

No Munni. No Jargons.
No Critics. No Celebrations.
No Gyan. No Preaching.
No Longwindedness.
No Fundas. No Lectures.
No Case Studies.
No Academics. No Thesis.
No Gobbledygook.
No Uncommonsense.
No Theory. No Practicals.
Only numbers.



Contents

Overview

- Performance highlights **1**
 - Corporate identity **2**
 - Founders' message **4**
-

Only numbers

- Quick numbers **6**
 - Number stories **8**
 - 10 years' numbers **14**
-

Board of Directors

- MD statement **16**
 - Directors' profile **18**
-

Directors' report and MDA

- Our brands **22**
 - Directors' report and management discussion and analysis **32**
-

Statutory and Accounts section

- Corporate Governance report **48**
- Standalone financial statements **70**
- Consolidated financial statements **97**
- Statement pursuant to Section 212 **119**

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.

Corporate information

Chairman

R.S. Agarwal

Managing Director

Sushil K. Goenka

Directors

R.S. Goenka

K.N. Memani

Y.P. Trivedi

P.K. Khaitan (with effect from 24.06.13)

Saijan Bhajanka

Amit Kiran Deb

S.B. Ganguly

Padmashree Vaidya S. Chaturvedi

Mohan Goenka

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Company Secretary & AVP-Legal

A.K. Joshi

Auditors

M/s S.K. Agrawal & Co

Chartered Accountants

BOARD COMMITTEES

Audit committee

S.B. Ganguly, *Chairman*

R.S. Goenka

Amit Kiran Deb

Saijan Bhajanka

Remuneration committee

Amit Kiran Deb, *Chairman*

S.B. Ganguly

Saijan Bhajanka

Share transfer committee

Mohan Goenka, *Chairman*

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Investors' grievance committee

Saijan Bhajanka, *Chairman*

S.B. Ganguly

Mohan Goenka

Harsha V. Agarwal

Finance committee

R.S. Goenka, *Chairman*

Sushil K. Goenka

Mohan Goenka

Aditya V. Agarwal

Harsha V. Agarwal

Priti A Sureka

Corporate governance committee

S.B. Ganguly, *Chairman*

R.S. Goenka

Y.P. Trivedi

Amit Kiran Deb

Bankers

Canara Bank

ICICI Bank Ltd.

State Bank of India

HDFC Bank

HSBC

Registrar & share transfer agent

Maheswari Datamatics Private Limited

6, Mangoe Lane, Kolkata 700 001

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

7 factories

1 overseas unit

4 regional offices

32 depots

5 overseas subsidiaries

60 countries

Online

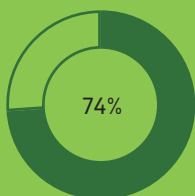
www.emamilttd.in

Performance Highlights, 2012-13

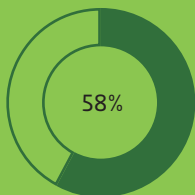
Brands

#1

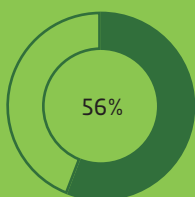
brands of India across categories



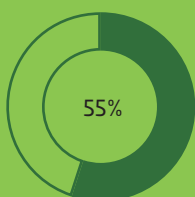
Boroplus Antiseptic Cream



Zandu Balm & Mentho Plus Balm



Fair and Handsome fairness cream for men



Navratna Cool Oil

Corporate



Net sales grew 16.9% to

₹ 1699 crore



EPS grew 21.6% to

₹ 20.8



International business at

₹ 180 crore



Market capitalisation grew around 50% to over

₹ 9000 crore (as on 31 March 2013)



EBITDA grew 17% to

₹ 347 crore



Bangladesh manufacturing unit commenced operations



PAT grew 21.6% to

₹ 315 crore



ROCE grew by 521 basis points to

34.5%

Marketing & distribution

Geographical presence increased to

40 lakh outlets in India

Direct reach increased by

20% to 6 lakh outlets

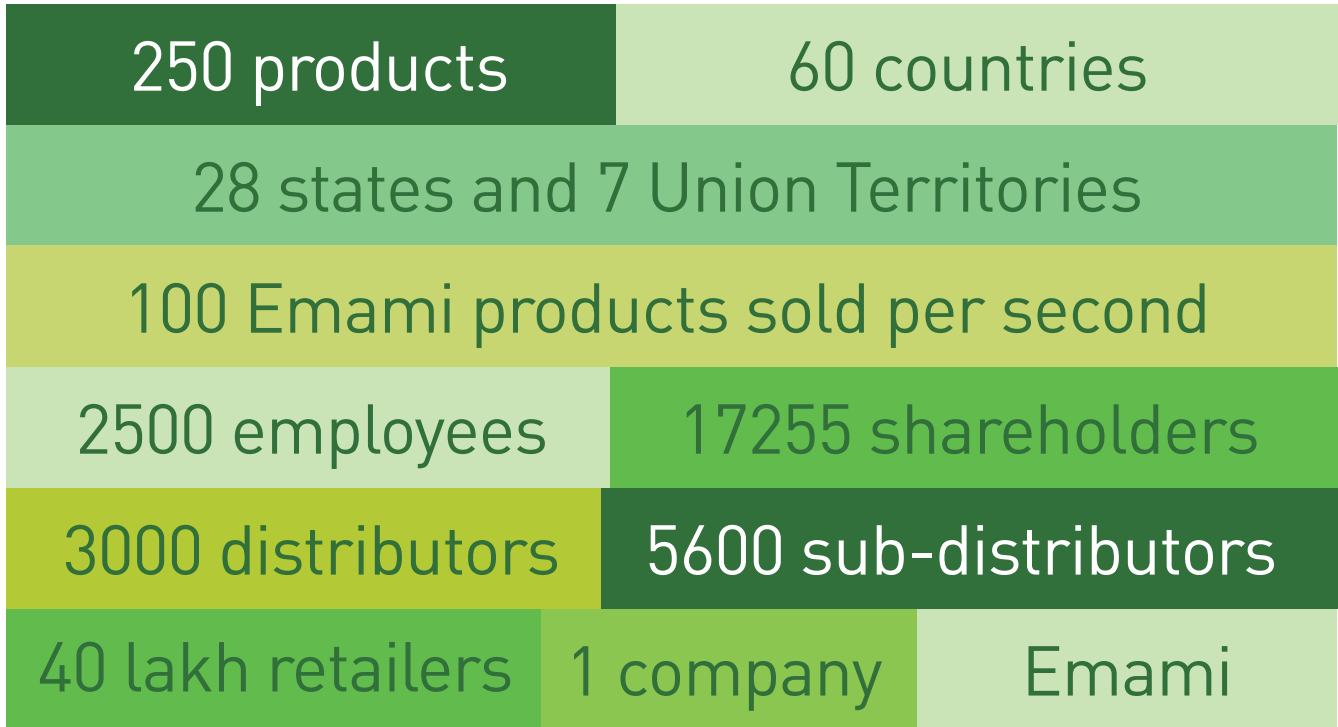
40% revenue growth in modern trade

31% revenue growth in direct rural sales

₹ 279 crore spent on advertising and promotions

Presence in over 60 countries

CORPORATE IDENTITY



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

Values

- Commitment and loyalty to institutional values and principles
- Integrity
- Transparency and openness
- Customer orientation
- Leadership and innovation
- Attention to detail
- Teamwork and team-oriented environment
- Simple living, high thinking
- Social responsibility
- Environmental safety

Our business

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

Where we operate

- Headquartered in Kolkata, West Bengal
- Pan-India presence with four regional sales offices and 32 depots
- Manufacturing units in Kolkata (West Bengal), Guwahati (Assam), Pantnagar (Uttarakhand), Vapi (Gujarat), Silvassa (Dadra & Nagar Haveli) and Talasari (Maharashtra). The Company also commenced its first greenfield international unit in Dhaka, Bangladesh
- Strong network of 3000 distributors and 5600 sub-distributors, with a direct reach across 6,00,000 retail outlets
- Availability of products across 40,00,000 outlets
- Market presence across 60 countries through subsidiaries in the UAE, Bangladesh, the UK and Egypt
- Research & development units in Kolkata and Mumbai
- Listed on the BSE, NSE and CSE

COMPLETE HEALTH AND PERSONAL CARE SOLUTION

Skin care	Pain management	Lip care	Health care and wellness	Cooling oil
Boroplus Antiseptic Cream	Zandu Balm	Vasocare Lip Balm	Zandu OTC	Navratna Oil
Fair and Handsome	Mentho Plus Balm		Zandu ethical range	Navratna Extra Thanda
Boroplus Advanced Moisturising Lotion	Fast Relief		Zandu generic	
Navratna Cool Talc				
Boroplus Ice Cool Talc				
Emami Malai Kesar Cold Cream				
Vasocare Petroleum Jelly				

Brands above

₹1 billion



ZANDU

Himani Navratna

EMAMI FAIR AND HANDSOME

Our brands

- Portfolio comprises around 250 products
- Strong brand recall built around power brands Boroplus, Navratna, Zandu Balm & Mentho Plus Balm and Fair and Handsome, which are market leaders in their respective segments
- Sona Chandhi Chyawanprash, Kesari Jivan, Fast Relief, Malai Kesar cold cream and Vasocare petroleum jelly are other prominent brands
- The Zandu health care portfolio comprises Zandu Pancharista, Vigorex, Rhumasy, Lalima, Sudarshan, Trifala and Nityam Churna among others

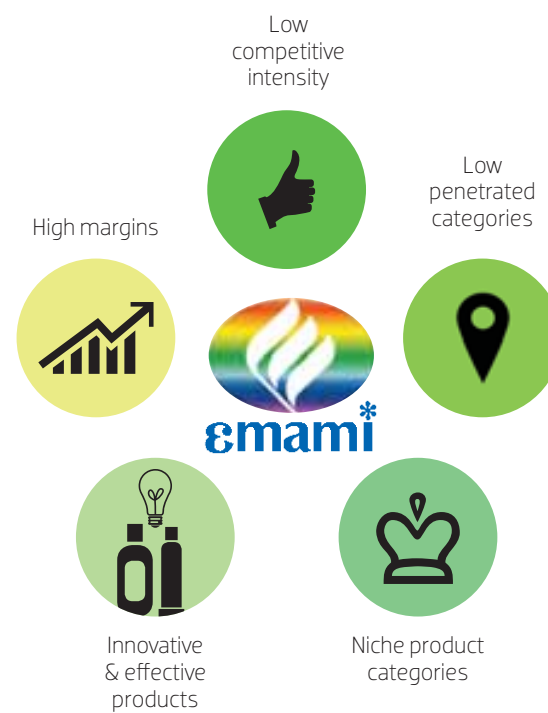


Revenue	PAT	ROCE
₹ 1,699 crore in 2012-13	₹ 315 crore in 2012-13	34.5% for 2012-13
Market capitalization	Shareholders	Employees
Over ₹ 9,000 crore as on 31st March 2013	17255 as on 31st March 2013	2500 as on 31st March 2013

Certifications

- All manufacturing units are ISO 9001 : 2008 certified and cGMP compliant. BT Road unit, Kolkata is WHO GMP certified for five Ayurvedic products. All units other than BT Road unit, Kolkata are accredited with ISO 14001 : 2004 and ISO 18001 : 2007.
- ISO 9001 : 2008 certified Management Services Division.
- ISO 31000 : 2009 certified Risk Management System.
- Rated (by CARE) PR1+ (highest rating) for short term borrowings signifying highest safety. AA+ Rating for long term borrowings

Business model



FOUNDERS' MESSAGE

“The foundation for sustained profitable growth is derived from a three-pronged strategy – ayurvedic pedigree, significant brand building investments and reaching out to new demographic groups.”

The year 2012-13 was a landmark for Emami Limited. Over the years, the business has consistently grown to emerge as one of India's leading and fastest growing FMCG companies.

This growth was sustained into 2012-13 when the Company reported another year of robust performance: revenues increased 16.9%, EBIDTA strengthened 17% and PAT improved 21.6%, demonstrating a year of sustained profitable growth.

Correspondingly, our book value increased from ₹46.7 to ₹51.4, market capitalisation grew by around 50%, the Board recommended a dividend of 800% and bonus shares in the ratio of one equity share for every two held in the Company.

Foundation for sustainable growth

Innovation is the mantra for success. Continuous improvement in everything we do, be it product formulation, packaging, branding or distribution with an eye on changing aspirations of consumers leads to visionary innovation. At Emami, innovation applies to everything, be its products, practices or process, whether existing or new.

At Emami, the foundation for sustainable profitable growth is derived from a three-pronged strategy – ayurvedic pedigree, significant investment in brand building and reaching out to new demographic groups that made it possible to reach consumers across

economic segments, geographies, markets and formats.

The result is that Emami products are available in supermarkets, hypermarkets and smaller stores right down to population clusters of 10,000. Besides, the Company increased direct rural revenues by 31% in 2012-13 capitalising on a distribution channel, comprising 3000 distributors, 5600 sub distributors and 600,000 direct retail outlets reaching 8,200 villages with products available at more than 40 lakh outlets through 'Project Swadesh'.

At Emami, we recognised that this reach needed to be sustained by aggressive brand spending. In 2012-13, we invested ₹279 crore in advertisements and promotions, one of the highest A&P-to-sales ratios in the industry. These initiatives paid off: 100 Emami products were sold every second in India or somewhere in the world during the year under review.

At Emami, the marketing of superior customised products that address diverse consumer needs (reconciling the best of Ayurveda and modern science) is key to our success. We improvised existing brands through upgraded formulations, packaging and delivery systems. We invested in market-leading power brands, strengthening their revenues to 72% of our turnover. We invested in the Zandu health care division with the conviction that revenues were incompatible

with the brand's deep strengths; the result was that Zandu revenues grew 27 % in 2012-13, higher than our corporate average for the year under review.

At Emami, we continued to de-risk our business through prudent raw material management, anticipating that raw materials would get dearer; following which we diversified our raw material sourcing through long-term agreements and logistics efficiency.

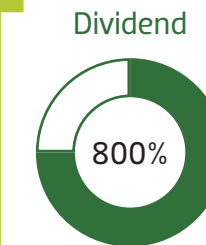
Positive outlook

The Indian FMCG sector continues to hold attractive potential. The historically low FMCG penetration is correcting especially in rural India with consumer aspirations rising and incomes growing. We expect the industry to grow robustly over the next five years, accounting for a larger share of consumer spending. At Emami, we are positive of outperforming sectoral growth through a growing pipeline of unique and affordable products. Through this responsiveness, Emami expects to enhance stakeholder value in a sustainable way.

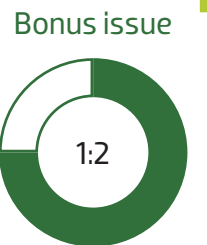
Reflecting on the success of 2012, we express our thanks and appreciation to our consumers who use our products and our stakeholders for keeping faith in us. We would like to assure them that we are confident of delivering high earnings and enhancing corporate value for the benefit of all.

RS Agarwal

RS Goenka



The Board recommended a dividend of 800% and bonus shares in ratio of one equity share for every two shares held in the Company.



Quick numbers

01

Strong and steady portfolio



74%

Boroplus Antiseptic Cream's all-India market share

56%

Fair and Handsome's all-India market share

55%

Navratna Cool Oil's all-India market share



02

Driving greater efficiencies

16.4%

Advertisement expenses as a percentage of turnover, one of the highest Indian FMCG brand spends

16.9%

One of the highest annual sales growth of Emami among FMCG companies

03

Enhanced shareholder value

₹ 9,000 crore

Market capitalisation as on 31st March'13

40.5%

Return on Equity, one of the highest among Indian FMCG players

45%

Dividend Pay out Ratio of Emami, one of the highest among Indian FMCG players

₹ 20.8

Earning per share, one of the highest in the industry

34.5%

Return on Capital Employed, one of the highest among Indian FMCG players

288%

Return to QIP investors who were offered shares at ₹ 310 in July 2009

58%Zandu & Mentho Plus Balm's
all-India market share**72%**Proportion of turnover derived
from Emami power brands**250**

Emami product portfolio

100Number of Emami products
sold every second in India or
across the world**#1**Navratna is the highest selling
brand in Bangladesh, the UAE
and Kingdom of Saudi Arabia
in its respective category**#1**Fair and Handsome is the
largest brand in Nepal and
UAE in the men's fairness
and men's face whitening
segments respectively**#1**Boroplus Antiseptic Cream
is a leading brand in Russian
antiseptic and wound healing
space**₹1,699 crore**Consolidated net sales in
2012-13**58%**

Gross margins in 2012-13

20.4%EBIDTA margin in 2012-13,
one of the highest in the
industry**18.5%**Net profit margin
in 2012-13, one of the highest
in the industry**25 days**Inventory in terms of sales
equivalent, one of the lowest
in the industry**₹51.4**

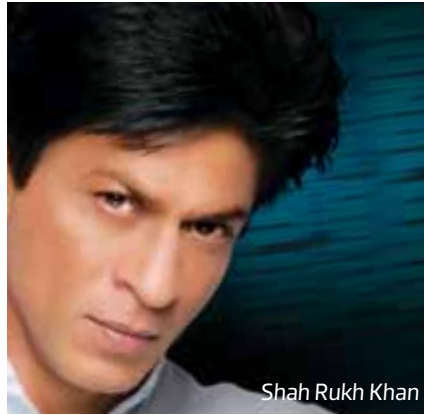
Book value of Emami

1.9Current ratio, signifying high
level of liquidity**0.15**Debt-equity ratio of Emami,
one of the lowest in the
industry**52.9 times**Interest coverage ratio,
one of the highest in the
industry**04**Growing brand
Emami**600,000**

Emami's direct retail reach

40,00,000Emami's total domestic
retail reach

We have had over 60 celebrities since the early 1970s



Shah Rukh Khan



Pt. Birju Maharaj



Bipasha Basu



M. S. Dhoni



Kareena Kapoor



Gautam Gambhir



Jr. NTR



Madhuri Dixit



Suriya



Govinda

Emami has made brand investments of over ₹1000 crore in the last five years

16.4%

Marketing and advertisement spends as a proportion of total revenues in 2012-13

Catalyst for brand recall and preference



Amitabh Bachchan

In the 1980s when Rajesh Khanna popped up on cinema screens across India as the Chief of Emami in the film 'Agar Tum Na Hote', it was an innovation for Indian marketing history books. When people were exploring the idea of celebrity endorsers Emami was already a few steps ahead.

Many years later, in 2007, the Company added another first.

Superstar, Shah Rukh Khan and a fairness cream is perhaps not a match made in heaven. But if there's anyone who can prove this wrong and make this relationship work it was Emami. Not only did we launch a fairness cream for men with a celebrity face, but we also ventured into an entirely new category with the brand Fair and Handsome.

The Company has made brand investments of over ₹ 1000 crore in the last five years. The Company's brand investment of ₹ 279 crore which is 16.4 % of revenues in 2012-13,

was greater than the sectoral FMCG players spending by nearly 300-400 bps.

While most brands are content with one, two or perhaps even three celebrities in the kitty, we chose multiple endorsers for our brand. Navratna had five, Boroplus had four, Zandu Balm and Fast Relief had six each. The Company has an army of celebrities from different fields that have vouched for our products for decades. The Company has had over 60 celebrities since the early 1970s. Emami has mastered the art many are still trying to develop and exploit fully.

The brands have also leveraged the consumer relevant touch points like use of television, print, in-film branding, radio, wall painting and in-shop display; combined, above-the-line and below-the-line activities. Strengthened community connects through participation in rural fairs, jattras, college events, online promotional campaigns and also roped in regional celebrities.

The Company's well-crafted practice of using celebrities and particularly movie-stars and sport-stars, certainly paid off. Emami brands enjoy strong leadership position in their respective segments and generate revenues in the range of ₹ 1 bn to 5 bn each.

72% Proportion of turnover derived from power brands

Successful creator of growing brands

In a tough marketplace like India, possibly the most challenging concept is to understand the consumer behavior. It is one of the most culturally diverse countries in the world with huge disparity in income levels adding an extra dimension of complexity to the market.

Over the years, Emami has demonstrated the ability to understand the unmet needs of a customer and respond to changing

consumer preferences. The Company created strong brands that achieved success and outperformed its sectoral growth, emerging as domestic market leaders. Innovative packaging of small affordable sachets also encouraged brand sales, hence widening the market by drawing in a new consumer layer. Emami products thus serve every consumer, rich or poor, helping power brands contribute 72% of the turnover.

Power brands dominate their respective segments with relatively low competitive intensity, emerging numero uno –

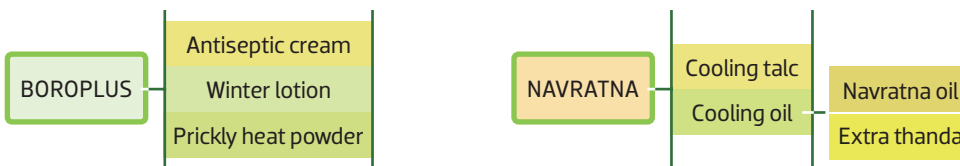
Antiseptic cream category 74% market share for Boroplus Antiseptic Cream	Pain management segment 58% market share for Zandu Balm & Mentho Plus Balm	Men's fairness cream sector 56% market share for Fair and Handsome	Cooling oil space 55% share for Navratna cool oil
--	--	--	---

Navratna #1 brand in Bangladesh, UAE and Kingdom of Saudi Arabia in its respective segment

Fair and Handsome #1 brand in Nepal and UAE in men's fairness and men's face whitening categories respectively

Boroplus antiseptic cream #1 brand in Russian antiseptic and wound healing category

The Company follows the strategy of extending brand equity through sub segmentation of the core brand, hence expanding market reach



40,00,000

Number of retailers
stocking Emami
products across India

Serving consumers today and tomorrow

Building relationships with consumers is the core of our business to achieving our goals. We do so through a large number of stores that sell our products. We are now intensifying our reach with more stores to make our brands available at the right place and at the right time.

Subsequently, we are putting extraordinary efforts to reach out to the remotest corners of the country, delivering products to people who were never served before.

- Coverage expansion was the key thrust area in 2012-13. The Company today has nearly 3000 pan-Indian distributors, 5600 sub distributors and a strong sales force of over 2000
- Direct reach to 6 lakh Indian retailers, tapping huge mass segment with indirect reach to 40 lakh outlets
- The global network distributes the products

across 60 countries

- 'Project Swadesh' drilled Emami's distribution down to rural and isolated population clusters of up to 10,000
- Hub-and-spoke distribution hierarchy comprises 5 mother warehouses across the country for product storage to counter demand spikes
- The Company also made significant investments in IT infrastructure to ascertain dealer stock positions for coordinated delivery. It provides capability for supply chain optimization across a large and complex manufacturing and distribution network. Additionally, it supports a comprehensive data with real-time information across all operations
- Commissioned an international manufacturing unit in Bangladesh to further explore the potential in the region.

Direct rural sales grew by 31%.
Modern trade grew by 40% and now contributes approximately 3% of the total revenue.

Products sold per second



100

Across the world

Distributor base across the country



3000

As on 31st March 2013

Sub-distributors pan India



5600

As on 31st March 2013

Direct retail presence



6 lakh

As on 31st March 2013

International presence in countries



Across 60

As on 31st March 2013

1600%

Increase in shareholder value since public issue in 2005

Strength in the marketplace, demonstrated in numbers

Focus on numbers has been a priority for The Company. This is driven by good business performance, underlying efficiencies, cost savings across the organisation and an overall competent system.

Emami boasts of a strong Balance Sheet, an effective foundation for sustainable growth.

- Rationalised its debt-equity ratio from 1.49 in 2008-09 to 0.15 in 2012-13 leading to a comfortable interest cover of 52.9 times
- Domestic business on a cash-and-carry basis, resulting in a strong overall receivables cycle of 24 days of turnover equivalent; working capital as a proportion of total capital employed

was 38% (as on 31st March 2013)

- Recorded an EPS of ₹ 20.8 compared to the peer average of ₹ 12.1
- Achieved a book value per share of ₹ 51.4 compared to the peer average of ₹ 21.9
- Created a robust business model leading to ROE of 40.5% and ROCE of 34.5% one of the highest among Indian FMCG players
- Dividend Payout ratio of 45%, one of the highest among Indian FMCG players
- Reported an EVA of ₹ 220 crore in 2012-13, with EVA as a percentage of capital employed improving to 24% against 19% in previous year

Market capitalization has grown over ₹ 9,000 crore as on 31st March 2013

- Appreciated over 17 times following the public issue at ₹ 70 in March 2005
- Generating returns of over 288% to QIP investors of 2009
- Growing an initial investment of ₹ 1000 in the Company's stock to more than ₹ 3.50 cr.

Debt-equity ratio

0.15

As on
31st March 2013

ROE

40.5%

2012-13

ROCE

34.5%

2012-13

Receivables cycle

24 days

2012-13

Payable cycle

22 days

2012-13

58% Gross margin of
the Company, 2012-13

Strong foundation, healthy future

The Company's business engine generates a robust free-cash flow year-in and year-out that grows the business and enhances stakeholder value.

Raw material management

Proactive forecasting and daily analysis make it possible to address volatile raw material price opportunities. Long-term vendor contracts translate into procurement economies. Pilot projects for the manufacture of key raw materials represent potential backward integration. Material procurement from tax-exempt zones, add to the margins.

Operational competence

Doubled batch size leading to enhanced efficiency. Trebled spout efficiency; converted the eight-track pouch machine to a 16-track machine. Installed SAP-based software at contract manufacturing premises for superior quality control.

Enhanced logistics efficiency

Adopted hub-and-spoke distribution model resulting in quicker product throughput and lower inter-depot product movement.

Containerised transportation lead to enhanced tonnage per truck load and reduced in-transit product loss. This has brought down the transportation cost by approximately 4% and reduction in packaging and product damage by around 19% in 2012-13. Encouraged transporters to invest in unconventional routes in exchange for assured quantity. Engaged in ongoing interaction with transporters to ascertain vehicle timeliness and delivery. Established strong communication channel, enhancing knowledge of shelf space coverage.

Quality

All manufacturing units are ISO 9001 : 2008 certified and cGMP compliant. BT Road unit, Kolkata is stringent WHO GMP certified for five ayurvedic products. All units other than BT Road unit, Kolkata are accredited with ISO 14001 : 2004 and ISO 18001 : 2007. Management Services Division awarded ISO 9001:2008 accreditation. Enterprise Risk Management is also ISO 31000 : 2009 certified. The Company's units received 11 national/regional awards in Manufacturing Excellence, Quality, Safety and Environment.

Emami generated a cumulative ₹ 1,142 crore of cash profit in the past five years leading to 2012-13

Cost of Goods Sold

42.1%

One of the lowest in
the industry

EBIDTA Margin

20.4%

One of the highest in
the industry

Net Profit Margin

18.5%

One of the highest in
the industry

Inventory turnover

25 days

One of the lowest in
the industry

On time delivery

91%

2012-13

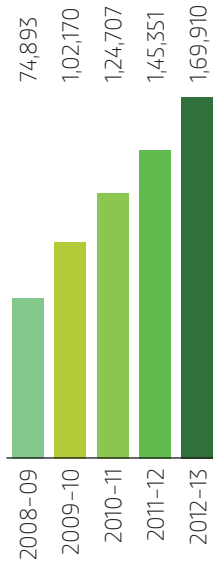
10 years' numbers

(₹ in lakh)

PARTICULARS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
A OPERATING RESULTS :										
Income From Operations	169,910	145,351	124,707	102,170	74,893	58,593	51,825	42,044	31,126	30,678
EBITDA	34,728	29,676	25,343	24,517	12,903	9,519	6,624	5,074	3,365	2,463
PBT	36,868	29,893	26,912	20,493	10,587	10,240	7,476	5,148	3,200	2,533
PAT	31,474	25,884	22,872	16,972	9,186	9,020	6,619	4,936	2,976	2,199
Dividend including tax	14,162	14,069	6,175	5,311	3,983	3,272	2,853	1,395	697	190
B FINANCIAL POSITION :										
Fixed Assets (Net Block)	43,965	48,034	49,094	56,729	64,946	9,229	8,137	5,052	4,975	4,712
Liquid Investments	15,634	7,356	-	5,500	3,267	8,233	6,500	8,000	4,700	-
Other Assets	62,018	61,927	60,635	43,125	24,952	36,920	18,588	15,522	12,959	12,639
TOTAL ASSETS	121,617	117,317	109,729	105,354	93,165	54,382	33,225	28,574	22,634	17,351
Share Capital										
- Equity	1,513	1,513	1,513	1,513	1,313	1,243	1,243	1,223	1,223	1,123
- Preference	-	-	-	-	-	8	-	-	-	-
Reserves & Surplus	76,234	69,150	67,471	61,025	28,799	26,981	21,680	17,923	14,394	8,987
Net Worth	77,747	70,663	68,984	62,538	30,112	28,224	22,923	19,146	15,617	10,110
Minority Interest	5	12	7	-	-	48	-	-	-	-
Loan fund	12,010	16,114	22,937	25,906	44,822	12,580	3,836	3,369	3,624	4,364
Deferred Tax (Net)	1,368	1,450	1,370	696	596	215	258	285	506	457
CAPITAL EMPLOYED	91,130	88,239	93,299	89,140	75,530	41,075	27,017	22,800	19,747	14,931
C KEY RATIOS :										
ROE (%)	40.48	36.63	33.15	27.14	30.51	31.96	28.87	25.78	19.06	21.75
ROCE (%)	34.54	29.33	24.51	19.04	12.16	21.96	24.50	21.65	15.07	14.73
Debt - Equity Ratio	0.15	0.23	0.33	0.41	1.49	0.45	0.17	0.18	0.23	0.43
EBIDTA Margin (%)	20.44	20.42	20.32	24.00	17.23	16.25	12.78	12.07	10.81	8.03
Net Profit Margin (%)	18.52	17.81	18.34	16.61	12.27	15.39	12.77	11.74	9.56	7.17
Interest Cover	52.86	19.51	16.64	4.48	3.30	13.83	45.98	NA	36.18	NA
D EQUITY SHARE DATA :										
Earnings per Share (₹)	20.80	17.11	15.12	11.63	7.23	7.26	5.33	4.03	2.60	1.96
Dividend per Share (₹)	9.36	9.30	4.08	3.51	3.13	2.63	2.30	1.14	0.57	0.17
Book Value per Share (₹)	51.38	46.70	45.59	41.33	24.23	22.71	18.44	15.66	12.77	9.00

Note: Previous years' EPS, DPS and Book Value has been adjusted as per the present face value of ₹ 1 per share

Revenue (₹ lakh)

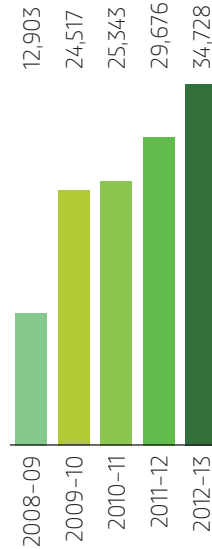


Revenue growth

16.9%
over 2011-12

23.7%
five year CAGR

EBIDTA (₹ lakh)

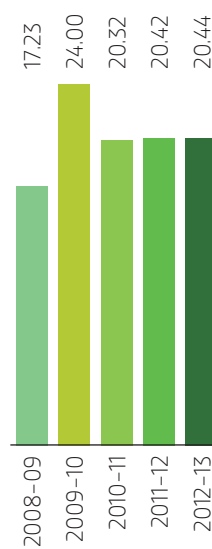


EBIDTA growth

17.0%
over 2011-12

29.5%
five year CAGR

EBIDTA margin (%)

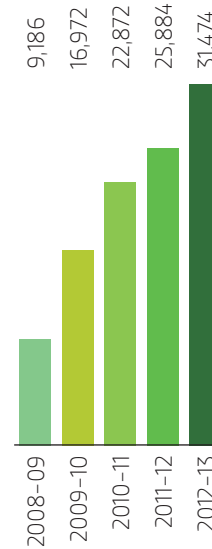


EBIDTA margin growth

2 basis points
over 2011-12

419 basis points
over 5 years

Net profit (₹ lakh)

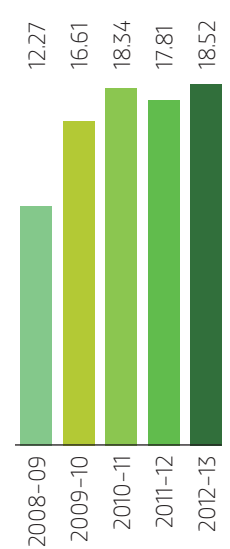


Net profit growth

21.6%
over 2011-12

28.4%
five year CAGR

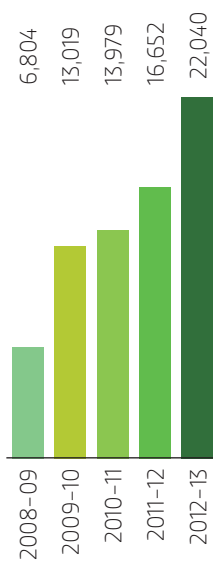
Net profit margin (%)



Net profit margin growth

71 basis points
over 2011-12

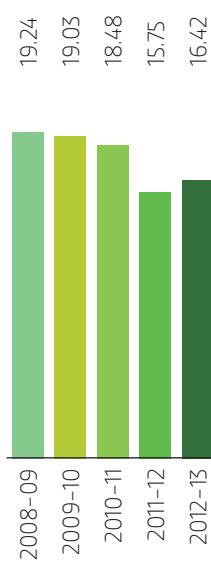
313 basis points
over 5 years

Economic value
added (₹ lakh)

Growth
32.4%
over 2011-12

30.59%
five year CAGR

A&P (as % of sales)

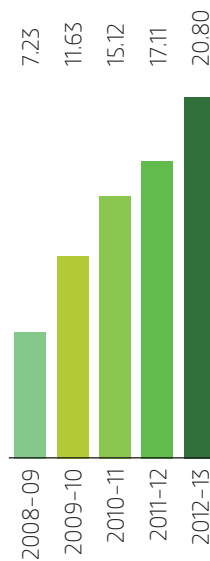


Growth in A&P

21.8%
over 2011-12

17.4%
five year CAGR

EPS (₹)

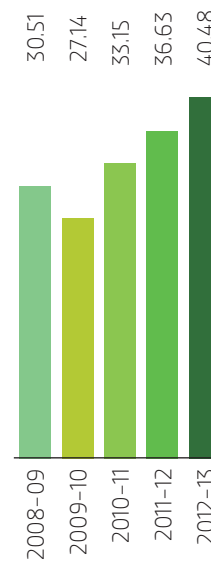


EPS growth

21.6%
over 2011-12

23.4%
five year CAGR

ROE (%)

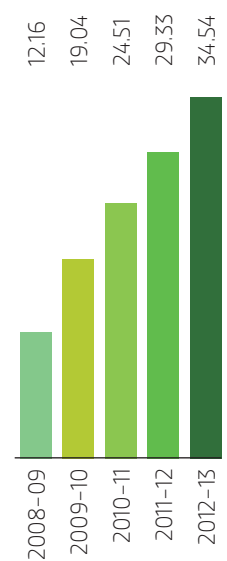


ROE growth

385 basis points
over 2011-12

852 basis points
over 5 years

ROCE (%)



ROCE growth

521 basis points
over 2011-12

1258 basis points
over 5 years

MD STATEMENT

“Our position as a consumer inspired, customer oriented and brand led company will build long-term value”



The year 2012-13 continued to be one marked by a number of challenges. The Indian economy was affected by high inflation, tight interest rates, volatile currency and declining exports; the global economy was affected by the continued eurozone crisis, the US economy appeared to outgrow the 2008 meltdown while the Arab countries were affected by sociopolitical turmoil.

Facing this challenging situation we were left with two alternatives – either, to wait out the meltdown or to strengthen from within. We selected the second path, recording an increase in business volume and value.

Our revenues grew 16.9 % from ₹ 1454 crore in 2011-12 to ₹ 1699 crore in 2012-13, EBIDTA 17 % from ₹ 297 crore in 2011-12 to ₹ 347 crore and net profit 21.6 % from ₹ 259 crore in 2011-12 to ₹ 315 crore. We maintained our EBIDTA margin at 20.4 % during the year. Our efforts in various areas have received positive recognition and we believe there is more we can do in the year ahead.

Can you briefly narrate the performance of 2012-13?

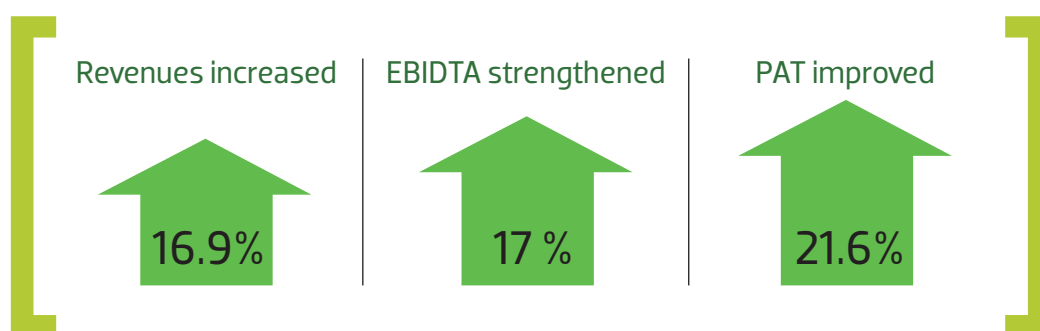
We know we must focus sharply on leveraging all the drivers of consumer demand — positioning, product, placement, promotion and price to achieve our long term growth plans. In fiscal 2012-2013, we balanced these drivers in a manner tailored to each individual brand and category, to optimise the growth of each product. The results are following:

Brands - all our power brands did exceptionally well. Boroplus, Navratna, Zandu Balm & Mentho Plus Balm and Fair and Handsome, continued to dominate their respective segments, recording value and volume growth in 2012-13. We continued to promote our brands insistently to enhance visibility and resolutely focused on the consumer, being more responsive to new customer needs and demographic change. We invested ₹ 279 crore in advertisement and promotional campaigns in 2012-13 (16.4% of the revenue).

The Zandu health care division reported significant growth in the OTC and ethical business segment. This growth was largely driven by the robust growth of Zandu Pancharishta and Lalima, which grew 68% and 60% respectively. The Company is reinforcing its customer awareness across a wide portfolio which we feel will translate into higher volumes.

Distribution- We increased our direct rural reach, covering more than 8,200 villages under 'Project Swadesh', which enhanced our penetration. We increased our direct retail reach to around 6 lakh outlets across the country during the year under review against 5 lakh retail outlets in 2011-12.

Sourcing- We strengthened our raw material procurement through long term bookings to counter probable price increases, stocked adequately at a discount during the lean period and engaged in backward integration as a means to secure raw material availability.



Innovation—We have worked towards our commitment to innovation as a key driver for expanding our product platforms and explore newer segments and categories.

What were the key challenges faced by the Company during the year under review?

There were a number of challenges that made it imperative to strategise better.

One, raw material prices of some of our inputs remained volatile. We embarked on the bulk purchases through effective price forecasting, procurement during the lean season and backward integration for mentha through a pilot project.

Two, we maintained our market share despite increased competition largely due to sustained promotional spending which translated into enhanced visibility; our innovative offerings, targeting a widening consumer base also lead to quicker offtake.

Three, we realigned our international vertical, classifying geographies as focused countries and concentrating on them. We discontinued lower-priced products and reduced our presence in countries where we had inconsequential presence.

What could be the key revenue drivers?

The next financial year is expected to be challenging owing to the economic environment. This reality notwithstanding, we expect to sustain growth, explore newer markets and build on innovative product portfolio. Our consumer-centric approach to sourcing, production and distribution is the key revenue drivers for us to create value.

We expect robust performance in the categories of antiseptic creams, fairness creams, balms and cool oil. We will also focus on rebranding the Zandu range as we foresee significant potential in consumer health care segment. Besides, we are seeking inorganic opportunities to strengthen our industry position. The Company will continue to effectively deploy its resources, increase profits, build partnerships with retailers, improve operating margin and support the power brands to grow market share and achieve higher returns for shareholders.

Can you elaborate on the inorganic growth possibilities?

We are building the Company with a broader and stronger agenda for growth via both organic and inorganic routes. As on 31st March 2013, we possessed net cash / liquid asset of over ₹ 300 crore, which along with strong borrowing potential can be used to invest in viable acquisitions. Presently, we are looking aggressively in the sectors of our presence. In case we identify good opportunities, we would be keen to acquire them.

What are the reasons behind your optimism?

FMCG penetration in India is low compared to a number of peer countries with similar demographics. Emami's optimism comes from the fact that in a challenging scenario we have delivered strong performance. The optimism generates from the following:

- Our products are being cost-effective, offer value for money with an efficacious combination of ayurveda and modern science
- We have positioned ourselves as innovators and category creators, translating into superior market share
- Our rural market focus helps pushing the sales of the Company during tough economic situations
- The Bangladesh plant is operational from which we expect significant revenue growth and a possibility to explore new avenues
- We will continue to introduce products in niche under represented spaces, translating into a first mover's advantage
- We will seek relevant extensions of power brands supported by marketing, sales and distribution expansion
- We expect that a restructured international marketing division will generate robust global growth where in we have rationalised low margin brands, corrected secondary stock levels and are investing in existing brands.
- Despite a sluggish economic scenario, we expect to perform better on account of a timely monsoon, higher agricultural output and increased rural spending.

Board of Directors

Highly qualified board comprising eminent experts and professional promoters



1 R. S. Agarwal, *Founder & Executive Chairman*

R. S. Agarwal is a Chartered Accountant, Company Secretary, LLB and a Master Degree holder in Commerce. From a very humble beginning and with very limited resources, he has driven the Company with exceptional and extra ordinary skills to make Emami reach its present stage. Considered as a present day Management Guru who is innovative, an administrator par excellence and possessor of great consumer insight and far sight. He along with Co-Founder, R. S. Goenka is considered as unparalleled achievers of the modern business. His forte lies in identifying and capitalising on opportunities with speed and precision. His academic brilliance is an asset during times of major implementations. He rethinks, redefines and reshapes the organisation continuously which is his mantra of management. He has served as a Director of West Bengal Industrial Development Corpn Ltd in the past and is a Trustee of Merchant Chamber of Commerce and Industries.

He is attached with many philanthropic and social organisations and is equally adept at CSR and is associated with various Charitable Trusts. He is an avid reader and writer. He is a passionate collector of art and owns an impressive and vast collection of many priceless works.

2 R. S. Goenka, *Founder & Wholetime Director*

R. S. Goenka is a Master of Commerce and Bachelor of Law. A taxation expert, he is a master in strategic planning, corporate affairs and finance. A great creator of shift of mind set, he is always open to new ways of doing things to build new capabilities. He recognises the need to go into details and gives significant premium on loyalty and commitment. He served as the Honorary Consul of Republic of Poland in Kolkata and was the 5th Indian to have been awarded the Cavalier Cross of the Order of Merit of the Republic of Poland in 2007. He is the Co-Chairman of Indian Cancer Society, Kolkata and

President of Sri Sri Academy besides being associated with a number of Schools, Charitable Trusts and Philanthropic organisations. He is a Director-Member of the Managing Committee of Merchant Chamber of Commerce & Industry (MCCI)

Totally attuned and complementary to each other, R. S. Goenka and R. S. Agarwal share the same thoughts in matters of innovation, ideation, activation, implementation, which has led them to create and build brand Emami – a company built to last. A firm believer in recognising achievements, he possesses excellent PR skills and connects at all levels and is a great believer of understanding the bottom of the pyramid.

3 K. N. Memani, *Non-Executive Independent Director*

K.N. Memani, an Independent Director, is a Chartered Accountant and former Chairman and Country Managing Partner of Ernst and Young, India. He has expertise in business and corporate advisory, foreign taxation, financial consultancy and has advised several domestic and foreign companies on corporate affairs. He holds the rare distinction of being the very first Indian to get appointed as the Chairman of the External Audit Committee of the International Monetary Fund for the year 1999-2000. Former Chairman of American Chamber of Commerce in India and the Past President of Indo American Chamber of Commerce as well as PHD Chamber of Commerce, he was also



2



3



4



8



9



10



12



13



14

at the helm of affairs of various distinguished bodies like as the Co-Chairman of New Company Law Drafting Committee and the first Chairman of the Quality Review Board, set up by Government of India.

4 Y.P. Trivedi, *Non-Executive Independent Director*

Y.P. Trivedi, an Independent Director, eminent tax expert and advocate, Supreme Court, is also a Rajya Sabha member of the Parliament. He is a member of the Managing Committee of the Merchants Chamber of Commerce and also a member of various Government Committees like the Standing Committee on Finance and Consultative Committee for the Ministry of Commerce among others. He is the Chairman of Sai Services Station Ltd and is on the Board of Reliance Industries Ltd, Zodiac Clothing Co Ltd and Supreme Industries Ltd among others.

5 P. K. Khaitan, *Non-Executive Independent Director*

P.K. Khaitan, an Independent Director, is a Bachelor of Commerce, LLB and Attorney-at-Law (Bells Chamber, Gold Medalist). He is an Advocate and the Senior Partner of M/s. Khaitan & Co, a leading Indian law firm and also member of the Bar Council of India, the Bar Council of West Bengal and the Indian Council of Arbitration. He has extensive experience in the fields of commercial and corporate laws, tax laws, arbitration, foreign collaborations, mergers and acquisitions

and corporate restructuring.

6 Sajjan Bhajanka, *Non-Executive Independent Director*

Sajjan Bhajanka, Independent Director, is a very experienced industrialist in the fields of plywood veneers, cement, power and ferro Alloys. He is the Chairman of Century Plyboards (I) Ltd., and also the Chairman and Managing Director of Cement Manufacturing Company Ltd. He is associated with various economic, commercial and social organizations. He is the President of the Federation of Indian Plywood and Panel Industry and All India Veneer Manufacturers Association, Chairman of the Research Advisory Committee (RAC) of Indian Plywood Industries Research and Training Institute (IPIRTI), Bangalore. He is also the President of the Marwari Relief Society, a 100 year old hospital with 250 Beds. He is also the Senior Vice-President of Bharat Chamber of Commerce and Life Member and President of School Managing Committee of Sri Sri Academy.

He is the Secretary of Kalyan Bharati Trust (KBT), which has promoted and is managing The Heritage school, Heritage Business School and Heritage Institute of Technology. He is also the President of Friends of Tribal Society, one of the largest NGOs in India which runs 50,000 'One teacher Schools' across the country.

7 Amit Kiran Deb, *Non-Executive Independent Director*

Amit Kiran Deb, an Independent Director, is the former Chief Secretary, Government of West Bengal and former Chairman of Gujarat Ambuja Housing Development Limited, a joint sector company. He is also the former Commissioner cum Secretary, Education and Social Welfare Department, Government of Tripura and Former Joint Secretary, Cabinet Secretariat and Department of Electronics, Government of India.

8 S.B. Ganguly, *Non-Executive Independent Director*

S. B. Ganguly, an Independent Director, is the former Chairman of Exide Industries Ltd. He is presently Non-Executive Chairman of Peerless Trust Management Co Ltd, Non-Executive Director of The Calcutta Stock Exchange Ltd, Paharpur Cooling Towers Ltd, Magma Fincorp Ltd, West Bengal Industrial Development Corporation, Su-Kam Power Systems Ltd and West Bengal Industrial Infrastructure Development Corporation. He is also President of the Indian Football Association (WB) and Trustee of the Academy of Fine Arts (Kolkata) besides being Member of various other Bodies.

9 Vaidya S. Chaturvedi, *Non-Executive Independent Director*

Padmashree Vaidya S. Chaturvedi, an Independent Director, is B.I.M.S. Ayurvedacharya (Indian Medicine Board, Lucknow), and M.A.M.S. (Ashtanga Ayurvedic College, Calcutta). He was awarded the title of "Padmashree" by the Government of India in the year 2000; given the "Vd. Pandit Ramnarayan Sharma Award" by the President of India in and the "Bharat Nirman Pracharya Award" by Governor of Tripura. He is a former member of Governing Council and Finance Committee of Rashtriya Ayurveda Vidyapeeth, New Delhi and National Institute of Ayurveda, Jaipur. He is the Founder of Ayurvedic Herbal Research Centre at Arogya Niketan, Vasai.

10 Sushil K. Goenka, *Managing Director*

Sushil K. Goenka is one of the pillars of Emami Ltd. With rich industry experience, he drives production, factory operations, distribution, procurement and packaging among others. His leadership skills have led his team at all units across the country to achieve excellence in quality management, which have been recognised by winning various awards and accolades. His benevolent nature and people skills make him the right candidate for man management and operations.

Sushil K. Goenka is not only an able administrator and business man, he also has a philanthropic side to him. He plays an important role in the CSR activities undertaken by the Emami Group. He holds the position of the Secretary of various Trusts viz Aradhana Trust, Vishwa Jagriti Mission Trust (Kolkata) and Vivekananda Hospital and Research Center, Kolkata.

11 Mohan Goenka, *Wholetime Director*

Mohan Goenka is one of the key drivers of the FMCG business with extensive knowledge and experience in brand development and marketing. Mohan holds an important position in developing the market share of the Company in India and is in charge of various functions like Investor Relations, Sales etc. He, along with the others, is considered as one of the most promising second generation Promoter-Directors in the industry today. His people skills and team

building capabilities make him a natural leader. Armed with an MBA from Cardiff University, UK, he is also the Honorary Consul of Poland in Kolkata. Determined to stay ahead in competition, the biggest feather in Mohan's cap is the launch of Fair and Handsome, the first fairness cream for men in India and making it the undisputed market leader.

12 Aditya V. Agarwal, *Non-Executive Director*

Aditya V. Agarwal is a man who always sees life in a positive light and believes in confronting challenges head-on. Being one of the eldest scions of the Emami family, Aditya has witnessed the growth of the Company from its humble beginning to it being one of the leading FMCG companies in India today. He has imbibed the drive and passion from the Founders of the Company which is required to grow a company from strength to strength. He has exemplary innovation and is capable of turning around businesses with his determination and vision. At a young age he has made an indelible imprint in running a corporate conglomerate and can be a fountain of inspiration to any aspiring businessman. Being extremely versatile and an expert at PR and man management, Aditya heads the Cement, edible oil and bio-diesel, health care and paper manufacturing businesses of the Group. He is the Honorary Consul of the Republic of Ethiopia in Kolkata.

13 Harsha V. Agarwal, *Wholetime Director*

Harsha V. Agarwal is one of the youngest and most promising second generation leaders of the Group. With extensive knowledge of marketing and brand development, Harsha is one of the key drivers of the FMCG business and heads the merger and acquisitions, human resource, information technology, media and advertising functions of Emami Ltd.

Being very farsighted and strategic in dealings, Harsha spearheaded the acquisition of Zandu Pharmaceutical Works Ltd in 2008 and the subsequent demerger of its FMCG business into Emami Ltd in 2009. He continues to look after Zandu Ayurvedic and health care business. He also heads the Group's foray into Solar Power business. His in-depth knowledge of different businesses is a great asset to the organization and it helps in identifying opportunities for growth. His grit, determination and business acumen has already made a defining mark in running a business behemoth, which is a source of inspiration to any aspiring businessman.

14 Priti A Sureka, *Wholetime Director*

Priti A Sureka has established her place among the top woman corporate leaders of the country. A key member of the Emami strategic think tank and one of the key drivers of the crucial Marketing Division, she also heads the Company's R & D and Market Research Divisions.

With her deep understanding of the evolving needs of consumers resulting in dynamic changes to product lines across the globe, she passionately guides research to "innovate with purpose" by anticipating future consumer needs and aspirations and developing and marketing new products to fulfill them. With her mantra "Do it now!" Priti leads her team of professionals from the front, continuously raising the bar to ensure sustained high growth rates. She also mentors the group's retail businesses and advocates the cause for woman empowerment and actively supports the Udayan Shalini project that provides education to underprivileged girls.



POWER OF EMAMI

- Next generation



Manish Icenka

Prite A Icenka

Prashant Icenka

Harsha V. Agarwal

Aditya V. Agarwal

Ahkan Icenka

Boroplus Antiseptic Cream

74%
market share



Segment size: ₹ 466 crore

Emami share: 74 %

Market position: 1st in antiseptic cream category

CAGR over 3 years: 16%

Overview

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 problem. Boroplus presently is the leader in the segment with 74% market share. Besides India, it is the largest selling antiseptic cream in Russia, Ukraine and Nepal.

Boroplus has diversified its portfolio to

Boroplus Advanced Moisturising Lotion and Boroplus Prickly Heat Powder.

Commercial and communication

- Successful running of the 'Safed Tikka' campaign
- Aired brand power commercial backed by third party endorsements which worked favourably for the brand
- Tied up with BIG FM and made a foray into the rural segments by placing products at various fairs like the Kumbh Mela, the Sonapur cattle fair among others
- In West Bengal, it ensured similar rural activation by branding, sampling and integrating of the product into jatra scripts, which are a rage in rural Bengal. By virtue of

this the growth has surpassed that of the market leader in the West Bengal market

Brand ambassador

Amitabh Bachchan and Kareena Kapoor.

Developments 2012-13

- Recorded overall growth rate of 32% over 2011-12.
- Continued to hold its market leadership in Russia.
- Ranked No. 16 in the personal care category as per the Brand Equity Most Trusted Brands, 2012.

Road ahead

Going ahead, the Company will focus aggressively on enhancing marketing spend and maintain its leadership.

Navratna Oil

55%
market share



Segment size: ₹ 803 crore

Emami share: 55%

Market position: 1st in cooling oil category

CAGR over 3 years: 22%

Overview

Emami launched its flagship brand in 1989 amidst unorganised regional players. Against the conventional amla or coconut oil, Navratna is a therapeutic oil, a unique combination of nine ayurvedic herbs with multiple benefits. It relaxes and rejuvenates the body and mind, providing nourishment. Navratna carved out its own cool oil segment and is the first in this category with a pan India presence.

The Company extended its mother brand with the launch of Navratna Extra Thanda Oil with enhanced cooling factors in 2010.

Commercial and communication

The Company has created a unique marketing strategy by roping in celebrities as brand ambassadors of Navratna Oil which garnered it a national presence. The Company undertook multi-pronged promotional campaign across various media including print, television, special campaigns in fairs like Kumbh Mela, Sonapur Mela and Rath Yatra to successfully promote the products.

Brand ambassador

Govinda, Amitabh Bachchan, Shah Rukh Khan and regional actors like Mahesh Babu, Suriya, Chiranjeevi and Jr. NTR.

Developments 2012-13

- Registered a growth of 16% which enhanced its market share to 55%.

- Aggressive growth registered by the extension Navratna Extra Thanda Oil.
- Continued to hold its market leadership position in Bangladesh, UAE and Kingdom of Saudi Arabia.

Road ahead

The Company is gearing up to further strengthen its leadership in this category. The Company will continue to drive consumer preference with combination of superior product, compelling consumer communication and availability. The Company will further focus its effort to expand the cool oil category via direct consumer contact programs and other activation initiatives.

Fair and Handsome

56%
market share



Segment size: ₹ 330 crore

Emami share: 56 %

Market position: 1st in the men's fairness segment

CAGR over 3 years: 17%

Overview

The fairness cream in India for a very long time addressed only women users. It was observed that around 30% of the fairness cream market in 2005 was constituted by men. Emami identified the gap in the segment and came out with Fair and Handsome, the first fairness cream for men in the country.

Fair and Handsome has an unique five power formula including Fast Action Lumino peptide, UV Block to protect skin

from pigmentation, protein booster to improve texture and reduce wrinkles and Vitamin E and A for a glowing skin and blemish free look rejuvenating skin fairness in just three weeks.

Commercial and Communication.

The Company designs its promotional campaigns in line with the product offering enabling it to command market leadership in this category.

Brand Ambassador

Shah Rukh Khan

Development 2012-13

- Recorded a growth of 13 % over 2011-12
- Revamped the entire packaging. Devised an improved formula. The new formulation ensures better fairness with the additional

benefits of oil control, sweat control, sun protection and dark spot reduction.

- Revamped the communication strategy to have a better connect with the core target group. The brand association with Shah Rukh Khan has been extended and the new communication in 2013-14 will have him in a new avatar to boost the brand image.
- Ranked No. 26 in the personal care category as per the Brand Equity Most Trusted Brands, 2012.

Road ahead

Going ahead, the focus will be on creating the brand as an aspirational one. The Company is also focusing to relaunch the brand with aggressive 360° marketing campaign .

Zandu Balm & Mentho Plus Balm

58%
market share



Segment size: ₹ 699 crore

Emami share: 58 %

Market position: 1st in balm category

CAGR over 3 years: 20%

ZANDU BALM

Overview

'India's no. 1 selling balm', is an ayurvedic remedy for headache, body ache and cold. It has been trusted household solution for pain relief since 100 years, containing time-tested, active ayurvedic ingredients. Zandu Balm formed a part of Emami's portfolio in 2008. Emami's better marketing inputs and distribution strength helped the brand grow at breakneck speed over last few years. Zandu Balm is the largest player in the balm category with the market share of 43.2 %.

Commercial and communication

The new campaign of Zandu Balm 'Ayurved Ka Sudarshan Chakra' focuses on the multipurpose usage of the product.

MENTHO PLUS BALM

Overview

Emami entered the balm segment with the launch of Mentho Plus in 1990. It has positioned itself as a specialist solution for headache. The brand recorded strong growth and is presently the third largest player in the category with a 14.4 % market share. It is also one of the biggest LUP players in the segment, selling around 40 crore units in a year.

Commercial and communication

The communication strategy selected by the Company is directed towards establishing the brand's attributes

targeting younger generation. The Company is using mythological character of 'Ravana' as the brand identifier to highlight the product's strength.

Developments, 2012-13

- Recorded overall growth of 14% over 2011-12.
- Zandu Balm made its way in the Top 50 Most trusted Brands in India as per the Brand Equity Most Trusted Brands, 2012.
- Zandu Balm ranked No.3 in the OTC personal care category as per the Brand Equity Most Trusted Brands, 2012.

Road ahead

Going ahead the Company will focus on strengthening the market share across the country and maintain its leadership position in the balm segment.

Navratna Cool Talc

48%
CAGR over 3 years



Segment size: ₹ 423 crore

Emami share: 18%

Market position: 3rd in prickly heat powder and cool talc category

CAGR over 3 years: 48%

Overview

Emami entered the cool talc segment, a niche segment in the talcum powder category with its flagship product Navratna Cool Talc in the year 2006. Compared to the normal talcum powder, Navratna Cool Talc provides a unique combination of mint and camphor with herbal goodness which renders desired cooling. The aroma rejuvenates and refreshes. While overall

talcum powder category is stagnant, cool talc segment is growing, led by Emami.

Commercial and communication

- Launched a new advertisement campaign featuring endorsement of Shah Rukh Khan

- Conducted extensive promotional activities like sampling, cross promotion and on ground activities to drive trials.

Brand ambassadors

Shah Rukh Khan and regional celebrities like Suriya and Jr. NTR.

Developments, 2012-13

- Recorded a stupendous growth of 81% over 2011-12

- Launched new attractive packaging which has won WorldStar Award 2013

- Launched talc in innovative single serve sachet in the rural markets to increase penetration

Road ahead

Emami's continuous effort is directed towards enhancing its visibility in the cool talc segment. The Company plans to continue its focus on trial generation and clutter breaking communication. It also plans to focus on southern markets which is under leveraged and has tremendous scope.

Fast Relief

6

brand endorsers



Segment size: ₹ 1030 crore

Emami share: 4%

Market position: 5th in Ointment & Gel category

CAGR over 3 years: 9%

Overview

Himani Fast Relief has been re-launched as Himani Fast Relief Super Fast Cheetah Formula in July'12. Fast Relief Super Fast Cheetah Formula is clinically proven to be the "Fastest Acting Pain Relief Ointment" that provides fastest relief from backache,

joint pain and sprain. The brand came up with new vibrant, contemporary packaging and 360° communication campaign with the mega re-launch.

The brand registered a growth of 9% over the last year

Commercial & communication

Himani Fast Relief Super Fast Cheetah Formula is the first brand that is endorsed by five sports champions – Gautam Gambhir, Saina Nehwal, Mary Kom, Sushil Kumar and Vijender Singh along with super

star Amitabh Bachchan. The relaunch was supported by a high decibel TVC and press campaign through a series of new advertisement featuring the sports stars with super star Amitabh Bachchan.

Outlook

Himani Fast relief is the 5th largest player in the ointment & gel category. The brand is looking forward to add new consumers in its forte with the launch of modern formats in coming future.

Our other brands

VASOCARE LIP BALM



MALAI KESAR COLD CREAM



BOROPLUS ADVANCED MOISTURISING LOTION



SONA CHANDI CHYAWANPRASH



ZANDU KESARI JIVAN



VASOCARE PETROLEUM JELLY AND LIP BALM

Vasocare is the second largest brand in the petroleum jelly category. The brand has created a unique offering with the goodness of herbal elements in traditional petroleum jelly. It registered a growth of 38% in 2012-13. A new TVC was launched during the year.

Vasocare has also entered the lip care segment with Vasocare lip balm and has been promoting the same since the last fiscal. The products' formulations combine aloe vera, basil and chamomile to effectively moisturise, heal, protect and nourish the lips. It roped in Bipasha Basu as the brand ambassador for the lip balm and successfully created promotional campaigns which generated a significant growth of 53% over 2011-12.

Going ahead, the Company will focus on brand building.

MALAI KESAR COLD CREAM

The brand, as the name suggests is ingredient driven product – enriched with the goodness of time-tested ingredients – Malai and Kesar which are known for their moisturisation and fairness benefits. The

formulation has 5 power winter formula specially designed to moisturise, provide fairness, nourish, protect and revitalise skin.

Although the cold cream category is de-growing, Malai Kesar Cold Cream has been able to hold on to its market share of 5%.

BOROPLUS ADVANCED MOISTURISING LOTION

Launched in 2005 as an ayurvedic lotion, Boroplus Advanced Moisturising Lotion combines the natural goodness of badam and milk cream, and works by infusing moisture deep into the skin to make it soft and smooth. The brand has been endorsed by the reigning actress, Kareena Kapoor and the brand communication highlights sensuality and confidence of the modern Indian woman. The brand grew at 39% last year and currently enjoys a 6% market share in the winter lotion category. We are targeting aggressive growth this year with plans for aggressive media spends and new variant to support the brand.

CHYAWANPRASH

Emami Chyawanprash portfolio consists of three variants –

Sona Chandi Chyawanprash, a natural health tonic for all seasons and for all age group with a never-before combination of gold and silver with 49 herbs. The brand packaging and positioning was revamped strategically with a new tagline 'Kabilyat bane kamyabi – Sona de Surakshit tan, Chandi de Tez Dimag'. A new TVC and press advertisement had been released in 2012-13.

Zandu Kesari Jivan is a health supplement which keeps the youthful vigor intact – "Saffron enriched revitaliser" featuring – 'Zyada Kesar, Zyada Sehat'. The product got a positive response with a 29% growth over last year.

Zandu Chyawanprash, '100 varsho se sehat ka bharosa' a chyawanprash made of selected herbs and authentic ayurvedic process. It helps in building body resistance against common ailments like cough and cold, weak digestive system also ensuring cardiac fitness.

The Company intends to bring all three products in this category under one common banner of Zandu and explore new options in this field.

Zandu Health Care Division

Zandu, harnessing the age old wisdom of Ayurveda has been the pioneer and leader in the Ayurvedic Health Care space. With a legacy of over a century, Zandu has a reservoir of health products across OTC, Generic and ethical range. Capitalizing on its unmatched equity, the Zandu Health Care Division has registered an impressive growth of 27% during the FY 2012-13.

OTC

Zandu has embarked its formidable footprint in some of the key sunrise health segments. Leveraging its true potential, unmatched imagery of trust, state of the art R & D facility, backed with panel of ayurvedic experts, Zandu has renewed focus on the entire portfolio, revitalizing its entire product offering with re-engineered formulations, aggressive marketing and communication support.

Modern day's hectic lifestyle marked with irregular unhealthy eating habits, lack of exercise, stress, starved sleeping habit brings in a serial of health challenges like digestive health problems, constipation etc. Digestive Health being one of the key need & high potential segment, Zandu has

established its leadership position within a span of 3 years in the ayurvedic digestive health space through a very distinctive holistic offering which is one of its kind. With an aggressive focussed approach, Zandu Pancharista has shown spectacular growth of 68% in FY 2012-13. Zandu Nityam, 100% Ayurvedic laxative, on revitalisation with improvised formulation, packaging & communication support has exhibited an impressive 50% growth in 2012-13.

With favourable trends of women education, increase in working women, leading to high disposable income, Women Health & Beauty needs have emerged as the largest opportunity world over. Realizing the immense opportunity, Zandu Lalima, embodying 'Real beauty & health from within', is currently available as a Blood & Skin purifier, providing pimple free longlasting glowing skin, unlike other external formats that only provide temporary relief.

Balancing Work demands and family life being one of the everyday challenge's, Zandu Vigorex, an Ayurvedic Energiser, was launched in June 2012 and has already spread its

wings as a successful energiser. With trends of modern hectic lives leading to stress & low energy and stamina, the brand is expected to capitalise and elevate it into the next league very soon.

Ayurvedic Generics

Harnessing the bounty of 3000 year old wisdom of Ayurveda, Zandu has an enviable portfolio of 139 health solutions for the key health needs. The entire Generic range has been renewed, with a more contemporary modern outlook. A slew of marketing ploys have been executed like organising health camps, ayurvedic meets, appointing doctors as exclusive Zandu prescribers, doctor contact programmes with ayurvedic practitioners etc.

Ethical

Marrying age old Ayurvedic wisdom and modern day technology of production and quality standardization, the Ethical range boasts of a host of highly efficacious products with multiple benefits. The unmatched product quality and consistency are primarily attributed by its extensive research and clinical trials. Zandu's Research and development laboratory is recognised by the "Department of Science and Technology", Govt. of India.

The Flagship Brand Rhumasyal, a topical pain reliever for the pain associated with osteoarthritis, rheumatoid arthritis, musculoskeletal pain, frozen shoulder, spondylitis, lumbago is the undisputed market leader in the ayurvedic topical pain management category. The entire portfolio grew by an impressive 20% in 2012-13.



Awards & accolades



Ramkrishna Bajaj National Quality Award, 2012, Abhyopur unit

Corporate awards

- Ranked 136th (PY : 144) among BT-500 Most Valuable Companies of India in the private sector (Business Today)
- Rated (by CARE) PR1+ (highest rating) for Short Term borrowings signifying highest safety. AA+ Rating for Long Term borrowings
- Received Bronze Award in LACP 2012 Global Spotlight Communication Annual Report Award in the 'Conglomerate' category
- Received Genius Human Resource Excellence Award (in association with The Times of India) for "Excellence in HR through technology"

Brands & marketing awards

Brand Equity Most Trusted Brand 2012

Emami is ranked 25th in Personal care category

Zandu balm ranked 3rd in the OTC personal care category and 47th across all categories.

Boroplus ranked 16th in personal care category and 74th across all categories.

Fair and Handsome ranked 26th in personal care category.

Quality and operations awards

- Abhyopur unit awarded Indian Merchant Chambers Ramakrishna Bajaj National Quality Award for performance excellence. The unit won the award with number one position in manufacturing category.
- Received WORLDSTAR 2013 International Award for excellence in packaging in
 - Himani Navratna Cool Talc in Twisted Pack
 - Bi-Colour Injection dibbi of Mentho Plus Balm 1.1ml Pack

- Abhyopur unit received Gold Award in prestigious India Manufacturing Excellence Award (by Economic Times and Frost & Sullivan)
- Amingaon unit participated in IMEA and received the Silver Award.
- BT Road unit, Kolkata received the stringent WHO GMP Certification for 5 Ayurvedic products.
- In 2012-13, Emami's manufacturing units received 11 national/regional awards in the area of Manufacturing Excellence, Quality, Safety and Environment.

Individual recognition

- Forbes has ranked R.S. Agarwal and R.S. Goenka at 84th individually among 100 Richest Indians, considering both as separate Promoters. If considered one, ranking would be 46th
- Naresh Bhansali, CEO – Finance, Strategy and Business Development has been awarded:-
 - ICAI Awards 2012 in category CA CFO –FMCG from the Institute of Chartered Accountants of India



Naresh Bhansali, CEO receiving ICAI Awards 2012

- Ranked among the Top 100 CFOs in 2013 for his contribution to corporate finance by CFO India Magazine in their 3rd Annual CFO100 Conference in the category of 'Winning Edge' in Cost Management – Revenue above ₹ 1000 crore.
- N. Krishna Mohan, CEO –Sales, Supply Chain and HR, received the Genius Human Resource Excellence Award (in association with The Times of India) for "CEO with HR orientation" in the individual award category
- Rajesh Sharma, Vice President- Accounts, Finance and Investor relation, has been voted as one of the BEST CFO –Investor Relations by M/s Thomson Reuters Extel.

Directors' report and management discussion and analysis

Your Directors have the pleasure of presenting their report on the business and operations of the Company as well as audited accounts for the year ended March 31, 2013. The Management's Discussion and Analysis is also incorporated in this report.

Indian FMCG industry

The urban consumer spent less in India, Asia's third largest economy, in FY 2012-13 due to high inflation, subdued salary hikes and decelerated economic growth that affected real wages and sentiment. In turn, this slowdown affected the FMCG sector and going ahead, sectoral growth is expected to come from rural dwellers with higher incomes from the direct cash transfer scheme.

Drivers

Population: India with a vast population of around 1.27 bn and annual growth rate of around 1.58% provides a large consumption base with growing potential.

Income: India's per capita income increased by 11.7% from ₹ 61,564 in 2011-12 to ₹ 68,747, reflecting higher purchasing capability in the hands of Indians. Around 50% of India's households earn more than US\$3,300 translating into double-digit

sectoral growth in the past couple of years. While the mean household income of urban India declined by 3%, it increased by 6% in rural India. [Source: Credit Suisse]

Rural market: Rural India comprises around 70% of the total Indian population, 40% of the country's FMCG market and few organised players. With changing lifestyles and increasing consumer demand, India's FMCG market is expected to grow to US\$80 billion by 2016 in towns with

Classification of Indian FMCG market (non-durable)

Household care	Personal care	Food and beverages	Health care
Fabric wash, household cleaners	Oral care, skin care, hair care, cosmetics, deodorants, perfumes, feminine hygiene and paper products	Health beverages, staples/ cereals, bakery products, snack foods, chocolate, ice cream, beverages, processed foods and vegetables, dairy products, bottled water and branded flour	OTC products and ethicals

population of less than 10 lakh [Source: Dinodia Research]. Rural spending was significantly higher at ₹ 3, 75, 000 crore (US\$ 69.44 billion) than urban consumption levels which stood at ₹ 2, 99, 400 crore (US\$ 55.44 billion) between 2009-10 and 2011-12; rural consumption per person outpaced that of its urban counterpart by 2 per cent (Source: National Sample Survey Organisation).

Urbanisation: About 30 per cent of India is urban, accounting for about 11 per cent of the world's urban population. India's urban population is projected to be 600 million in the next few years and an estimated 700 million by 2030, growing the market for FMCG companies in India [Source: IBEF]

Formats: Modern retail formats have catalysed the growth of the FMCG sector, capitalising on marketing, advertising, packaging and distribution.

Youth: India's workforce (between 15 and 64) is expected to rise from 64 percent of its population in 2009 to 67 percent in 2020 and 250 million people are set to join India's workforce by 2030 with a proportionate increase in disposable incomes and conspicuous consumption.

Low penetration: India's FMCG penetration is low compared to other countries and its rural penetration even lower than urban even as the rural population is higher, resulting in a large untapped FMCG potential.

Optimism

India's FMCG sector is expected to continue reporting attractive growth, riding a growing market relatively unaffected by recession, inflation or currency devaluation. The Indian government's agricultural support will drive long-term consumption

growth and as a result, the FMCG industry is expected to report 18% growth annually over the next few years. It is expected that this sector will grow to a projected USD 33 billion by 2015 and USD 100 billion by 2025, emerging as the biggest consumer expenditure component by the end of the Twelfth Five Year Plan (source: ASSOCHAM).

Performance highlights

The Indian FMCG sector was affected by inflation, slower GDP growth, policy delays, high interest rates, higher deficit and forex volatility. An intensely hot summer and prolonged winter strengthened FMCG offtake. The result was that your Company registered attractive growth: standalone 2012-13 revenues grew 17.1% to ₹ 1,627 crore over ₹ 1,390 crore in 2011-12; standalone profit after tax increased 26.1% to ₹ 324 crore despite surge in key

Financial Results (standalone)

₹ in lakh

Particulars	2012-13	2011-12
Operating income	1,62,709	1,38,982
Profit before interest, depreciation & taxation	40,403	33,034
Interest	610	1,555
Depreciation & Amortisation	12,329	12,075
Transferred from general reserve	(10,209)	(10,209)
Profit before taxation	37,673	29,613
Less : Provision for taxation		
- Current tax	5,500	3,872
- Deferred tax (net)	(82)	80
- Provision for taxation of earlier years	(122)	(20)
Profit after taxation	32,377	25,681
Balance brought forward	4,171	2,747
Profit available for appropriation	36,548	28,428
Appropriation		
General reserve	20,209	10,209
Proposed dividend	12,105	12,105
Corporate dividend tax	2,057	1,943
Balance carried forward	2,177	4,171
	36,548	28,428

input costs; consolidated 2012-13 turnover increased 16.9% to ₹1,699 crore compared to ₹1,454 crore in 2011-12; consolidated profit after tax was ₹315 crore as against ₹259 crore in 2011-12, an increase of 21.6%.

The business reported multi-brand

growth: all power brands (Boroplus, Zandu Balm & Methoplus Balm, Navratna and Fair and Handsome) increased market shares in 2012-13. The Company's international business was marginally down due to lower offtake in the CIS, Russian and African markets coupled with inventory correction among distributors (leading to prospective restructuring). During 2012-13, the Company fortified its direct rural reach across 600,000 outlets. The Bangladesh unit became operational.

Your Company's strong portfolio addressed various consumer needs, making it possible to capitalise on opportunities, a trend it is likely to sustain through innovation, execution, focus and distribution competencies translating into a superior value-for-money proposition.

Dividend

The Board of Directors recommended a dividend of ₹8 per share (800% on the Company's share capital) for the financial year ended March 31, 2013, pending members approval. The dividend, if approved, will be paid to the eligible

members. The total dividend outgo for the current year amounts to ₹14,162 lakh, including the dividend distribution tax. The dividend payout ratio works out to 45%.

Focus areas:

Raw material management

Raw material continued to be one of the key areas of concern as prices of principal raw materials remained volatile during the last fiscal. These materials include menthol, LLP, zinc oxide and others including packaging materials.

Countering the challenges

The Company responded to these challenges through the following initiatives:

- Hedged inflation through advance order module for key raw materials like menthol, waxes, mercury, and liquid paraffin among others.
- Made judicious advance bookings for an inflationary menthol.
- Made significant bookings during the non-peak season (between July and September) to cash in on low prices.
- Developed multiple raw material vendors to capitalise on low prices.
- Diversified our product mix by utilising vegetable oil without impacting product quality.

- Continued to procure raw materials from tax-exempted zones in North Eastern India and Uttarakhand
- Procured raw materials through the reverse auction process.

Way ahead

The Company have successfully explored imports of key ingredients like micro-crystalline wax, methyl salicylates, soap noodles, paraffin waxes, ozokerite wax etc. we further expect to explore possibility of other raw material (Eucalyptus oil, Stearic Acid, Clove oil etc.) at lower costs.

Operations

The Company enhanced operational efficiency through automation and SAP implementation, increasing their coverage across its seven Indian manufacturing units.

Countering the challenges

The Company strengthened operations through the following initiatives:

- Set up its first overseas manufacturing facility in Bangladesh .
- Introduced automation to increase balm dibbi production speed to 400 upm.
- Tripled sachet productivity; converted the 8-track FFS machine to a 16-track machine resulting in higher productivity and lower manpower costs.



Emami is available in supermarkets, hypermarkets and mom and pop stores



Conducting clinical safety trials to ensure a safe and effective product to the consumers



30,000 sq. feet Research and Innovation Centre

- Centralised SAP for a reduction in time and costs.
- Established cGMP, TPM and WCM processes across all manufacturing units.
- Provided training drills with a focus on safety/environment and manufacturing excellence.
- Received 11 national/regional awards in the area of manufacturing excellence, quality, safety and environment.

Way ahead

Going ahead, the Company is scaling up its production capacity in Assam by setting up a new manufacturing unit with high-speed automated machines.

Sales and distribution

Emami has created a strong sales and distribution team working relentlessly towards making its products available in every nook and corner of the world.

Based on the strong sales and distribution mechanism, the Company is able to sell around 100 products every second in India and across the globe.

Countering the challenges

- Increased our rural reach by finding our way to towns and villages with population clusters of 10,000. They are directly covered by the Company's sales team under the 'Project Swadesh'.
- Increased direct retail presence among 600,000 retailers (500,000 in 2011-12).
- The flagship brand Navratna was available in nearly 40 lakh retail outlets .
- Enhanced presence in the modern trade segment (3% of revenues).
- Enhanced field staff productivity through training (1,800 man-days of training to distributors sales teams).
- Conducted various trade meets to

enhance engagement with trade partners.

- Implemented IT initiatives at the dealer level, enhancing secondary sales visibility.
- Increased the implementation of distributor billing software to 260 distributors.

Way ahead

- Plans to cover all the villages in the country with a population of at least 8,000
- Focus on enhancing sales team productivity.
- Utilise technology for enhanced market exposure.

Logistics

A successful FMCG company makes products available anytime and anywhere. Emami's dedicated logistics department makes this possible.

Countering the challenges

- Achieved 65% containerisation across all manufacturing units, which reduced packaging/ product damage by 19% in 2012-13.
- Achieved higher load per truck through containerisation leading to a reduction in transportation costs by 4% per case despite a diesel price increase of 17% in 2012-13.
- Imposed a penalty mechanism for timely truck arrival with periodic updates on truck movements. The Company achieved a 91% on-time delivery during the year under review.
- Imparted training to team members in vendor negotiation and conflict management .
- Appointed fleet owners for routes where trucks were not available and offered an attractive proposition .

Way ahead

Going ahead, the Company expects to



Celebration of World Environment Day at the Abhoypur unit



Emami receives National Award for Technology Innovation for Mentho Plus Balm packaging



Training of officers of fire department at Abhoypur unit

encounter an increase in diesel price and freight through containerisation to rationalise transportation costs and also focus on ontime delivery and transit loss reduction.

Information technology

A free flow of communication is critical to an FMCG company. Emami invested in a robust IT infrastructure, implementing SAP ECC 5.0, a state-of-the-art enterprise resource planning software. All the Company's business processes are integrated and connected via SAP accessible from all the locations.

Countering the challenges

- Implemented the project Daksh, a SAP-BO business intelligence module, which helps in real-time analysis of information and provides customised reports as per user requirements. Around 140 KPIs were designed across seven major analytics to provide a comprehensive informational system, thereby aiding

decision-making.

- Developed an in-house budgetary control module to supervise deviations from budgeted expenses.
- Implemented 3P SCM, a third party supply chain management system across the contract manufacturing units to ascertain stock positions, dispatches and other information.
- Strengthened the web-based HR intranet Sampark, an internal communication platform on which HR policies, departmental policies and messages are posted.
- Enhanced IT security through superior technology, data security policies and internet surveillance.
- Implemented material requirement planning module (MRP), helping the Company in a better planning of raw material procurement and cost reduction.
- Strengthened the inventory

Management team



Purnita Kalia

CEO - R & D and innovation

Chandra Kant Katyar

CEO - Technical (Healthcare division)

M. Krishna Mohan

CEO - Sales, supply chain and human capital

management system for superior working capital management.

Way ahead

Going ahead, the Company will undertake projects like business planning and consolidation, export-import documentation and profitability analysis. The Company plans to upgrade SAP to the latest version for enhanced functionality and aims to develop a warehouse management system leading to better stock monitoring.

Research and development

Continuous innovation is key to sustainable growth. Emami's Research and Innovation Centre possesses competent and dedicated members striving to achieve product excellence in ayurveda and modern science.

Mission

- To drive through quality & innovation in products and services

- To make Emami synonymous with natural beauty & health in the mind of the consumers and earn respect and trust
- To effectively manage talent by creating a world class innovation excellence centre
- To foster strong emotions of 'team ethos' and feelings of oneness with the Company through commitment to their future

Countering the challenges

- The Kolkata-based central Research & Innovation (R&I) facility is fully operational, strengthening itself through SOPs, tailor-made protocols and formats for better product development, scientific and organised storage stability evaluation, product performance evaluation and GLP practices
- A fully-operational R&I centre in Mumbai with a specialised team handles the hair care division.
- Major breakthroughs in delivering

substantial cost-saving helped re-engineer products.

- Closer consumer interaction by the R&I and marketing teams enhanced the consumer understanding.
- Clinical safety trials through reputed agencies ensured product safety and effectiveness. A systematic and standardised framework for assessing product performance parameters addressed consumer needs.
- Initiated an exclusive performance assessment and product evaluation centre (3000 sq ft.) equipped with advanced technologies to test product performance.
- To undertake consumer interaction meets to judge product performance and consumer desire (sensorial to functional to emotional) leading to product co-creation.

Strengths:

The Company's strengths comprise the ability to identify unmet consumer



A. N. Bhansali

CEO – Finance, strategy and business development

R. K. Surana

President – Operations and commercial

Shyam Surtania

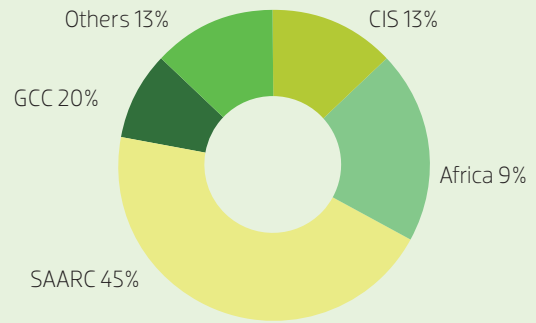
CEO – International business

Dhiraj Agarwal

Head – Media department

Over the last two decades, the international marketing division has been growing significant market shares across countries

International presence



needs and dynamic team of 50 scientists (cosmetologists, science/pharma graduates, engineers and perfume evaluators).

Way ahead

The R&I team will focus on formulating diverse beauty and personal care products that enhance beauty proposition for diverse consumer groups.

Quality management

In a business where personal care and healthcare are of paramount importance, Emami invests extensively to address international quality standards through the following Quality Policy features:

- Well-defined SOPs.
- Well-defined measurement procedures .

- Benchmarking via a unified system for documental reference.

- Quality checked at different levels (before-process, in process and after-process).

- Product stability study conducted on control samples continuously

- Addressing of even the smallest complaints

Recognitions

All the Company's units are cGMP and ISO 9000: 2008 certified. The BT Road unit, Kolkata, is certified with stringent WHO GMP benchmarks for five ayurvedic products. The Abhoypur, Amingaoan, Pantnagar, Dongri, Vapi and Masat units are accredited with ISO 140001: 2004 and

ISO 18001: 2007 norms resulting in the highest environmental and occupational health and safety standards.

International marketing division

The international marketing division was set up in 1992. Over the last two decades, the division has been growing significant market shares across countries. Internationally, the Company has a strong presence in over 60 countries (SAARC, CIS, South East Asia, Gulf and Africa).

Initially the division exported Indian products to Indian expats, but gradually the Company extended to the development of localised products, new categories and a widening product portfolio (skin care, personal care and healthcare among others).



Emami International brands



Countering the challenges

The international business scenario remained challenging. While the SAARC and GCC regions continued to grow, African, Russian and CIS regions remained difficult.

- Revenue from the international business segment decreased by 5.4% to ₹ 180 crore. Emami rationalised underperforming brands, exited some countries and reduced inventories. These normalising factors accounted for a reduction in potential sales.
- Navratna Oil became the market leader in the cooling oil segment in Bangladesh. The sales of Navratna also grew aggressively in the GCC.
- Fair and Handsome maintained market shares in Bangladesh, Nepal and UAE.
- The division introduced the 'oil control' variant of 'Fair and Handsome' Fairness Cream for Men in Bangladesh and Myanmar; this is a completely new product addressing a completely untapped segment of the market, which saw good demand for the cream and the face-wash.
- The Company commenced manufacturing operations in Bangladesh, which should catalyse growth and streamline supply chain.

Way ahead

Going ahead, the Company will focus on the SAARC, GCC, Russia and CIS regions with key brands (Boroplus, Navratna, Fair and Handsome and Zandu) leading to a brighter future.

Human resources

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 through a robust talent management system.

Countering the challenges

- Introduced a performance-linked variable pay system where a part of the salary is linked to individual and corporate performance.
- Completed 2,600 man-days of training in 2012-13; identified training needs through a structured need identification process aided by performance appraisals.
- The HR team and functional managers formulated a robust training calendar to address this issue holistically.
- Initiated a special training programme directed specifically towards the sales

and distribution team for productivity improvement.

- Initiated employee engagement programmes (family picnic day, annual quiz contest and interdepartmental cricket matches, among others).
- Initiated a SAP-based HR management programme; started the HR intranet initiative called Sampark.

Road ahead

Human Resource is an integral part of the Company's future growth. In order to gear up to unforeseen challenges, leadership and critical resources development would be the key HR initiatives. The company would also lay strong emphasis on performance driven culture linking organizational and individual goals.

Corporate Social Responsibility

CSR builds a dynamic relationship between a company on one hand and the society and environment on the other. Though still a voluntary activity, CSR is traditionally driven by a moral obligation and philanthropic spirit. Over time it has become an integral part of business. It is so with Emami. Along with charities and philanthropic activities Emami is engaged in a number of



Emami Premier League 2012



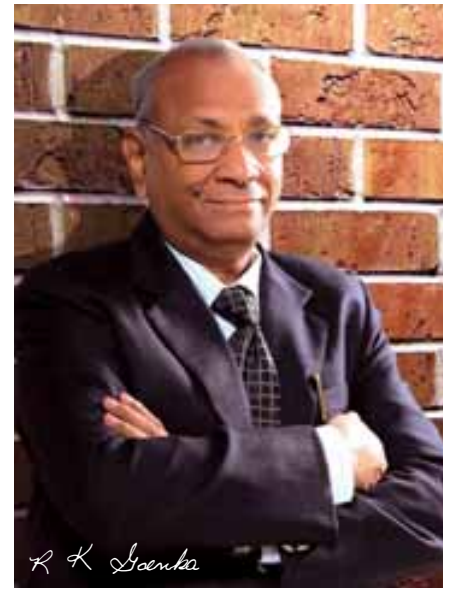
Intranet portal for employees "SAMPARK"



Family day out



Initiatives for social upliftment-mass marriage



Chief, CSR

sustainable activities. The key aim is to fight against hunger, ignorance, and disease, apart from addressing environmental concerns.

Education

Education support is a priority at Emami Foundation, reflected in the following ways:

- Providing financial assistance to help poor students at the school and college level and



Srimad Jagadguru Shankaracharya Sri Sri Raghaveshwara Bharathi Swamiji

higher education.

- Donation of computers, furniture and fixtures to schools.
- Providing necessary infrastructure to schools and colleges, including supply of drinking water, construction of toilets (especially for girl students).
- Granting funds to schools and colleges for building construction and renovation .
- Donation of textbooks and stationeries to school students.

On a long-term basis, Emami plans to introduce scholarships for meritorious students and a book-lending scheme for underprivileged students.

Health care

Emami's initiative in the health care sector included regular healthcare services through two clinics (Burrabazar and Aradhanadham). Subsidised cataract surgery was organised with M P Birla Eye Hospital and AMRI

Hospital. Medical assistance was provided to patients and senior citizens suffering from chronic diseases. A homeopathy clinic operated once a fortnight from the corporate office.

In the area of preventive health education, Emami organised Saaol heart camps all over India with the participation of the renowned cardiologist Dr. Bimal Chajjer. The camp educated patients in the prevention of heart diseases through non-invasive methods (medication, yoga and zero-oil cooking).

Women empowerment

As a long-term measure, Emami plans to introduce women empowerment programmes (livelihood, training and mentoring). Udayan Care (West Bengal) implemented a programme to mentor girl children from under-privileged sections. Emami sponsored 30 girl students (2007-08 to 2012-13) in the Udayan Shalini programme.

Natural calamities

Emami believes that true social service lies in being beside people during natural calamities and accidents. Last year, the Company stood by the flood-affected people of Guwahati. The Company provided disaster relief through employee volunteering, supply of construction materials (including temporary roofing materials, medical and food supplies, clothes and relief material).

Community welfare programmes

The Community Marriage Programme is a unique effort in relieving poor families of the financial burden involved in arranging marriages. The couples were chosen from inaccessible areas like the Sunderbans and other rural areas, giving Emami the opportunity to reach out to the rural poor in initiating socio-economic development. On a recent occasion, the married couples were given gifts like a solar powered device, ideal in rural areas.

Miscellaneous activities

Emami believes in sarvalokahitam, which indicates the well-being of all stakeholders. Following the teachings of the vedas and Upanishads, Emami undertook charitable programmes through its Food for Poor programme and the Community Marriage Programme. It undertook initiatives in sport and culture activities as well.

Food for poor programme: Emami's Food for Poor programme was operational in the vicinity of its factories at BT Road, Kolkata, Guwahati, Panthnagar, Masat, Dongari and Vapi.

House construction for the needy: Emami provided funds for the construction of 44 houses for the rural poor in 2012-13.

Animal care programme: Emami contributed to organisations dedicated to animal care and protection.

Bonus Issue

The Board of Directors of your Company recommend the issue of bonus shares in ratio of 1:2, i.e., one equity share for every two existing equity shares subject to the approval of members. The approval of the members is being sought through a postal ballot process. The bonus shares shall be allotted to the members as on the record date to be announced after the approval of bonus issue by members. The bonus shares shall be eligible for dividend that may be declared for the financial year 2013-14 and thereafter.

Increase in Authorised Share Capital

The Company has sought approval from members through a postal ballot process to increase its authorised share capital from ₹ 20 crore to ₹ 25 crore by further creation of five crore equity shares of Re. 1 each to accommodate issue of bonus shares.

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 2013-14 were paid.

Subsidiary companies

As of 31st March, 2013, 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 the general exemption granted by the Ministry of Corporate Affairs, the Balance Sheets and Profit and Loss Accounts 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.emamiltltd.in and kept open for inspection at the registered office of the Company.

Directors

The Board expresses its profound grief on the sudden demise of Shri Viren J Shah on 9th March 2013. The Board places on record its deep appreciation for the valuable contribution made by Shri Viren J Shah during his tenure as an Independent Director on the Board of the Company. During the year, the Board of Directors appointed Shri R. S. Goenka as Whole Time Director of the Company, for a period of five years subject to the approval of members of the Company. Shri Amit Kiran Deb, Shri Y. P. Trivedi, Smt. Priti A Sureka and Shri H. V. Agarwal would

retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

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 are 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 audits at all its manufacturing locations, 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 department 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 have been evaluated by M/s Ernst & Young leading to enhanced capacity building and efficiency.

Risk management

The Company has institutionalised its risk management system and is complying with the requirement of the ISO 31000: 2009 norms regarding the risk management initiatives undertaken by the Company.

Industry Risk

The Company's offtake may be adversely impacted owing to slowdown in consumer demand.

Team Emami

Sitting Left to Right - R. K. Gupta | Rajesh Sharma | G.L. Agarwal | Shantanu Das | Chirag Sheth | Nigel Saldanha | Pankaj Dhanuka

Standing Left to Right - Mahasweta Sen | Manoj Agarwal | A.K. Joshi | Mamta Kalra Juneja | Neena Sharma | S.N.Paul | Anup Rungta | Sarabjit Singh Khurana | L.N.Prasad | Shagun Tulsyan | Dilip Poddar | Sushil Kothari | Anupam Katheriya | Sanjay Madan | Pinky Agarwal



Risk mitigation

- The Indian FMCG sector is the fourth largest in the Indian economy with a market size of \$13.1 billion.
- A growing per capita income (₹ 68,747 in 2012-13 from ₹ 61,564 in 2011-12) is expected to drive consumer spending.
- Rural consumers spend of around USD 9 billion on FMCG products in India.
- With a big demand push from rural India, the FMCG industry is expected to witness a robust growth of 18% over the next four to five years. The sector is expected to grow to a USD 33 billion by 2015 and to a whopping USD 100 billion by the year 2025.

Raw material risk

An inability to procure the right raw materials at the right price could impact operations.

Risk mitigation

- The Company hedged inflation through advance order modules for key raw materials like menthol, waxes, mercury, liquid paraffin among others.
- The Company resorted to judicious advance bookings for menthol when the price rose sharply during the year.
- The Company did a significant part of booking done during the non-peak season in order to cash in on the low prices.
- The Company developed a multiple vendor base to secure a continuous supply of raw materials.

Distribution risk

Unavailability of products due to a weak distribution channel could lead to a loss of sale.

Risk mitigation

- The Company created a robust distribution network with 3,000 distributors, 5,600 sub-distributors and direct reach to six lakh retail outlets across the country.

- This was supported by four branch marketing offices, 32 depots and a strong sales force of over 2,000 members.
- Besides, the Company extended product availability to more than 40 lakh retail outlets.
- The Company initiated Project Swadesh and covered villages and towns across the country with populations of less than 10,000 people.

Product acceptance risk

The Company's products may not be accepted by the potential consumers.

Risk mitigation

- The Company pioneered the Indian FMCG industry through niche product segments like men's fairness cream among others.
- The Company was the market leader in four products across the country.

Communication risk

The Company may not be able to generate consumer awareness about its products owing to lack of marketing activities.

Risk mitigation

- Emami was one of the highest spenders in advertisement and promotions. The Company spent around 16.4% of its revenues in promotional and advertisement campaigns in 2012-2013.
- The Company roped famous film stars from Bollywood and regional film industries to promote products. Besides, the Company also engaged famous sportspersons and eminent personalities from the field of arts and culture including kathak maestro Pt Birju Maharaj among its brand ambassadors.
- The Company undertook various promotional events in colleges, malls and social media websites to promote its products.
- The Company participated in fairs

(the Kumbh mela, Sonapur mela) and undertook in-film branding initiatives as well as via folk theatre forms like jatras (in West Bengal) to promote products.

Counterfeit risk

Counterfeit products may impact the reputation of the Company.

Risk mitigation

- The Company switched from a single-blow mould to multi-cavity moulding, 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.
- A dedicated cell was created to continuously monitor and mitigate the risk of counterfeit products in the market.

Quality risk

Improper product quality could affect product offtake and mar the Company's reputation.



1600% increase in shareholder value
since public issue in 2005

288% return to QIP investors who were
offered shares at ₹ 310 in July 2009

Risk mitigation

- All manufacturing units of the Company were ISO 9001:2000 compliant; the BT Road unit, Kolkata received stringent WHO GMP certification for five ayurvedic products. All units other than the BT Road unit, Kolkata are accredited with ISO 14001:2004 and ISO 18001:2007 certifications. The Company implemented Total Production Maintenance (TPM) across all its production units.
- In 2012-13, the manufacturing units received 11 national/regional awards in the area of manufacturing excellence, quality, safety and environment. A robust R&D department spearheaded by Padma Shree Vaidya S Chaturvedi and supported by eminent Indian and international experts helps in maintaining stringent product quality.
- The Company's R&D team, Himani Ayurveda Science Foundation and Zandu Foundation for healthcare deliver innovative and effective products.

Competition risk

Increased competition could impact the Company's profitability.

Risk mitigation

- The Company created a wide product portfolio comprising skin care, personal care and healthcare segment products.
- The Company invested aggressively in advertisement and promotional campaigns to create greater product visibility.

- The Company continuously introduced new products to stay ahead of competitors.
- The Company focused on enhancing internal efficiencies to augment its bottomline.

Shareholders' return

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

Year	EVA (₹ in Lakh)	EVA as a % of Capital Employed
2009-10	13019	15.9%
2010-11	13979	15.5%
2011-12	16652	18.6%
2012-13	22040	24.2%

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:

- i) In the preparation of the annual accounts for the year ended 31st March, 2013, the applicable accounting standards have been followed and no material departures have been made from the same.
- ii) The Directors have selected such accounting policies and applied them

consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the 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. Furthermore, 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 Statutory 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 2013-14 subject to approval of the 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, 2013 is ₹ 777 crore as against ₹ 707 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, are annexed and form 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 in its progress.

Cautionary statement

Statements in the Directors' Report and the Management Discussion & 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

R.S. AGARWAL

Chairman

May 6, 2013

Kolkata

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

	2012-13	2011-12
1. Electricity		
a) Purchased units (lac KWH)	86.58	74.21
Total amount (Rs. in lakh)	522.44	409.76
Average rate/unit (Rs)	6.03	6.03
b) Own generation		
i) Through diesel generator units (lac KWH)	8.22	8.00
Unit/Litre of diesel	3.22	3.20
Cost/Unit (Rs.)	16.06	13.20
Total amount (Rs. in lakh)	132.08	105.68
ii) Through steam turbine/generator	N.A.	N.A.
2. Coal	-	-
3. Furnace oil		
Quantity (Kilo litre)	240.44	222.76
Cost/Unit (Rs.)	0.47	0.42
Total amount (Rs. in lakh)	113.56	93.91
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

- The R&D activities of the Company are specifically focused on developing new products and improving existing products and analytical methods.
- 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.
- 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.
- The Company's future plan includes putting greater emphasis on Ayurveda science to deliver innovative and effective products.

5. Expenditure in R&D:

	Rs in lakh
a) Capital	1415.49
b) Recurring	1020.06
c) Total	2435.55
d) R&D as a percentage of total turnover	1.50%

B. EFFORTS IN BRIEF TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 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.
- 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.
- 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.
- 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 2012-13 was Rs. 8678.06 lakh. 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:

	Rs in lakh
Raw materials	668.80
Capital goods	209.02
Professional fees	95.59
Interest	498.78
Others	594.71
	2,066.90

C. Foreign exchange earnings during the year

	Rs in lakh
Export of goods on FOB basis	8516.20
Interest	161.83
	8,678.03

II. STATEMENT PURSUANT TO NOTIFICATION NO 2 DATED 8TH FEBRUARY 2011 UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

SI. 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	167.20
b.	Reserves	11.54	222.86	171.46	(321.72)	(117.55)
c.	Total Assets	82.78	1747.57	8719.18	992.60	452.60
d.	Total Liabilities	42.33	1496.88	8528.74	1311.24	402.95
e.	Details of Investments	N.A	N.A	3.04	528.11	Nil
f.	Turnover	142.61	5493.68	7578.15	Nil	Nil
g.	Profit/ (Loss) before taxation	23.03	101.20	(801.05)	(88.20)	(58.97)
h.	Provision for taxation	3.90	100.26	Nil	Nil	Nil
i.	Profit/ (Loss) after Taxation	19.13	0.94	(801.05)	(88.20)	(58.97)
j.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Kolkata
May 6, 2013

R.S. AGARWAL
Chairman

CORPORATE GOVERNANCE REPORT

For the year ended March 31, 2013

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At Emami, we are committed to practicing the most appropriate Corporate Governance norms. Emami firmly believes in adhering to the established norms of the Corporate Governance code to ensure the protection of its investor's interest in tandem with the healthy growth of the Company. The Company has been complying with stringent Corporate Governance guidelines ever since its inception. We endeavour to enhance the long-term stakeholding value of our investors. The Company complies with the Corporate Governance Code as enshrined in Clause 49 of the Listing Agreement.

The Company lays a strong emphasis on ethical corporate citizenship and establishment of good corporate cultures which aim at true Corporate Governance. The Corporate Governance process and systems have gradually strengthened over the years. The objective of good Corporate Governance according to a global consensus is maximising the shareholders' value in the long-term. In the pursuit of this objective, the Company's management and employees are to manufacture and market its products for creating value that can be sustained over the long-term for consumers, shareholders, employees, business partners and the national economy. At the same time, the Company also ensures full compliance with regulatory disclosure requirements.

The Company further believes the concept of Corporate Governance is founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best efforts to uphold and nurture these core values in all aspects of its operations. To this end, the Company formed a Board comprising reputed experts and inducted persons of eminence as Independent Directors into it who could contribute to corporate strategy, providing an external perspective and a source of challenges and evaluation wherever appropriate.

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 members of our Board are from diverse background with skills and experience in critical areas like taxation, finance, entrepreneurship and general management. Many of them have worked extensively in senior management positions in global corporations and others are industrialists of repute with a deep understanding of the Indian business environment.

The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

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

The Board Meetings are usually held at the registered office of the Company at Emami Tower, 687, Anandapur, E M By-pass, Kolkata- 700 107

b. Composition of Board

The Board of Directors consists of professionals drawn from diverse fields, which 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, 2013, the Board comprises of an Executive

Chairman, a Managing Director, four Executive Directors and seven Non-Executive Directors including six Independent Directors. Composition of the Board and category of Directors are as under:

Name and Category of Directors	
Promoter Directors	Non-Executive Independent Directors
1) Shri R.S. Agarwal, Executive Chairman	1) Shri Viren J. Shah*
2) Shri R.S. Goenka, Wholetime 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 Sajjan Bhajanka
5) Shri Aditya Vardhan Agarwal, Non- Executive Director [#]	5) Shri Amit Kiran Deb
6) Shri Harsha Vardhan Agarwal, Wholetime Director	6) Shri S.B. Ganguly
7) Smt Priti A Sureka, Wholetime Director	7) Padmashree Vaidya Suresh Chaturvedi

[^] Till 7th November 2012, Shri R.S. Goenka was a Non-Executive Director. With effect from 8th November 2012, the Board appointed Shri R.S. Goenka as Wholetime Director.

* Shri Viren J. Shah ceased to be member of the Board with effect from March 09, 2013 due to his untimely demise.

[#] Shri Aditya Vardhan Agarwal resigned from Wholetime directorship of the Company with effect from November 7, 2012.

At the time of appointment, every Independent Director signs a declaration to confirm that they fulfill the conditions for being independent directors as laid down under Clause 49 of the listing agreement with stock exchanges.

c. Agenda papers distributed in advance

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

d. Role of Company Secretary in the 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 the 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 meeting, 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 along with the Certificates of Compliance duly signed by the respective heads of Department was placed before the Board on a quarterly basis. Based on the Reports and Certificates, a certificate of Statutory Compliances duly signed by the Managing Director and the CEO-Finance, Strategy and Business Development was also placed before each of the Board Meetings held during the year under review.

The Board of Directors reviews the compliance reports of the laws applicable to the Company as well as instances

of non – compliances, if any together, with their possible impacts on the business, if any.

The Audit Committee also reviewed the statutory compliances of the Company at each of the meetings.

The Corporate Governance Committee at its meeting held 7th February 2013 reviewed the System of Statutory Compliance of the Company.

f. Risk Management

The Company has a comprehensive Enterprise Risk

Management Policy at work which is reviewed periodically by the management from time to time. The Risk Management Policy of the Company is ISO 31000:2009 certified and Shri Manoj Agarwal-AVP Management Services Division serves as the Chief Risk Officer.

During the year, an updated Risk Management Policy in consultation with Ernst & Young was reviewed by the Audit Committee, Corporate Governance Committee and the Board of Directors.

g. Number of Board meetings and the Directors present therein

The Board of Directors held four meetings during the year on May 8, 2012, August 8, 2012, November 7, 2012, and February 8, 2013. Details of board meetings held during the financial year and the number of Directors present:

Sl No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors present
1	May 8, 2012	15	9
2	August 8, 2012	15	13
3	November 7, 2012	14	14
4	February 8, 2013	14	11

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

h. Attendance of the Directors at the Board meetings, last Annual General Meeting, and number of Directorships, Chairmanships or memberships of committees of each Director in various companies as at March 31, 2013

The Board of Directors held four meetings during the year on May 8, 2012, August 8, 2012, November 7, 2012, and February 8, 2013. Details of board meetings held during the financial year and the number of Directors present:

Sl. No	Name of the Director	Position	Number of Board meetings attended	Number of Directorships as on 31.03.2013*	Number of committee positions held**	Attendance at the last AGM
1	Shri R.S. Agarwal	Promoter Executive (Chairman)	2	6	Nil	Yes
2	Shri R.S. Goenka [§]	Promoter Executive	4	8	Chairman 1 Member 2	Yes
3	Shri S. K. Goenka	Promoter Executive (Managing Director)	4	5	Member 1	Yes
4	Shri Viren J. Shah [#]	Non – Executive Independent	3	N.A.	N.A.	Yes
5	Shri K.N. Memani	Non – Executive Independent	2	25	Chairman 7 Member 19	No
6	Shri Y.P. Trivedi	Non – Executive Independent	3	9	Chairman 3 Member 7	Yes
7	Shri S.K. Todi [%]	Non – Executive Independent	2	N.A.	N.A.	No.
8	Shri Amit Kiran Deb	Non – Executive Independent	4	3	Chairman 2 Member 2	Yes

Sl. No	Name of the Director	Position	Number of Board meetings attended	Number of Directorships as on 31.03.2013*	Number of committee positions held**	Attendance at the last AGM
9	Shri S.B. Ganguly	Non – Executive Independent	3	10	Chairman 4 Member 17	Yes
10	Shri Sajjan Bhajanka [§]	Non – Executive Independent	2	21	Chairman 1 Member 2	Yes
11	Padmashree Vaidya Suresh Chaturvedi	Non – Executive Independent	4	1	Nil	Yes
12	Shri Mohan Goenka	Promoter Executive	4	5	Chairman 1 Member 2	Yes
13	Shri Aditya Vardhan Agarwal [¶]	Promoter Non-Executive	3	10	Member 2	Yes
14	Shri Harsha Vardhan Agarwal	Promoter Executive	4	8	Member 3	Yes
15	Smt Priti A Sureka	Promoter Executive	3	4	Member 2	Yes

* Includes directorship in private limited companies, Section 25 companies and 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 Statutory Committees or Chairman of more than five such Committees

[§]Shri R.S. Goenka was appointed as Wholetime Director of the Company with effect from November 8, 2012.

[#]Shri Viren J. Shah ceased to be member of the Board with effect from March 9, 2013 due to his untimely demise.

[%]Shri S.K. Todi ceased to be a Director of the Company with effect from conclusion of last Annual General Meeting held on August 8, 2012.

[&]Shri Sajjan Bhajanka was appointed as a Director with effect from May 8, 2012.

[¶]Shri A.V. Agarwal has resigned from Wholetime directorship of the Company with effect from November 7, 2012.

i. 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 to 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 causes, demands, prosecutions and penalty notices
- Fatal or serious accidents, dangerous occurrences and material effluent discharge or pollution-related 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 towards enhancing goodwill, brand equity or involving 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
- Grant of loans and making investments of surplus funds
- Transactions with related parties
- Non-compliance of any regulatory, statutory or listing requirements
- Review of the Risk Management Policy
- 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.

j. Presentation by the Management

Before putting on record the quarterly/annual financial results of the Company, a presentation is made before the Board on operations of the Company including performance of major brands, international business, initiatives taken for sales promotion and all other matters having impact on the business of the Company.

k. Post meeting follow-up mechanism

The important decisions taken at the Board/Board level 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 / committee for noting the same.

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 Heads of Department, in compliance with the provisions of Clause 49 of the Listing Agreement. The said Code of Conduct is displayed on the Company's website, www.emamilttd.in. Under the Code, the Board has designated the Managing Director of the Company as Chief Executive Officer (CEO) for the purpose of Corporate Governance.

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

COMMITTEES OF THE BOARD

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 a more focused attention on various facets of business and for better accountability and ensuring compliances, the Board has 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

Each of these Committees has been mandated to operate within a given framework.

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

The Audit Committee acts as the link between the Statutory Auditors, the Internal Auditors and the Board of Directors.

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

The Company has a well-defined and structured internal audit control system to ensure reliability of operational and financial information, statutory/regulatory compliances and safeguard of the assets of the Company.

The Internal Audit Department governs its audit through modules / checklists to carry out process-wise audit and to ensure effective discharges of their duties and compliance with Clause 49 of the Listing Agreement. The Audit process being used by Internal Audit Department is also reviewed from time to time with a view to bring them in line with the regulatory framework.

The representatives of Statutory Auditors are permanent invitees to the Audit Committee Meeting. The representative of the Cost Auditor is invited to attend the Meeting of the Audit Committee when the Cost Audit Report is tabled for discussion. The Managing Director, CEO- Finance, Strategy and Business Development, Head of Accounts and Finance attend the Audit Committee as special invitees.

As of March 31, 2013, the Audit Committee comprises four Directors out of whom three are Independent Directors. Shri S.B. Ganguly, Chairman of the Committee possesses prolonged experience in corporate matters. Shri R S Goenka has expertise in commercial and taxation matters; Shri Amit Kiran Deb, IAS and M.A. in Political Science was Chief Secretary of Government of West Bengal; and Shri Sajjan Bhajanka is a commerce

graduate and eminent industrialist.

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

The Audit Committee held four meetings during the year on May 8, 2012, August 7, 2012, November 7, 2012 and February 7, 2013 with the gap between any two meetings not exceeding 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 the 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
- Review of Risk Management Policy

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri S.B. Ganguly –Chairman	Non – Executive Independent	4
Shri R.S. Goenka	Promoter/ Executive Director	4
Shri Amit Kiran Deb	Non – Executive Independent	4
Shri Sajjan Bhajanka [#]	Non – Executive Independent	None
Shri S.K. Todi [*]	Non – Executive Independent	2

* Shri S.K. Todi ceased to be a member of the committee with effect from August 8, 2012

Shri S.B. Ganguly was elected as the Chairman of Audit committee at the Board Meeting held on November 7, 2012.

Shri Sajjan Bhajanka was appointed as a member of the Audit Committee at the Board Meeting held on November 7, 2012

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

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

The Committee held one meeting during the year on November 7, 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.

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri Amit Kiran Deb, Chairman	Independent	1
Shri S. B. Ganguly	Independent	1
Shri Sajjan Bhajanka [#]	Independent	None
Shri S.K. Todi [*]	Independent	N.A.

Shri Sajjan Bhajanka was appointed as a member of the Remuneration Committee in the Board Meeting held on November 7, 2012

* Shri S.K. Todi ceased to be a member of the Committee with effect from August 8, 2012

REMUNERATION POLICY**Executive Director**

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 Director

The Non-Executive Directors are paid Sitting Fees of Rs 20,000/- for each meeting of the Board / Audit Committee/Finance Committee attended by them and Rs. 15,000/- for other committees attended by them. The total amount of sitting fees paid during the year ended March 31, 2013 was Rs 9.65 lakhs. The Non-Executive Directors are also reimbursed expenses incurred for attending the meetings.

In recognition of the contribution 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. During the Financial year 2012-13, Service Tax was imposed on Director's Sitting Fee as well as Non Executive Director's remuneration, under Reverse Charge Mechanism and the Company paid the same accordingly.

The Company is paying maximum prescribed sitting fee to its non executive directors for attending Board Meetings, Audit Committee and Finance Committee Meetings, the amount of fee so paid and service tax therein would exceed the maximum prescribed limit of sitting fee under Section 310 of the Companies Act, 1956 and would require Central Government Approval. However, the Central Government has exempted obtaining such approval during the Financial Year 2012-13.

For subsequent periods the company is in process of seeking approval from the Central Government as well as from the shareholders.

The Non-Executive Directors bring with them, significant professional expertise and substantial benefits through their rich experience in finance, information system, marketing and corporate strategy. Through their experience and knowledge, they safeguard the interest of investors by exercising an appropriate role of control at various levels. The Company also inducted them in the various committees of the Board i.e. Audit Committee, Remuneration Committee, Investors' Grievance Committee, Finance Committee and Corporate Grievance Committee.

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

Details of remuneration for the financial year 2012-13 (Figures in Rupees)

Sl No	Name of Director	Sitting Fees	Salary	Commission	Contribution to P.F.	Value of Perquisites	Total
1	Shri R.S. Agarwal (Executive Chairman)	-	1,80,00,000	2,50,00,000	21,60,000	15,000	4,51,75,000
2	Shri R.S. Goenka* (Whole Time Director)	1,60,000	71,50,000	1,00,00,000	8,58,000	15,000	1,81,83,000
3	Shri S.K. Goenka (Managing Director)	-	92,00,000	-	11,04,000	7,910	1,03,11,910
4	Shri Viren J. Shah (Independent Director)	60,000	-	5,00,000	-	-	5,60,000
5	Shri K.N. Memani (Independent Director)	40,000	-	6,00,000	-	-	6,40,000
6	Shri Y.P. Trivedi (Independent Director)	75,000	-	2,00,000	-	-	2,75,000
7	Shri S.K. Todi (Independent Director)	80,000	-	-	-	-	80,000
8	Shri Amit Kiran Deb (Independent Director)	1,90,000	-	2,00,000	-	-	3,90,000
9	Shri S.B. Ganguly (Independent Director)	1,70,000	-	3,00,000	-	-	4,70,000
10	Shri Sajjan Bhajanka (Independent Director)	40,000	-	2,00,000	-	-	2,40,000
11	Vaidya Suresh Chaturvedi (Independent Director)	80,000	-	2,00,000	-	-	2,80,000

Sl No	Name of Director	Sitting Fees	Salary	Commission	Contribution to P.F.	Value of Perquisites	Total
12	Shri Mohan Goenka (Wholetime Director)	-	54,00,000	-	6,48,000	2,27,764	62,75,764
13	Shri Aditya Vardhan Agarwal# (Non-Executive Director)	70,000	18,75,968	-	2,25,116	1,38,316	23,09,400
14	Shri Harsha Vardhan Agarwal (Wholetime Director)	-	54,00,000	-	6,48,000	1,34,479	61,82,479
15	Smt. Priti A Sureka (Wholetime Director)	-	31,25,806	-	3,75,097	21,431	35,22,334

* Shri R. S. Goenka was appointed as Wholetime Director with effect from 8th November, 2012.

Shri Aditya Vardhan Agarwal resigned from Wholetime Directorship on 7th November, 2012.

Shares held by the Non –Executive Directors as on 31.03.2013

Sl.No	Name of the Director	Category of Director	Number of shares
1	Shri K.N. Memani	Independent	Nil
2	Shri Y.P. Trivedi	Independent	Nil
3	Shri Sajjan Bhajanka	Independent	Nil
4	Shri Amit Kiran Deb	Independent	Nil
5	Shri S.B. Ganguly	Independent	Nil
6	Vaidya Suresh Chaturvedi	Independent	Nil
7	Shri Aditya Vardhan Agarwal	Promoter/ Non-Executive	806432
	TOTAL		806432

3. Share Transfer Committee (constituted on August 19, 2010)

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

The Committee held nine meetings during the year on April 20, 2012, June 6, 2012, July 9, 2012, August 27, 2012, September 29, 2012, October 30, 2012, December 12, 2012, January 28, 2013 and March 2, 2013.

The functions of the committee include:

- Approval of transfer / transmission of securities of the Company
- Overseeing of the performance of the Registrar and Transfer Agents of the Company
- Redressal of shareholders' complaints relating to transfer of shares, non-receipt of Annual Reports and non-receipt of declared dividend, among others
- Disposal of old stationeries of dividend warrants, among others
- Issue of duplicate share certificates
- Any other matter(s) out of and incidental to these functions and such other acts assigned by the Board

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri Mohan Goenka, Chairman	Promoter Executive	8
Shri Aditya Vardhan Agarwal	Promoter Non-Executive	4
Shri Harsha Vardhan Agarwal	Promoter Executive	8
Smt Priti A Sureka	Promoter Executive	6

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

The Investor's Grievance Committee comprises of two Independent Directors and two Promoter and Executive Directors. Shri A. K. Joshi, Company Secretary and AVP - Legal, is the Secretary of the Committee.

The functions of the Committee include

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

The Committee held one meeting during the year on February 7, 2013 wherein the Committee reviewed status of unclaimed shares, unclaimed Dividend of previous years and the system of Investors' services among others.

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri Sajjan Bhajanka, Chairman*	Independent	None
Shri S. B. Ganguly	Independent	1
Shri Mohan Goenka	Promoter Executive	1
Shri Harsha Vardhan Agarwal	Promoter Executive	1
Shri S.K. Todi**	Independent	NA

* Shri Sajjan Bhajanka was appointed as Member of the Committee with effect from 8th August 2012

** Shri S. K. Todi ceased to be a member of the Committee with effect from 8th August 2012

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

During the year ended March 31, 2013, 13 investors' complaints were received from shareholders, all of which have been attended/ resolved as of date.

Details of queries and grievances received and attended by the Company during the year 2012-13:

Nature of Complaint	Pending as on 1st April 2012	Received during the year	Disposed during the year	Pending as on 31st March, 2013
1. Non-receipt of Dividend	NIL	4	4	NIL
2. Non-receipt of Share Certificate	NIL	1	1	NIL
3. Non-receipt of Annual Report	NIL	8	8	NIL
Total	NIL	13	13	NIL

5. Finance Committee (constituted on May 28, 2008)

The Finance Committee of the Board comprises six directors, five of whom are Executive Directors. Shri A. K. Joshi, Company Secretary and AVP-Legal, is the secretary of the Committee. The Committee held three meetings during the year on June 6, 2012 and September 4, 2012 and December 3, 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 .
- Monitoring of Loans & Advances granted by the company as approved by the Board of Directors from time to time.
- Any other matters(s) out of and incidental to these functions and such other acts assigned by the Board.

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri R.S. Goenka, Chairman	Promoter Executive	3
Shri S.K. Goenka	Promoter Executive	3
Shri Mohan Goenka	Promoter Executive	3
Shri Aditya Vardhan Agarwal	Promoter/ Non- Executive	2
Shri Harsha Vardhan Agarwal	Promoter Executive	3
Smt. Priti A Sureka	Promoter Executive	1

6. Corporate Governance Committee (constituted on July 30, 2010)

The Corporate Governance Committee comprises of three Independent Directors and one Promoter Director of the Company. Shri A. K. Joshi, Company Secretary and AVP - Legal, is the secretary of the Committee.

The functions of the Committee include

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

The Committee held one meeting during the year on February 8, 2013

The Following reports were reviewed by the Committee:

- Statutory Compliance Report by the Legal Department.

- Compliance Controls and Audit Methodology Report by Management Services Division.
- Auditing Methodology Report by the Statutory Auditor.

Composition and attendance of the Members at the meeting:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri S. B. Ganguly, Chairman	Independent	None
Shri R.S. Goenka	Promoter Executive	1
Shri Y. P. Trivedi	Independent	1
Shri Amit Kiran Deb	Independent	1

SUBSIDIARY COMPANIES

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

As on March 31, 2013, 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 above overseas subsidiary companies. Minutes of the unlisted subsidiary companies' meetings are placed before the Company's Board from time to time.

DISCLOSURES

a. Related-party transactions

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

All contracts with our affiliates entered into during the said period have no potential conflict with interests of

the Company at large and are being carried out at an arm's length at the fair market value.

Details of such transactions as per requirement of Accounting Standard 18 are disclosed in Note No. 2.51 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, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no such non-compliance.

c. Accounting treatment in preparation of financial statement

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

d. Risk management

The Company has framed comprehensive risk management policy, 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 consultants and updated as per requirement to ensure that the risk is dealt with properly.

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.

f. Management discussion and analysis report

The Company's annual report has a separate section for detailed Management Discussion and Analysis.

g. Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

ICSI has issued Secretarial Standards on important aspects on Board Meetings, General Meetings, payment of Dividend, maintenance of Register & Records, Minutes of Meetings, Transmission of Shares & Debentures, passing of Resolution by circulation, affixing of Common Seal among others. The Company adheres to these secretarial standards voluntarily.

GENERAL SHAREHOLDERS INFORMATION**Appointment of Director**

Shri R. S. Goenka was appointed as a Wholetime Director of the Company for a period of five years w.e.f. 8th November 2012 subject to approval of shareholders of the Company.

Reappointment of Directors:

Shri Amit Kiran Deb, Shri Y. P. Trivedi, Smt. Priti. A Sureka and Shri H. V. Agarwal would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

Profile of Directors to be appointed / reappointed

Shri R.S. Goenka is Master of Commerce and LLB. Co-founder of Emami Group of Companies' he is an expert in taxation, strategic planning, corporate affairs and finance.

Shri Amit Kiran Deb, an Independent Director, is the Ex- Chief Secretary, Government of West Bengal, former Chairman of Gujarat Ambuja Housing Development Limited, a joint sector company.

Shri Y. P. Trivedi, an independent Director, is an eminent tax expert, Supreme Court advocate and is also a member of Rajya Sabha. Shri Trivedi is on the board of Reliance Industries Ltd, Supreme Industries Ltd, Sai Services Station Ltd, Zodiac Clothing Co Ltd, among other companies.

Smt. Priti. A Sureka, Wholetime Director, looks after the hair care and personal care segments. She is a key member of the Executive Strategy, Marketing and R&D Committees of the Company.

Shri H. V. Agarwal, Wholetime Director, is a commerce graduate, possesses extensive knowledge and experience in marketing as well as brand development. He also heads the Merger and Acquisitions and HR wings of the Company.

GENERAL BODY MEETINGS

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

For the year ended	Location	Date	Time	Special resolutions transacted
March 31, 2012	South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700 068	Wednesday, August 8, 2012	3:30 pm	None
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

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 already implemented to send 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 at the Company's website. This helped in prompt delivery of documents avoiding loss in transit.

Vide its various communications during the year; the Company had requested the shareholders to register their e-mail ids with the Registrar & Share Transfer Agent of the Company or to their Depository Participants so as to enable the Company to use the same for serving documents to them electronically.

Code for prevention of insider-trading practices

As per the SEBI (Prohibition of Insider Trading) Regulations 1992, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, preclearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices. All the Directors on the Board, 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 (in English)

and Dainik Statesman (in Bengali) and are displayed on the Company's website www.emamiltd.in

b. Presentation

Detailed presentations are displayed on the Company's website

c. Website

The Company's corporate website www.emamiltd.in contains comprehensive information about the company. An exclusive section is for Investors' wherein annual reports, quarterly / half-yearly financial results, notices, shareholding patterns among others are available in a downloadable format.

d. Annual Report

Annual Report containing inter alia 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 has designated email-id exclusive for investor services-
investors@emamigroup.com

f. Intimation to Stock Exchanges

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

SHAREHOLDERS' INFORMATION

Annual General Meeting

Day, date and time	Wednesday, August 7, 2013 at 11.30 am
Venue	"Auditorium of South City International School" 375, Prince Anwar Shah Road, Kolkata- 700 068
Last date of receipt of proxy	Monday, August 5, 2013, by 11:30 AM
Book closure dates	Saturday, 3rd August 2013 to Wednesday, 7th August 2013 (both days inclusive)

FINANCIAL CALENDAR

Financial year: April 1, 2012 to March 31, 2013

The Board meetings for approval of financial results for financial year 2012-13 were held on the following dates:

First quarter results	August 8, 2012
Second quarter results	November 7, 2012
Third quarter results	February 8, 2013
Fourth quarter and annual results	May 6, 2013

The tentative dates of the Board meetings for consideration of quarterly and annual financial results for the financial year 2013-14 are as follows:

First quarter results	On or before August 14, 2013
Second quarter results	On or before November 14, 2013
Third quarter results	On or before February 14, 2014
Fourth quarter and annual results	On or before May 30, 2014

Dividend payment date:

Wednesday, 7th August 2013 onwards, (within thirty days of the declaration of the dividend)

MARKET INFORMATION

Listing on Stock Exchanges

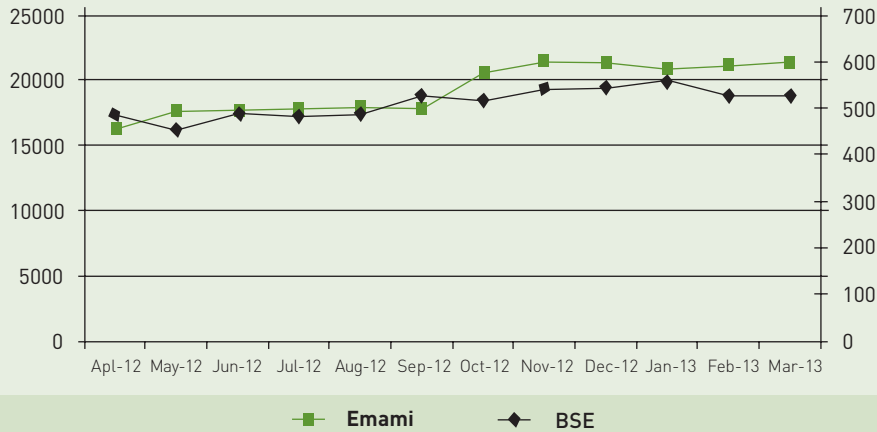
The Company's shares are listed on the following Stock Exchanges and the listing fees have been duly paid:

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	BSE Ltd Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023, India	531162
3	The Calcutta Stock Exchange Ltd 7, Lyons Range, Kolkata-700001, India	18136

Emami share price vis-à-vis Bombay Stock Exchange April 2012 – March 2013 (Face value of shares Re. 1 each)

Month	BSE Sensex Close	Emami share price on BSE			Number of shares traded during the month	Turnover (Rs in lacs) (on BSE)
		High	Low	Close		
April 2012	17318.81	465.00	390.30	456.70	135821	586.57
May 2012	16218.53	534.60	425.10	492.20	181145	879.87
June 2012	17429.98	557.65	470.05	497.25	507699	2596.36
July 2012	17236.18	510.00	475.00	497.40	65461	324.14
August 2012	17429.56	514.45	468.10	499.90	158781	789.27
September 2012	18762.74	524.95	478.60	496.90	107487	540.36
October 2012	18505.38	599.00	490.55	574.90	803568	4185.33
November 2012	19339.90	654.00	560.60	600.80	412904	2509.12
December 2012	19426.71	626.60	583.65	599.70	654796	3958.55
January 2013	19894.98	606.00	551.10	585.65	98666	575.77
February 2013	18861.54	743.00	573.05	592.40	346982	2064.34
March 2013	18835.77	537.90	563.75	600.90	155804	934.49

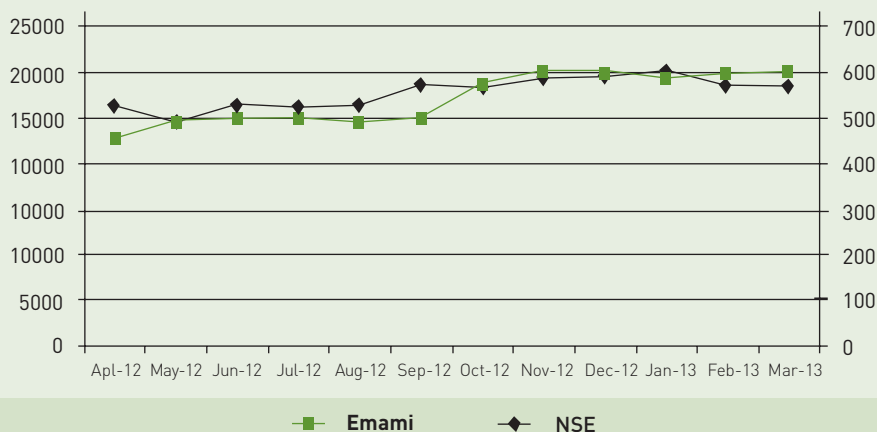
Graphical representation of share price of Emami Ltd at BSE vis-à-vis BSE Sensex



Emami share price vis-à-vis National Stock Exchange April 2012 – March 2013 (Face value of shares Re. 1 each)

Month	NSE NIFTY Close	Emami share price on NSE			Number of shares traded during the month	Turnover (Rs in lacs) (on NSE)
		High	Low	Close		
April 2012	5248.15	530.00	395.10	456.95	1311186	5709.29
May 2012	4924.25	534.00	421.10	492.00	1376693	6571.52
June 2012	5278.90	548.00	470.20	498.95	1007604	5009.80
July 2012	5229.00	509.70	461.65	497.35	317104	1568.27
August 2012	5258.50	514.80	466.50	488.70	1289365	6424.50
September 2012	5703.30	515.00	477.95	498.40	3759049	18818.52
October 2012	5619.70	602.05	490.00	573.05	3806154	20084.14
November 2012	5879.85	657.50	562.70	602.50	2712509	16353.53
December 2012	5905.10	624.85	582.05	599.40	1253326	7586.34
January 2013	6034.75	619.80	550.65	585.05	586628	3430.92
February 2013	5693.05	635.00	574.00	593.90	1423873	8552.72
March 2013	5682.55	637.95	564.00	599.10	3625041	21621.66

Graphical representation of share price of Emami Ltd at NSE vis-à-vis 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 and 66 equity shares of Emami Infrastructure Limited allotted in terms of scheme of arrangement between Emami Limited, Zandu Pharmaceutical Works Limited and Emami Infrastructure Ltd, are lying in the Suspense Account as on 31st March 2013.

The voting rights of the shares standing in the suspense account shall remain frozen in the rightful owner of such shares claims the same.

Registrar and Share Transfer Agents

M/s Maheshwari 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 (RTA). 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 a 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 the Registrar & Transfer Agent.

Besides, a Secretarial Audit Report by the Practicing 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 dematerialised 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, 2013

Nature of holding	Holders	Shares	Percentage
Physical	918	9,46,505	0.63
Demat	16337	15,03,65,241	99.37
Total	17255	15,13,11,746	100.00

Distribution of shareholding as on March 31, 2013

Category	Number of shares held	% of shareholding
A. Promoters' holding		
- Indian promoters		
Individuals	15,298,618	10.11
Corporates	90,700,788	59.95
- Foreign promoters (NRI)	4,059,832	2.68
Sub-total	11,00,59,238	72.74
B. Non-Promoters holding		
1. Institutional investors		
a. Mutual funds and UTI	5,185,776	3.42
b. Banks, financial institutions and insurance companies	24,690	0.02
c. Foreign institutional investors	21,88,65,35	14.46
Sub-total	27,097,001	17.90
2. Others		
a. Private corporate bodies	8,27,0987	5.47
b. Indian public	5,46,8678	3.61
c. NRI / OCBs	405,285	0.27
d. Trusts	0	0
e. Clearing Members	10557	0.01
Sub-total	14,155,507	9.36
Grand total	15,13,11,746	100.00

Distribution of shareholding by size as on March 31, 2013

Shareholding of nominal value (Rs.)	Shareholders		Share amount	
	Number	% of total	In Rs.	% of total
Up to - 5,000	16,861	97.72	33,33,557	2.20
5,001 - 10,000	104	0.60	7,52,204	0.50
10,001 - 20,000	96	0.56	13,95,519	0.92
20,001 - 30,000	25	0.14	6,02,296	0.40
30,001 - 40,000	14	0.08	4,96,099	0.33
40,001 - 50,000	13	0.08	5,69,694	0.38
50,001 - 1,00,000	39	0.22	27,45,648	1.81
1,00,001 and above	103	0.60	14,14,16,729	93.46
Grand Total	17,255	100.00	15,13,11,746	100.00

Unclaimed Dividends

The unpaid /unclaimed dividend for the financial year 2004-2005 amounting to Rs 42,479/- was transferred to the Investors' Education & Protection Fund on 11th October 2012 after giving intimation to all the beneficiaries.

As at 31st March 2013, unpaid /unclaimed dividend for the year ended 2005-2006 is Rs 34,404/-. The due date for transfer of such unclaimed / unpaid dividend to the Investors' Education & Protection Fund is September 26, 2013.

Intimations to all the beneficiaries of unpaid / unclaimed dividend for the financial year 2005-2006 were sent on March 16, 2013 requesting them to submit their claim to the Company if they have not received / encashed their dividend warrants.

The particulars of unpaid dividend for the previous seven years are uploaded on the Company's website and filed with the Ministry of Corporate Affairs.

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

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

Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion date and likely impact on equity
None**Plant locations****West Bengal**

13, B.T. Road, Kolkata -700056

Assam**Amingaon Plant**

EPIP Complex Amingaon, Guwahati - 781031

Abhoypur Plant

P.O. College Nagar, Abhoypur, Guwahati - 781031

Maharashtra

Sanjan Village, Dongari, Taluka Talasari, Maharashtra-401601

Gujarat

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

Uttarakhand

Plot no 40 & 41, Sector 5,IIE,Pantnagar,Udhamsingh Nagar, Uttarakhand 263 152

Dadra & Nagar Haveli

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

Address for correspondence:

Emami Limited,

Emami Tower, 687, Anandapur, E M Bypass, Kolkata - 700107.

West Bengal,

Email id: 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 the 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's 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 circulating 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 Board of the Company are well-experienced professionals and are well acquainted with business knowledge of the industry. The Board members are provided necessary documents, reports etc to enable and to familiarise them with the Company's operations and 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 and the relevant statutory changes/cases are circulated to them from time to time to understand their impact.

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

8. Whistleblower Policy

The Company has formulated a Whistleblower 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 2013 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
 - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. We also certify that based on our knowledge and information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. The Company's has disclosed wherever 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 2012-13.

Sushil Kr Goenka
Managing Director

Emami Ltd.

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

Date : 6th May 2013
Place : Kolkata

Independent 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, 2013 relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the listing agreements of the Company with the stock exchanges.

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

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

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

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

S.K. Agrawal
Partner
Membership No. : 9067

Date: 6th May 2013
Place: Kolkata

Financial Statements

Independent Auditors' Report

To
The Members of **Emami Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **Emami Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 the Balance Sheet, of the State of affairs of the Company as at 31st March, 2013
 - ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the annexure a statement on the matters specified in paragraphs 4 & 5 of the order.
 2. As required by section 227(3) of the Act, we 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.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For, **S. K. AGRAWAL & COMPANY**
Chartered Accountants
Registration No- 306033E

S. K. AGRAWAL
Partner
Membership No: 9067

Kolkata
6th May, 2013

Annexure to the Independent Auditors' Report

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 undisputed amount payable in respect of these statutory dues which have remained outstanding as at 31st March, 2013 for a 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-a-vis forums where such disputes are pending are mentioned below:

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (₹ in Lacs)	Financial year to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act and Local Sales Tax Act	Sales tax including penalty and interest 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
		11.34	2004-05	JC (A)
		99.78	2005-06 2006-07 & 2008-09	DC (A)
		14.91	1996-97 to 2000-01	DC
		62.25	1999-00 to 2004-05	Tribunal
		107.25	1989-90, 1993-94 to 1996-97	Supreme Court
		18.44	2010-11	DC(A)
		2.34	1990-91	Tribunal
		1.89	2004-05 & 2005-06	High Court
		71.28	2012-13	Tribunal
		124.62	2012-13	AC (Appeals)
1.71	2008-09	ADC		
The Central Excise Act, 1934	Excise Duty including interest and penalty as applicable	4.83	1983-84 to 1990-91	Assistant Commissioner of Central Excise
		68.85	1981-82 to 1986-87, 1989-90	Deputy Commissioner of Central Excise
		26.38	2006-07 to 2009-10	Additional Commissioner of Customs
		15.95	2002-03 to 2005-06	Assistant Commissioner of Central Excise
		49.54	2008-09 to 2010-11	Joint Commissioner (Excise & Customs)
		331.39	2008-09 to 2010-11	CESTAT Ahmedabad
		47.49	1993-94 to 1995-96	Excise Commissioner Appeals
		1.01	2009-10	Deputy Commissioner of Central Excise
		365.87	2008-09 & 2009-10	Commissioner of Central Excise
Entry Tax Act, 2008	Entry Tax	9.28	2001-02	Board of Revenue
		2.00	2012-13	High Court
Income Tax Act, 1961	Income Tax	6.22	2005-06	CIT (A)

10. The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institution and banks.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
14. According to the information given to us, the Company has given guarantees for loan taken by subsidiaries from banks. Total value of outstanding guarantee amounts to ₹ 51.50 Crores.
15. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were applied by the Company for the purposes for which the loans were obtained.
16. According to information and explanation given to us and on an overall examination of Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
18. The Company has not issued any secured debentures during the year.
19. The Company has 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
Registration No- 306033E

Kolkata
6th May 2013

S. K. AGRAWAL
Partner
Membership No:9067

Balance Sheet As At 31st March, 2013

₹ in Lacs

	Notes	As at 31.03.2013		As at 31.03.2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	1,513.12		1,513.12	
Reserves and Surplus	2.2	76,218.25	77,731.37	68,212.39	69,725.51
Non-Current Liabilities					
Long-Term Borrowings	2.3	2,719.45		5,268.43	
Deferred Tax Liabilities(Net)	2.4	1,368.00		1,450.00	
Other Long-Term Liabilities	2.5	879.05		752.29	
Long-Term Provisions	2.6	683.94	5,650.44	389.34	7,860.06
Current Liabilities					
Short-Term Borrowings	2.7	1,635.68		5,484.95	
Trade Payables	2.8	8,226.85		9,686.95	
Other Current Liabilities	2.9	5,489.58		7,175.39	
Short-Term Provisions	2.10	16,463.92	31,816.03	15,816.22	38,163.51
TOTAL			115,197.84		115,749.08
ASSETS					
Non-Current Assets					
Fixed Assets					
Fixed Assets	2.11				
Tangible Assets		30,746.80		23,408.21	
Intangible Assets		6,702.71		16,691.45	
Capital Work-in-Progress - Tangible Assets		4,390.52		6,561.12	
Intangible Assets under Development		20.30		2.05	
Non-Current Investments	2.12	724.32		724.20	
Long-Term Loans and Advances	2.13	3,058.21		5,226.87	
Other Non-Current Assets	2.14	1.40	45,644.26	11.81	52,625.71
Current Assets					
Current Investments	2.15	15,634.07		7,355.80	
Inventories	2.16	11,226.43		10,941.13	
Trade Receivables	2.17	8,048.40		7,893.30	
Cash and Cash Equivalents	2.18	27,909.04		27,247.65	
Short-Term Loans and Advances	2.19	6,735.64		9,630.92	
Other Current Assets	2.20	-	69,553.58	54.57	63,123.37
TOTAL			115,197.84		115,749.08
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2				

As per our report of even date

For S K Agrawal & Company

Chartered Accountants

S K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS B Ganguly
DirectorKolkata
6th May 2013S K Goenka
Managing DirectorN H Bhansali
CEO-Finance, Strategy &
Business DevelopmentA K Joshi
Company Secretary &
AVP-Legal

Statement of Profit and Loss for the year ended 31st March, 2013

₹ in Lacs

	Notes	2012-13	2011-12
INCOME:			
Revenue From Operations	2.21	1,62,709.13	1,38,981.45
Other Income	2.22	5,719.97	5,553.28
Total Revenue		1,68,429.10	1,44,534.73
EXPENSES:			
Cost of Materials Consumed	2.41	53,917.74	41,512.10
Purchase of Stock-in-Trade	2.42	16,234.15	17,217.97
(Increase)/decrease in Inventories of Finished Goods and Work-in-Progress	2.23	(809.03)	2,350.65
Employee Benefit Expenses	2.24	10,005.24	7,906.60
Finance Costs	2.25	609.91	1,555.44
Depreciation and Amortisation Expense	2.11	12,328.54	12,074.63
Transfer From General Reserve		(10,209.25)	(10,209.25)
Foreign Exchange Loss		574.14	1,783.02
Other Expenses	2.26	48,104.53	40,730.07
Total Expenses		1,30,755.97	1,14,921.23
Profit Before Tax		37,673.13	29,613.50
Tax Expense:			
Current Tax		5,500.00	3,872.00
Deferred Tax		(82.00)	80.00
(Excess)/Short Provision of Earlier Years		(122.15)	(19.80)
Profit for the period		32,377.28	25,681.30
Earnings Per Equity Share	2.52		
(1) Basic		21.40	16.97
(2) Diluted		21.40	16.97
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2		

As per our report of even date

For S K Agrawal & Company

Chartered Accountants

S K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS B Ganguly
DirectorKolkata
6th May 2013S K Goenka
Managing DirectorN H Bhansali
CEO-Finance, Strategy &
Business DevelopmentA K Joshi
Company Secretary &
AVP-Legal

Cash Flow Statement For the year ended 31st March, 2013

	<i>₹ in Lacs</i>	
	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	37,673.13	29,613.50
Add: ADJUSTMENTS FOR		
Depreciation & Amortisation	2,119.29	1,865.38
Interest	(3,311.61)	(1,536.09)
Loss / (Profit) on sale of Fixed Assets	55.41	(48.79)
Loss / (Profit) on sale of Investments	(520.19)	(383.55)
Diminution in Value of Investment	(0.12)	0.11
Foreign Exchange Fluctuations	574.17	1,783.02
Dividend Received	(47.68)	(47.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	36,542.40	31,245.90
Add: DECREASE / (INCREASE) IN WORKING CAPITAL		
Trade & other Payables	(1,123.58)	4,234.24
Inventories	(285.31)	1,249.98
Trade & other Receivables	2,047.67	1,613.15
Provision for Indirect Taxes	5.91	(284.81)
Provision for Employee Benefits	423.99	14.84
	1,068.68	6,827.40
CASH GENERATED FROM OPERATIONS	37,611.08	38,073.30
Less: Direct Taxes Paid	4,904.39	2,556.51
CASH FLOW BEFORE EXTRAORDINARY ITEMS	32,706.69	35,516.79
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	32,706.69	35,516.79
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	174.18	265.21
Interest Received	3,994.77	5,188.61
Dividend Received	47.68	47.68
Sale of Investments	53,893.72	53,689.09
	58,110.35	59,190.59
Less: Purchase of Fixed Assets	7,755.63	10,061.42
Purchase of Investments	61,651.79	60,677.56
NET CASH USED IN INVESTING ACTIVITIES	(11,297.07)	(11,548.39)

Cash Flow Statement For the year ended 31st March, 2013

₹ in Lacs

	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	-	-
	-	-
Less: Repayment of Loans (Net)	5,483.21	7,653.56
Interest Paid	641.44	1,550.51
Dividend Paid	12,085.69	5,289.62
Corporate Dividend Tax	1,963.72	859.13
	20,174.06	15,352.82
NET CASH USED IN FINANCING ACTIVITIES	(20,174.06)	(15,352.82)
D. Effect of Foreign Exchange Fluctuation	(574.17)	(1,783.02)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C+D)	661.39	6,832.56
* CASH & CASH EQUIVALENTS-OPENING BALANCE	27,247.65	20,415.09
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	27,909.04	27,247.65
* Represents Cash and Bank Balances as indicated in Note 2.18		

Notes :- Closing Cash & Cash equivalents represents "Cash & Bank Balances" including ₹39.58 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 & Company
Chartered Accountants

S K Agrawal
Partner

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

Kolkata
6th May 2013

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 prorata 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 cognizance 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 amortised @ 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) Employee 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.

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 Statement of Profit and Loss 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) Revenue from Operation

Sales includes duty drawback, license premium on exports, Sales Tax 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 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.

1 | SIGNIFICANT ACCOUNTING POLICIES

- 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 expense 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 manufactured goods is accounted for at the time of despatch of goods from the factories and is included in finished goods (manufactured) 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 revenue 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

2.1 | SHARE CAPITAL

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
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, 70,21,392 equity shares fully paid up have been allotted for consideration other than cash in last 5 years.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31st March, 2013		31st March, 2012	
	Number of Shares	₹ in Lacs	Number 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

(b) Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of Re 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.

(c) Shareholders holding more than 5% shares in the Company

Name of the shareholders	31st March, 2013		31st March, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Diwakar Viniyog Private Limited	2,20,03,825	14.54	2,17,01,336	14.34
Suntrack Commerce Private Limited	2,16,67,244	14.32	2,13,98,044	14.14
Bhanu Vyapaar Private Limited	1,79,57,841	11.87	1,78,30,836	11.78
Emami Enclave Makers Private Limited	87,25,702	5.77	86,62,200	5.72
Emami High Rise Private Limited	84,73,702	5.60	84,10,200	5.56
Suraj Viniyog Private Limited	84,76,754	5.60	84,13,252	5.56

2.2 | RESERVES & SURPLUS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
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		30,000.00	
Transferred from Surplus in Statement of Profit & Loss during the year	20,209.25		10,209.25	
Transfer to Statement of Profit & Loss	(10,209.25)		(10,209.25)	
Closing Balance		40,000.00		30,000.00
d. Surplus				
Opening balance	4,171.03		2,747.19	
Net Profit for the current year	32,377.28		25,681.30	
Proposed Dividend [₹ 8/- (PY- ₹ 8/-) per share]	(12,104.94)		(12,104.94)	
Corporate Dividend Tax	(2,057.23)		(1,943.27)	
Transfer to General Reserve	(20,209.25)		(10,209.25)	
Closing Balance		2,176.89		4,171.03
Total		76,218.25		68,212.39

Notes forming part of the accounts

2.3 | LONG-TERM BORROWINGS

<i>₹ in Lacs</i>		
Particulars	31st March, 2013	31st March, 2012
Secured		
Term loans		
From Bank	2,719.45	5,268.43
{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 :		
Two yearly installments of ₹ 1,359.725 lacs each		
Total	2,719.45	5,268.43

2.4 | DEFERRED TAX LIABILITIES (NET)

<i>₹ in Lacs</i>		
Particulars	31st March, 2013	31st March, 2012
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,801.00	1,826.00
Deferred Tax Assets		
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred	433.00	376.00
Total	1,368.00	1,450.00

2.5 | OTHER LONG-TERM LIABILITIES

<i>₹ in Lacs</i>		
Particulars	31st March, 2013	31st March, 2012
Trade Payables	410.36	256.19
Creditors for Capital Goods	7.38	26.39
Trade Deposits	461.31	469.71
Total	879.05	752.29

2.6 | LONG-TERM PROVISIONS

<i>₹ in Lacs</i>		
Particulars	31st March, 2013	31st March, 2012
Provision for Employee Benefits		
Provident Fund	30.47	19.78
Gratuity	243.28	177.27
Leave Encashment	410.19	192.29
Total	683.94	389.34

Notes forming part of the accounts

2.7 | SHORT-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Secured				
From Banks				
Cash Credit	1,627.88		1,382.28	
Term Loan	-	1,627.88	4,092.52	5,474.80
(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)				
Unsecured				
ICICI Pact Project		7.80		10.15
Total		1,635.68		5,484.95

2.8 | TRADE PAYABLES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Micro, Small & Medium Enterprises (Refer Note 2.31)		39.66		85.92
Others		8,187.19		9,601.03
Total		8,226.85		9,686.95

2.9 | OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Current Maturities of Long-Term Borrowings		2,882.63		4,757.55
Interest Accrued but not Due on Borrowings		17.79		54.07
Interest Accrued and due on Trade Deposits		68.21		63.45
Unpaid Dividends		39.58		20.33
Advance from Customers		505.81		376.88
Creditors for Capital Goods		262.46		146.09
Other Payables				
Employee Benefits	685.71		818.40	
Duties & Taxes	1,027.39	1,713.10	938.62	1,757.02
Total		5,489.58		7,175.39

2.10 | SHORT-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Provision for Employee Benefits				
Gratuity		128.18		-
Leave Encashment		46.22		45.02
Others				
Provision for Dividend	12,104.94		12,104.94	
Corporate Dividend Tax	2,057.23		1,963.72	
Provision for Direct Taxes [Net of Advance Tax ₹ 14,278.21 lacs (PY ₹ 10,342.68 lacs)]	1,847.29		1,373.82	
Provision for Indirect Taxes	280.06	16,289.52	328.72	15,771.20
Total		16,463.92		15,816.22

Notes forming part of the accounts

2.11 | FIXED ASSETS

₹ in Lacs

Particulars	Gross Block			Depreciation & Amortisation				Net Block		
	Balance as at 1.4.2012	Additions	Disposals/ Adjustments*	Balance as at 31.3.2013	Balance as at 1.4.2012	For the year	Disposals/ Adjustments	Balance as at 31.3.2013	Balance as at 31.03.2013	Balance as at 31.03.2012
Tangible Assets										
Land										
Leasehold	309.96	-	-	309.96	23.65	3.54	-	27.19	282.77	286.31
Freehold	1,515.24	39.08	-	1,554.32	-	-	-	-	1,554.32	1,515.24
Building	9,920.81	5,992.31	80.32	15,832.80	2,516.00	321.86	36.67	2,801.19	13,031.61	7,404.81
Plant & Equipment	18,445.89	2,281.97	969.60	19,758.26	6,588.51	1,282.66	838.56	7,032.61	12,725.65	11,857.38
Furniture & Fixture	1,678.53	490.37	58.72	2,110.18	437.83	146.08	170.46	413.45	1,696.73	1,240.70
Office Equipment	2,144.55	635.50	133.12	2,646.93	1,422.18	178.10	-	1,600.28	1,046.65	722.38
Motor Vehicles	629.22	117.61	90.89	655.94	247.83	56.40	57.36	246.87	409.07	381.38
Tangible Assets	34,644.20	9,556.84	1,332.65	42,868.39	11,236.00	1,988.64	1,103.05	12,121.59	30,746.80	23,408.21
Intangible Assets										
Goodwill	47,899.11	-	-	47,899.11	31,592.28	10,209.25	-	41,801.53	6,097.58	16,306.81
Software	826.90	351.13	-	1,178.03	501.04	115.65	-	616.69	561.34	325.83
Trade Marks and other Intangible assets	100.00	-	-	100.00	41.21	15.00	-	56.21	43.79	58.79
Intangible Assets	48,826.01	351.13	-	49,177.14	32,134.53	10,339.90	-	42,474.43	6,702.71	16,691.45
Total	83,470.21	9,907.97	1,332.65	92,045.53	43,370.53	12,328.54	1,103.05	54,596.02	37,449.51	40,099.66
Capital Work-In-Progress	6,561.12	2,139.03	4,309.63	4,390.52	-	-	-	-	4,390.52	6,561.12
Intangible Assets under Development	2.05	18.25	-	20.30	-	-	-	-	20.30	2.05
Grand Total	90,033.38	12,065.25	5,642.28	96,456.35	43,370.53	12,328.54	1,103.05	54,596.02	41,860.33	46,662.83
Previous Year's Figures	80,344.65	100,061.42	372.69	90,033.38	31,452.17	12,074.63	156.26	43,370.54	46,662.83	

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

2.12 | NON-CURRENT INVESTMENTS

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
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/- each	18.98	18.98
(i)	46.79	46.79

Notes forming part of the accounts

2.12 | NON-CURRENT INVESTMENTS (Contd.)

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
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
(Unquoted)		
CRI Limited		
95,630 Equity Shares of ₹ 10/- each	27.17	27.17
AMRI Hospitals Limited		
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	16.00
Investment In Government & Trust Securities (Unquoted)		
6 Years' National Savings Certificate (Lodged With Government Authority)	0.65	0.65
	(ii) 683.37	683.37
Less : *Provision for Diminution in value of Investment	(iii) 5.84	5.96
Total (i) + (ii) - (iii)	724.32	724.20
Aggregate Book Value of Quoted Investments	369.04	368.92
Aggregate Book Value of Unquoted Investments	355.28	355.28
Aggregate Market Value of Quoted Investments	1,903.63	2,459.73

2.13 | LONG-TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
(Unsecured, Considered Good)		
Capital Advances	1,902.52	1,486.18
Security Deposits	230.09	243.53
Loan to Subsidiaries	-	2,798.34
Advances to Employees	49.61	44.25
Balances with Excise and Sales Tax Department	304.12	183.53
Subsidy Receivable	429.32	344.73
Advance against Trade Payables	113.62	122.95
Others	28.93	3.36
Total	3,058.21	5,226.87

2.14 | OTHER NON-CURRENT ASSETS

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
(Unsecured)		
Trade Receivables		
Considered Good	1.40	11.81
Considered Doubtful	43.00	57.15
Less: Provision for Doubtful Debts	(43.00)	(57.15)
Total	1.40	11.81

Notes forming part of the accounts

2.15 | CURRENT INVESTMENTS

Particulars	₹ in Lacs	
	31st March, 2013	31st March, 2012
Non Trade Investments (Valued at lower of Cost or Fair Value)		
Investment in Mutual Fund (Unquoted)		
BSL Cash Plus - Institutional Premium - Growth Nil (PY- 11,64,838.064) Units	-	2,000.00
BSL Floating Rate Fund - ST-IP-Growth Nil (PY-7,19,157.808) Units	-	1,000.00
BSL Floating Rate Fund - Long Term Growth 20,23,332.196 (PY-Nil) Units	2,803.99	-
ICICI Prudential Liquid Super Institutional Plan - Growth Nil (PY-6,30,831.411) Units	-	1,000.00
ICICI Prudential Blended Plan B -Direct Plan - Growth option - 1 58,29,132.038 (PY-Nil) Units	1,008.50	-
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth Nil (PY-6,88,148.229) Units	-	955.80
DWS Banking & PSU Debt Fund - Direct Plan - Growth 50,02,344.528 (PY-Nil) Units	500.23	-
DWS Cash Opportunities Fund - Direct Plan - Growth 39,10,450.679 (PY-Nil) Units	600.00	-
Taurus Liquid Fund - Direct Plan - Super Institutional Growth 7,908.584 (PY-86,529.184) Units	100.00	1,000.00
JM High Liquidity Fund - Super Institutional Plan - Growth Nil (PY-83,22,330.016) Units	-	1,400.00
JM Short Term Fund (Direct) - Growth Plan 1,20,80,448.360 (PY-Nil) Units	2,000.00	-
Reliance Medium Term Fund - TP - IP - Growth 38,70,685.322 (PY-Nil) Units	916.31	-
Reliance Monthly Interval Fund- Series II-Direct Growth Plan - Growth Option 1,15,20,406.043 (PY-Nil) Units	1,801.26	-
Principal Debt Opportunity Fund Conservative Plan-Direct - Growth Option 32,249.671 (PY-Nil) Units	600.21	-
Baroda Poiner Short Term Bond Fund Plan B Growth 2,55,92,606.880 (PY-Nil) Units	3,103.57	-
IDBI Ultra Short Term Fund - Growth - Direct Plan 80,240.626 (PY-Nil) Units	1,000.00	-
IDFC Ultra Short Term Fund - Growth - Direct Plan 61,65,087.539 (PY-Nil) Units	1,000.00	-
Indiabulls Liquid Fund - Growth - Direct Plan 8,772.365 (PY-Nil) Units	100.00	-
Kotak Floater Short Term Direct Plan Growth 5,207.737 (PY-Nil) Units	100.00	-
Total	15,634.07	7,355.80
Net Asset Value of Unquoted Investments	15,777.35	7,383.74

Notes forming part of the accounts

2.16 | INVENTORIES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Raw and Packing Materials				
Raw Materials	3,437.36		3,448.32	
Packing Materials	1,888.18	5,325.54	1,742.96	5,191.28
Work-in-Progress		229.62		229.17
Finished Goods		5,444.92		4,636.33
Stores and Spares		114.27		108.77
Advertising Materials		112.08		775.58
Total		11,226.43		10,941.13

2.17 | TRADE RECEIVABLES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
(Unsecured, Considered Good and unless stated otherwise)				
Due over six months		141.60		16.87
Other Receivables		7,906.80		7,876.43
Total		8,048.40		7,893.30

2.18 | CASH AND CASH EQUIVALENTS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Balances with Banks:				
On Current accounts	2,466.68		1,032.61	
Fixed Deposits with Banks*	22,117.51		26,176.51	
Exchange Earners Foreign Currency Account	-		0.06	
Unpaid Dividend account	39.58		20.33	
Cheque-in- hand	3,252.55	27,876.32	-	27,229.51
Cash in hand		32.72		18.14
Total		27,909.04		27,247.65

*Deposits with maturity less than 3 months - ₹ 22,114 lacs (PY ₹ 21,423 lacs)

Deposits with maturity more than 3 months - NIL (PY ₹ 4,750 lacs)

Margin money deposit - ₹ 3.51 lacs (PY ₹ 4 lacs)

2.19 | SHORT-TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
(Unsecured, Considered Good)				
Balances with Excise and Sales Tax Department		1,763.38		1,607.85
Advance against Trade Payables		3,978.04		6,975.97
Advances to Employees		172.22		126.21
Interest Receivable on Deposits		62.97		76.07
Interest Receivable From Subsidiaries		161.83		221.97
Prepaid Expense		165.35		209.26
Other Receivables		431.85		413.59
Total		6,735.64		9,630.92

2.20 | OTHER CURRENT ASSETS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Foreign Currency Monetary Item Translation Difference (Refer Note 2.35)		-		54.57
Total		-		54.57

Notes forming part of the accounts

2.21 | REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	2012-13		2011-12	
Sale of products	1,66,191.49		1,41,424.65	
Less: Excise duty	3,482.36	1,62,709.13	2,443.20	1,38,981.45
Total		1,62,709.13		1,38,981.45

2.22 | OTHER INCOME

₹ in Lacs

Particulars	2012-13		2011-12	
Interest Income				
Subsidiaries	161.83		221.97	
Income Tax Department	35.87		106.81	
Others Loans & Deposits	3,723.82	3,921.52	2,762.76	3,091.54
Dividend from Long-Term Non-Trade Investment		47.68		47.68
Profit on Sale of Current Non-Trade Investments		520.19		383.55
Profit on Sale of Fixed Assets		87.39		68.19
Rent and Maintenance Charges Received		227.91		236.97
Provision for Doubtful Debts Written Back		44.46		16.49
Miscellaneous Receipts (Refer Note 2.37)		760.92		1,644.92
Insurance Claim received		109.90		63.94
Total		5,719.97		5,553.28

2.23 | (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lacs

Particulars	2012-13		2011-12	
(I) Opening Stock				
Work-in-progress	229.17		292.46	
Finished Goods	4,636.34	4,865.51	6,923.70	7,216.16
(II) Closing Stock				
Work-in-progress	229.62		229.17	
Finished Goods	5,444.92	5,674.54	4,636.34	4,865.51
(I) - (II)		(809.03)		2,350.65

2.24 | EMPLOYEE BENEFIT EXPENSES

₹ in Lacs

Particulars	2012-13		2011-12	
Salaries and Wages		8,607.23		6,909.80
Contribution to Provident and other funds		974.38		687.32
Welfare expenses		423.63		309.48
Total		10,005.24		7,906.60

2.25 | FINANCE COSTS

₹ in Lacs

Particulars	2012-13		2011-2012	
Interest expenses		660.07		1,266.01
Exchange difference to the extent considered as an adjustment to borrowing cost		51.54		546.71
Less : Interest Capitalised		101.70		257.28
Total		609.91		1,555.44

Notes forming part of the accounts

2.26 | OTHER EXPENSES

₹ in Lacs

Particulars	2012-13		2011-12	
Consumption of stores and spare parts		184.60		197.86
Power and fuel		853.14		688.84
Rent		439.08		414.39
Repairs				
Building	163.71		87.30	
Machinery	533.68		465.28	
Others	654.33	1,351.72	564.49	1,117.07
Insurance		292.01		259.20
Rates and taxes, excluding taxes on income		69.78		97.45
Freight & Forwarding		4,154.42		4,121.59
Directors' Fees and Commission		382.57		280.75
Advertisement & Sales Promotion		25,311.85		20,887.76
Commission		883.45		751.34
Taxes on Sales		9,634.73		7,745.58
Loss on Sale/Disposal of Fixed Assets		142.79		19.41
Sundry Balance Written off		(0.24)		9.35
Diminution in value of Investment		(0.12)		0.11
Legal and Professional Fees		1,340.04		1,181.39
Travelling and Conveyance		1,457.80		1,414.44
Miscellaneous Expenses (Refer Note 2.38)		1,606.91		1,543.54
Total		48,104.53		40,730.07

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 :

₹ in Lacs

	Revenue from Operation	
	2012-13	2011-12
India	1,52,241.12	1,26,666.55
Overseas	10,468.01	12,314.90
Total	1,62,709.13	1,38,981.45

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

₹ in Lacs

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
India	1,10,596.54	1,07,735.33	7,755.62	10,061.42
Overseas	4,601.30	8,013.75	-	-
Total	1,15,197.84	1,15,749.08	7,755.62	10,061.42

Notes forming part of the accounts

2.28 | Defined Benefit Plans :

As per actuarial valuations as on 31st March, 2013 and recognised in the financial statements in respect of Employees benefit schemes.

₹ in Lacs

	31st March, 2013		31st March, 2012	
	Gratuity	Leave	Gratuity	Leave
	Funded	Partly Funded	Funded	Partly Funded
A. Components of Employer Expenses				
1. Current Service Cost	143.06	129.48	89.38	97.91
2. Interest Cost	114.83	37.06	82.58	22.48
3. Expected Return on Plan assets	(96.89)	(8.03)	(66.90)	(5.85)
4. Past Service Cost	-	-	-	-
5. Actuarial Losses / (Gains)	179.88	60.44	(0.57)	(71.40)
6. Actuarial Losses / (Gains) on Plan Assets	-	0.14	-	-
7. Total Expenses recognised in the Statement of Profit & Loss	340.88	219.09	104.49	43.14
B. Net asset/(liability) recognised in balance sheet as at 31st March 2013				
1. Present value of Defined Benefit Obligation (DBO)	1,529.31	549.54	1,172.46	322.56
2. Fair value of Plan Assets	1,157.85	93.13	995.19	85.25
3. Funded Status [Surplus/(deficit)]	(371.46)	(456.41)	(177.27)	(237.31)
4. Net asset/(liability) recognised in balance sheet	(371.46)	(456.41)	(177.27)	(237.31)
C. Change in Defined Benefit Obligation during the year ended 31st March 2013				
1. Present value of DBO at beginning of period	1,172.46	322.56	1,075.86	289.75
2. Current Service Cost	143.06	129.48	89.38	97.91
3. Interest Cost	114.83	37.06	82.58	22.48
4. Plan amendments cost/(credit)	-	-	-	-
5. Actuarial Losses / (Gains)	179.85	60.44	11.88	(70.03)
6. Benefits Paid	(80.88)	-	(87.24)	(17.55)
7. Liabilities extinguished on settlements	-	-	-	-
8. Present value of DBO at the end of period	1,529.32	549.54	1,172.46	322.56
D. Change in Fair Value of Assets				
1. Plan Assets at beginning of period	995.19	85.25	868.05	78.03
2. Expected Return on Plan Assets	96.89	8.03	66.90	5.85
3. Actuarial Gains /(Loss)	(0.04)	(0.14)	12.45	1.37
4. Actual company contributions	146.69	-	135.03	17.55
5. Benefits paid	(80.88)	-	(87.24)	(17.55)
6. Assets distributed on settlements	-	-	-	-
7. Plan assets at the end of period	1,157.85	93.14	995.19	85.25
E. Actuarial Assumptions				
1. Discount Rate (%)	8.50	8.50	8.60	8.60
2. Annual Salary Escalation Rate (%)	8.00	8.00	5.00	5.00
3. Expected Return on Plan Assets (%)	9.00	9.00	8.50	8.50

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 company's overall strategy. The company does not use forward contract and options for speculative purposes.

Notes forming part of the accounts

- (i) The following are the outstanding forward contracts

For hedging currency risks :-

<i>₹ in Lacs</i>		
Forward Covers	31st March, 2013	31st March, 2012
Receivables		
- Current	-	79.15
- Future	-	18,757.70

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

<i>₹ in Lacs</i>		
Forward Covers	31st March, 2013	31st March, 2012
Receivables	4,437.12	21.17
Loan	5,602.10	14,119.19

2.30 |

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

<i>₹ in Lacs</i>		
Description	31st March, 2013	31st March, 2012
Opening Balance	328.72	613.53
Provisions made during the year	-	5.19
Payment/reversals during the year	48.66	290.00
Closing Balance	280.06	328.72

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 ₹ 9.15 Lacs (P.Y.- ₹ 15.67 Lacs) due from Directors of the Company against tenancies. {Maximum amount outstanding during the year - ₹ 15.67 Lacs (P.Y.- ₹ 15.77 Lacs)}.

2.33 | Contingent Liabilities & Commitments

<i>₹ in Lacs</i>		
(i) Contingent Liabilities	31st March, 2013	31st March, 2012
(a) Claims against the Company not acknowledged as debt (Net of Advances) :		
i) Excise Duty demands	911.31	502.35
ii) Service Tax	-	44.45
iii) Sales Tax demands under appeal	833.62	664.19
iv) Entry Tax	11.28	9.28
v) Others	45.47	66.64
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	5,300.56	182.90

<i>₹ in Lacs</i>		
(ii) Commitments:	31st March, 2013	31st March, 2012
(a) Estimated amount of commitments [net of advances of ₹ 1,902.52 lacs (P.Y.- ₹ 1,486.18 lacs)] on capital account not provided for	2,090.58	1,422.72
(b) Uncalled liability on partly paid shares	144.00	144.00

Notes forming part of the accounts

2.34 |

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 4.81 million.

2.35 |

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 notification, Foreign exchange loss of ₹ 54.57 lacs has been charged to the Statement of Profit & Loss.

2.36 | Payment to Auditors

Description	₹ in Lacs	
	31st March, 2013	31st March, 2012
As Auditors :		
Audit Fees	29.27	28.35
Tax Audit Fees	3.43	3.81
Limited Review	1.12	1.10
In Other Capacity :		
Other Services (Certification fees)	1.73	4.25
	35.55	37.51
Payment to Cost Auditors		
Audit Fees	1.40	1.38

2.37 |

Miscellaneous Receipt includes EPCG benefits amounting to ₹ 536.49 lacs (P.Y.- ₹ 1,502.67 lacs)

2.38 |

Miscellaneous Expenses includes contribution to Assam Pradesh Congress Committee amounting to Nil (P.Y.- ₹ 10 lacs)

2.39 |

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

2.40 |

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.

2.41 | Materials Consumed

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Indigenous (99.01%) (P.Y.99.14%)		
Oils & Essential Oils	11,094.16	9,353.65
Chemicals & Fats	17,478.26	13,161.00
Herbs	1,676.60	1,545.45
Tubes & Containers	10,365.19	7,877.27
Other Packing Materials	8,528.34	6,956.23
Others	4,240.58	2,469.54
(A)	53,383.13	41,363.14
Imported (0.99%) (P.Y. 0.86%)		
Oils	3.55	2.48
Chemicals & Fats	531.06	146.48
(B)	534.61	148.96
(A) + (B)	53,917.74	41,512.10

Notes forming part of the accounts

2.42 | Purchase of Finished Goods

₹ in Lacs

	31st March, 2013	31st March, 2012
Cosmetics & Toiletries	7,101.25	6,651.94
Ayurvedic Medicines	9,079.99	10,281.88
Others	52.91	284.15
	16,234.15	17,217.97

2.43 | Sale of Products

₹ in Lacs

	31st March, 2013	31st March, 2012
Cosmetics & Toiletries	35,397.81	32,603.20
Ayurvedic Medicines	1,26,737.57	1,04,967.30
Other Ayurvedic - Tablets & Pills	3,261.75	3,070.24
Others	794.36	783.91
	1,66,191.49	1,41,424.65

2.44 | Opening Stock of Finished Goods

₹ in Lacs

	31st March, 2013	31st March, 2012
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	38.84	75.64
	4,636.33	6,923.70

2.45 | Closing Stock of Finished Goods

₹ in Lacs

	31st March, 2013	31st March, 2012
Cosmetics & Toiletries	1,157.66	1,560.63
Ayurvedic Medicines	4,067.64	2,818.92
Other Ayurvedic - Tablets & Pills	217.74	217.94
Others	1.88	38.84
	5,444.92	4,636.33

2.46 | Work In Progress

₹ in Lacs

	31st March, 2013	31st March, 2012
Cosmetics & Toiletries	32.18	31.17
Ayurvedic Medicines	197.44	198.00
	229.62	229.17

2.47 | Consumption of Stores & Spares

₹ in Lacs

	31st March, 2013	31st March, 2012
Indigenous (100%)	184.60	197.86

2.48 | Expenditure in Foreign Currency (On Payment Basis)

₹ in Lacs

	31st March, 2013	31st March, 2012
Professional Fees	95.59	108.98
Interest	498.78	769.37
Others	594.71	421.57
	1,189.08	1,299.92

Notes forming part of the accounts

2.49 | Value of Imports on CIF basis

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Raw Materials	668.80	747.61
Capital Goods	209.02	1,152.79
	877.82	1,900.40

2.50 | Earnings in Foreign Exchange

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Export of goods calculated on FOB basis	8,516.20	9,878.91
Interest Income	161.83	221.97
	8,678.03	10,100.88

2.51 | Related Party Transactions :

A. Parties where Control exists :

Subsidiaries	31st March, 2013 % of Holding	31st March, 2012 % of Holding
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	100.00%	100.00%
v) Pharma Derm SAE Co.- Subsidiary of Emami Overseas FZE	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 Suresh Kr. Goenka
4. Shri Raj Kr. Goenka
5. Shri Mohan Goenka
6. Shri A. V. Agarwal
7. Shri Manish Goenka
8. Shri H. V. Agarwal
9. 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. Aviro Vyapar Private Limited
10. K.D.Goenka & Sons HUF (Ceased w.e.f. 16.11.2012)
11. R.S.Agarwal HUF (Ceased w.e.f. 16.11.2012)

Notes forming part of the accounts

C. Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balance as on 31.03.2013

₹ in Lacs

Particulars	Subsidiaries		Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
1.Directors Remuneration								
A) - Salary & Other benefits	-	-	567.30	370.62	-	-	567.30	370.62
B) - Commission	-	-	350.00	250.00	-	-	350.00	250.00
C) - Sitting Fees	-	-	2.30	1.40	-	-	2.30	1.40
2.Retainership Fees	-	-	-	0.45	-	-	-	0.45
3.Sales								
A) - Sale of Goods	5,994.20	5,063.07	-	-	3.05	3.29	5,997.25	5,066.36
B) - Sale of Fixed Assets	-	-	-	-	-	5.58	-	5.58
4.Other Income								
A) - EPCG Benefits Received	-	-	-	-	536.49	1,502.67	536.49	1,502.67
B) - Service Charges Received	-	-	-	-	11.24	11.03	11.24	11.03
5.Reimbursement of Expenses	49.48	4.63	-	-	-	21.92	49.48	26.55
6.Rent, Maintenance & Other Charges Paid	-	-	3.29	2.64	7.78	7.21	11.07	9.85
7.Rent, Maintenance & Other Charges Received	-	-	-	-	145.60	133.80	145.60	133.80
8.Interest Received	161.83	221.97	-	-	-	-	161.83	221.97
9.Royalty Received	2.00	-	-	-	3.37	3.31	5.37	3.31
10. Commission Received	-	-	-	-	7.34	10.51	7.34	10.51
11. Commission Paid	-	-	-	-	-	1.60	-	1.60
12. Dividend Received	-	-	-	-	47.68	47.68	47.68	47.68
13. Forex Gain on Reinstatement of Loan	-	322.49	-	-	-	-	-	322.49
14. Loan / Advances Given	111.25	304.91	-	-	-	-	111.25	304.91
15. Refund Towards Loan Given	3,068.98	-	-	-	-	-	3,068.98	-
16. Payment Towards Loan Received	-	-	-	-	540.03	93.64	540.03	93.64
17. Security Deposit Paid	-	-	-	-	-	0.25	-	0.25
18. Security Deposit Refund	-	-	9.94	0.20	1.20	-	11.14	0.20
19. Donation Paid	-	-	-	-	187.00	144.00	187.00	144.00
20. Balance As on 31st March 2013								
A) - Investment	46.79	46.79	-	-	368.48	368.48	415.27	415.27
B) - Interest Receivable	161.83	221.97	-	-	-	-	161.83	221.97
C) - Loan /Advances Given	-	2,798.34	-	-	-	-	-	2,798.34
D) - Loan /Advances Received	-	-	-	-	-	540.03	-	540.03
E) -Advance against Reimbursement	37.43	0.15	-	-	-	21.92	37.43	22.07
F) - Trade Receivables	3,477.40	3,094.49	-	-	-	-	3,477.40	3,094.49
G) - Trade Payables	-	-	-	-	-	1.60	-	1.60
H) - Security Deposit Paid	-	-	18.45	28.39	7.25	8.45	25.70	36.84
I) - Security Deposit Received	-	-	-	-	41.47	41.47	41.47	41.47

Notes forming part of the accounts

2.52 | Information for Earnings Per Share as per AS-20

	31st March, 2013	31st March, 2012
Net Profit (₹ in Lacs)	32,377.28	25,681.30
Weighted average number of shares	15,13,11,746	15,13,11,746
Earnings Per Share - Basic & Diluted (₹)	21.40	16.97

2.53 |

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

As per our report of even date

For S K Agrawal & Company

Chartered Accountants

S K Agrawal
Partner

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

Kolkata
6th May 2013

S K Goenka
Managing Director

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

A K Joshi
*Company Secretary &
AVP-Legal*

Consolidated Independent Auditors' Report

To
The Board of Directors of **Emami Limited**

We have audited the accompanying consolidated financial statements of **Emami Limited** ("the Company") and its subsidiaries, which comprise the Balance Sheet as at 31st March 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are

appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 10,161.63 lacs as at 31st March 2013, total revenue of ₹ 13,228.93 lacs and net cash outflow amounting to ₹ 83.78 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of the Consolidated Balance Sheet, of the State of affairs of the Company as at 31st March, 2013
- ii) In the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and
- iii) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For, S. K. AGRAWAL & COMPANY
Chartered Accountants
Registration No- 306033E

Kolkata
6th May 2013

S. K. AGRAWAL
Partner
Membership No: 9067

Consolidated Balance Sheet As At 31st March, 2013

₹ in Lacs

	Notes	As at 31.03.2013		As at 31.03.2012	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	1,513.12		1,513.12	
Reserves and Surplus	2.2	76,233.92	77,747.04	69,150.05	70,663.17
Minority Interest			5.03		11.53
Non-Current Liabilities					
Long-Term Borrowings	2.3	2,817.46		5,268.43	
Deferred Tax Liabilities (Net)	2.4	1,368.00		1,450.00	
Other Long-Term Liabilities	2.5	883.80		757.32	
Long-Term Provisions	2.6	737.09	5,806.35	389.34	7,865.09
Current Liabilities					
Short-Term Borrowings	2.7	5,755.81		5,554.88	
Trade Payables	2.8	10,199.53		10,454.15	
Other Current Liabilities	2.9	5,634.21		7,360.89	
Short-Term Provisions	2.10	16,468.85	38,058.40	15,824.20	39,194.12
TOTAL			121,616.82		117,733.91
ASSETS					
Non-Current Assets					
Fixed Assets					
Fixed Assets	2.11				
Tangible Assets		32,515.57		23,661.18	
Intangible Assets		6,702.71		16,691.45	
Capital Work-in-Progress - Tangible Assets		4,725.90		7,679.30	
Intangible Assets under Development		20.30		2.05	
Goodwill On Consolidation		460.68		417.17	
Non-Current Investments	2.12	677.52		677.40	
Long-Term Loans and Advances	2.13	3,413.34		2,790.96	
Other Non-Current Assets	2.14	1.40	48,517.42	11.81	51,931.32
Current Assets					
Current Investments	2.15	15,634.07		7,355.80	
Inventories	2.16	11,397.96		11,219.79	
Trade Receivables	2.17	11,221.90		10,054.47	
Cash and Cash Equivalents	2.18	28,171.35		27,593.68	
Short-Term Loans and Advances	2.19	6,674.12		9,524.28	
Other Current Assets	2.20	-	73,099.40	54.57	65,802.59
TOTAL			121,616.82		117,733.91
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2				

As per our report of even date

For S K Agrawal & Company

Chartered Accountants

S K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS B Ganguly
DirectorKolkata
6th May 2013S K Goenka
Managing DirectorN H Bhansali
CEO-Finance, Strategy &
Business DevelopmentA K Joshi
Company Secretary &
AVP-Legal

Statement of Consolidated Profit and Loss for the year ended 31st March, 2013

₹ in Lacs

	Notes	2012-13	2011-12
INCOME:			
Revenue From Operations	2.21	1,69,909.61	1,45,350.87
Other Income	2.22	5,567.78	5,412.03
Total Revenue		1,75,477.39	1,50,762.90
EXPENSES:			
Cost of Materials Consumed		53,982.65	41,512.10
Purchase of Stock-in-Trade		18,214.26	18,913.48
(Increase)/decrease in Inventories of Finished Goods and Work-in-Progress	2.23	(652.39)	2,216.66
Employee Benefit Expenses	2.24	11,555.35	9,230.98
Finance Costs	2.25	656.86	1,521.09
Depreciation and Amortisation Expense	2.11	12,406.23	12,088.78
Transfer From General Reserve		(10,209.25)	(10,209.25)
Foreign Exchange Loss		573.16	1,794.31
Other Expenses	2.26	52,082.05	43,801.25
Total Expenses		1,38,608.92	1,20,869.40
Profit Before Tax		36,868.47	29,893.50
Tax Expense:			
Current Tax		5,604.17	3,951.85
Deferred Tax		(82.00)	80.00
(Excess)/Short Provision of Earlier Years		(122.15)	(19.80)
Profit After Taxation Before Minority Interest		31,468.45	25,881.45
Share of Minority Interest		5.55	(2.81)
Profit For The Period		31,474.00	25,884.26
Earnings Per Equity Share	2.43		
(1) Basic		20.80	17.11
(2) Diluted		20.80	17.11
Summary of significant accounting policies and notes on accounts	1 & 2		

As per our report of even date

For S K Agrawal & Company
Chartered AccountantsS K Agrawal
PartnerR S Agarwal
ChairmanR S Goenka
DirectorS B Ganguly
DirectorKolkata
6th May 2013S 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 31st March, 2013

₹ in Lacs

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	36,868.47	29,893.50
Add : ADJUSTMENTS FOR		
Depreciation & Amortisation	2,196.98	1,879.54
Interest	(3,112.37)	(1,371.67)
Loss / (Profit) on sale of Fixed Assets	55.80	(48.30)
Loss / (Profit) on sale of Investments	(520.19)	(383.55)
Diminution in Value of Investment	(0.12)	0.11
Foreign Exchange Fluctuations	573.16	1,794.31
Dividend Received	(47.68)	(47.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	36,014.05	31,716.26
Add : DECREASE / (INCREASE) IN WORKING CAPITAL		
Trade & other Payables	15.40	4,102.63
Inventories	(178.17)	1,115.99
Trade & other Receivables	1,112.26	2,056.23
Provision for Indirect Taxes	(48.66)	(284.81)
Provision for Employee Benefits	477.13	8.01
	1,377.96	6,998.05
CASH GENERATED FROM OPERATIONS	37,392.01	38,714.31
Less : Direct Taxes Paid	5,011.59	2,669.09
CASH FLOW BEFORE EXTRAORDINARY ITEMS	32,380.42	36,045.22
Extraordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	32,380.42	36,045.22
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	87.39	247.52
Interest Received	3,782.30	4,989.82
Dividend Received	47.68	47.68
Sale of Investments	53,893.71	5,714.10
	57,811.08	10,999.12
Less : Purchase of Fixed Assets	8,523.43	11,561.54
Purchase of Investments	61,651.78	12,702.56
NET CASH USED IN INVESTING ACTIVITIES	(12,364.13)	(13,264.98)

Consolidated Cash Flow Statement For the year ended 31st March, 2013

₹ in Lacs

	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	-	-
	-	-
Less: Repayment of Loans (Net)	4,108.86	6,828.37
Interest Paid	688.48	1,516.07
Dividend Paid	12,085.69	5,289.62
Corporate Dividend Tax	1,963.72	859.13
	18,846.75	14,493.19
NET CASH USED IN FINANCING ACTIVITIES	(18,846.75)	(14,493.19)
D. Effect of Foreign Exchange Fluctuation	(591.87)	(1,743.21)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C+D)	577.67	6,543.84
* CASH & CASH EQUIVALENTS-OPENING BALANCE	27,593.68	21,049.84
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	28,171.35	27,593.68
* Represents Cash and Bank Balances as indicated in Note 2.18		

Notes :- Closing Cash & Cash equivalents represents "Cash & Bank Balances" including ₹ 39.58 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 & Company
Chartered Accountants

S K Agrawal
Partner

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

Kolkata
6th May 2013

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) Principles of Consolidation

The Consolidated Financial Statements relate to EMAMI LIMITED ("the Company") and its Subsidiary Companies (refer note (xxii)) 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:

- a) 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.
- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) Foreign Exchange fluctuations on conversion of the accounts of foreign subsidiaries (refer note (xxii)) have been taken to "Foreign Currency Translation Reserve" (Arising on Consolidation).

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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 prorata basis.
- b. Lease hold land is amortised over the period of lease.
- c. In Emami UK Limited depreciation is provided on reducing balance method @ 25% or based on the useful life of the assets, which ever is higher.
- d. In Pharmaderm Co. SAE -Egypt, depreciation is provided on reducing balance method @ 25% except for Building & Utilities which is depreciated @ 5%.

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- e. In Emami Bangladesh Limited, depreciation is provided on reducing balance method @ 20% except for furniture & other assets which is depreciated @ 10% and 30% respectively.

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 and 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 cognizance 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 amortised @ 16.21% on Straight Line Method.

(vi) 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 and Loss.

(vii) 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 Emami International FZE & Pharmaderm Co. SAE -Egypt cost is determined under FIFO method.

(viii) Research & Development

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

(ix) Employee 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 Statement of Profit and Loss as income or expense.

(x) Voluntary Retirement Scheme

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

(xi) Revenue from Operation

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

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

(xii) 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.

(xiii) 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.

(xiv) "Revenue Recognition"

Income are recognised on accrual basis.

(xv) 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 and 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 and 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.

(xvi) Excise Duty

Excise duty payable on manufactured goods is accounted for at the time of despatch of goods from the factories and is included in finished goods (manufactured) held at the year end.

(xvii) 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.

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)**(xviii) 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.

(xix) 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 revenue 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.

(xx) 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.

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

Names of Subsidiary Companies	Country of Incorporation	Extent of Holding
Emami UK Limited	United Kingdom	100%
Emami Bangladesh Limited	Bangladesh	100%
Emami International FZE	UAE	100%
Emami Overseas FZE -(Subsidiary of Emami International FZE)	UAE	100%
Pharmaderm Co. SAE -Egypt (Subsidiary of Emami Overseas FZE)	Egypt	90.60%

Notes to the Consolidated Financial Statements

2.1 | SHARE CAPITAL

Particulars	₹ in Lacs	
	31st March, 2013	31st March, 2012
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
	1,513.12	1,513.12

*Of the above, 70,21,392 equity shares fully paid up have been allotted for consideration other than cash in last 5 years.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	31st March, 2013		31st March, 2012	
	Number of Shares	₹ in Lacs	Number 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

(b) Terms and 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.

(c) Shareholders holding more than 5% shares in the Company

Name of the shareholders	31st March, 2013		31st March, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Diwakar Viniyog Private Limited	2,20,03,825	14.54	2,17,01,336	14.34
Suntrack Commerce Private Limited	2,16,67,244	14.32	2,13,98,044	14.14
Bhanu Vyapaar Private Limited	1,79,57,841	11.87	1,78,30,836	11.78
Emami Enclave Makers Private Limited	87,25,702	5.77	86,62,200	5.72
Emami High Rise Private Limited	84,73,702	5.60	84,10,200	5.56
Suraj Viniyog Private Limited	84,76,754	5.60	84,13,252	5.56

Notes to the Consolidated Financial Statements

2.2 | RESERVES & SURPLUS

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
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	30,000.00
Transferred from Surplus in Statement of Profit & Loss during the year	20,209.25	10,209.25
Transfer to Statement of Profit & loss	(10,209.25)	(10,209.25)
Closing Balance	40,000.00	30,000.00
d. Foreign Currency Translation Reserve		
Opening Balance	(19.59)	(70.69)
Current Year Transfer	(18.71)	51.10
Closing Balance	(38.30)	(19.59)
e. Surplus		
Opening balance	5,128.28	3,501.48
Net Profit for the current year	31,474.00	25,884.26
Proposed Dividend [₹ 8/- (PY- ₹ 8/-) per share]	(12,104.94)	(12,104.94)
Corporate Dividend Tax	(2,057.23)	(1,943.27)
Transfer to General Reserve	(20,209.25)	(10,209.25)
Closing Balance	2,230.86	5,128.28
Total	76,233.92	69,150.05

2.3 | LONG-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
Secured		
Term loans		
From Bank	2,817.46	5,268.43
(i) Loan of ₹ 2,719.45 Lacs is 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		
(ii) Loan of ₹ 98 lacs is secured by first charge over stocks, book debts and plant & machineries (present & future) of the company.		
Terms of Repayment :		
(i) Two yearly installments of ₹ 1,359.725 lacs each		
(ii) 16 Quarterly installment of ₹ 6.125 lacs		
Total	2,817.46	5,268.43

2.4 | DEFERRED TAX LIABILITIES (NET)

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
Deferred Tax Liabilities		
Tax impact due to difference between tax depreciation and book depreciation	1,801.00	1,826.00
Deferred Tax Assets		
Tax impact of expenses charged off in financial statement but allowance under tax law deferred	433.00	376.00
Total	1,368.00	1,450.00

Notes to the Consolidated Financial Statements

2.5 | OTHER LONG-TERM LIABILITIES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Trade Payables		410.36		256.19
Creditors for Capital Goods		12.13		31.42
Trade Deposits		461.31		469.71
Total		883.80		757.32

2.6 | LONG-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Provision for Employee Benefits				
Provident Fund		30.47		19.78
Gratuity		296.43		177.27
Leave Encashment		410.19		192.29
Total		737.09		389.34

2.7 | SHORT-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Secured				
From Banks				
Cash Credit	5,661.06		1,402.85	
Term Loan	86.95	5,748.01	4,141.88	5,544.73
{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 and borrowing from Citi Bank (Dubai) is secured by Standby Letter of credit}				
Unsecured				
ICICI Pact Project		7.80		10.15
Total		5,755.81		5,554.88

2.8 | TRADE PAYABLES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Micro, Small & Medium Enterprises		39.66		85.92
Others		10,159.87		10,368.23
Total		10,199.53		10,454.15

2.9 | OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Current Maturities of Long-Term Borrowings	2,907.14		4,757.55	
Interest Accrued but not Due on Borrowings	17.79		54.07	
Interest Accrued and Due on Trade Deposits	68.20		63.54	
Unpaid Dividends	39.58		20.33	
Advance from Customer	506.10		380.30	
Creditors for Capital Goods	264.83	3,803.64	151.12	5,426.91
Other payables				
Employee Benefits	796.86		988.53	
Duties & Taxes	1,033.71	1,830.57	945.45	1,933.98
Total		5,634.21		7,360.89

Notes to the Consolidated Financial Statements

2.10 | SHORT-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Provision for Employee Benefits				
Gratuity		128.18		-
Leave Encashment		46.22		45.02
Others				
Provision for Dividend	12,104.94		12,104.94	
Corporate Dividend Tax	2,057.23		1,963.72	
Provision for Direct Taxes [Net of Advance Tax ₹ 14,278.21 lacs (PY ₹ 10,415.97 lacs)]	1,852.22		1,381.80	
Provision for Indirect Tax	280.06	16,294.45	328.72	15,779.18
Total		16,468.85		15,824.20

2.11 | FIXED ASSETS

₹ in Lacs

Particulars	Gross Block				Depreciation & Amortisation				Net Block		
	Balance as at 1.4.2012	Additions	Disposals/ Adjustments*	Balance as at 31.3.2013	Balance as at 1.4.2012	For the year	Disposals/ Adjustments	Balance as at 31.3.2013	Balance as at 31.03.2013	Balance as at 31.03.2012	
Tangible Assets											
Land											
Leasehold	309.96	-	-	309.96	23.65	3.54	-	27.19	282.77	286.31	
Freehold	1,618.47	39.08	5.82	1,651.73	-	-	-	-	1,651.73	1,618.47	
Building	10,039.50	7,120.40	(0.54)	17,160.44	2,531.92	357.67	36.25	2,853.34	14,307.10	7,507.58	
Plant & Equipment	18,470.59	2,526.23	963.02	20,033.80	6,605.10	1,307.75	838.74	7,074.11	12,959.69	11,865.49	
Furniture & Fixture	1,680.28	572.97	56.81	2,196.44	447.26	157.31	170.97	433.60	1,762.84	1,233.03	
Office Equipment	2,184.67	679.11	130.89	2,732.89	1,423.46	180.69	(0.21)	1,604.36	1,128.53	761.20	
Motor Vehicles	642.92	126.12	89.74	679.30	253.82	59.37	56.80	256.39	422.91	389.10	
Tangible Assets	34,946.39	11,063.91	1,245.74	44,764.56	11,285.21	2,066.33	1,102.55	12,248.99	32,515.57	23,661.18	
Intangible Assets											
Goodwill	47,899.11	-	-	47,899.11	31,592.28	10,209.25	-	41,801.53	6,097.58	16,306.83	
Software	826.90	351.13	-	1,178.03	501.04	115.65	-	616.69	561.34	325.85	
Trade Marks and Other Intangible assets	100.00	-	-	100.00	41.21	15.00	-	56.21	43.79	58.78	
Intangible Assets	48,826.01	351.13	-	49,177.14	32,134.53	10,339.90	-	42,474.43	6,702.71	16,691.45	
Total	83,772.40	11,415.04	1,245.74	93,941.70	43,419.74	12,406.23	1,102.55	54,723.42	39,218.28	40,352.63	
Capital Work-In-Progress	7,679.30	2,139.04	5,092.44	4,725.90	-	-	-	-	4,725.90	7,679.30	
Intangible Assets under Development	2.05	18.25	-	20.30	-	-	-	-	20.30	2.05	
Grand Total	91,453.75	13,572.33	6,338.18	98,687.90	43,419.74	12,406.23	1,102.55	54,723.42	43,964.48	48,033.98	
Previous Year's Figures	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		

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

Notes to the Consolidated Financial Statements

2.12 | NON-CURRENT INVESTMENTS

		₹ in Lacs	
Particulars		31st March, 2013	31st March, 2012
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
(Unquoted)			
CRI Limited			
95,630 Equity Shares of ₹ 10/- each		27.17	27.17
AMRI Hospitals Limited			
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	16.00
Investment In Government & Trust Securities (Unquoted)			
6 Years' National Savings Certificate (Lodged With Government Authority)		0.65	0.65
	(i)	683.36	683.36
Less : *Provision for Diminution in value of Investment	(ii)	5.84	5.96
Total (i) - (ii)		677.52	677.40
Aggregate Book Value of Quoted Investments		369.04	368.92
Aggregate Book Value of Unquoted Investments		308.48	308.48
Aggregate Market Value of Quoted Investments		1,903.63	2,459.73

2.13 | LONG-TERM LOANS AND ADVANCES

		₹ in Lacs	
Particulars		31st March, 2013	31st March, 2012
(Unsecured, Considered Good)			
Capital Advances		2,134.74	1,770.26
Security Deposits		288.32	286.33
Advances to Employees		49.61	44.25
Balances with Excise and Sales Tax Department		304.12	183.53
Subsidy Receivable		429.32	344.73
Advance against Trade Payables		113.62	122.95
Others		93.61	38.91
Total		3,413.34	2,790.96

2.14 | OTHER NON-CURRENT ASSETS

		₹ in Lacs	
Particulars		31st March, 2013	31st March, 2012
(Unsecured)			
Trade Receivable			
Considered Good		1.40	11.81
Considered Doubtful		43.00	57.15
Less: Provision for Doubtful Debts		(43.00)	(57.15)
Total		1.40	11.81

Notes to the Consolidated Financial Statements

2.15 | CURRENT INVESTMENTS

₹ in Lacs

Particulars	31st March, 2013	31st March, 2012
Non Trade Investments (Valued at lower of Cost or Fair Value)		
Investment in Mutual Fund (Unquoted)		
BSL Cash Plus - Institutional Premium - Growth Nil (PY- 11,64,838.064) Units	-	2,000.00
BSL Floating Rate Fund - ST-IP-Growth Nil (PY-7,19,157.808) Units	-	1,000.00
BSL Floating Rate Fund - Long Term Growth 20,23,332.196 (PY-Nil) Units	2,803.99	-
ICICI Prudential Liquid Super Institutional Plan - Growth Nil (PY-6,30,831.411) Units	-	1,000.00
ICICI Prudential Blended Plan B -Direct Plan - Growth option - 1 58,29,132.038 (PY-Nil) Units	1,008.50	-
DWS Insta Cash Plus Fund - Super Institutional Plan - Growth Nil (PY-6,88,148.229) Units	-	955.80
DWS Banking & PSU Debt Fund - Direct Plan - Growth 50,02,344.528 (PY-Nil) Units	500.23	-
DWS Cash Opportunities Fund - Direct Plan - Growth 39,10,450.679 (PY-Nil) Units	600.00	-
Taurus Liquid Fund - Direct Plan - Super Institutional Growth 7,908.584 (PY-86,529.184) Units	100.00	1,000.00
JM High Liquidity Fund - Super Institutional Plan - Growth Nil (PY-83,22,330.016) Units	-	1,400.00
JM Short Term Fund (Direct) - Growth Plan 1,20,80,448.360 (PY-Nil) Units	2,000.00	-
Reliance Medium Term Fund - TP - IP - Growth 38,70,685.322 (PY-Nil) Units	916.31	-
Reliance Monthly Interval Fund- Series II-Direct Growth Plan - Growth Option 1,15,20,406.043 (PY-Nil) Units	1,801.26	-
Principal Debt Opportunity Fund Conservative Plan-Direct - Growth Option 32,249.671 (PY-Nil) Units	600.21	-
Baroda Poiner Short Term Bond Fund Plan B Growth 2,55,92,606.880 (PY-Nil) Units	3,103.57	-
IDBI Ultra Short Term Fund - Growth - Direct Plan 80,240.626 (PY-Nil) Units	1,000.00	-
IDFC Ultra Short Term Fund - Growth - Direct Plan 61,65,087.539 (PY-Nil) Units	1,000.00	-
Indiabulls Liquid Fund - Growth - Direct Plan 8,772.365 (PY-Nil) Units	100.00	-
Kotak Floater Short Term Direct Plan Growth 5,207.737 (PY-Nil) Units	100.00	-
Total	15,634.07	7,355.80
Net Asset Value of Unquoted Investments	15,777.35	7,383.74

Notes to the Consolidated Financial Statements

2.16 | INVENTORIES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Raw and Packing Materials				
Raw Materials	3,471.33		3,448.32	
Packing Materials	1,903.73	5,375.06	1,742.96	5,191.28
Work-in-Progress		229.62		229.17
Finished Goods		5,566.93		4,914.99
Stores and Spares		114.27		108.77
Advertising Materials		112.08		775.58
Total		11,397.96		11,219.79

2.17 | TRADE RECEIVABLES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
(Unsecured, Considered Good and unless stated otherwise)				
Due over six months	1,211.74		483.44	
Other Receivables	10,010.16	11,221.90	9,571.03	10,054.47
Total		11,221.90		10,054.47

2.18 | CASH AND CASH EQUIVALENTS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Balances with banks:				
On Current accounts*	2,714.91		1,310.56	
Fixed Deposits with Banks**	22,117.51		26,236.43	
Exchange Earners Foreign Currency Account	-		0.06	
On unpaid dividend account	39.58		20.33	
Cheque-in-hand	3,252.55	28,124.55	-	27,567.38
Cash in hand		46.80		26.30
Total		28,171.35		27,593.68

* ₹ 42.79 lacs against letter of Guarantee

** Deposits with maturity less than 3 months amounts to ₹ 22,114 lacs (PY ₹ 21,423 lacs)

Deposits with maturity more than 3 months - NIL (PY ₹ 4,750 lacs)

Margin money deposit - ₹ 3.51 lacs (PY ₹ 4 lacs)

2.19 | SHORT-TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Unsecured, Considered Good				
Balances with Excise and Sales Tax Department		1,774.71		1,610.85
Advance against Trade Payables		3,982.76		6,980.82
Advances to Employees		209.50		153.15
Interest Receivable on Deposits		63.00		76.08
Prepaid expenses		212.32		243.04
Other Receivables		431.83		460.34
Total		6,674.12		9,524.28

2.20 | OTHER CURRENT ASSETS

₹ in Lacs

Particulars	31st March, 2013		31st March, 2012	
Foreign Currency Monetary Item Translation Difference (Refer Note 2.36)		-		54.57
Total		-		54.57

Notes to the Consolidated Financial Statements

2.21 | REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	2012-13		2011-12	
Sale of products		1,73,391.97		1,47,794.07
Less: Excise duty		3,482.36		2,443.20
Total		1,69,909.61		1,45,350.87

2.22 | OTHER INCOME

₹ in Lacs

Particulars	2012-13		2011-12	
Interest Income				
Income Tax Department	35.87		106.81	
Others Loans & Deposits	3,733.36	3,769.23	2,785.95	2,892.76
Dividend Income		47.68		47.68
Profit on Sale of Current Non- Trade Investments		520.19		383.55
Profit on Sale of Fixed Assets		87.39		68.19
Rent and Maintenance Charges Received		227.91		236.97
Provision for Doubtful Loans/ Debts Written Back		44.46		72.95
Miscellaneous Receipts (Refer Note 2.37)		761.02		1,645.99
Insurance Claim received		109.90		63.94
Total		5,567.78		5,412.03

2.23 | (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lacs

Particulars	2012-13		2011-12	
Opening Stock				
Work-in-progress	229.17		292.44	
Finished Goods	4,914.99	5,144.16	7,068.38	7,360.82
Less: Closing Stock				
Work-in-progress	229.62		229.17	
Finished Goods	5,566.93	5,796.55	4,914.99	5,144.16
Total		(652.39)		2,216.66

2.24 | EMPLOYEE BENEFIT EXPENSES

₹ in Lacs

Particulars	2012-13		2011-12	
Salaries and wages		10,150.24		8,225.49
Contribution to provident and other funds		974.38		687.32
Welfare expenses		430.73		318.17
Total		11,555.35		9,230.98

2.25 | FINANCE COSTS

₹ in Lacs

Particulars	2012-13		2011-12	
Interest expense		737.01		1,259.28
Exchange difference to the extent considered as an adjustment to borrowing cost		51.54		546.71
Less : Interest Capitalised		131.69		284.90
Total		656.86		1,521.09

Notes to the Consolidated Financial Statements

2.26 | OTHER EXPENSES

Particulars	2012-13		2011-12	
Consumption of stores and spare parts		217.75		197.86
Power and fuel		867.20		696.82
Rent		529.74		507.23
Repairs :				
Building	164.10		87.30	
Machinery	533.76		465.28	
Others	702.29	1,400.15	600.59	1,153.17
Insurance		301.86		281.09
Rates and taxes, excluding taxes on income		86.93		101.36
Freight & Forwarding		4,160.10		4,127.93
Directors' Fees and Commission		382.57		280.75
Advertisement & Sales Promotion		27,900.36		22,899.26
Commission		887.99		760.95
Taxes on Sales		10,364.79		8,308.28
Loss on Sale/Disposal of Fixed Assets		143.19		19.89
Diminution in value of Investment		(0.12)		0.11
Sundry Balance Written Back		(0.24)		9.35
Payment to Auditors		27.25		23.21
Legal and Professional Fees		1,447.39		1,268.13
Travelling and Conveyance		1,632.97		1,561.67
Miscellaneous Expenses (Refer Note 2.38)		1,732.17		1,604.19
Total		52,082.05		43,801.25

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	
	2012-13	2011-12
India	1,52,241.12	1,26,666.55
Overseas	17,668.49	18,684.32
Total	1,69,909.61	1,45,350.87

2.28 |

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

	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
India	1,10,596.54	1,07,735.33	7,755.62	10,061.42
Overseas	11,020.28	9,998.58	724.29	1,166.74
Total	1,21,616.82	1,17,733.91	8,479.91	11,228.16

Notes to the Consolidated Financial Statements

2.29 | Defined Benefit Plans :

As per actuarial valuations as on 31st March, 2013 and recognised in the financial statements in respect of Employees benefit schemes.

₹ in Lacs

	31st March, 2013		31st March, 2012	
	Gratuity	Leave	Gratuity	Leave
	Funded	Partly Funded	Funded	Partly Funded
A. Components of Employer Expenses				
1. Current Service Cost	143.06	129.48	89.38	97.91
2. Interest Cost	114.83	37.06	82.58	22.48
3. Expected Return on Plan assets	(96.89)	(8.03)	(66.90)	(5.85)
4. Past Service Cost	-	-	-	-
5. Actuarial Losses / (Gains)	179.88	60.44	(0.57)	(71.40)
6. Actuarial Losses / (Gains) on Plan Assets	-	0.14	-	-
7. Total Expenses recognised in the Statement of Profit & Loss	340.88	219.09	104.49	43.14
B. Net asset/(liability) recognised in balance sheet as at 31st March 2013				
1. Present value of Defined Benefit Obligation (DBO)	1,529.31	549.54	1,172.46	322.56
2. Fair value of Plan Assets	1,157.85	93.13	995.19	85.25
3. Funded Status [Surplus/(deficit)]	(371.46)	(456.41)	(177.27)	(237.31)
4. Net asset/(liability) recognised in balance sheet	(371.46)	(456.41)	(177.27)	(237.31)
C. Change in Defined Benefit Obligation during the year ended 31st March 2013				
1. Present value of DBO at beginning of period	1,172.46	322.56	1,075.86	289.75
2. Current Service Cost	143.06	129.48	89.38	97.91
3. Interest Cost	114.83	37.06	82.58	22.48
4. Plan amendments cost/(credit)	-	-	-	-
5. Actuarial Losses / (Gains)	179.85	60.44	11.88	(70.03)
6. Benefits Paid	(80.88)	-	(87.24)	(17.55)
7. Liabilities extinguished on settlements	-	-	-	-
8. Present value of DBO at the end of period	1,529.32	549.54	1,172.46	322.56
D. Change in Fair Value of Assets				
1. Plan Assets at beginning of period	995.19	85.25	868.05	78.03
2. Expected Return on Plan Assets	96.89	8.03	66.90	5.85
3. Actuarial Gains /(Loss)	(0.04)	(0.14)	12.45	1.37
4. Actual company contributions	146.69	-	135.03	17.55
5. Benefits paid	(80.88)	-	(87.24)	(17.55)
6. Assets distributed on settlements	-	-	-	-
7. Plan assets at the end of period	1,157.85	93.14	995.19	85.25
E. Actuarial Assumptions				
1. Discount Rate (%)	8.50	8.50	8.60	8.60
2. Annual Salary Escalation Rate (%)	8.00	8.00	5.00	5.00
3. Expected Return on Plan Assets (%)	9.00	9.00	8.50	8.50

2.30 | 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.

Notes to the Consolidated Financial Statements

2.31 |

The following are the outstanding forward contracts.
For hedging currency risks :-

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Forward Covers :-		
Receivables		
- Current	-	79.15
- Future	-	18,757.70

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

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Receivables	433.57	21.17
Loan taken	5,602.10	14,119.19

2.32 |

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

	₹ in Lacs	
	31st March, 2013	31st March, 2012
Description		
Opening Balance	328.72	613.53
Provisions made during the year	-	5.19
Payment/reversals during the year	48.66	290.00
Closing Balance	280.06	328.72

2.33 |

Long Term Loans & Advances include Security Deposit of ₹ 9.15 Lacs (P.Y.-₹ 15.67 Lacs) due from Directors of the Company against tenancies. {Maximum amount outstanding during the year - ₹ 15.67 Lacs (P.Y.-₹ 15.77 Lacs)}

2.34 | Contingent Liabilities & Commitments

	₹ in Lacs	
	31st March, 2013	31st March, 2012
i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt (Net of Advance):		
i) Excise Duty demands	911.31	502.35
ii) Service Tax	-	44.45
iii) Sales Tax demands under appeal	833.62	664.19
iv) Entry Tax	11.28	9.28
v) Others	45.47	66.64
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	5,300.56	182.90

	₹ in Lacs	
	31st March, 2013	31st March, 2012
ii) Commitments:		
(a) Estimated amount of commitments [net of advances of ₹ 1,902.52 lacs (P.Y.- ₹ 1,486.18 lacs)] on capital account not provided for	2,232.26	1,422.72
(b) Uncalled liability on partly paid shares	144.00	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 4.81 million.

Notes to the Consolidated Financial Statements

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 notification, Foreign exchange loss of ₹ 54.57 lacs has been charged to the Statement of Profit & Loss .

2.37 |

Miscellaneous Receipt includes EPCG benefits amounting to ₹ 536.49 lacs (P.Y.- ₹ 1502.67 lacs)

2.38 |

Miscellaneous Expenses includes contribution to Assam Pradesh Congress Committee amounting to Nil (P.Y.- ₹ 10 lacs)

2.39 |

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

2.40 |

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.

2.41 | Related Party Transactions :

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

a) Key Management Personnel

- i) Shri R. S. Agarwal
- ii) Shri R. S. Goenka
- iii) Shri Sushil Kr. Goenka

b) Relatives of Key Management Personnel

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

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

- i) Diwakar Viniyog Private Limited
- ii) Suntrack Commerce Private Limited
- iii) Emami Paper Mills Limited
- iv) Emami Foundation
- v) Aradhana Trust
- vi) Emami Infrastructure Limited
- vii) Emami Realty Limited
- viii) Zandu Realty Limited
- ix) Aviro Vyapar Private Limited
- x) K.D.Goenka & Sons HUF (Ceased w.e.f. 16.11.2012)
- xi) R.S.Agarwal HUF (Ceased w.e.f. 16.11.2012)

Notes to the Consolidated Financial Statements

B. Disclosure of Transactions between the Company and Related parties and the status of Outstanding Balance as on 31st March '13

₹ in Lacs

Particulars	Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
1. Directors Remuneration						
A) - Salary & Other benefits	567.30	370.62	-	-	567.30	370.62
B) - Commission	350.00	250.00	-	-	350.00	250.00
C) - Sitting Fees	2.30	1.40	-	-	2.30	1.40
2. Retainership Fees	-	0.45	-	-	-	0.45
3. Sales						
A) - Sale of Goods	-	-	3.05	3.29	3.05	3.29
B) - Sale of Fixed Assets	-	-	-	5.58	-	5.58
4. Other Income						
A) - EPCG Benefits Received	-	-	536.49	1,502.67	536.49	1,502.67
B) - Service Charges Received	-	-	11.24	11.03	11.24	11.03
5. Reimbursement of Expenses	-	-	-	21.92	-	21.92
6. Rent, Maintenance & Other Charges Paid	3.29	2.64	7.78	7.21	11.07	9.85
7. Rent, Maintenance & Other Charges Received	-	-	145.60	133.80	145.60	133.80
8. Royalty Received	-	-	3.37	3.31	3.37	3.31
9. Commission Received	-	-	7.34	10.51	7.34	10.51
10. Commission Paid	-	-	-	1.60	-	1.60
11. Dividend Received	-	-	47.68	47.68	47.68	47.68
12. Payment Towards Loan Received	-	-	540.03	93.64	540.03	93.64
13. Security Deposit Paid	-	-	-	0.25	-	0.25
14. Security Deposit Refund	9.94	0.20	1.20	-	11.14	0.20
15. Donation Paid	-	-	187.00	144.00	187.00	144.00
16. Balance As on 31st March 2013						
A) - Investment	-	-	368.48	368.48	368.48	368.48
B) - Loan /Advances Received	-	-	-	540.03	-	540.03
C) - Advance against Reimbursement	-	-	-	21.92	-	21.92
E) - Trade Payables	-	-	-	1.60	-	1.60
F) - Security Deposit Paid	18.45	28.39	7.25	8.45	25.70	36.84
G) - Security Deposit Received	-	-	41.47	41.47	41.47	41.47

2.42 | Information for Earnings Per Share as per AS-20

	31st March, 2013	31st March, 2012
Net Profit (₹ in Lacs)	31,474.00	25,884.26
Weighted average number of shares	15,13,11,746	15,13,11,746
Earnings Per Share - Basic & Diluted (₹)	20.80	17.11

2.43 |

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

As per our report of even date

For S K Agrawal & Company

Chartered Accountants

S K Agrawal
Partner

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

Kolkata
6th May 2013

S K Goenka
Managing Director

N H Bhansali
CEO-Finance, Strategy &
Business Development

A K Joshi
Company Secretary &
AVP-Legal

Statement Regarding Subsidiary Companies

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, 2013	0.94	19.13	(801.05)	(88.20)	(53.42)
ii. For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	203.39	(4.72)	843.28	(109.84)	21.77
5. 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, 2013	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 B Ganguly
Director

Kolkata
6th May 2013

S K Goenka
Managing Director

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

A K Joshi
*Company Secretary &
AVP-Legal*

NOTES



www.emamilttd.in