2011
(Unsecured)		
Trade Receivable		
Considered good	11.81	19.72
Considered Doubtful	57.15	57.15
Less: Provision for doubtful advances	(57.15)	(57.15)
Total	11.81	19.72

Notes to the Consolidated Financial Statements

₹ in lacs

2.15 CURRENT INVESTMENTS	March 31, 2012	March 31, 2011
Trade Investments (Valued at Cost unless stated otherwise)		
Investment in Mutual Fund		
BSL Cash Plus - Institutional Premium - Growth	2,000.00	—
11,64,838.064 (PY-Nil) Units		
BSL Floating Rate Fund - Short Term Institutional Plan - Growth	1,000.00	—
7,19,157.808 (PY-Nil) Units		
Liquid Plus -Super - Institutional - Growth	1,000.00	—
6,30,831.411 (PY-Nil) Units		
DWS Insta Cash Plus - Super-Institutional - Growth	955.80	—
6,88,148.229 (PY-Nil) Units		
Taurus Liquid Fund - Super Institutional - Growth	1,000.00	—
86,529.184 (PY-Nil) Units		
JM High Liquidity Fund - Super Institutional Plan - Growth	1,400.00	—
83,22,330.016 (PY-Nil) Units		
Total	7,355.80	—
Net Asset Value of Unquoted Investments	7,383.74	—

2.16 INVENTORIES	March 31, 2012	March 31, 2011
Raw and Packing Materials		
Raw Materials	3,448.32	2,640.49
Packing Materials	1,742.96	1,746.61
Work-in-Progress	229.17	292.44
Finished Goods	4,914.99	7,068.38
Stores and Spares	108.77	89.67
Advertising Materials	775.58	498.19
Total	11,219.79	12,335.78

2.17 TRADE RECEIVABLES	March 31, 2012	March 31, 2011
(Unsecured, Considered Good)		
Due over six months	483.44	234.46
Other Debts	9,571.03	10,636.33
Total	10,054.47	10,870.79

2.18 CASH AND CASH EQUIVALENTS	March 31, 2012	March 31, 2011
Balances with Banks:		
On Current accounts	1,310.56	858.00
Fixed Deposits with Banks***	26,236.43	20,119.23
Exchange Earners Foreign Currency Account	0.06	5.01
On unpaid dividend account	20.33	14.04
Cash on hand	26.30	53.56
Total	27,593.68	21,049.84

*** Deposits with maturity less than 3 months amounts to ₹ 21,423 lacs (PY ₹ 19,775 lacs)

Deposits with maturity more than 12 months amounts to ₹ 4,750 lacs (PY Nil)

Margin money deposit of ₹ 4 lacs (PY: ₹ 57.14 lacs)

Notes to the Consolidated Financial Statements

₹ in lacs

2.19 SHORT TERM LOANS AND ADVANCES	March 31, 2012	March 31, 2011
(Unsecured, Considered Good)		
Balances with Excise and Sales Tax Department	1,610.85	1,574.85
Advance against Trade Payables	6,980.82	5,913.80
Advances to Employees	153.15	92.95
Interest Receivable	76.08	2,173.13
Prepaid Expenses	243.04	221.93
Other Receivables	460.34	391.80
Total	9,524.28	10,369.25

2.20 OTHER CURRENT ASSETS	March 31, 2012	March 31, 2011
Foreign Currency Monetary Item Translation Difference (Refer Note No: 2.37)	54.57	—
Total	54.57	—

2.21 REVENUE FROM OPERATIONS	2011-12	2010-11
Sale of Products	1,47,794.07	1,26,584.74
Less: Excise Duty	2,443.20	1,877.35
Total	1,45,350.87	1,24,707.39

2.22 OTHER INCOME	2011-12	2010-11
Interest Income		
Income Tax Department	106.81	0.04
Others Loans & Deposits	2,785.95	2,640.06
Dividend Income	47.68	47.68
Profit on Sale of Current Non- Trade Investments	383.55	220.91
Profit on Sale of Long Term Non- Trade Investments	—	0.70
Profit on Sale of Fixed Assets	68.19	125.49
Rent and Maintenance Charges Received	236.97	120.69
Provision for Doubtful Loans/ Debts Written Back	72.95	—
Miscellaneous Receipts	1,645.99	54.43
Insurance Claim Received	63.94	100.15
Total	5,412.03	3,310.15

2.23 CHANGES IN INVENTORY	2011-12	2010-11
Add : Opening Stock		
Work-in-Progress	292.44	70.34
Finished Goods	7,068.38	4,442.84
Less : Closing Stock		
Work-in-Progress	229.17	292.44
Finished Goods	4,914.99	7,068.38
Total	2,216.66	(2,847.64)

2.24 EMPLOYEE BENEFITS	2011-12	2010-11
Salaries and Wages	8,225.49	6,607.11
Contribution to Provident and Other Funds	687.32	452.35
Welfare Expense	318.17	227.91
Total	9,230.98	7,287.37

Notes to the Consolidated Financial Statements

₹ in lacs

2.25 FINANCE COSTS	2011-12	2010-11
Interest Expense	974.38	1,522.99
Exchange difference to the extent considered as an adjustment to borrowing cost	546.71	—
Total	1,521.09	1,522.99

2.26 OTHER EXPENSES	2011-12	2010-11
Consumption of stores and spare parts	197.86	166.10
Power and fuel	696.82	608.97
Rent	507.23	390.26
Repairs :		
Building	87.30	62.78
Machinery	465.28	385.45
Others	600.59	559.48
Insurance	281.09	225.77
Rates and taxes, excluding taxes on income	101.36	83.87
Freight & Forwarding	4,127.93	3,626.23
Directors' Fees and Commission	280.75	305.10
Advertisement & Sales Promotion	22,899.26	21,940.62
Commission	760.95	625.02
Cash Discount	34.40	51.04
Taxes on Sales	8,308.28	5,660.47
Loss on Sale/Disposal of Fixed Assets	19.89	267.95
Diminution in value of investment	0.11	0.45
Sundry Balance Written Back	9.35	—
Payment to Auditors	23.21	—
Legal and Professional Fees	1,268.13	1,543.00
Travelling and Conveyance	1,561.67	1,403.72
Miscellaneous Expenses	1,569.79	1,851.83
Total	43,801.25	39,758.11

2.27 Notes on Accounts

List of Subsidiaries included in the Consolidated financial statements are as under:-

Name 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%

2.28 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 :

Notes to the Consolidated Financial Statements

Revenue from Operation

₹ in lacs

Particulars	2011-12	2010-11
India	1,26,666.55	1,07,215.47
Overseas	18,684.32	17,491.92
Total	1,45,350.87	1,24,707.39

- 2.29 The carrying amount of segment assets and additions to segment fixed assets by geographical area to which the assets are attributable:

Particulars	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
India	1,07,735.33	1,02,714.60	10,061.42	4,664.14
Overseas	9,998.58	7,092.13	1,412.61	62.71
Total	1,17,733.91	1,09,806.73	11,474.03	4,726.85

2.30 Defined Benefit Plans

As per actuarial valuations as on 31st March, 2012 and recognised in the financial statements in respect of Employees benefit schemes.

Particulars	March 31, 2012			March 31, 2011		
	Gratuity Funded	Leave		Gratuity Funded	Leave	
		Encashment Funded	Encashment Unfunded		Encashment Funded	Encashment Unfunded
A Components of Employer Expenses						
1 Current Service Cost	89.38	–	97.91	75.51	–	61.33
2 Interest Cost	82.58	–	22.48	60.14	–	16.59
3 Expected Return on Plan assets	(66.90)	(5.85)	–	(56.08)	(5.41)	–
4 Past Service Cost	–	–	–	65.02	–	–
5 Actuarial Losses	(0.57)	(1.37)	(70.03)	92.48	(0.47)	7.30
6 Losses /(Gains) on Curtailments and Settlements	–	–	–	–	–	–
7 Total Expenses recognised in the Statement of Profit & Loss	104.49	(7.22)	50.36	237.07	(5.88)	85.22
B Net asset/(liability) recognised in balance sheet as at 31st March 2012						
1 Present value of Defined Benefit Obligation (DBO)	1,172.46	19.81	302.75	1,075.86	36.83	252.92
2 Fair value of plan assets	995.20	85.25	–	868.07	78.03	–
3 Funded Status [Surplus/(deficit)]	(177.27)	65.44	(302.75)	(207.80)	41.20	(252.92)
4 Net asset/(liability) recognised in balance sheet	(177.27)	65.44	(302.75)	(207.80)	41.20	(252.92)

Notes to the Consolidated Financial Statements

2.30 Defined Benefit Plans

₹ in lacs

Particulars	March 31, 2012			March 31, 2011		
	Gratuity	Leave	Leave	Gratuity	Leave	Leave
	Funded	Encashment Funded	Encashment Unfunded	Funded	Encashment Funded	Encashment Unfunded
C Change in Defined Benefit Obligation during the year ended 31st March 2012						
1 Present value of DBO at beginning of period	1,075.86	36.83	252.92	828.36	70.24	167.70
2 Current Service Cost	89.38	–	97.91	75.51	–	61.33
3 Interest Cost	82.58	–	22.48	60.14	–	16.59
4 Plan amendments cost/(credit)	–	–	–	65.02	–	–
5 Actuarial Losses / (Gains)	11.88	–	(70.03)	99.87	0.01	7.30
6 Benefits Paid	(87.24)	(17.02)	(0.53)	(53.04)	(33.41)	–
7 Liabilities extinguished on settlements	–	–	–	–	–	–
8 Present value of DBO at the end of period	1,172.46	19.81	302.75	1,075.86	36.84	252.92
D Change in Fair Value of Assets						
1 Plan Assets at beginning of period	868.05	78.03	–	690.77	72.15	–
2 Expected Return on Plan assets	66.90	5.85	–	56.08	5.41	–
3 Actuarial Gains	12.45	1.37	–	7.39	0.47	–
4 Actual company contributions	135.04	17.02	0.53	166.87	33.41	–
5 Benefits paid	(87.24)	(17.02)	(0.53)	(53.04)	(33.41)	–
6 Assets distributed on settlements	–	–	–	–	–	–
7 Plan assets at the end of period	995.20	85.25	–	868.07	78.03	–
E Actuarial Assumptions						
1 Discount Rate (%)	8.60	8.60	8.60	8.00	8.00	8.00
2 Annual Escalation Rate	5.00	5.00	5.00	5.00	5.00	5.00
3 Expected Return on Plan Assets (%)	8.50	8.50	8.50	7.50	7.50	7.50

2.31 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.

2.32 The following are the outstanding forward contracts.

For hedging currency risks :-

Forward Covers	31.03.2012	31.03.2011
Receivables		
- Current	79.15	–
- Future	18,757.70	5,134.75

Notes to the Consolidated Financial Statements

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

₹ in lacs

	31.03.2012	31.03.2011
Receivables	21.17	3,022.65
Loan taken	14,119.19	15,877.77

- 2.33 The Company has made a provision of ₹ 5.19 Lacs (Previous Year - ₹ 112.06 Lacs) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below :

Description	31.03.2012	31.03.2011
Opening Balance	613.52	1,303.06
Provisions during the year	5.19	112.06
Provisions reversed during the year	290.00	801.60
Closing Balance	328.72	613.52

- 2.34 Long Term Loans & Advances include Security Deposit of ₹ 15.67 Lacs (P.Y. ₹ 15.77 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹ 15.77 Lacs) (P.Y. ₹ 16.82 Lacs).

2.35 Contingent Liabilities & Commitments

i) Contingent Liabilities	31.03.2012	31.03.2011
a) Claims against the Company not acknowledged as debt:		
i) Excise Duty demands	502.35	833.88
ii) Service Tax	44.45	35.91
iii) Sales Tax demands under appeal (Net of Advances)	664.19	643.89
iv) Income Tax	32.08	5.22
v) Other Taxes (Net of Advances)	9.28	9.28
vi) Claims against Company not acknowledged as Debts	66.64	58.93
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	182.90	10,203.94

ii) Commitments	31.03.2012	31.03.2011
a) Estimated amount of commitments [net of advances of ₹1,486.18 lacs (P.Y. ₹ 2,805.34 lacs)] on capital account not provided for	1,422.72	1,203.76
b) Uncalled liability on partly paid shares	144.00	—

- 2.36 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 7.56 million.

- 2.37 The Company has opted to follow the extension for accounting the exchange differences arising on long term foreign currency monetary items in line with Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 relating to "The Effects of Changes in Foreign Exchange Rates" notified by Government of India on March 31, 2009 and as amended by Notification No. G.S.R 378(E), dated 11th May, 2011 & G.S.R 913(E), dated 29th December, 2011.

As per the above Notifications, foreign exchange loss of ₹ 54.57 Lacs chargeable to Statement of Profit & Loss has been transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised in subsequent periods, but not beyond 31st March, 2020.

- 2.38 Miscellaneous Receipt includes EPCG benefits amounting to ₹ 1,502.67 lacs (P.Y.- NIL)

Notes to the Consolidated Financial Statements

2.39 Miscellaneous Expenses includes contribution to Assam Pradesh Congress Committee amounting to ₹ 10.00 lacs (P.Y.- NIL)

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

2.41 Exchange differences on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs as mandated by paragraph 4(e) of Accounting Standard 16 have been disclosed under note “Finance Cost”. Such exchange differences on principal amount of foreign borrowing are not interest on the foreign borrowing.

2.42 Related Party Transactions :

A. 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

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

- 1) Diwakar Viniyog Private Limited
- 2) Suntrack Commerce Private Limited
- 3) Emami Paper Mills Limited
- 4) Emami Foundation
- 5) Aradhana Trust
- 6) Emami Infrastructure Limited
- 7) Emami Realty Limited
- 8) Zandu Realty Limited
- 9) K.D.Goenka & Sons HUF
- 10) R.S.Agarwal HUF
- 11) Himani Ayurveda Science Foundation
- 12) Aviro Vyapar Private Limited

Notes to the Consolidated Financial Statements

B. Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balance as on 31.03.2012

₹ in lacs

Particulars	Key Management Personnel & relatives		Entities where key Management Personnel and their relatives have significant influence		Total	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	31.03.2012	31.03.2011
1. Directors Remuneration	620.62	646.79	–	–	620.62	646.79
2. Directors Sitting Fees	1.40	3.35	–	–	1.40	3.35
3. Retainership Fees	0.45	0.60	–	–	0.45	0.60
4. Sales						
A) Sale of Goods	–	–	3.29	–	3.29	–
B) Sale of Fixed Assets	–	–	5.58	–	5.58	–
5. Other Income						
A) EPCG Benefits Received	–	–	1,502.67	–	1,502.67	–
B) Service Charges Received	–	–	11.03	–	11.03	–
6. Reimbursement of Expenses Received	–	–	21.92	–	21.92	–
7. Rent, Maintenance & Other Charges Paid	2.64	2.64	7.21	5.83	9.85	8.47
8. Rent, Maintenance & Other Charges Received	–	–	121.50	106.65	121.50	106.65
9. Interest Received	–	–	–	61.74	–	61.74
10. Royalty Received	–	–	3.31	13.24	3.31	13.24
11. Commission Received	–	–	10.51	12.80	10.51	12.80
12. Commission Paid	–	–	1.60	–	1.60	–
13. Dividend Received	–	–	47.68	47.68	47.68	47.68
14. Loan / Advances Received	–	–	–	97.19	–	97.19
15. Payment Towards Loan Received	–	–	93.64	–	93.64	–
16. Security Deposit Paid	–	–	0.25	–	0.25	–
17. Security Deposit Refund	0.20	–	–	–	0.20	–
18. Donation Paid	–	–	144.00	115.00	144.00	115.00
19. Security Deposit Received	–	–	–	0.90	–	0.90
20. Research & Development	–	–	–	5.80	–	5.80
21. Balance As on 31st March 2012						
A) Investment	–	–	368.48	368.48	368.48	368.48
B) Loan /Advances Received	–	–	3.55	97.19	3.55	97.19
C) Advance against Reimbursement	–	–	21.92	–	21.92	–
D) Trade Receivables	–	–	–	–	–	–
E) Trade Payables	–	–	1.60	–	1.60	–
F) Security Deposit Paid	28.39	28.59	8.45	8.20	36.84	36.79
G) Security Deposit Received	–	–	41.47	41.47	41.47	41.47

2.43 Information for Earnings Per Share as per AS-20

	31.03.2012	31.03.2011
Net Profit (₹ in Lacs)	25,884.26	22,871.80
Weighted average number of shares	15,13,11,746	15,13,11,746
Earnings Per Share - Basic & Diluted (₹)	17.11	15.12

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

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 08, 2012

S K Goenka
Managing Director

N H Bhansali
CEO-Finance, Strategy &
Business Development

A K Joshi
Company Secretary &
AVP-Legal



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, 2012	136.26	14.69	89.07	(69.84)	27.02
ii. For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	67.13	(19.41)	754.20	(40.00)	(5.25)
4. Net aggregate amount of Subsidiary's Profit dealt with in the Holding Company's Accounts					
i. For the Financial Year of the Subsidiary ended as on 31st March, 2012	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 08, 2012

S K Goenka
Managing Director

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

A K Joshi
*Company Secretary &
AVP-Legal*

emami* limited

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

Notice

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Emami Limited will be held on Wednesday, 8th August 2012 at 3:30 pm at South City International School Auditorium, 375, Prince Anwar Shah Road, Kolkata-700068 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Profit & Loss Account of the Company for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend on equity shares.
3. To appoint a Director in place of Vaidya S. Chaturvedi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Mohan Goenka who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri S.K. Goenka who retires by rotation and, being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri S.B. Ganguly who retires by rotation and, being eligible, offers himself for reappointment.
7. To appoint Auditors and to fix their remuneration.

Special Business:

8. Reappointment of Shri R.S. Agarwal as Executive Chairman of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Ordinary Resolution:

RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof including any statutory modifications or re-enactment thereof for the time being in force and subject to such consents, approvals or permissions as may be necessary, the consent of Shareholders of the Company be and is hereby accorded to the re-appointment of Shri R. S. Agarwal as Executive Chairman of the Company for a period of five years with effect from April 1, 2012 on the terms and conditions as enumerated in the Agreement dated March 9, 2012 entered into between the Company and Shri R. S. Agarwal, a copy thereof was placed before the meeting and approved.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to alter and vary the terms and conditions of the said appointment and /or Agreement, to the extent the Board of Directors may consider appropriate, or as may be permitted or authorised in accordance with the provisions of the Act for the time being in force and within such limits, if any, as may be set out in the Act including the said Schedule XIII to the Act, in such manner as may be agreed to between the Board of Directors and Shri R. S. Agarwal and, the terms of the aforesaid Agreement

shall be suitably modified to give effect to such alteration and/or variation.

RESOLVED FURTHER that for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.

9. Appointment of Shri Sajjan Bhajanka as Director of the Company

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

RESOLVED that Shri Sajjan Bhajanka who was appointed by the Board of Directors as an Additional Director of the Company with effect from May 8, 2012 and who holds office upto the date of the forthcoming Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 (the Act) and in respect of whom the Company has received a notice in writing under Section 257 of the Act, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation.

Registered Office:

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687, Anandapur,
E M Bypass
Kolkata 700107

By Order of the Board

Date: May 8, 2012

A. K. Joshi
Company Secretary & AVP-Legal

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
3. The Register of Members and Share Transfer Book of the Company shall remain closed from Saturday, August 4, 2012 to Wednesday, August 8, 2012. (both days inclusive) and that the Dividend including Special Dividend as recommended by the Board, if declared at the said ensuing Annual General Meeting, will be paid to those members whose names stand registered on the Company's Register of Members:

a) as beneficial owners as at the end of business on Friday,

Annual Report 2011-12

3rd August 2012 as per list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in electronic form and,

- b) as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company's Registrar and Share Transfer Agents M/s. Maheswari Datamatics Pvt. Ltd., 6, Mangoe Lane, Kolkata 700 001 on or before Friday, 3rd August 2012. The instruments of share transfers complete in all respects should reach the said Registrar and Share Transfer Agents well before the book closure date as stated above.
4. Shri S. K. Todi, Director of the Company retires by rotation at the ensuing Annual General Meeting. However, he has expressed his unwillingness to be reappointed. Accordingly, no resolution relating to his reappointment is being taken at this Annual General Meeting.
5. Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed / unpaid for seven years shall be transferred to the Investors' Education and Protection Fund when the same becomes due. Members who have not yet en-cashed dividend warrants / cheques are requested to claim the same with the

Company.

6. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item no 8 and 9 as set out above are annexed hereto.
7. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting; members are requested to bring their copies to the meeting.
8. Members / proxies should bring their Attendance Slip sent herewith, duly filled in, for attending the meeting.
9. A statement containing details of the Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting as required under clause 49 of the Listing Agreement is annexed.

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By Order of the Board

A.K. Joshi

Date: May 8, 2012

Company Secretary & AVP-Legal

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

Resolutions at item No 8

The Board of Directors of the Company in its meeting held on February 11, 2012 re-appointed Shri R. S. Agarwal as Executive Chairman of the Company for a period of five years with effect from April 1, 2012 after completion of the present term on March 31, 2012 on the terms and conditions mentioned hereunder, subject to the approval of the shareholders at the next General Meeting.

The Remuneration Committee of the Board has approved the terms of reappointment and remuneration payable to the above Executive Chairman in its meeting held on February 11, 2012.

Main terms of re-appointment of Executive Chairman:

Terms of re-appointment: 5 (five) years with effect from April 1, 2012.

- a) Salary: Rs. 15, 00,000 (Rupees Fifteen Lacs Only) per month with the Annual increments of Rs 2.50 lac (Rupees Two Lac Fifty thousand only) per month which shall be effective from 1st April 2013.
- b) Commission: Such remuneration by way of commission, in addition to the salary and perquisites and allowances payable, calculated with reference to the net profits of the company in a particular year, as may be determined by the Board of Directors of the company at the end of each financial year, but not exceeding 2% for the financial year 2012-13 to 2014-15, 3% for the financial year 2015-16 and 4% for the financial year 2016-17.

c) Perquisites & Allowance:

- i) Leave Travel Allowance for self and family once in a year as per Rules of the Company.
- ii) Medical expenses actually incurred by him and his family.
- iii) Club Fees.
- iv) Provision for use of car with driver for official business-personal use of the car will be billed to the Executive Chairman.
- v) Provision for telephone at residence (including payment of local call & long distance calls, mobile phone, internet and any other communication facilities).
- vi) Medical & personal accident insurance.
- d) The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
- e) Gratuity will be payable as per Rules of the Company.
- f) Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.

Other Terms:

- 1) The Chairman shall, subject to the superintendence, control and direction of the Board of Directors of the Company, have the general conduct and management of the whole of the business and affairs of the Company except in the matters which may be specifically required to be done by the Board either by the Companies Act, 1956 or by the Articles of Association of the Company and the Chairman shall also exercise and perform such powers and duties as

the Board of Directors of the Company may from time to time determine and shall also do and perform all other acts and things which in the ordinary course of business may be considered necessary or proper in the interest of the Company and in particular but without in any way restricting the general powers and authorities here-in-before conferred on the Chairman.

- 2) The Chairman shall, unless prevented by ill health or disability throughout the said term devote adequate time, attention and abilities to the business of the Company.
- 3) The Chairman shall not be paid any sitting fee for attending the meeting of the Board of Directors or committee thereof from the date of his reappointment.
- 4) The agreement may be terminated by either party by giving to the other party six months' notice of such termination.
- 5) The Chairman shall keep the secrets of the Company.

Except Shri R. S. Agarwal (appointee), Shri A. V. Agarwal, Shri H. V. Agarwal and Smt Priti Sureka being relatives of Shri R. S. Agarwal, none of the Directors of the Company is concerned or interested in this resolution.

The Directors feel that re-appointment of Shri R. S. Agarwal as Executive Chairman will be in interest to the Company and accordingly recommend the resolution for your approval.

Copy of the Agreement dated March 9, 2012 referred above is available for inspection at the Registered Office of the Company between 11:00 am and 1:00 pm on all working days except Saturdays till the date of Annual General Meeting.

The above may be regarded as an abstract of terms of re-appointment of the Executive Chairman and Memorandum of interest under section 302 of the Companies Act, 1956.

Resolution at item No 9

Shri Sajjan Bhajanka was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 8th May 2012 and pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) he holds office upto the date of the forthcoming Annual General Meeting of the Company.

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

Shri Bhajanka, Commerce Graduate, is an industrialist, Executive Chairman of Century Plyboards (India) Ltd and associated with various economic and commercial organizations at various positions including Chairman of Indian Plywood Industries Research and Training Institute (IPIRTI), Bangalore and Vice President of Bharat Chamber of Commerce.

Except Shri Sajjan Bhajanka (appointee), none of the Directors of the Company is concerned or interested in this resolution.

The Directors feel that appointment of Shri Sajjan Bhajanka who represents as an Independent Director on the Board of Directors will be beneficial to the Company and accordingly recommend the resolution for your approval.

Registered Office:

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Kolkata- 700 107

By Order of the Board

A.K. Joshi

Date: May 8, 2012

Company Secretary & AVP-Legal

Important Communication to Members

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members

To support this green initiative of the Government in full measure, the Company will be sending its Annual Report as well as other correspondence by e-mail, to those Members whose e-mail address are registered with the Company/ their depository participants.

Those Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the request form available at the company's website www.emamigroup.com and register the same with Maheshwari Datamatic Pvt Ltd.

In case any Member to whom an electronic copy of Annual Report has been sent, desires to receive a physical copy, he may request the Company to send the same.

Particulars of Directors seeking appointment / reappointment at the forthcoming Annual General Meeting

Name	Vaidya S Chaturvedi	Shri Mohan Goenka	Shri S.K. Goenka	Shri S.B. Ganguly	Shri R. S. Agarwal	Shri Sajjan Bhajanka
Date of Birth	14.05.1928	20.01.1973	06.05.1956	23.10.1942	06.01.1946	03.06.1952
Date of Appointment	31.01.2002	15.05.2006	17.05.1995	30.01.2010	03.05.1994	08.05.2012
Experience in Specific Functional Area	Eminent physician with rich experience in various fields of medicine, Recipient of Padmashree Award	Marketing and brand development	Production and Operations	Eminent Professional	Leading Industrialist having experience in Strategic Planning, Legal, Corporate Affairs & Finance.	Eminent Industrialist
Qualification	Kaviraj, BIMS, MAMS, Ayurvedacharya	Commerce Graduate & MBA	Commerce Graduate	Chemical Engineer	FCA, FCS, M.Com & LLB.	Commerce Graduate
Directorship in Companies as on 31.03.2012	1. Emami Ltd.	1. Emami Ltd 2. Emami Cement Ltd 3. Zandu Realty Ltd 4. Emami (Meghalaya) Cement Ltd 5. Bhanu Vyapaar Pvt. Ltd 6. Emami International Pvt Ltd. 7. Emami Enclave Makers Pvt. Ltd. 8. Suntrack Commerce Pvt. Ltd. 9. Merchant Chamber of Commerce	1. Emami Ltd 2. New Way Construction Ltd. 3. Emami (Bangladesh) Ltd. 4. Emami (Meghalaya) Cement Ltd 5. Suraj Viniyog Pvt. Ltd. 6. Diwakar Viniyog Pvt. Ltd. 7. Emami High Rise Pvt. Ltd. 8. Emami Education and Research Foundation.	1. Emami Ltd 2. West Bengal Industrial development Corporation Ltd 3. The Calcutta stock Exchange Association Ltd 4. Peerless Trust Management Ltd 5. Paharpur Cooling Towers Ltd 6. Magma Fincrop Ltd 7. Su- Kam Power Systems Ltd 8. West Bengal Industrial Infrastructure Development Corporation 9. Academy of Fine Arts.	1. Emami Ltd 2. Emami Paper Mills Ltd. 3. South City Project (Kolkata) Ltd. 4. AMRI Hospitals Ltd. 5. Rupa & Co. Ltd. 6. Emami Realty Ltd. 7. Bengal South City Matrix Infrastructure Ltd. 8. Bengal Anmol South City Infrastructure Ltd. 9. Bengal NRI Complex Ltd. 10. Emami Group of Companies Pvt. Ltd. 11. Diwakar Viniyog Pvt. Ltd. 12. Suntrack Commerce Pvt. Ltd. 13. Roseview. Developers Pvt. Ltd. 14. Ajanta Suppliers Pvt. Ltd. 15. Maa Gau Products Pvt. Ltd. 16. Emami Education & Research Foundation 17. South City International School. 18. Merchant Chamber of Commerce	1. Emami Ltd. 2. Century Plyboards (India) Ltd. 3. Cement Manufacturing Co. Ltd. 4. Adonis Vyaper Pvt. Ltd. 5. Apnapan Viniyog Pvt. Ltd. 6. Ara Suppliers Pvt. Ltd. 7. Arham Sales Pvt. Ltd. 8. Bharat Chamber of Commerce 9. Makui Properties Pvt. Ltd. 10. Marwari Relief Society 11. Meghalaya Power Ltd. 12. Nilachal Refractories Ltd. 13. Pacific Plywoods Pvt. Ltd. 14. Puri Ports Ltd. 15. Shyam Century Ferrous Ltd. 16. Shyam Century Multi Projects Pvt. Ltd. 17. Sri Ram Merchants Pvt. Ltd. 18. Sri Ram Vanijya Pvt. Ltd. 19. Star Cement Meghalaya Ltd. 20. Star Ferro And Cement Ltd. 21. Century MDF Ltd.
No. of Shares Held	NIL	106300	112000	NIL	583000	NIL

emami* limited

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ATTENDANCE SLIP

I,hereby record my presence at the Twenty Ninth Annual General Meeting of the Company to be held on Wednesday, 8th August 2012 at 3.30 pm at South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700068

Name of Proxy:

Name of Shareholder :

Folio/ Client ID No.:

DP ID No.:

No. of Equity Shares held:

Signature of the Attending Shareholder / Proxy

Note:

1. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder / Proxy holder desiring to attend the meeting should bring his / her copy of the Notice for reference at the meeting.



emami* limited

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

PROXY FORM

Registered Folio No. DP ID No. Client ID No.

I / Weof being a member (s) of the above named Company hereby appoint ofor failing himof as my / our proxy to vote for me / us and on my / our behalf at the Twenty Ninth Annual General Meeting of the Company to be held at South City International School , 375 Prince Anwar Shah Road, Kolkata-700 068 at 3.30 pm on Wednesday, 8th August 2012, and at any adjournment thereof.

Signed this day of 2012

Signature

Affix
Revenue
Stamp

Note: This proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.



Forward-looking statement

In this annual report, we have disclosed 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 assumption, actual results may differ materially from those expressed in the statement. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

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