

WHY DO MOST PROFESSIONAL STOCK PICKERS CONTINUE TO PUT A 'BUY' ON EMAMI?

"EMAMI IN ONE SENTENCE? MASSTIGE." A CONVERSATION WITH ALYQUE PADAMSEE

"SUCCESS HAS BEEN UNDERSTANDING THE LATENT NEEDS OF OUR CONSUMERS" - EMAMI FOUNDERS

f*emami focus

EMAMI LIMITED
ANNUAL REPORT 2013-14

WEALTH CREATOR!

Emami has been one of the most remarkable wealth creators within India's FMCG sector.

GROWING ITS PROFIT FROM ₹92 CRORE IN 2008-09 TO ₹402 CRORE IN 2013-14.

ENHANCING MARKET CAPITALISATION FROM ₹1,542 CRORE TO AROUND ₹10,000 CRORE ACROSS THE PERIOD.

WHAT CAUSED THIS INCREASE IN VALUE AND WEALTH?

SEE COVER STORY INSIDE



CORPORATE INFORMATION

CHAIRMAN

R.S. AGARWAL

MANAGING DIRECTOR

SUSHIL K. GOENKA

CEO-FINANCE, STRATEGY & BUSINESS DEVELOPMENT AND CFO

N.H. BHANSALI

COMPANY SECRETARY & AVP-LEGAL

A.K. JOSHI

AUDITORS

M/S S.K. AGRAWAL & CO
CHARTERED ACCOUNTANTS

DIRECTORS

R.S. GOENKA

K.N. MEMANI

Y.P. TRIVEDI

M.D. MALLYA

P.K. KHAITAN

SAJJAN BHAJANKA

S.B. GANGULY

AMIT KIRAN DEB

VAIDYA S. CHATURVEDI

MOHAN GOENKA

ADITYA V. AGARWAL

HARSHA V. AGARWAL

PRITI A SUREKA

PRASHANT GOENKA

BOARD COMMITTEES

AUDIT COMMITTEE

S.B. GANGULY, CHAIRMAN

R.S. GOENKA

SAJJAN BHAJANKA

AMIT KIRAN DEB

NOMINATION AND REMUNERATION COMMITTEE (PREVIOUSLY KNOWN AS REMUNERATION COMMITTEE)

AMIT KIRAN DEB, CHAIRMAN

SAJJAN BHAJANKA

S.B. GANGULY

SHARE TRANSFER COMMITTEE

MOHAN GOENKA, CHAIRMAN

ADITYA V. AGARWAL

HARSHA V. AGARWAL

PRITI A SUREKA

STAKEHOLDERS' RELATIONSHIP COMMITTEE (PREVIOUSLY KNOWN AS INVESTORS' GREVIANCES COMMITTEE)

SAJJAN 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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

SUSHIL K. GOENKA, CHAIRMAN

AMIT KIRAN DEB

MOHAN GOENKA

HARSHA V. AGARWAL

PRITI A SUREKA

BANKERS

CANARA BANK | ICICI BANK LTD. | STATE BANK OF INDIA | HDFC BANK | HSBC

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OUR PRESENCE

SEVEN FACTORIES, ONE OVERSEAS UNIT, FOUR REGIONAL
OFFICES, 32 DEPOTS, FIVE OVERSEAS SUBSIDIARIES,
63 COUNTRIES

ONLINE: WWW.EMAMILTD.IN | CIN: L63993WB1983PLC036030

Ab pollution se dar nahi
- Sonakshi

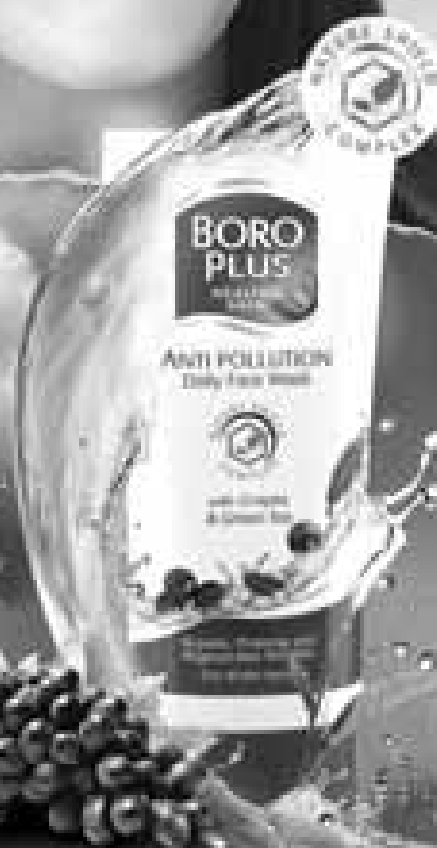
Introducing **Boroplus**
Anti Pollution Face Wash™
With revolutionary Nature Shield Complex™

**BORO
PLUS**

**ANTI POLLUTION
FACE WASH™**

Pollution Ka Solution*

*Based on consumer feedback post usage of the product for 8 weeks
in multi cities conducted on 250 consumers in April 2012



emami focus

CONTENT

Letter from the Editor

We are happy to bring you the 31st Annual Report of Emami Limited.

Over the decades, Emami Limited (started with a seed capital of ₹20,000) has become a wealth creator – in terms of its brands, turnover, profitability and market capitalisation – valued at around ₹10,000 crore.

What makes our story compelling is that we have grown through a policy of ‘middle-class-isation’, we have grown through ruralisation, we have grown through endorsements, we have grown through category creation, we have grown through professionalisation.

The result is that we are a rare sustained Indianised FMCG success story, one of the fastest growing and profitable in our sector.

This report covers the various facets of the Emami success story and we hope readers will find it informative, insightful and enriching.



R.S. Agarwal



R.S. Goenka

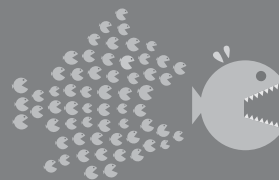
Founders' statement

06

“Our key to success has been understanding the latent needs of our consumers”

R.S. Agarwal and R.S. Goenka
Founders

Special report



54

Smaller is bigger!

Emami's story on sachetisation



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.

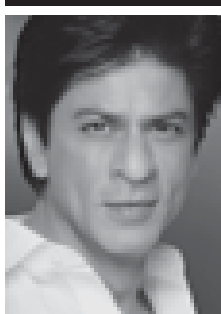
Although we believe that we have been prudent in our assumption, actual results may differ materially from those expressed in the statement. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

16 MD's statement
Optimism!
- SUSHIL K. GOENKA
Managing Director

Special reports

36 Evolution

10 things you probably never knew about how Emami was started



28
Cash Cow!

31
Why are market analysts bullish about emami stock?

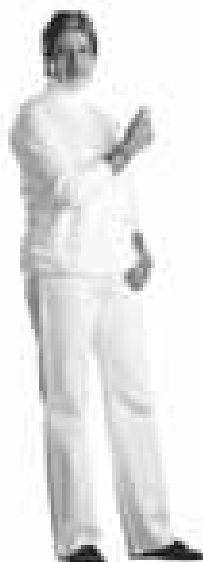
34
India's biggest FMCG acquisition

41
"You cannot always spend your way out of recession or borrow your way out of a cash crunch"

44
Soul of Emami - CSR



24
THE EMAMI RICH AND FAMOUS



68

Economic and business scenario Management Discussion and Analysis

Features

20
Daring to create a new market, not settling for a share of the existing market- Fair & Handsome

26
Pain management & BoroPlus

32
12 things you need to know about ayurveda

35
"HR management represents the key strategic thrust at Emami"

38
Hot property!
48
Emami, the rare Indian multi-national

58
Bringing the Emami magic touch to Zandu!

62
IT capability is driving business efficiency

66
Our brands

Cover story 10 Wealth creator

Emami has been one of the most remarkable wealth creators within India's FMCG sector.



Statutory Section

- 74 Directors' Report
- 81 Corporate Governance Report

Financial Section

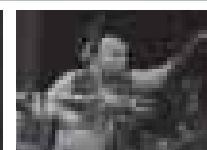
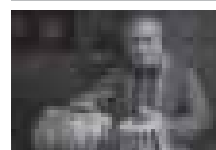
- 104 Standalone Accounts
- 134 Consolidated Accounts



Agile Monitoring
Network Project Chart
Methodology Organization
Goal Stage Estimating Team
Time Managing Resources Cost
Word Management
Strategy Analysis Standard Risk
Evaluation Controlling Concept
Quality Leading Optimization
Implementation Benefit
Business Approach
System Budget
Words

People 43 MAKE OVER

Emami Limited. Promoter-driven yet professionally-managed.



64 Photo feature

Emami for the first time, organised Emami Cultural Fiesta, a series of events which aimed to reach out to all those who appreciate music and the performing arts.

Facts & Figures

- 4 Highlights 2013-14
- 14 10 years' highlight
- 65 Awards & recognition

Profile

- 9 Young Leadership
- 18 Board of Directors
- 42 Senior Management team
- 53 Team Emami



Guest interviews

23
"Emami has been instrumental in my growth as a media professional"

Rajesh Jain of Prachar shares his experience of working with Emami

30
"Emami in one sentence? Masstige"
A conversation with advertising guru Alyque Padamsee

40
"Emami's strength"
An interview with Nigel Williams, brand consultant

52
"We expect to reinvent the Zandu brand"
Excerpts from an interview with Hrishi Bhattacharyya, brand consultant

56
"With Emami, we have access right to the top!"
Key Emami dealer, Arun Poddar (Poddar Traders, New Delhi), explains what has helped grow his Emami relationship over the decade

HIGHLIGHTS

2013–14

PROFITS

- 1 EBIDTA
₹441crore
grew by 27.1%
- 2 EBIDTA margin
24.2% improved by 380
bps
- 3 PAT ₹402.4 crore
grew by 27.9%
- 4 PAT margin
22.10% improved by
357 bps
- 5 EPS ₹17.73 also
grew by 27.9%
- 6 ROCE 40.9%
grew by 645 bps
- 7 ROE 43.2%
grew by 270 bps

TURNOVER

- 1 Consolidated net
sales ₹1,821crore
grew by 7.2%
- 2 Domestic sales
₹1,511 crore
grew by 5.1%
- 3 International
business
₹221crore
grew by 23.0%
- 4 Institutional
business
₹89 crore
grew by 8.6%

COSTS

- 1 Cost of goods
sold at 37.4% of
sales decreased by
470 bps.
- 2 Advertisement
and Sales promotion
stood at ₹277 crore,
decreased from
16.4% to 15.2% of
sales

WORKING CAPITAL

- 1 Average collection
period decreased from
24 days to 16 days
- 2 Average inventory
holding increased from
25 days to 28 days.
- 3 Net working capital
improved from
41 days to 29 days
- 4 Net Cash of
₹522 crore

CAPITAL MARKET

- 1 The Company issued bonus shares to shareholders in the proportion of 1:2, i.e. one equity share for every two shares held in the Company in June 2013.
- 2 Market Capitalisation of around ₹10,000 crore
- 3 Initially shareholder who invested ₹1,000 for 100 shares eventually got back ₹4,000 after rights issue and are presently owners of Emami shares worth around ₹4.0 crore – 10,000 times return in 34 years
- 4 Shareholders’ money increased by over 19 times and over four times on their investment after the public issue in March 2005 and QIP in July 2009 respectively
- 5 More than 20 brokerage houses covering Emami stock include UBS, Credit Suisse, Nomura and Macquarie. During the year CIMB, Philip Capital, ICICI Securities among others also initiated coverage on Emami

BRANDS

- 1 Navratna Oil market share 57% in FY14 - surged 240 bps over FY13
-Cool Talcum Powder market share 24 % in FY14 surged by 470 bps over FY13
- 2 Fair and Handsome market share 61% in FY14 grew 350 bps over FY13

BRANDS

- 3 Menthoplus Balm and Zandu Balm combined market share 61%
- 4 BoroPlus Antiseptic Cream market share 78% in FY14 grew by 70 bps over FY13
- 5 The Zandu Ayurvedic HCD grew by 36% in FY14
- 6 New launches BoroPlus face wash, 7 Oils in One, Fair and Handsome intense fairness face wash

OPERATIONS

- 1 Direct retail reach increased to 6.25 lac outlets reaching out along with a distributor strength of 3,000
- 2 Initiated to cover 600 distributors under the outreach-secondary sales software, contributing to 60% of sales
- 3 Modern trade business grew by 28% in FY14
- 4 Bangladeshi unit started operations
- 5 Land acquired for third unit in North-east India under a mega project scheme and the unit is expected to commence operations in FY16
- 6 Construction initiated for warehouses in 4 locations : Kolkata, Patna, Ambala & Guwahati
- 7 Enterprise Risk Management implemented and is ISO 31000 : 2009 certified

“Our key to success has been understanding the latent needs of our consumers”

AT EMAMI, WE BELIEVE THAT THE POSITIONING indicated in the headline of this overview is as sound as it is relevant, for some enduring reasons. In a world where there are growing concerns about the safety of chemical products on the human body, Emami provides benign solutions. Emami products are herbal, safe and without side-effects.

In a world where consumers are continuously seeking innovative solutions, Emami provides products that take the consumer experience a few notches ahead each time. This is because Emami has commissioned a dedicated research unit stewarded by experienced industry professionals who reconcile the wisdom of *ayurveda* with the discipline of professional science.

In a world where competitive advantage is derived from the delivery of non-commoditised products, Emami provides distinctive products. This is because Emami has selected to work in under-penetrated segments with potential and introduced aspirational products without compromising mass relevance.

In a world where sustainable success is derived from sales across a wide footprint, Emami has invested in deep geographic penetration. Emami has leveraged its rural distribution channels that has made it possible for the Company's brands to be sold down to rural population clusters of 10,000+.

Emami selected to work in under-penetrated segments with potential and introduced products that are aspirational without compromising mass relevance.



Emami

invested in a rural
distribution network
enjoying a direct
reach to over 625,000
retailers covering
villages with 10,000+
population

How we performed in 2013-14

The year 2013-14 was a challenging one for India's FMCG industry for a number of reasons. The country's Consumer Price Index remained high. An unfavourable summer and winter affected offtake. Some FMCG sectors de-grew. In such an environment, when most FMCG companies would have been happy to protect their margins, Emami selected to enhance its profitability through various initiatives:

- We made a judicious purchase of raw materials through long-term booking at competitive prices
- We enhanced the effectiveness of our promotional spending, which enhanced our brand economies
- We strengthened our international business through superior terms of trade and lower inventory
- We conducted cost management programmes across all functions and all expense heads leading to higher efficacy at lower cost

The result is that even as our topline growth was 7.2% in 2013-14, we enhanced our bottomline by 27.9%.

Outlook for the country, sector and Company

There are a number of reasons why prospects are bright for the Indian FMCG industry:

- India represents a nation with one of the largest proportion of young income earners
- India's rural per capita disposable income is estimated to increase at a CAGR of 4.4% to USD 631 by 2020
- India's FMCG sector is expected to

Emami intends to invest aggressively in brand spending, marked by celebrity endorsements.

grow at a CAGR of 14.7% to USD 110.4 billion by 2020; its rural FMCG market is expected to increase at a CAGR of 17.7% to USD 100 billion by 2025

Emami is poised to grow its sectoral presence through enhanced penetration in rural and urban India. The Company has invested in a strong rural distribution network enjoying a direct reach to over 625,000 retailers covering villages with 10,000+ population. Besides, the Company is attractively placed to capitalise on urban growth as the Company's products are available everywhere from modern retail stores to conventional next-door *kirana* stores.

Emami expects to launch category creators and leaders, which, in turn, will translate into profitable product extensions. Over the decade, Emami demonstrated this capability through the launch of Emami Fair and Handsome, Navratna Cool Talc and BoroPlus Moisturising Body Lotion. During the year under review, the Company launched Zandu Vigorex, 7 Oils in One, BoroPlus Face Wash, Fair and Handsome Face Wash for men, which were well received.

Emami intends to invest aggressively

in brand spending, marked by celebrity endorsements. Over the decade, the Company's brand spending was among the highest in India's FMCG sector; every crore rupee invested in brand building generated ₹6.6 crore in revenues and ₹1.5 crore in net profit during the year under review.

Optimism

The efficacy of Emami's strategy has been vindicated by its growing bottomline (₹92 crore in 2008-09 to ₹402 crore in 2013-14) and its growing market capitalisation (₹1,542 crore in 2008-09 to around ₹10,000 crore in 2013-14). Someone who invested ₹70 for one share at the time of the Company's IPO in 2005 would have seen his/her holding grow 19 times to ₹1,314 at the close of the year under review.

Going forward, Emami intends to strengthen its presence in the healthcare and personal care segments by providing innovative, yet affordable, products and marketing them aggressively across domestic and international markets.

Regards,



R.S. Agarwal
Founder



R.S. Goenka
Founder

Young LEADERSHIP

The next gen show: The second generation of the Agarwal and Goenka families head the various business verticals of the Group



Left to right : Harsha V. Agarwal, Prashant Goenka, Mohan Goenka , Priti A Sureka, Aditya V. Agarwal, Manish Goenka

WEALTH CREATOR

Emami has been one of the most remarkable wealth creators within India's FMCG sector. Growing its PAT from ₹92 crore in 2008-09 to ₹402 crore in 2013-14. And enhancing market capitalisation from ₹1,542 crore to around ₹10,000 crore across the period. What caused this increase in value and wealth?

An insight follows



INDIA'S FMCG SECTOR IS A CHALLENGING SPACE FOR sustainable wealth creation for a number of reasons. India is a number of countries in one; it comprises the second largest population cluster in the world; it comprises people of diverse ethnic backgrounds; it comprises consumers that extend from the coastal to mountainous terrains; it covers climates ranging from the hot to the wet to the cold. Only the fittest and most flexible of companies can expect to address such a demanding reality. Emami is one of them. Over the years, the Company has competently addressed the diverse-needs of the sector through various initiatives.



Emami
not only services
existing needs; it
creates products
that address needs
that were never
articulated.



One of the Company's most enduring intangible assets is its distribution pipeline comprising more than 3,000 distributors, 6,450 sub-distributors, with direct reach among 6,25,000 retailers and a total domestic reach to four million retail outlets.

1 Identify with the customer

At Emami, we service the needs of the mass consumer. This is something that we identified when we went into business. We stayed the course over the next few decades and this is something holds true even now. The result has been a consistency in our brand positioning: we talk a brand language the country's middleclass can identify with; we position products around real consumer needs. Our advertising and product positioning reflects this faithfully: the lines are all woven around a distinctive value-for-money and consumer benefit. The result of this positioning consistency is that the Emami products stands for enduring attributes like 'excellent value' and 'comfort-enhancing', translating into a sustainable growth in offtake and profits.

2 Think a little ahead of time

At Emami, we don't just provide what the customer wants; we also provide products that the customers have never experienced. In short, Emami not only service existing needs; it creates products that address needs that were never articulated. Over the years, this unusual approach has had some interesting implications: Emami has graduated from a mere capture of market share to market creation; the Company has graduated from a simplistic product edge to a more enduring first-mover's advantage; the Company has extended brands to become generic names; the brands thereafter have generated successful extensions.

3 Crowded and yet not crowded

At Emami, we recognise that the most successful competitive strategy is the ability to reconcile the words 'crowded' and 'not crowded'. On the one hand, the Company addresses crowded consumer markets like India; on the other, the Company has selected to be present in



relatively under-crowded product spaces.

The result is that, the Company enhances its presence in niche product segments with the advantage of growing its brand in large population clusters. Over the years, Emami has successfully demonstrated this capability by selecting to offer niche *ayurvedic* products to a large market; the result is that over the decades, Emami has helped create a mass herbal products market and progressively evolved in line with aspirational consumer preferences towards premium and healthy offerings for the middle-class.

4 Brand for all seasons

At Emami, we recognise that some products are seasonal in nature.

Over the years, the Company has selected to evolve its portfolio from the seasonal to the perennial. The Company has extended from a dependence on climatic variations to predictable annuity usage. The Company has achieved this through the progressive evolution of seasonal products into daily usage products. The implications have been extensive: over the years, the Company has increased the utilisation of its factories, moderated seasonal production variations, enhanced purchase economies and amortised overheads more effectively, leading to increased margins.

5 Branding and promotion

At Emami, we believe that product efficacy is not enough to win the war. Strong products need to be promoted aggressively as well. Over the years, Emami has emerged as one of the largest spenders on advertisement and promotional activities within India's FMCG sector; over the last decade alone, the Company invested a sizeable ₹1,758 crore in brand spending; which accounts for around 18% of the overall revenue. Over the years, this spending has been woven around product endorsements by celebrities, in-film advertising and growing presence in rural fairs.

6 Opportunity-driven

At Emami, even as we are focused on growing our business organically, we have developed a keen eye for inorganic opportunities. Take for instance the Zandu opportunity in 2008-09; Emami bought Zandu for ₹713 crore, the largest single acquisition in India's FMCG sector at that time. While this acquisition was initially debated on the grounds that the Company would not be able to service the related debt, Emami grew its Zandu revenues by 52% following the acquisition, multiplied its profit by five-fold between FY08 and FY10 and repaid the related debt in just three years.

7 The magic of reach

At Emami, we recognise that our biggest wealth lies in intangibles. One of the Company's most enduring intangible assets is its distribution pipeline comprising more than 3,000 distributors, 6,450 sub-distributors, with direct reach among 6,25,000 retailers and a total 4 million retail outlets. This 'pipeline' makes it possible for Emami to distribute products widest, quickest and cheapest to retail shelves. Besides, the Company



strengthened its rural reach through Project Swadesh, which helped create dealers in rural clusters with above-10,000 people. Over the years, Emami reinforced its logistics management through five warehouses at strategic locations, invested in cutting-edge IT infrastructure for precise data collection and informed decision-making. The result is that rural India accounts for around 50% of Emami’s Indian revenues; besides, international revenues (63 countries) accounted for 12% of the Company’s overall revenues.

8 Inclusive
At Emami, we believe that our corporate value is derived from our community presence. Over the years, the Company has invested in corporate social responsibility initiatives related to women empowerment, education, healthcare (for the underprivileged) and the environment. Besides, the Company provides relief during natural calamities, engages in community welfare, food for poor programmes and construction of homes for the needy.

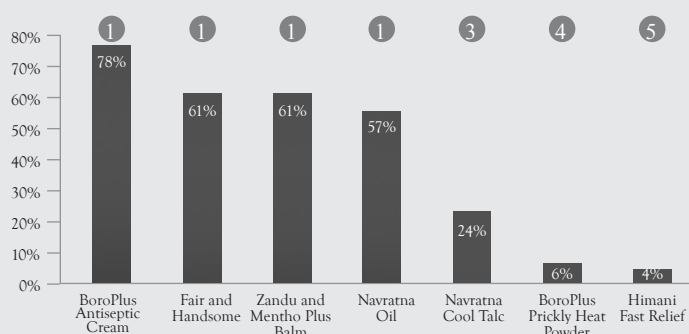
This is how we have enhanced value over the years

Revenues		Gross margin (%)	
₹1,699 crore	₹1,821 crore	57.9	62.6
FY 2013	FY 2014	FY 2013	FY 2014

EBIDTA margin (%)		ROCE (%)		Debt-equity ratio	
20.4	24.2	34.5	40.9	0.15	0.05
FY 2013	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014

Market capitalisation		Receivables	
Around ₹9,000 crore	Around ₹10,000 crore	24 days	16 days
FY 2013	FY 2014	FY 2013	FY 2014

Strong market leadership in niche categories



FACTS & FIGURES

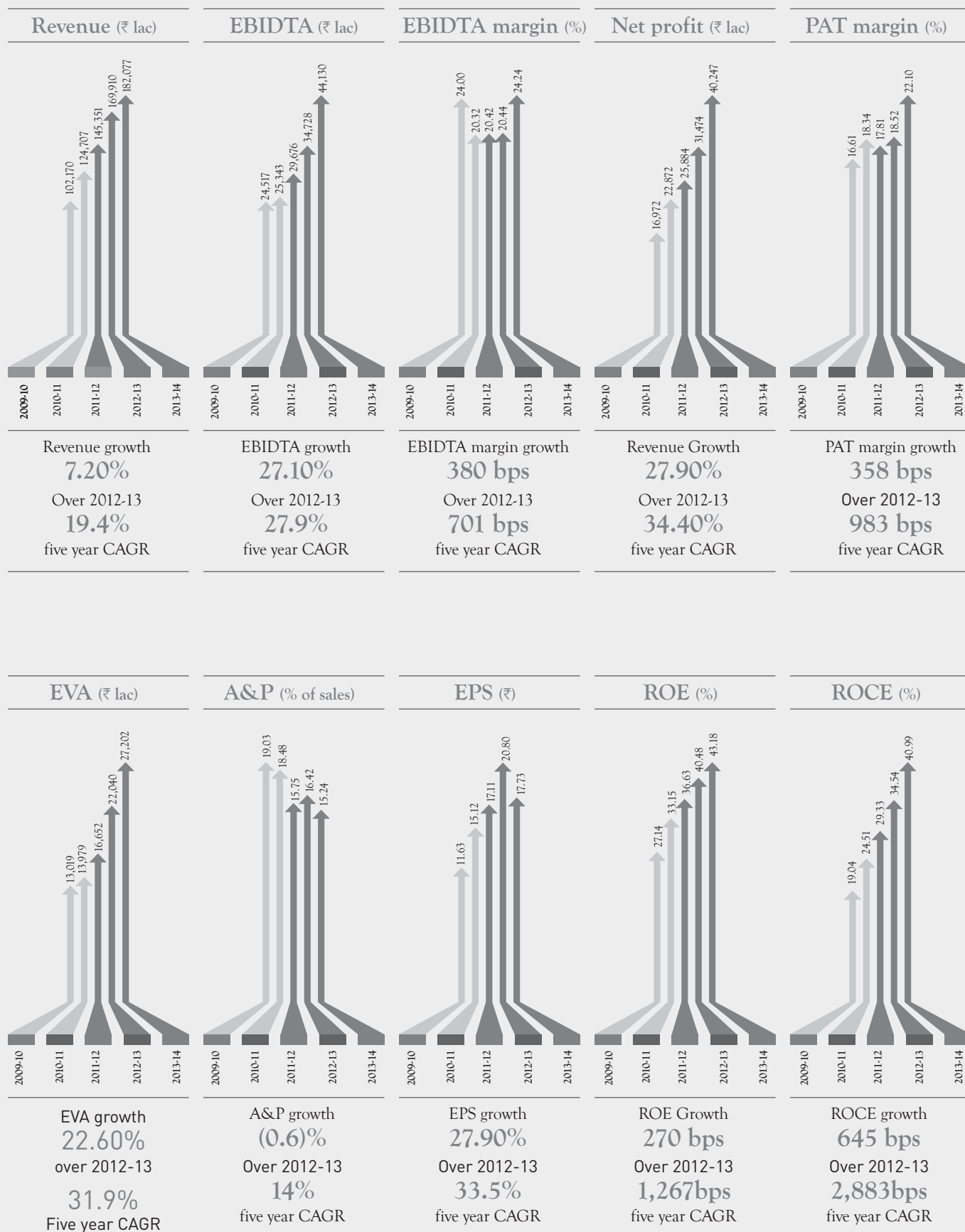
10 YEARS' HIGHLIGHT

(₹ in lac)

	Particulars	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
A	Operating Results :										
	Income from operations	1,82,077	1,69,910	1,45,351	1,24,707	1,02,170	74,893	58,593	51,825	42,044	31,126
	EBITDA	44,130	34,728	29,676	25,343	24,517	12,903	9,519	6,624	5,074	3,365
	PBT	45,713	36,868	29,893	26,912	20,493	10,587	10,240	7,476	5,148	3,200
	PAT (after minority interest)	40,247	31,474	25,884	22,872	16,972	9,186	9,020	6,619	4,936	2,976
	Dividend including tax	18,588	14,162	14,069	6,175	5,311	3,983	3,272	2,853	1,395	697
B	Financial position :										
	Fixed assets (Net block)	40,777	43,965	48,034	49,094	56,729	64,946	9,229	8,137	5,052	4,975
	Liquid investments	28,922	15,634	7,356	-	5,500	3,267	8,233	6,500	8,000	4,700
	Other assets	60,530	62,018	61,927	60,635	43,125	24,952	36,920	18,588	15,522	12,959
	TOTAL ASSETS	1,30,229	1,21,617	1,17,317	1,09,729	1,05,354	93,165	54,382	33,225	28,574	22,634
	Share capital										
	- Equity	2,270	1,513	1,513	1,513	1,513	1,313	1,243	1,243	1,223	1,223
	- Preference	-	-	-	-	-	-	8	-	-	-
	Reserves and surplus	90,942	76,234	69,150	67,471	61,025	28,799	26,981	21,680	17,923	14,394
	Net worth	93,212	77,747	70,663	68,984	62,538	30,112	28,224	22,923	19,146	15,617
	Minority interest	1	5	12	7			48			
	LOAN FUNDS	4,502	12,010	16,114	22,937	25,906	44,822	12,580	3,836	3,369	3,624
	Deferred tax (Net)	479	1,368	1450	1370	696	596	215	258	285	506
	CAPITAL EMPLOYED	98,194	91,130	88,239	93,299	89,140	75,530	41,075	27,017	22,800	19,747
C	Key ratios										
	ROE (%)	43.18	40.48	36.63	33.15	27.14	30.51	31.96	28.87	25.78	19.06
	ROCE (%)	40.99	34.54	29.33	24.51	19.04	12.16	21.96	24.50	21.65	15.07
	Debt - Equity Ratio	0.05	0.15	0.23	0.33	0.41	1.49	0.45	0.17	0.18	0.23
	EBIDTA Margin (%)	24.24	20.44	20.42	20.32	24.00	17.23	16.25	12.78	12.07	10.81
	Net Profit Margin (%)	22.10	18.52	17.81	18.34	16.61	12.27	15.39	12.77	11.74	9.56
	Interest Cover	82.03	52.86	19.51	16.64	4.48	3.30	13.83	45.98	NA	36.18
D	Equity share data :										
	Earnings per share (₹)	17.73	20.80	17.11	15.12	11.63	7.23	7.26	5.33	4.03	2.60
	Dividend per share (₹)	8.19	9.36	9.30	4.08	3.51	3.13	2.63	2.30	1.14	0.57
	Book value per share (₹)	41.07	51.38	46.70	45.59	41.33	24.23	22.71	18.44	15.66	12.77

Note:

1. Previous years EPS, DPS and Book value have been adjusted as per the present face value of ₹1 per share.
2. Equity share data for FY14 is on increased equity due to bonus issue in 1:2 ratio.



OPTIMISM!



Emami's success is derived from its niche ayurveda and herbal-based positioning as well as its strong innovation and new category incubation!"- SUSHIL K. GOENKA, Managing Director

600,000
outlets in FY13

625,000
in FY14

800,000
targeted in FY16



What is your evaluation of the Company's performance in 2013-14?

The financial year 2013-14 was difficult for the Indian FMCG sector. Consumer inflation remained on the higher side, moderating consumer purchasing power. Besides, a bad summer and delayed winter affected the offtake of seasonal products, impacting the Company as well; we reported only a 7.2% growth in revenues in 2013-14.

However, what makes our performance creditable is that despite sluggish offtake, we enhanced our profitability. Our EBIDTA grew by 27.1% and our net profit by 27.9%. Interestingly, we strengthened our EBIDTA margin by 380 bps and net profit margin by 357 bps. So, even as we grew by a mere 7.2% in terms of revenues, we reported stellar profitable growth.

During a year marked by inflation, how did the Company report profitable growth?

As the year progressed, we exercised a stronger control in cost management.

■ The cost of mentha oil dropped significantly from its peak in 2012-13; since the item constitutes a substantial part of our total raw material costs, we were able to increase our gross margins considerably. Besides, we negotiated with vendors effectively by assuring them stronger offtake in exchange for lower prices.

■ We moderated our advertisement and promotional activities amidst the slowdown and unfavourable seasons while growing our market share across categories.

■ We focused on the Zandu OTC and ethical segment, picking products with potential in a healthcare segment growing by 36%.

■ Despite an increase in diesel prices, we contained our logistic costs within the stipulated budget; we increased containerisation and selected alternative routes to reduce costs and transit time.

■ We grew our international business by 23%, retaining our leadership across categories. Our direct presence in Bangladesh through our own factory resulted in robust growth in that country. Our secondary sales in Russia and the MENAP reported healthy growth as well.

How did Emami strengthen its business during the year under review?

Emami engaged in a number of initiatives. We optimised costs. We re-launched Fair and Handsome (with an improved formulation). We extended the brand through Fair and Handsome Instant Fairness Face Wash which was launched in last quarter of FY14. We inducted experienced professionals from leading peer groups to lead various functions viz marketing, R&D, IT & so on. We strengthened our healthcare focus. The result was that the offtake of Zandu Pancharistha and Zandu Vigorex remained robust, registering a growth of 107% and 202% respectively over last year.

What gives you optimism for 2014-15?

Emami enjoys a demonstrated record of innovation and category creation. We established leadership in niche categories previously dominated by regional players. We created categories like cooling oil, cool talc and men's fairness cream; we gained leadership in the antiseptic cream space marked by limited competition. We established a presence in categories marked by comfortable margins. We graduated to smaller unit packs. We completed the first phase of Project Swadesh, increasing our rural reach to population clusters of 10,000. We widened our direct reach from around 600,000 outlets in FY13 to 625,000 in FY14 and target 800,000 in FY16. We are optimistic about the OTC healthcare market in India which is growing at 25-30% annually. Our healthcare business (including *ayurvedic* generics, OTC and ethical products) grew by 34% in FY12, 27% in FY13 and 36% in FY14; we aim to grow our healthcare portfolio of OTC and generic products under the Zandu umbrella. These realities provide us optimism to sustain growth across the foreseeable future.

BOARD OF DIRECTORS



R.S. Agarwal
Founder & Executive Chairman



R.S. Goenka
Founder & Wholetime Director



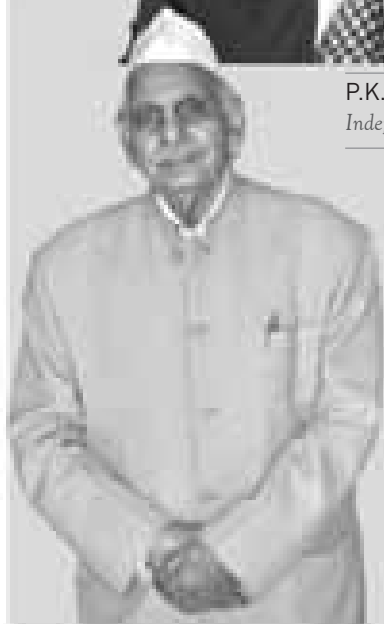
K.N. Memani
Independent Director



P.K. Khaitan
Independent Director



Sajjan Bhajanka
Independent Director



Vaidya S. Chaturvedi
Independent Director



Amit Kiran Deb
Independent Director



Harsha V. Agarwal
Wholetime Director



Y.P. Trivedi
Independent Director



S.B. Ganguly
Independent Director



M.D. Mallya
Independent Director



S.K. Goenka
Managing Director



Mohan Goenka
Wholetime Director



Priti A Sureka
Wholetime Director



Aditya V. Agarwal
Non-Executive Director



Prashant Goenka
Wholetime Director

Fair & Handsome

Daring to create a new market, not settling for a share of the existing market.



emami[®]

**FAIR AND
HANDSOME**

INSTANT FAIRNESS
FACE WASH™

FOR MEN WHO WANT ZYADA SE BHI ZYADA

FAIRNESS CREAMS ARE FOR WOMEN!

For decades, this is what they all told us. Until one company stood up to ask: why?

For a number of reasons. Over the last two decades, the need to look presentable has shifted from vanity to necessity; there are a larger number of people who feel that looking good (even attractive) helps take careers and personalities ahead. These last few decades have also seen the emergence of the metrosexual man – someone who is not apologetic about wanting to spend money to look better.

“There is something more fundamental behind the emergence of a personal healthcare market for men and the answer lies in pollution,” explains Mohan Goenka. In the last two decades, there has been a significant increase in the levels of pollution due to global warming, which coupled with a stressful lifestyle have started to take a toll on people, both externally and internally. As a result, men have begun to invest more in their personal care and hygiene than ever before. Fair and Handsome is a result of Emami’s ‘Innovision’ – an innovative step taken with an eye on the future. The idea of a fairness cream specially formulated for men was conceived on the basis of a deep market insight. “Our extensive research led us to understand that 30% of the female fairness creams

were actually being used by men, who were typically ‘closet users’. We were able to identify the need gap opportunity. And we went onto create a whole new category that had been an uncharted territory so far,” explains Mohan Goenka.

Thus, Emami became the pioneer in the men’s fairness category by launching Fair and Handsome in 2005, India’s first fairness cream for men. “We realised that either we market fairness creams for women and encourage men to use them or we take the decisive step to create a brand dedicated to men,” says Goenka. “The question was whether we should position the cream around dermatological health or go ahead and brand it completely around fairness. We decided to stick to fairness.”

Emami got its priorities right. The Company’s promotional campaign emphasised that it was okay for men to want fair skin. Shah Rukh Khan was roped in as the brand ambassador three years after launch. Today, Fair and Handsome is almost a ₹200 crore brand. It accounts for more than a 61% market share in the men’s fairness segment in the country.

Talking about the future, Mohan Goenka says, “Some 22% of all female fairness creams are still being used by men, as such there is a huge market that remains to be tapped into. So, last year, we re-launched the brand around a new formulation and packaging with additional features like sun protection and oil control in addition to fairness. The result is that in the overall fairness category we are now the second largest player in India (after the leading fairness cream in the female category).”

Rather than sitting pretty on this mountain top, Emami is eyeing new peaks to conquer. The Company launched another product in the male grooming segment – Fair and Handsome Instant Fairness Face Wash, in February 2014. “This is really only the beginning,” says Mohan Goenka. “Just as we brought a sense of identity to this space, we will continue to add products, features and variants to enhance a sense of excitement, which we feel, will translate into enhanced volumes, margins and profits.”



“I had a dark complexion and my friends used to tease me about it. Thanks to Fair and Handsome for improving my complexion.”
Ranjan Raghavan, Kurnool

“Previously I had to request my sister to get a fairness cream for me. But as Fair and Handsome is now available, I can buy it myself”.
Pravin Manjrekar, Pune

Talking points, 2013-14

- Re-launch of Fair and Handsome (new formulations and packaging)
- Extension from TV advertising to all media platforms
- Launched Fair and Handsome Intense Fairness Face Wash

Fair & Handsome leads men’s fairness cream category

Growth over 2012-13
10%

5-year CAGR
17.2%

Market share
61%

A BREAKTHROUGH IN HAIR OILS

REPAIRS HAIR DAMAGE
with the **POWER OF 7 OILS**



NEW **emami***
7OILS™
IN ONE
Damage Control Hair Oil™

STRONG · LONG · BEAUTIFUL HAIR

‘Emami has been instrumental in my growth as a media professional’



Rajesh Jain of Prachar shares his experience of working with Emami

How long have you been associated with Emami?

My association with Emami spans more than 18 years.

How have you grown with Emami and helped Emami to grow?

I will not say I have helped Emami grow because Emami in itself has been an institution under the able leadership of Mr. R.S. Agarwal and Mr. R.S. Goenka. I have shared my experience in the realm of media and branding with them and credit should go to them for having derived the maximum benefit. On the other hand, working with Emami, I have come a full circle, not just as an executive but also as a human being.

What innovative promotional activities for Emami have you taken through Prachar?

We always have used innovative promotional methods through vanilla and affordable media rather than

indulge in a spending spree. Prachar is a classic example of everything we stand for.

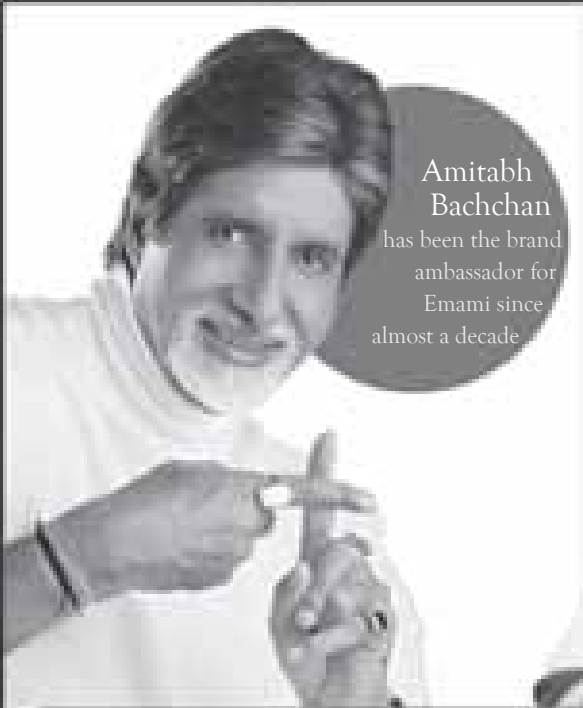
What has kept you engaged with Emami for so long?

A strong bond of relationship. The relationship that exists between a mentor and a disciple. Mr. R.S. Agarwal has not only guided me from a corporate point of view but in my personal life as well thereby instilling deep job satisfaction.

Any anecdotes that you would like to speak about?

In 1998, Mr. R.S. Agarwal was planning to hire Govinda as a brand ambassador for Navratna Oil. All the big advertising brains were against this selection but Mr. R.S. Agarwal felt that Govinda would be a perfect fit. And the rest, as they say, is history. Even today, everyone remembers the synergy between Govinda and Navratna Oil despite the campaign having been taken off eight years ago and other celebrities having taken his place.

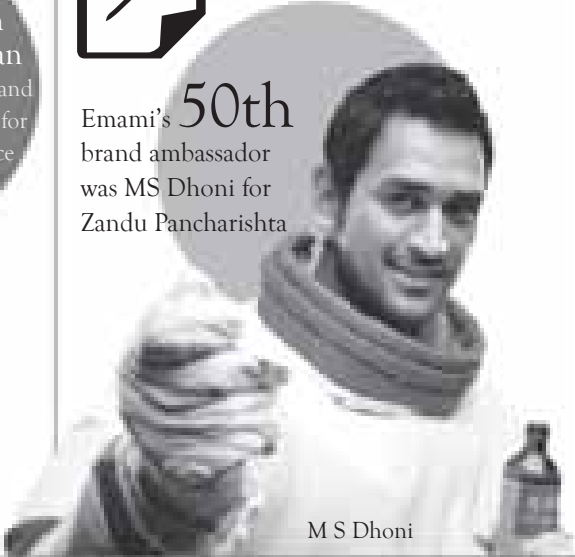
Rajesh Jain, a chartered accountant, started Prachar with media baron Subhash Chandra. Today Prachar Communications Ltd is a ₹500 cr agency, with 200 employees based in Mumbai. The company is engaged in the business of advertising media comprising, press, T.V commercial, radio and outdoor media.



Amitabh Bachchan
has been the brand
ambassador for
Emami since
almost a decade



Emami's 50th
brand ambassador
was MS Dhoni for
Zandu Pancharishta



M S Dhoni

Some Emami brands have had multiple endorsers – **Navratna** had eight, **Zandu Balm** has had seven and **Fast Relief** had six

After the '**Munni badnaam hui**' campaign, Zandu Balm sales increased by **44%**

Every year, Emami invests ₹5-15 crore to engage new celebrities



Emami completed a half century in terms of brand ambassadors starting with Rekha in 1974 for Emami Vanishing Cream



Madhuri Dixit



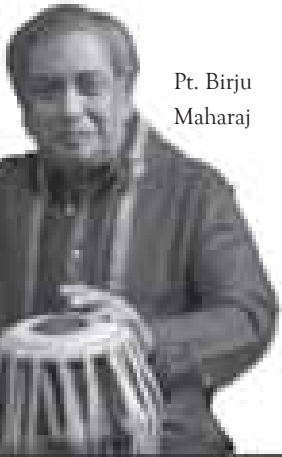
Saina Nehwal

The Emami rich and famous!

What links Amitabh Bachchan, Rekha, Zeenat Aman, Shah Rukh Khan, Madhuri Dixit, Kareena Kapoor, Sonakshi Sinha, Rituparna Sengupta, MS Dhoni, Milkha Singh, MC Mary Kom, Saina Nehwal and Pandit Birju Maharaj? Emami, of course!



Milkha Singh



Pt. Birju Maharaj



Gautam Gambhir

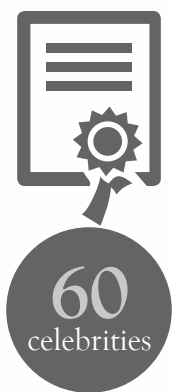
Surya

Malaika Arora Khan

Fair and Handsome is the first fairness cream for men, endorsed by Shah Rukh Khan



Sonakshi Sinha

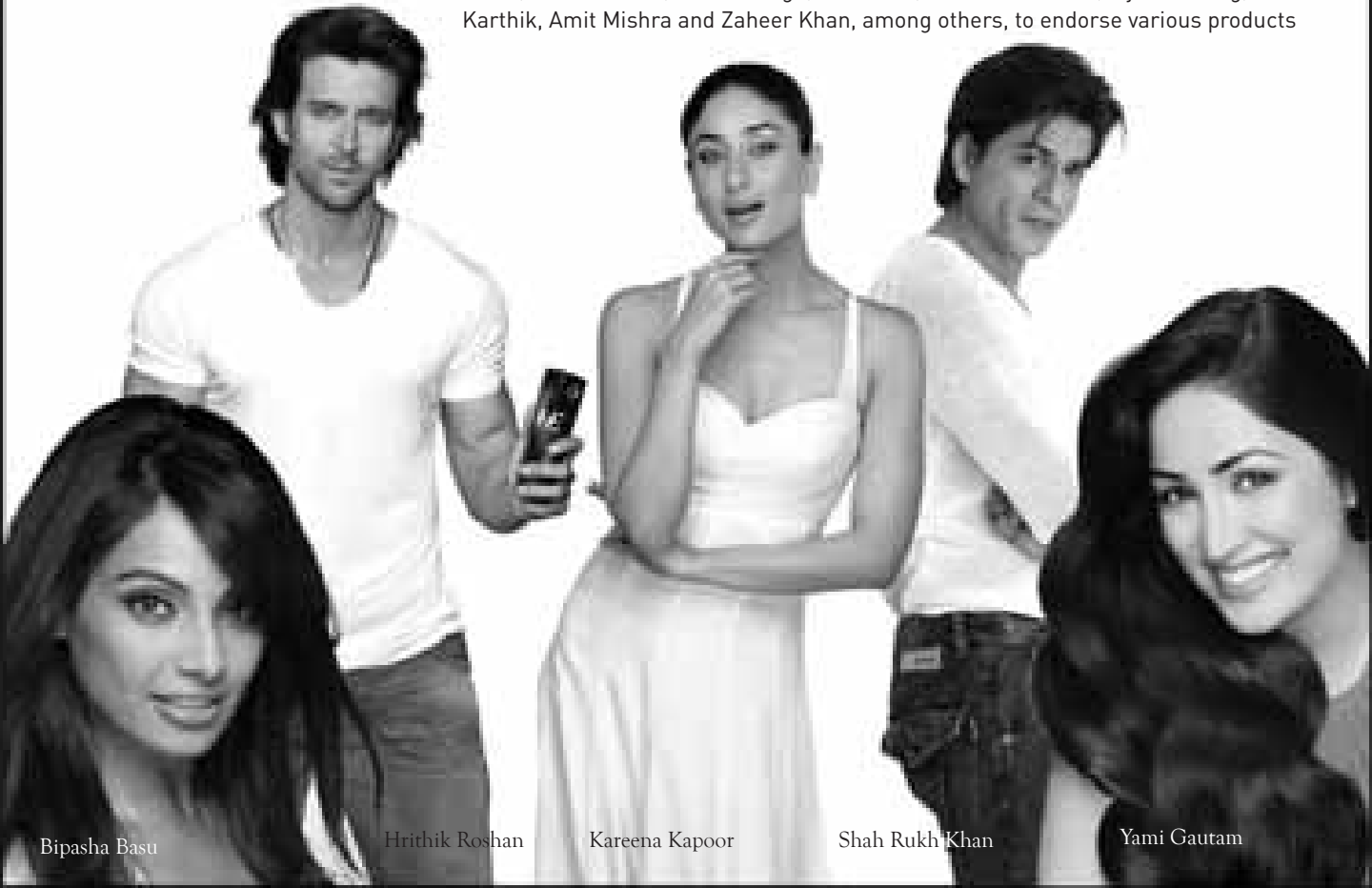


Emami has more than 60 celebrities associated with its brands

The *Agar Tum Na Hote* experiment was a revelation: in-film advertising has since emerged as an established branding trend where Rekha modelled for the Company



In the last few years, Emami signed Malaika Arora Khan, Bipasha Basu, Sonakshi Sinha, Yami Gautam, Milkha Singh, MS Dhoni, Gautam Gambhir, Vijender Singh, Dinesh Karthik, Amit Mishra and Zaheer Khan, among others, to endorse various products



Bipasha Basu

Hrithik Roshan

Kareena Kapoor

Shah Rukh Khan

Yami Gautam

PAIN MANAGEMENT

Zandu Balm ranked 3rd among India's most trusted brands in OTC personal care category by Brand Equity Survey 2013

The pain management category consists of topical pain relief solutions (like balm, gel, ointment, spray, roll on among others) and analgesic tablets as a remedy for headaches and bodyaches. Emami identified the untapped potential in this segment way back in 1987 and introduced Mentho Plus Balm followed by Himani Fast Relief. With the acquisition of Zandu, the Company reinforced its position in the category and is now the largest player in the balm as well as the overall topical pain relief solution category.



Dard ki bolti bandh

ZANDU BALM

- 1 Zandu Balm has been a trusted pain relief solution for over 100 years, positioned as a multi-purpose topical pain relief solution. This has been effectively captured in the ad campaign 'Dard ki bolti bandh'.
- 2 Zandu Balm combines science with *ayurveda* and espouses enduring values like nature, health, trust and assurance.
- 3 Zandu is the leader in India's balm category with more than a 45% market share across a pan-India presence.
- 4 Zandu is a great post-acquisition success story. The brand revenue has grown by 117% leading to 2013-14.
- 5 Zandu enjoys penetration in more than five crore Indian households, across geographies.
- 6 Zandu Balm is positioned as 'A Pain Relief Expert' across age groups and pain intensities.

BoroPlus, is the market leader in the antiseptic cream sector pegged at ₹527 crore. Launched in 1982, BoroPlus currently dominates this segment in countries like Russia, Ukraine and Nepal apart from India. In India the brand commands a market share of 78% in its segment. Its reach isn't confined to the cities. It has made its presence felt in rural areas through incisive BTL campaigns utilising various platforms like the Kumbh Mela and the Sonapur cattle fair.

BoroPlus has used jatra scripts as a means of product placement in West Bengal and even leveraged the airwaves by advertising the product on BIG FM thereby reaching out to prospective customers across pan-India. A who's who list of celebrities including the likes of Amitabh Bachchan and Kareena Kapoor have been roped in as a part of the ATL campaigns (TVCs and print ads) over the years. The Company's safed teeka campaign has already reaped much success and is expected to further increase its presence across the states of Uttar Pradesh, Bihar, West Bengal and Madhya Pradesh.

During the fiscal gone by, BoroPlus launched the novel BoroPlus Face Wash as a brand extension across three variants-oil control, gentle exfoliating scrub and anti-pollution. Earlier it had launched the BoroPlus Advanced

BOROPLUS

The transformation of a new entrant into a leader



Safed tika, taki sardi ki nazaar na lage

Highlights, 2013-14

- No.1 in the antiseptic cream category
- Market share increased from 74% to 78%
- Launched BoroPlus Face Wash as a brand extension
- Largest selling antiseptic cream not only in India but also in Nepal, Russia and Ukraine

MENTHO PLUS BALM

1 Mentho Plus is positioned as a 'headache specialist'. Its advertising is largely woven around the ability to address the headache of Raavan (with ten heads), highlighting product efficacy.

2 Mentho Plus enjoys a more than 16% market share in the balm category at an all-India level.

3 Mentho Plus enjoys a formidable presence in Southern India with a market leadership in Karnataka and market share of more than 38%; it is the second biggest name in Andhra Pradesh with a market share of more than 32%.

4 Mentho Plus is the second widest distributed brand in the balm category after Zandu Balm, with a reach of around 10 lac outlets.



HIMANI FAST RELIEF

1 Himani Fast Relief enjoys a 4% market share of the country's ointment and gel category (estimated value ₹1,000 crore)

2 The brand is positioned around providing quick and long lasting pain relief from body ache.

3 Himani Fast Relief has been endorsed many film and sport celebrities like Amitabh Bachchan, boxing stars MC Mary Kom and Vijender Singh, badminton champion Saina Nehwal, cricketer Gautam Gambhir and wrestler Sushil Kumar.



Market share (2013-14)

45%
Zandu Balm

Mentho Plus Balm
16%

Himani Fast Relief
4%

Mosturising Lotion and BoroPlus Prickly Heat Powder which have carved out a niche for themselves in their respective categories.

In 2013, the brand was ranked 16th in the personal care category as per Brand Equity's Most Trusted Brands.



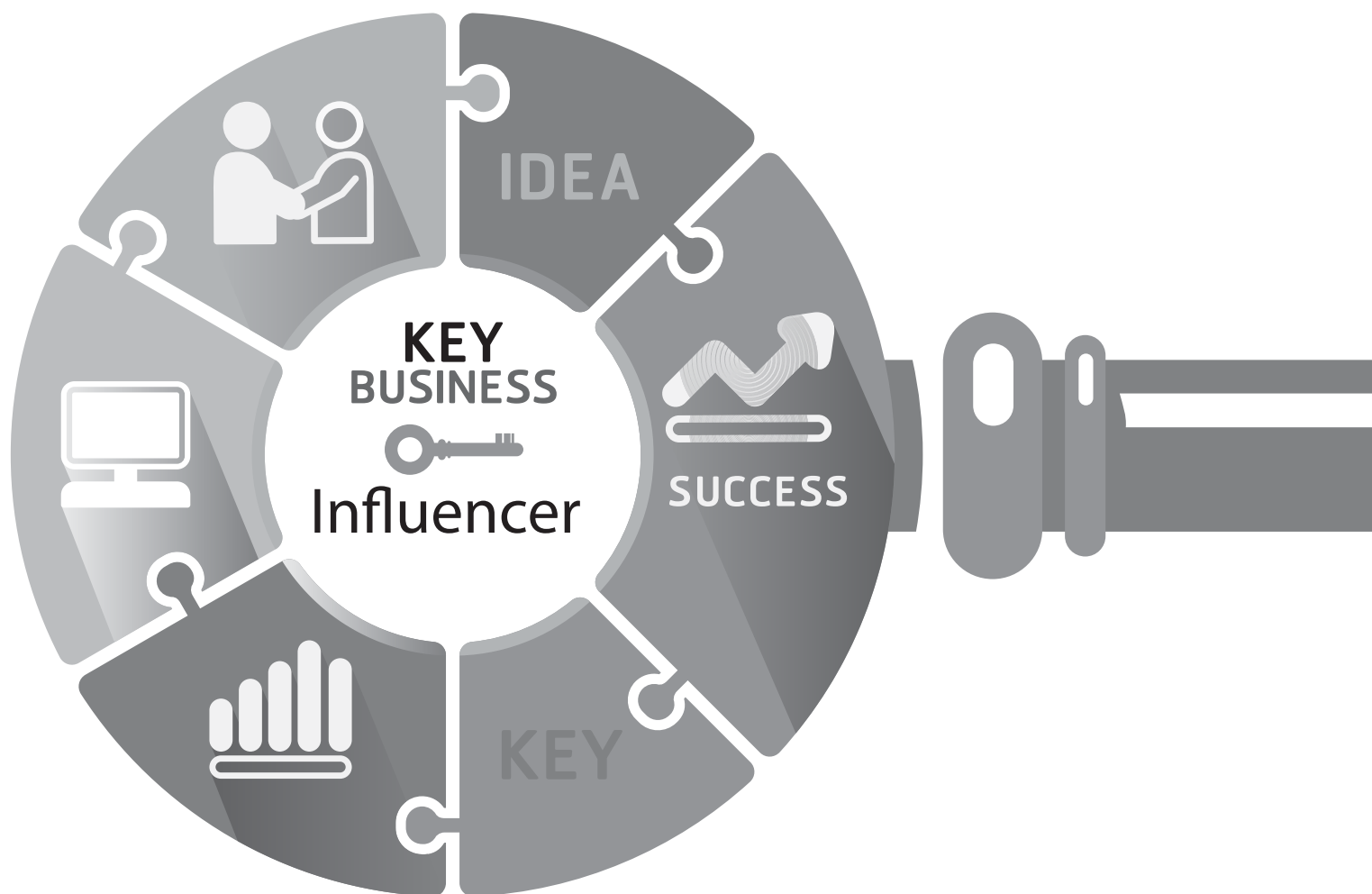
BoroPlus has been addressing the needs of various consumers across geographies for the last 32 years. It has replicated its success story by extending into categories like prickly heat powder, lotions and facewash.

Priti A Sureka - Director



Cash cow!

Two questions! What is the secret behind Emami's around ₹10,000 crore market capitalisation? What made it possible for Emami to graduate to attractive multiples?



“The biggest driver in Emami’s market capitalisation is that the Company generates far more cash each year than it can possibly invest in its business,” explains N.H.Bhansali, CEO – Finance, Strategy & Business Development and CFO. This surplus has translated into a sizeable cash surplus, which not only generates a spinoff annual income but also represents a strategic war-chest which may be deployed to buy other brands.”

This competitive advantage means a number of things for Emami. One, while

most other companies must live with normal incremental earnings that can be deployed to grow their brands, Emami is placed in an enviable position where it can buy robust revenue-generating brands outright, leapfrogging its previous revenues and profits. So, what a number of companies can potentially take decades to achieve, Emami is theoretically placed to achieve in just a few years.

“This is not just a hypothetical theory but something that we have demonstrated over the last few years,” explains N.H.Bhansali.

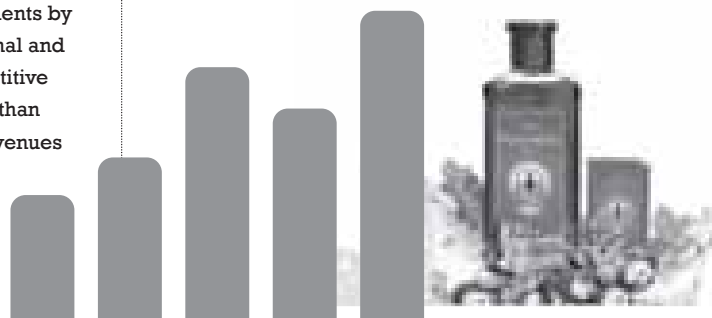
Emami embarked on the ₹713 crore Zandu acquisition in 2008. This single acquisition did two things for the Company. One, it empowered Emami to add ₹137 crore Zandu revenues overnight, which was what Zandu reported in the financial year previous to the acquisition. Two, the Company leveraged its rich understandings in brand management that helped grow the Zandu brand from ₹137 crores to around ₹400 crores in just six years.”

Emami’s cash-richness is derived from the nature of its business – working capital-



BOROPLUS

One of India's most popular creams. Ideal against cuts, bruises, rashes and winter harshness. Established deep consumer-connect through endorsements by prominent filmstars (regional and national). Leads the competitive Indian market with a more than 78% share and growing revenues at a 12% CAGR in the five years leading to 2013-14.

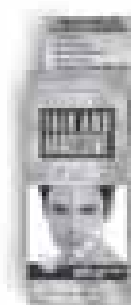


NAVRATNA OIL

The traditional cool oil that turned refreshingly modern, addresses stress and headaches. Positioning focus transferred from rural working class people to the upwardly-mobile. Product was introduced in convenient PET packaging and sachets (first time in the category). Now accounts for more than 57% of the market share, growing revenues at a 12.3% CAGR in the five years leading to 2013-14.

FAIR AND HANDSOME

India's first fairness cream for men. Addresses the fairness requirement for men who have rougher skin compared to women. Endorsed by Bollywood superstar Shah Rukh Khan, the brand filled the void in the men's grooming market in India and now accounts for more than 61% of the market share, growing revenues at a 17.2% CAGR in the five years leading to 2013-14.



intensive over capital-intensive. Over the years, the Company's brands have generated a strong consumer pull, translating into quicker offtake of products on one hand, and a shorter receivables cycle on the other. In turn, this has reinforced Emami's ability to generate a consistent cash surplus for onward deployment.

Over the years, four Emami brands – BoroPlus, Zandu and MenthoPlus Balm, Fair and Handsome and Navratna Oil – have reinforced their positioning as profitable cash cows, wherein brand returns have significantly offset manufacturing costs and brand investments. The health of these brands is evident in the numbers: they generated 72% of revenue in 2013-14.

The success of the brands is derived from a cocktail of factors. The Company has blended *ayurveda* with modern-day science to create products which are physically benign and therapeutically effective. Emami identified the Indian consumers' fascination with celebrities and effectively got its products endorsed by icons from various fields. Case in point: Emami has been consistently spending 18% of its overall revenues over the last decade on product

endorsement.

Emami's edge lies in spotting categories which are unique and devoid of any competitors or have only regional players, enabling it to enjoy absolute market leadership in those categories. All its power brands are strong leaders in their respective categories.

The success of an FMCG company is appraised by the availability of its products at retail counters across the length and breadth of the country. Emami, has over the years, built a strong distribution channel with 3,000 distributors, 6,450 sub-distributors, 625,000 retailers with direct reach and four million retailers with indirect reach, thereby creating a presence across villages with population clusters of 10,000 and above. The result: A hundred Emami products are sold every second.

Emami's business model – focusing on niche categories – helps it enjoy leadership across all its power brands which are margins-accretive. Emami reinvests the profit in existing and new brands to accelerate growth. These, combined with the other factors, helped the Company in achieving a higher multiple on the country's secondary capital market.

ZANDU AND MENTHO PLUS BALM

Evergreen pain relievers. Leading market share with 61%. Growing revenues at a 15.7% CAGR in the five years leading to 2013-14.



₹ **194** crore
Net cash on Emami's books, 2011-2012

₹ **522** crore
Net cash on Emami's books, 2013-14

₹ **278** crore
Cash profit, 2011-12

₹ **437** crore
Cash profit, 2013-14

“Emami in one sentence? **MASSTIGE.**”

A conversation with advertising guru Alyque Padamsee

Q. What makes Emami different?

A. Its sheer energy. What was started by two friends with a seed capital of ₹20,000 is now around ₹10,000 crore business. What I admire is that they stand for a new kind of Indian entrepreneurship – innovative, risk-taking, mass-targeting, superior-quality and reasonable pricing.

Q. What is unique about the Emami brand?

A. The fact that it created a completely new category – ‘Masstige’. This comes from the amalgamation of the two words – ‘mass’ and ‘prestige’. Over the years, the Company has consistently created brands that are prestigious and yet affordable for the masses. So in a way, Emami has democratised the personal care and healthcare segments in India. Take the instance of Fair and Handsome; the product is niche, benign, evolving (counter-pollution) and decently priced. I was involved in its positioning; we focused on male users using female fairness creams and we priced what was otherwise a premium product for the broad masses. The product was an instant hit and continues to remain the market leader.



Alyque Padamsee has been associated with Emami for more than a decade as a Brand Advisor

Q. How did Emami take ‘masstige’ ahead?

A. In an interesting way. Indian consumers live their cinema, so Emami was one of the first to rope in film personalities – Amitabh Bachchan, Shah Rukh Khan, Kareena Kapoor, Sonakshi Sinha, Bipasha Basu, Govinda and Sridevi – to endorse its brands. The country lives its cricket, so Emami enlisted people like MS Dhoni, Sourav Ganguly, Virendra Sehwag and Gautam Gambhir, among others, to endorse some of its brands. The result is that Emami emerged as a language-neutral brand across the country because its endorsers were language-neutral. This represented the foundation of

its ‘masstige’ positioning.

Q. What has been key to the success of the Emami brand?

A. There are reasons and there are reasons. Emami enters relatively less competitive segments with the right products. What is more important is that the entire Company – not just brands – has been consistent in its positioning as a mass player. This could have been the instance of a company evolving from mass-to-class; this could have been the instance of a company tempted to graduate to the premium segment; this could have been the instance of a company that got tempted by the ‘value chain’ argument. What people seldom realise is that Emami is the same as it always was, using the same kind of pitch, the same colours in its advertising, the same appeal and the same kind of stars to endorse. As a brand building professional, constant change is the first error people make. And this is something that Emami has refused to do with its most valuable asset (i.e. brands). As a result, Emami continues to mean the same thing to the same audience over different periods of time.

Alyque Padamsee’s favourite Emami lines

SAFED TIKA

The line effectively banks on the Indian custom of putting a black teeka as a sign of protection. Emami used the reverse line, highlighting BoroPlus’s ability to protect the skin from climatic harshness.

DARD BHAGAYE CHUTKI MEIN

This Fast Relief tagline effectively captured the essence of the brand – fast relief.

DUS SIRON KA DARD BHAGAYE

The popular commercial shows Mentho Plus relieving the ten heads of Ravaan from headache.



Why are market analysts bullish about the emami stock?

Why do most professional stock pickers continue to put a 'buy' on Emami?

Emami tracks customers across the country but which pan-Indian community tracks Emami?

The answer: Professional research analysts from more than 20 global and Indian brokerage houses. Why these bargain hunters still find the Emami story compelling at a price-earnings ratio of 25 is encapsulated below

INNOVATION

"Emami is one of the most innovative FMCG companies in India. The Company offers *ayurveda*-based products supported by aggressive marketing activities and celebrity brand endorsements."

TURNAROUND CAPABILITY

"Emami has an eye for untapped potential. It engaged in the successful acquisition and turnaround of Himani and more recently, Zandu. The Zandu portfolio contributed 22% of the Company's revenues in 2013-14."

STRONG BRAND

"Emami's strong brand has made it possible to pass on input cost inflation to customers."

BALANCE SHEET

"Even though Emami leveraged its Balance Sheet for the ₹713 crore Zandu acquisition, it repaid the debt within three years, validating its brand management capability."

LEADERSHIP

"Emami selects to be present in categories where it can be a segment leader or have a strong presence. Consider this: the Company has four power brands which are leaders in their respective categories, contributing 72% of the Company's revenue in 2013-14."

NICHE

"Emami entered segments that are niche and lucrative, which helps it steer from strong competition, leading to high margins."

SHARING

"Emami shares profits with shareholders, reflected in an average dividend payout ratio of 39% in the last decade."

CATEGORY CREATOR

"Emami is known for creating new categories in FMCG sector. The Company was first in India to introduce men's fairness cream as well as cool talc."





12 THINGS YOU NEED TO KNOW ABOUT AYURVEDA

Ayurveda represents the foundation of various Emami products



1 The term ayurveda is derived from the Sanskrit word 'Ayur', meaning life or lifespan. So the word 'Ayur' literally means 'life' and 'veda', meaning the 'science' or 'knowledge'.

ayurveda, therefore, means 'science or knowledge of life'.

2 There are four Vedas or treatises that form the basis of the Indian medical philosophy - *Rigveda*, *Yajurveda*, *Samaveda* and *Atharva Veda*. *Ayurveda* is a branch of *Atharva Veda* (one of the four most ancient books of Indian knowledge, wisdom and culture) dating back 5,000 years and representing one of the world's oldest and most complete systems of natural healing.

3 The primary emphasis of *ayurveda* is on disease prevention and longevity, so illness treatment is an important but secondary aim. *Ayurveda* is particularly helpful in dealing with chronic, metabolic, and stress-related conditions. *Ayurveda* is also used to alleviate the side effects of toxic allopathic therapies.

4 More than 40 Indian research institutions conduct *ayurveda*-based clinical trials. In the United States, many well-designed studies on *ayurveda* have been carried out by adherents of Maharishi Ayur-Ved, who have conducted basic and clinical research on herbal products.

5 Some 40 neurological disorders are classified in *ayurveda* as *vata* disorders. Herbs commonly used for neurological diseases include *brahmi*, which is said to enhance memory, reduce insomnia, and act as a mild sedative, and *centella asiatica*, or *gotu kola*, valued as a memory enhancer. In the treatment of dementia, *Ayurveda* uses a number of herbal compounds as memory enhancers, including *withania somnifera* (*ashwaganda*), *brahmi*, and *centella asiatica*.

6 A number of herbal compounds have been used to prevent atherosclerosis and address other risk factors like obesity, elevated cholesterol, high blood pressure and diabetes.

Among the most promising is *guggul*, an extract from the mukul myrrh tree, since it is widely used in India for the reduction of cholesterol.

7 *Ayurvedic* herbs are used both internally and externally to treat arthritis and muscle disorders. Herbal compounds and massage also help relieving chronic pain.

8 Ailments are treated with yogic breathing and *ayurvedic* preparations, including the herbs *sida cordifolia* and *tylophora asthmatica*, which are used to treat asthma.

9 *Ayurvedic* preparations have been used to treat upper and lower gastrointestinal diseases, and are considered especially useful in liver disease. Irritable bowel syndrome, as well as peptic, gastric, and duodenal ulcers, are treated with *ayurvedic* herbs. Ginger is recognised as a digestive aid in *Ayurveda*.

10 *Ayurvedic* places a great deal of emphasis on preventing cancer with diet, lifestyle changes, exercise, and the use of various *ayurvedic* compounds, most notably the extract of *sempervivum anacardium* nut and the flowers of *calotropis procera*, as reported by Smit in 1995.

11 Diabetes is treated in *ayurvedic* medicine with herbal remedies, including guar gum and fennel, which have been shown to lower blood sugar when used as adjuncts to primary drug treatment, according to Sadhukhan in 1994. *Ayurvedic* herbal preparations are also used to treat obesity, and as antifertility treatments.

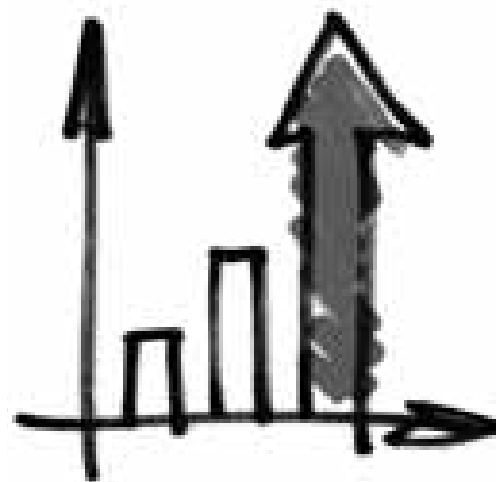
12 *Brahmi* is highly valued as an anti-anxiety compound, and *rauwolfia serpentina* is an *ayurvedic* herb that is the source of the anti-hypertensive and tranquilising drug reserpine. Substance abuse is treated with herbs, detoxification, diet, and yoga, and so are stress-related conditions, such as tension headache, colitis, and insomnia.

[The article has excerpts from an article published by Dr Kenneth R Pelletier on the *The Best Alternative Medicine*]



The primary emphasis of ayurveda is on disease prevention and longevity, so illness treatment is an important but secondary aim.

India's biggest FMCG acquisition...



How Emami acquired Zandu and then turned it around within a few years...

When Emami acquired Zandu Pharmaceutical Works Ltd. for ₹713 crore in 2008-09, one of the first pronouncements was that this would destroy the Company.

The detractors held out a number of reasons for this. Assuming a funds cost of even 12%, the acquiring company would need to generate at least ₹85 crore from the acquisition as basic interest cost recovery and then an incremental 10% as its profit from the acquisition. Most analysts simply shook their heads when they saw the implication.

The other point that detractors held out was that Emami was Emami, and Zandu was a Zandu. Which means that when you took a brand as enduring as Zandu and infused it with the brand management philosophy of an Emami, it was not necessary that the acquired brand would immediately start mirroring the attributes of the acquirer. After all, Zandu had established a lasting recall across a century; this simply could not be wished away overnight.

And then the question came down to management capability. Over the decades, Emami had grown its business organically; acquisitions, which required cultural, financial and management integration across diverse companies, were largely new to its strategy.

Emami took these challenges head-on.

Whereas detractors had insisted that

the two companies were fundamentally different, Emami disagreed; there was a running synergy. Emami's ayurvedic learning, (Navratna Oil, BoroPlus Antiseptic Cream, Mentho Plus Balm, Fast Relief, and Sona Chandi Chwayanprash) would be complemented by Zandu's products (Zandu Balm, Kesari Jivan, Nityam Churna, Pancharishta, Trishun,

ZANDU

Triphala and Zandopa, among others). Not only Emami consolidate the *ayurvedic* portfolio of both companies, it also introduced new synergic brands like Vigorex.

Whereas detractors had argued that Emami had leveraged in-your-face promotions that could not be extended to sober Zandu brands, Emami disagreed; the unthinkable could be attempted with effective success. Emami's decades-old understanding of how brands could be grown from scratch would now be extended to how existing brands could also be progressively overhauled.

Whereas detractors had contended that Emami's distribution channel was customised around the nature of its products and could not be simplistically

extended, Emami shook its head; the same distribution channel could cover diverse brands and yet be successful. The result is that Emami's pan-India distribution channel was successfully tested for speedy product movement and effective shelf-filling leading to an integrated supply-chain solution.

Whereas detractors had insisted that Emami possessed a different kind of product experience that couldn't be extended to Zandu, Emami disagreed. Emami insisted that all Zandu's rich *ayurvedic* products portfolio needed was enhanced focus. The products were relaunched around improved packaging and communication. The result: Zandu Pancharishta has grown by more than 13 times post acquisition. Zandu Balm was extensively promoted, repackaged and introduced in a lower SKU of 4.5 grams; the product offtake has doubled since acquisition.

This, then, is the result of Emami's Zandu acquisition: a brand that generated ₹137 crore in revenues prior to the acquisition now generates around ₹400 crore in annual revenues. The unprecedented price paid for the acquisition of a century-old FMCG brand was recovered in just three years.

And best of all, Emami's market capitalisation has increased by more than six times to around ₹10,000 crore ever since. *Touché.*

“HR management represents the key strategic thrust at Emami”

Thrust of Emami's Human Resource Management

Emami's promoters have taken a conscious decision to professionalise and create a strong line of leadership. In view of this, there has been a strategic shift in Emami's human resource management policy: there have been a number of strategic hires from peer companies to scale the business and graduate to the next level.

HR initiatives in 2013-14

Clearly, the talent management system through which it strengthened processes, systems, hires and retention was the major talking point of FY14. The performance management system was cascaded to all levels. It initiated a mid-year performance review; strengthened people capabilities through training and development initiatives. As a result, HR processes are getting embedded into the system in a way that employees are getting used to such systems. Besides, we reinforced people-led initiatives through the Emami Premier League cricket tournament, picnics and quizzes. The fact that a sizeable number of employees participated in these events strengthened the corporate brand and enabled better team bonding.

Strengthening the movement

The Company intends to focus on technology-enabled HR wherein it graduates performance management system, talent acquisition, training and development to an online format. Besides, Emami intends to strengthen critical resource development and retention programmes to facilitate career building,

motivation and talent retention. Emami also plans to bring more processes in building people capability, measuring employee engagement and building plans to enhance higher engagement.

Unique employee engagement initiatives

'SAMPARK', Emami's HR portal, which started a couple of years ago, facilitates a significant engagement with people (Creativity Week, Best Idea Week and other activities). Going ahead, Emami expects to extend this facility to all locations within India and abroad.

HR PRIORITIES AT EMAMI

Talent
management

Building
people
capability

Pride
and passion
at work



Highlights, 2013-14

- Completed over 3000 person-days of training
- Initiated strategic recruitment of senior professionals
- Sustained employee engagement programmes (family picnic day, annual quiz contest and interdepartmental cricket matches, among others)

10 things you probably never knew about how Emami was started

When childhood friends - R.S. Agarwal and R.S. Goenka - walked out of their Birla Group job to start a company, the contrast could have not been more starker. On the one hand was an air-conditioned office in the sought-after Dalhousie Square area with liveried peons in attendance; on the other was a 150 sq ft space in a congested lane in North Calcutta. And that is how a famous commercial success story was born.

1

R.S. Agarwal and R.S. Goenka didn't call their company Emami when they started this company; they called it Kemco Chemicals.

2

The promoters started their first factory in a 150 square feet room at 48B Mukhtaram Babu Street, Kolkata.

3

Their first product was a petroleum jelly-like product to address consumer needs in a harsh winter.

4

Emami was formally launched in 1974; the promoters decided that a herbal *ayurvedic* product would serve as an attractive and differentiated positioning.

5

Emami went into business with the launch of a talcum powder and a vanishing cream.

6

When most manufacturers focused on the class-consumer segment, Emami focused on the mass population.

7

At a time when most FMCG companies focused on organic growth, Emami did the unthinkable: in 1978, it acquired Himani.

8

Emami had a problem: no one knew their product. So the promoters circumvented this handicap through the use of celebrities as brand ambassadors.

9

Emami recognised that brand endorsements served well when people did not know of their products and also served well when people knew of their products. Celebrity endorsements became the norm.

10

Emami was one of the few companies to start in-film advertising with Rajesh Khanna playing the chief of Emami in the film *Agar Tum Na Hote* in 1983.

EMAMI'S GROWTH IN NUMBERS

Revenues		Net profit		Products		Celebrity endorsers	
₹ 311 crore	₹ 1,821 crore	₹ 30 crore	₹ 402 crore	25	260	25	60
2004-05	2013-14	2004-05	2013-14	2004-05	2013-14	2004-05	2013-14
Countries of presence		Manufacturing units		Power brands		Employees	
25	63	4	8	2	4	1,000	2,590
2004-05	2013-14	2004-05	2013-14	2004-05	2013-14	2004-05	2013-14

HOT PROPERTY

“Why would anyone buy cool oil?”

To make one feel fresh. To de-stress one from daily stress.

What else?



At Emami, this simple question represented the origin of a new product idea. Emami created a cool oil which essentially works as a stress reliever.

Emami embarked on the progressive overhaul of a legacy product into something contemporary.

Emami worked backwards. If the product

were to be repositioned as ‘cool,’ what would it require? If the product were to serve as an effective stress-buster, what should it contain? If the product were to move off shelves faster, how should it be packaged?

And thus came about the launch of Navratna Oil in 1991. The positioning of the product commenced with its name. The product was named ‘Navaratna’ because it combined the goodness of nine medicinal herbs that mitigated physical and mental stress.

into successful extensions - Navratna Cool Talc and Navratna Extra Cool Oil. The Navratna brands have been endorsed by brand ambassadors like Govinda and Saurav Ganguly in the past and currently by mega stars like Amitabh Bachchan and Shah Rukh Khan. This promotional strategy was reinforced through a growing presence in rural fairs, on railway timetables, through wall paintings across national highways and in rural fairs including the Sonepur cattle fair. In 2013-14, the Company’s ‘seeti bajao’ campaign with Shah Rukh

Khan attracted eyeballs and accelerated offtake. Similarly, the ‘Duniya ka sabse chhota AC’ positioning for Navaratna Talc, especially in power-starved Andhra Pradesh, Uttar

Pradesh, Tamil Nadu and Bihar, proved effective.

“The results of product efficacy and positioning were remarkable,” says Harsha Agarwal. Despite the category being stagnant, our market shares have strengthened, owing to proactive trade planning, promotion and judicious price increase. We have been able to grow our market share from 51% in 2010-11 to 57% in 2013-14.”

This brand has clearly emerged a winner, irrespective of the seasons, regions or market cycles.

In 2013-14, the Company’s ‘seeti bajao’ campaign with Shah Rukh Khan attracted eyeballs and accelerated offtake.

Navratna Oil was positioned in the cool oil segment. This deliberate positioning has had the desired impact: Navratna has gradually emerged as the market leader in the cool oil segment with a market share of more than 57%. Navratna now literally dominates the category!

Over the years, Emami has reinforced its brand through the ‘Thanda, thanda, cool, cool’ positioning, which is simple, lucid and extending beyond markets.

Interestingly, the biggest driver of Navratna Oil’s success has been its packaging. It revolutionised the cool oil sector when it introduced sachets. The result of this single adaptation is that Emami sells around 160 crore sachets of Navaratna Oil each year - 51 sachets a second! The challenge then for the brand is to reach out to as many customers and keep reinforcing the point that the product comes in a packaging format that addresses his or her individual needs as opposed to a large family pack. This makes it possible for the brand to fulfill aspirations of people drawn from diverse socio-economic segments.

The Navratna Oil success has translated

Navratna Oil		
Growth over 2012-13	Market share	5-year CAGR
10%	57%	12.3%

Navratna Cool Talc		
Growth over 2012-13	Market share	5-year CAGR
7%	24%	50.3%

“Emami’s strength

lies in its complete understanding of the Indian market, unlike multi-national competitors who attempt to force global solutions into India”

An interview with **Nigel Williams**, brand consultant for various Emami products

Tell us about your association with Emami.

The opportunity to work with Emami as brand consultant came in 2013 when Mr. R.S. Agarwal approached me to enrich Emami brands. Prior to this, I was working with a multinational; I recognised that working with Emami would provide me with a rich insight into the Indian consumer mindset so I went right ahead. Gradually, I figured out how to best work together across the US and India.

What according to you are the principal Emami strengths?

The fact that it completely understands the Indian market unlike other multinational competitors who force global solutions onto India. Emami takes Indian products ahead and makes them feel global. What I admire is how Emami can gather key decision-makers in a room and walk out with a plan in a few hours. Besides, the brand strengths are uniquely suited to the Indian market, appealing to a wide population range with the promise of quality around an affordable price.

What according to you is the need of the hour for the Emami brand?

I believe Emami needs to strengthen the brand. The name, when added to a product, should make that product command a premium because of the trust built into it. Unilever and P&G add their logos to marketing in India because it enhances trust. Apple was able to leverage its good name in the desktop computer space into music, mobile phones, video and television spaces. The way to do this is to feature the name ‘Emami’ more prominently in marketing so that it becomes the connective tissue that communicates the brand values.

How are you helping take the brand to the next level?

We are attempting to make icons out of the Emami brands. Emami



owns leading brands in many categories from male fairness creams (Fair and Handsome) to pain relief (Zandu Balm) and from skin care (BoroPlus) to oil (Navratna oil). I think taking credit for the sales success and unique formulations of these brands in the advertising with simple, direct and memorable marketing is the way to go. We are looking for the right balance between Western marketing strategies and Indian ethos to lead us to the next phase of growth.

How has your experience been with the Company?

Like no other. The Company is like a learning machine that looks at what is being done all over the globe to incorporate learnings into its business. There is no detail too small for the senior management to not discuss. In the latest campaign for the ensuing deodorant launch, we created a terrific campaign that will be a platform for people to showcase their personalities. We used a celebrity in a different way to showcase other people, not just be the pitch person. This will be supported by a significant social media campaign that allows people to share their brand experience. We are also developing programmes that can accelerate innovation to bring timely products to the market.

Any words about your Indian experience...

India has the most potential on the planet – a young educated workforce with rising disposable incomes and marked by increasing urbanisation. Emami has just touched the tip of the iceberg!

NIGEL WILLIAMS lives in Bel Air California and was creative director at TBWA/Chiat/Day, the advertising agency best known for its 30-plus year relationship with Apple and Steve Jobs. It was named ‘Agency of the Decade’ by Advertising Age. Nigel created global campaigns for Sony and Samsonite and helped build the Hyundai-owned KIA Motors brand. Nigel was educated at the prestigious University of the Arts in London.

“You cannot always spend your way out of recession or borrow your way out of a cash crunch.”

This is precisely what drove N. H. Bhansali, CEO-Finance, Strategy & Business Development and CFO, Emami, to opt for innovative budgeting strategy to counter the slowdown.

Sales growth declined. Returns moderated. Conventional approaches became obsolete. The traditional business model was adversely affected.

And yet, Emami lived to fight another day.

So what did Emami do right? The answer: Delivered value.

Emami's focus on product value made it possible to counter the economic cycle better than sectoral peers.

Zero-based budgeting

For a start, Emami resorted to zero-based budgeting. Every cost component, particularly increase, was analysed. Emami's objective was to grow faster than the market; this strategy meant having to invest disproportionately with a lack of clarity on expenditure outcome. While it is necessary to reduce costs to remain competitive, it is also essential that strategic investments and innovations are adopted for future growth.

“Investment on innovation is necessary for strategic shifts and growth but runs the risk of delivering nothing. Such cases were dealt at Emami with entrepreneurial skills rather than just financial acumen,” says N.H. Bhansali.

Innovation

An organisation might be growing at 10% y-o-y against the industry growth of say 8% and if it desires to grow further, it needs to innovate. At Emami, innovation was not limited to R&D but was relevant for all functions like sales, marketing (e.g. marketing through digital/social media), information technology (dynamic



budgeting, online stock replenishment among others) and even finance and accounting (new ways of fund raising and disclosures).

During challenging times, innovation budgeting warranted an appraisal of needs. However, strategic initiatives like R&D spending or hiring talent warranted an understanding of the Company's risk appetite. Budgeting was therefore segregated between innovation and operational heads and monitored separately. “During such times, all the efforts were made to tighten recruitment, slash costs related to operations but spending for strategy and innovation continued with an eye on higher future growth,” says Bhansali.

Resilient

The result is that Emami has proved resilient in economic slowdowns. Why? Because consumers will always need to buy FMCG products. After all, they may not

buy an air conditioner during a slowdown, but will always buy a talcum powder that serves the same purpose. They might not buy a car, but aches and pains still need to be soothed. They might not opt for a spa visit, but will always buy a cooling oil that relieves stress.

And therein lies the answer to how Emami strengthened its market share across categories and increased the profitability and margins significantly in a challenging 2013-14.

Investment on innovation is necessary for strategic shifts and growth but runs the risk of delivering nothing. Such cases were dealt at Emami with entrepreneurial skills rather than just financial clout.

SENIOR MANAGEMENT TEAM



“Bringing differentiated technologies with a balance of Nature and science is one of the biggest challenge that keeps us looking for more.”

– Punita Kalra, CEO, Research & Development and Innovation



“Aggressive on business and conservative on financials with continuous cost optimisation initiatives facilitated growth despite sluggishness.”

– NH Bhansali, CEO - Finance, Strategy & Business Development and CFO



“People would often raise the question ‘why Kolkata?’ But again, where is an Indian FMCG company with such an inventive product line-up and marketing effectiveness? Taking this to the next level is an exciting challenge.”

– N Chandra - CEO, CCD



“Capitalising on the unmatched equity of our health care products helps us drive our business forward.”

– C.K. Katiyar - CEO, Technical Health Care Division



“Media buying in this competitive market is a tough business. With new opportunities emerging each day, smart negotiation and strategic planning is what keeps us ahead.”

– Dhiraj Agarwal - Head Media Department



“Heading this vertical , maintaining operational efficiency and optimising spends are key imperatives for me to strengthen profitability.”

– RK Surana – President, Operations

MAKE OVER!

Emami Limited. Promoter-driven yet professionally-managed.

For decades, one associated Emami with visible promoters driving its business.

However, there has been a quiet change that has transpired over the last few years.

Emami has gone through a makeover from a homegrown FMCG company comprising of traditional-cum-new-age brands to a company that fuses *ayurveda* with modern scientific practices to deliver effective and innovative yet affordable

products.

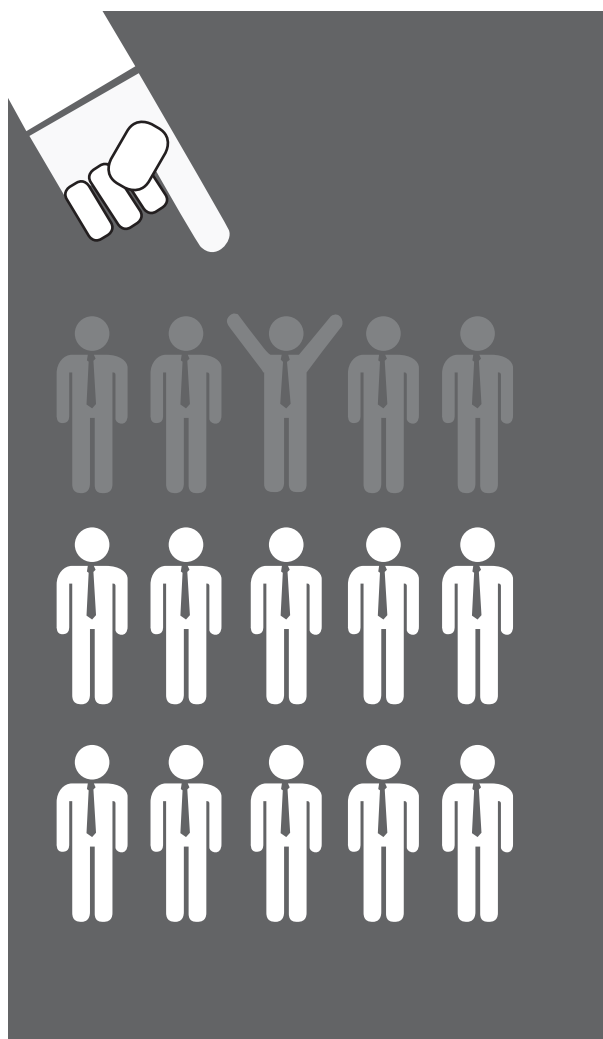
Much of Emami's transition has been achieved through a professionalised management team with members possessing rich MNC experience across various functions using the international marketing, information technology and research (healthcare and personal care), sales, packaging and so on.

"New talent acquisition is a part of Emami's ongoing strategy to continuously enrich its culture," explains Harsha Agarwal. "This cultural rejuvenation is critical to the Company's success for some valid reasons. One, it ensures that Emami is always like a flowing stream, continuously evolving and changing. Two, the inflow of professionals bring new ideas into the Company, fusing what is already an established Emami way of doing things with a different



mindset. The result is that today's Emami represents a fusion of excitement, vibrancy and differentiated ideas."

One of the most visible manifestations of this transformation – promoter-driven yet professionally managed – has been the evolution of Emami from a beauty brand into a health brand. Emami engaged Hrishikesh Bhattacharya, a consultant from The Netherlands, formerly employed with Unilever, to take this transformation ahead. "At Emami, the big message is clearly 'healthcare' as people are becoming increasingly obsessed with what they consume and how healthy they remain. In line with this priority, we see an attractive healthcare potential over the next five years," says Harsha Agarwal. "The bottomline is that we expect to leverage India's rich knowledge of *ayurveda* with the modern discipline of clinical research in the space of healthcare to generate sustainable growth."



soul of emami.

In the early Seventies in Kolkata, two friends from middle-class families started a business, created popular products and established a brand. Although they became successful, they never forgot where they came from. This reality represents the genesis of the corporate social responsibility and ethics of Emami Limited.

We were raised in a middle-class family in Burrabazar," explains R.S. Agarwal, Chairman, "where we saw ground-level realities from close quarters. We were drawn from families where a sense of charity was instilled into us by our parents from a young age, even when we were not affluent. And this sense of charity was not just in theory but it was something that was lived by our parents and family members through our daily commitment to feed the poor on the banks of the river Ganges or the act of making *rotis* by hand to serve the poor. These selfless acts gradually transformed into the DNA of the corporate social responsibility initiative of our Company."

At Emami, corporate social responsibility began with an empathic concern for its employees. The Company started training its employees in operational safety measures well before this concept was even

considered important. It trained shopfloor workers in computers and spoken English; it sponsored higher education for the children of employees who were compelled to discontinue. "Because we have taken care of our employees as family members, we have literally worked like a unique

cohesive unit –there are no hiccups in any of our factories and none of our factories have faced any work disruption on account of any labour dispute," says Sushil Goenka, Managing Director.

An index of the importance provided to the CSR ethic at Emami lies in the fact that the function is stewarded by the Managing Director himself along with R.K.

Goenka. "There are a number of areas where we can meaningfully engage," says Sushil Goenka, "and we have drawn out initiatives covering healthcare, education, rural infrastructure, women empowerment and community welfare, to be present in, over the foreseeable future."



R.K. Goenka, *Chief – CSR*

Ajoy Duley, 7 years old, hails from Haripal, Hooghly. Ajoy is a first generation learner. His parents Nepal Duley and Manju Duley are landless agricultural labourers. The study centre at Aradhana Dham, Haripal, has given Ajoy an opportunity to be formally educated. He hopes this will transform his future.

Sriparna Mitra, from Ashoknagar, North 24 Parganas, is a 20 year-old B.Tech student pursuing Information Technology at the Calcutta University, Rajabazar campus. Her studies came to a sudden halt when her father lost his job due to a factory shutdown. Emami's Sikshay Sahay Scholarship programme helped her resume studies.

Power of education

Emami has taken a number of crucial initiatives in the realm of education - with good reason. "At Emami, we believe that education alone will be able to empower the under-privileged to take the big leap that makes it possible for them to escape the vicious cycle of poverty. So, a number of our initiatives are directed towards this end," explains R.K. Goenka.

As a means to this end, Emami distributes free books, provides financial assistance to poor students, donates educational infrastructure (computers and furniture), and offers scholarships. Along with this, Emami has built a shelter in Kolkata to accommodate students drawn from remote areas in Bengal for higher education. "We recently started a study centre in Haripal for more than 50 first-generation learners from the underprivileged sections of the society. In recent times, we expect to reinforce this centre with a mobile computer literacy programme. However, the biggest contribution that we intend to make in this area is to establish a technical institute to offer programmes in the areas of agri-business, healthcare and business management," explains R.K. Goenka.

The healthcare intervention

The other area of priority for Emami is providing healthcare for the underprivileged. There is an extensive under-penetration in terms of healthcare services within India; India presently has a deficit of approximately 30 lac beds (the WHO recommends

four beds per 1,000 people). As per the Ministry of Health, there is a shortage of approximately half a million doctors and a million nurses.

As a concerned corporate citizen, Emami provides subsidised healthcare services in Kolkata and Aradhanadham in Haripal, Hooghly. Besides, the Company subsidises cataract surgeries through MP Birla Eye Hospital and AMRI Hospital, assists patients and senior citizens suffering from chronic diseases and operates a fortnightly homeopathy clinic from its corporate office. "Another area that we are concerned with is preventive healthcare for heart diseases. In this regard, we organised five heart camps across India presided over by prominent cardiologist Dr Bimal Chhajer for which more than 500 people registered during 2013-14," says Sushil Goenka. Emami intends to double the operational duration of its health clinics to six days a week and also extend its health clinic facilities to two additional locations, introduce projects related to raising cancer and cardiovascular awareness and fund the treatment of children with cancer and cardiovascular diseases.

Women's empowerment

At Emami, we are concerned about the growing gender atrocities in India and are convinced that women empowerment through education represents a long-term solution. Consequently, Emami decided to work with the Udayan Care under the aegis of the Udayan Shalini programme to mentor



Srimad Jagadguru Shankaracharya Sri Raghaveshwara Bhanathi Suamiji

Emami distributes free books, provides financial assistance to poor students, donates educational infrastructure (computers and furniture), and offers scholarships



Educational initiative



Healthcare intervention



The annual ritual for social upliftment - mass marriage

375

(₹ in lac) amount invested in CSR by Emami in 2013-14

240

Number of scholarships funded by Emami in 2013-14

51

Number of community marriages arranged by Emami in 2013-14

731

Number of cataract operations funded by Emami in 2013-14

MISCELLANEOUS ENGAGEMENTS

- Emami deployed a 15-member team to work in the flood-ravaged Uttarakhand for 60 days, providing food, construction and relief material.
- Emami arranged mass community marriages for the underprivileged in rural West Bengal.
- Emami's 'Food for Poor' programme operates in the vicinity of all its seven factory units located in Kolkata, Guwahati, Pantnagar, Masat, Dongari and Vapi.
- Emami funded animal welfare organisations and engaged in an animal adoption programme at the Kolkata Zoological Gardens.
- Emami engaged in welfare initiatives (health camp and community centre) at Nonadanga, a slum resettlement colony near its corporate office.

30 underprivileged girls from rural Bengal.

“At Emami, we recognise that it will not be enough to only educate girls,” says Priti Sureka. “What we need is adequate skilling that makes them financially independent as well. So we plan to start a women-led self-help group for the production of low-cost sanitary napkins that can then be marketed in rural West Bengal.”

Disaster relief

Emami lent a helping hand during the Uttarakhand floods with the creation of a special Emami Uttarakhand Relief Fund. The fund was utilised to rebuild schools, hospitals, villages and *dharamshalas*, and also provide immediate relief to flood victims. A medical team, in association with the Indian Medical Association, was sent to the affected areas, together with basic medicines, blankets, solar lanterns,

milk powder, truckloads of tarpaulin and foodstuff to provide relief. As a part of larger humanitarian assistance, Emami dispatched camphor, dhuni, ghee, sandal wood, among other things, to assist in performing the last rites of thousands who perished in this disaster. To monitor and coordinate relief operations, a team of employees from Emami’s Pantnagar and Baddi units were stationed in Rishikesh.

27 year old Debashis Paul from Kolkata is the only son of widow Anjana Paul. Debashis had both his kidneys damaged. His mother donated one of her kidneys to him. Now Debashis has to undergo regular dialysis. To earn his living, he gives private tuitions in his neighbourhood. Emami has stood beside Debashis in his fight to ensure a better future for him and his mother.

Nine-year-old Ankan Roy was diagnosed with thalassemia when he was just seven months old. Initially he had to undergo blood transfusion of one unit every month. The frequency of transfusion has increased and doctors have prescribed iron supplements, which are costly. Ankan’s father Amit Roy found Emami beside him during this crisis.

Shyam Sundar Ganeriwala, a 58-year-old businessman from Burrabazar Kolkata, was left with a non-functional right leg after a surgery. He was the sole bread-earner of his family. With assistance from Emami, he underwent a prosthetic limb fitment procedure. This enabled him to regain his mobility, and bring back the smiles on the faces of his family members.

23-year-old Kalpana Munda hails from Hingalgunj in the Sunderbans. Her family earns a living by collecting honey deep inside the forest and doing odd jobs. Her father had chosen a groom for her from Chotta Mollakhali, Sunderbans. Though the marriage was fixed three years ago, due to a financial crisis, the marriage fell through. Kalpana and her family resigned themselves to the fact that she would never be able to have a proper marriage and start a family. With Emami beside her, she was able to get married through the community marriage programme.

Cataract had rendered Kolkatan **Chotelal, 40 years old**, visually impaired. His income shrank as he could not go to work regularly. Doctors advised immediate surgery, but he did not have enough money to fund his treatment. Chotelal found Emami beside him to adjust in getting back to normal work life.

Choti, a three year old girl, is an inmate at an orphanage in Kolkata. The harsh winter months were grueling for her. She had to sleep on the floor or share a cot with another inmate and yet shiver in the cold as there were no adequate blankets and cots. Emami rushed to the aid of little Choti, providing her with warmth and a promise of peaceful sleep during winter nights.

एक
मिनट की
नवरेल चम्पी

नवरेल तैल दे
टेंशन, सरदर्द, थकान, अनिद्रा
और बालों की समस्याओं से राहत
करोड़ों परिवारों ने दिखाया भरोसा



मैंने सुनाया, मेरी ही बहन, जो कि बहुत ही अच्छी है, उसे भी टेंशन, सरदर्द, थकान और अनिद्रा की समस्या थी। मैंने उसे नवरेल तैल दे दिया और वह सब ठीक हो गई।
मैंने इसे अपने लिए भी ले लिया।



जब मैं बहुत थका हुआ था, तो मैंने नवरेल तैल दे का इस्तेमाल किया। मैंने इसे अपने लिए भी ले लिया।
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मैंने इसे अपने लिए भी ले लिया।

टंडा
Cool
Cool



250 ml की जगह 500 ml की जगह नवरेल तैल दे मिलेगा।

नवरेल तैल दे नवरेल तैल दे नवरेल तैल दे नवरेल तैल दे नवरेल तैल दे

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नवरेल
तैल

EMAMI, THE RARE INDIAN MULTINATIONAL

The conventional Indian FMCG sector was dominated by international brands. Emami has been a rare instance of an Indian player successfully extending its presence to other international geographies and emerging as an Indian multi-national.

There are four distinctive phases in Emami's widening geographic success.

First phase

In the first phase, the Company went into business with the conviction that while at one end, the multinational brands addressed premium consumer requirements, at the other, a multitude of unorganised brands serviced basic consumer needs. In the middle of both lay a vast Indian middle-class segment that was relatively under-served. Emami was conceived around the idea that India's aspirational middle-class did not quite need middle-class products as much as it needed relatively-upmarket products at mid-level prices.

These were some of the advantages of a mid-market positioning: a market that was possibly one of the largest middle-class clusters in the world; an aspiring population that increasingly warmed to the introduction of new brands; a population gradually willing to pay more for better products; a population willing to experiment with modern variants of conventional products. Emami was at the right place at the right time with the right products at the right prices. The result was that in the first leg of its existence, Emami marketed products to the vast Indian middleclass, creating market leadership across a number of products.



Second phase

In the second phase, Emami extended the reach of its products beyond the resident Indian customers to expatriate Indian customers. These expatriate consumers had been ‘sold’ into Emami through various ways: they had friends and relatives who had spoken well of Emami, or had themselves experienced Emami while in India and readily accepted it when made available abroad. Gradually, Emami created an international profile even if the sales were largely to the Indians residing abroad.

Third phase

In the third phase Emami reached out to consumers in demographics similar to India. The Emami management recognised that what worked well in India would also click in countries with similar incomes, cultural backgrounds and aspirations. And gradually what was an Indian brand was extended to 63 countries. Emami was no longer only an Indian middle-class household name but could also be seen in the middle-class homes across the globe. Over the last decade, this internationalisation became increasingly evident: exports increased from ₹137crore in 2009-2010 to ₹221crore in 2013-14.

Fourth phase

Steady success fuelled Emami’s ambition. In the fourth phase it transformed from an Indian company marketing abroad to a company having overseas manufacturing facility. This is the most decisive of the Company’s initiatives to grow exports and emerge as an international Indian brand. The Company commissioned a manufacturing facility in Bangladesh in 2012-13 with an objective to position itself as a ready supplier of products within that country. This ability to provide products on tap will help service the immediate needs of trade partners, reinforce the distribution pipeline and help the Company increase its share in the regions of its presence.

International presence, 2013-14

Over the years, Emami grew its international footprint to a presence in 63 countries. The financial year 2013-14 was a milestone for Emami’s international business. The Company’s international sales at ₹221crore grew around 23% over the previous year. SAARC and GCC reported stellar growth during the year and accounted for 43% and 36% of the Company’s international revenues respectively.

Outlook

The outlook for the Company’s products is robustly optimistic. “We are introducing new consumer centric products in Russia & CIS and we are evolving our packaging to address counterfeits,” says Prashant Goenka, Director. “We intend to introduce new products in Bangladesh supported by a fresh advertising campaign, while in the Gulf, we expect to extend deeper into the Arab countries. As a result, we expect to grow our export revenues aggressively,” concludes Prashant Goenka.



In the fourth phase it transformed from an Indian company marketing abroad to a company having overseas manufacturing facility.

INTERNATIONAL BUSINESS

Revenue in 2013-14
₹221 crore

Growth over 2012-13
23%

Presence
63 countries

Emami international business FY-14

1 Introduction

The international marketing division of Emami was set up in 1992. Over the last two decades, the division grew up into a complete health and personal care corporate with leading positions and significant market shares in respective categories across the countries of its presence.

Internationally, the Company has a strong presence in more than 63 countries across the SAARC countries, CIS markets, South East Asia, Gulf nations and Africa.

Initially, the division exported Indian products to the Indian expats, but with the acceptance of Emami as a quality brand, the division developed localised products and entered new categories. Today, the international division has a wide portfolio including skin care, personal care and healthcare products among others.

2 Overall business

- Emami's international business registered a 23% growth in turnover to ₹221 crore from ₹180 crore in the previous fiscal.
- The international business has been split into four clusters, each being treated as a separate vertical and managed by a cluster head - (a) CIS and Eastern Europe markets (CISEE) (b) MENAP (c) SAARC and SEA (SSEA) (d) Africa

Bangladesh: Himani Navratna maintained its market leadership in cooling oil segment

Russia: In the antiseptic and wound healing topical supplements category, BoroPlus skin care cream continues to be the market leader.

UAE: In the male whitening category, Fair & Handsome remains one of the leading brands.

3 CIS and Eastern Europe (CISEE)

- In Russia, our secondary sales have shown an encouraging growth in volumes in FY-14.
- In Russia, under the category of 'antiseptic and healing topical supplements', BoroPlus was the market leader in terms of volume share.

4 MENAP

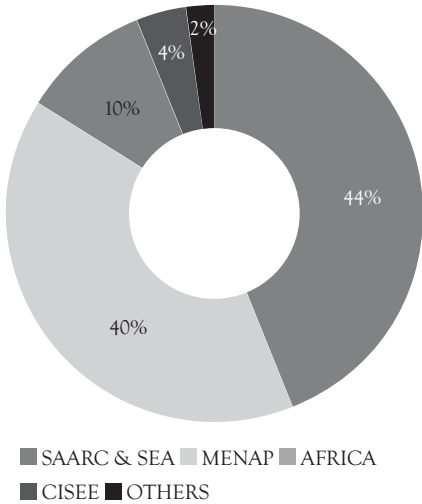
- Growth in the GCC was contributed by growth in Fair & Handsome and Navratna.



- In UAE, Fair & Handsome remained one of the leading brands in the male whitening segment.

International Business

Region share % in FY 2013-14 net sales



5 SAARC AND SEA (SSEA)

- In Bangladesh, growth was driven mainly by higher sales of Fair & Handsome and increase in number of outlets
- In the later part of the year, we launched a competitive sachet of Fair & Handsome in Bangladesh
- In Bangladesh, Himani Navratna Oil maintained its market leadership in the cooling oil segment
- In Bangladesh, Fair and Handsome carved out a respectable market share in the men's fairness cream category
- We see fast growth coming from our increased activities in Myanmar

6 AFRICA

- Remarkable growth in Kenya and Uganda spurred Emami's progress.

7 Vision

Going ahead, the Company will continue to focus on the SAARC, GCC, Russia and CIS regions with key brands - BoroPlus, Navratna, Fair & Handsome and Zandu.



HOW **HE** WALKS HIS PET

IN LIFE THERE ARE
TWO WAYS TO DO THINGS
THE BORING WAY &
THE INTERESTING WAY



RANGE OF SIX INTERESTING FRAGRANCES

INTRODUCING

HE

DEODORANTS

BE INTERESTING



“WE EXPECT TO REINVENT THE ZANDU BRAND”

Excerpts from an interview with **Hrishi Bhattacharyya**, *brand consultant*



The senior managerial team has the foresight and the willingness to make strategic investments that make things happen from scratch.



When did you start your association with Emami?

For a little over a year.

What are the areas you have been working on?

I work exclusively in the healthcare segment. We have been working on a new strategy that will re-invent the Zandu brand and business, and place it at the center of the health issues of Indian consumers.

What according to you is the core strength of the Company?

The greatest strength of the Company is its people. This holds true for everyone - right from the topfloor to the shopfloor. The senior managerial team has the foresight and the willingness to make strategic investments that make things happen from scratch.

What according to you is the requirement for the brand?

Zandu needs to challenge existing industry assumptions through an in-depth understanding of societal trends and come up with ideas that address the needs of the marketplace, and then apply the right technology and business systems to implement the ideas.

Your thoughts on working with Emami?

Very stimulating and fun. The whole team from top-down are fully involved in devising strategies and implementing them.

HRISHIKESH (HRISHI) BHATTACHARYYA, a Management Consultant, Teacher and Author, was formerly a Senior Vice President in a multinational FMCG company, based at their corporate headquarters in Europe, where he had global responsibility for the 'Health & Wellness' category. He has been a Visiting Faculty of Strategy at the University of Michigan Business School and International Business at the London Business School.

team. emami

Head of Departments



K S Arun Kumar



S. N. Paul



Sanjay Madan



Bashab Sarkar



Rajesh Sharma



Pankaj Dhanuka



Mahesh Puri



Santanu Das



Dilip Poddar



Manoj Agarwal



Sushil Kothari



A. K. Joshi



Shagun Tulsyan



R. K. Gupta



Khokan Chatterjee



Anup Rungta



Anupam Katheriya



Samir Penkar



Soumitra Dutta



Mukul Datta



L.N. Prasad



Mahasweta Sen



Chirag Sheth

Smaller is BIGGER!

One of the biggest transformations in the country's personal and healthcare sector over the last decade has been the sachetisation of a number of popular brands. What used to be a bottle is now available as a sachet; what used to be often unwieldy to store can now be slipped anonymously into bags and pockets.

"A transformation in the conventional understanding of packaging has probably been one of the most significant changes to have transpired in India's personal & healthcare industry," explains Harsha Agarwal. "Perhaps, this one single change has probably been bigger than all the changes that might have happened in the product itself!"

Convention

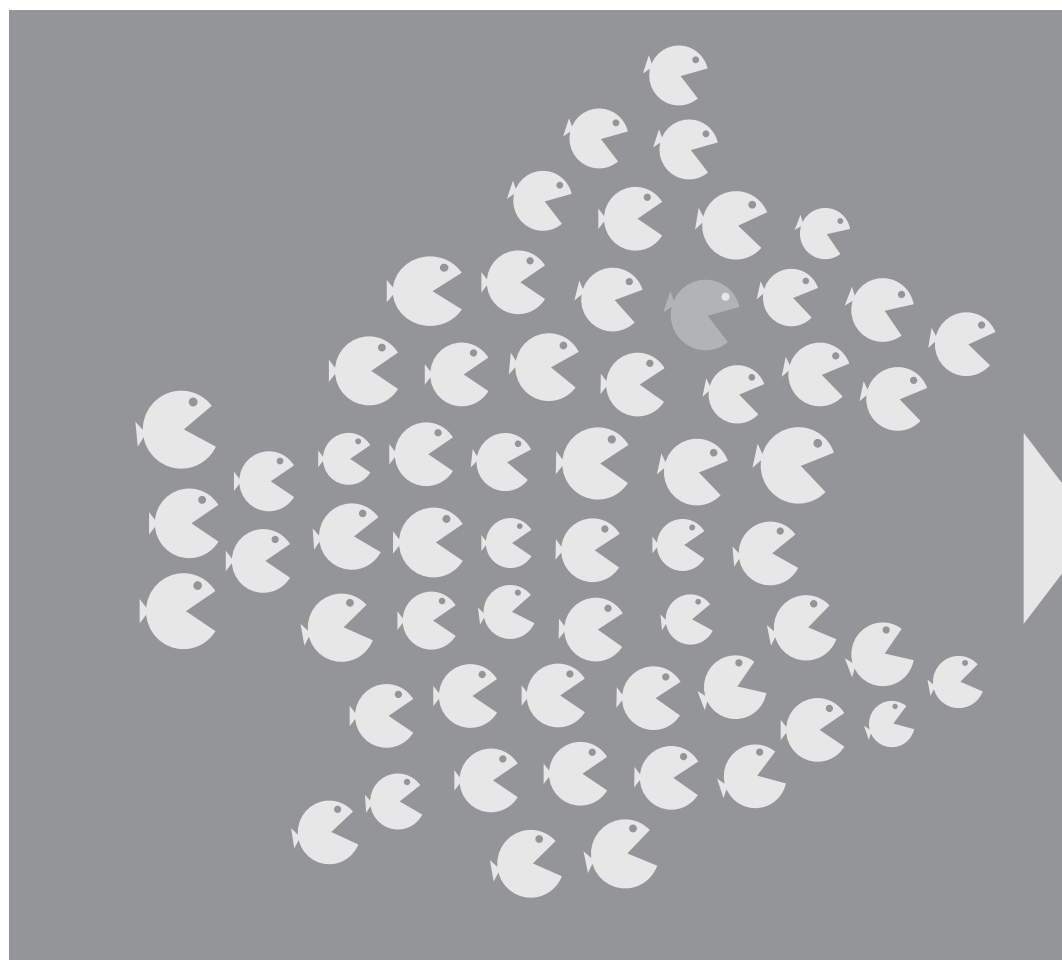
For an understanding of the transitional role of packaging, it would be important to understand its conventional objective and how this has gradually changed. Packaging was supposed to package. Packaging effectiveness was measured in the manner it protected the contents of what was being delivered. The only changes that did happen in this area comprised changes in the colour and quality of the paper wrapped around the bottle or the box in which the bottle was delivered to consumers.

Then gradually a new dimension emerged. Packaging extended beyond glass containers to PET bottles. Bottles became lighter,

break-proof and differently designed even as their functional character remained the same. They were meant to protect.

"Almost a decade ago," explains Agarwal, "one of the things that we realised after a careful study of the market and different SKUs was that packaging was not

facilitating offtake – it was taken as a given – but actually hindering the growth of the sector. This is what we perceived: people generally used oils in stationary locations (homes) or they deferred purchase because they felt that it was too expensive. Each time we received this feedback, we looked



at ways of reducing the cost of the oil and since most of the cost of raw materials could not be controlled, people came away from the meeting shaking their heads saying ‘Dead end!’”

Genius

Finally it took one man’s genius to reverse the paradigm. R.S. Agarwal, Chairman of Emami Limited, asked a simple question: if we can’t change the costing of the oil, surely we can change the impact of the transaction. Which, in other words meant, that if the Company could not possibly reduce the cost per millilitre of oil, then it could surely change the cost of packaging and hence the cost impact per transaction.

“Sachets! That’s right, sachets. Emami was the first company in India to recognise clearly the nature of company it was, the kind of customers it addressed and worked backwards to evolve its packaging to suit the pocket of the customer,” explains Harsha Agarwal. “We didn’t arrive at the productisation of a sachet sitting in an ivory tower. The Emami management recognised that if it reduced the cost-per-unit from say ₹22 to ₹1, then sales would explode. Initially, when people heard of the

BALM IN A DIBBI!

Mentho Plus is a prominent balm brand in South India. Over the years, consumers needed balm in a convenient pack which could be used for out-of-home pain situations. Explains Mohan Goenka, Director, “Kaajal came in a dibbi so we wondered why we should not provide balm in a dibbi as well. We launched Mentho Plus in a dibbi with the use of imported moulds to fight counterfeits. The product pack is now easy to carry and is convenient.” The result: Mentho Plus dibbi sales now accounts for 74% of brand’s overall revenues. Similarly, BoroPlus sachets account for 37% of the brand’s revenues, validating the success of the concept.

need to collapse the cost-per-transaction, they initially dismissed the possibility. But when we pushed the envelope and arrived at the sachetisation, then some clarity began to emerge.”

The sachetisation of a product conventionally packed in bottles was not something that people within – and without – bought into immediately. Someone said that oil meant ‘bottled oil’ for decades and nothing else, so consumers would not move out of a longstanding habit. Another indicated that the very act of extracting oil from a sachet would prove unwieldy, resulting in unintended spills. Yet another indicated that a number of people – especially the elderly – would find it challenging to tear a sachet edge with their teeth.

“Sure we heard these challenges out but our innate optimism was that the significant cost decline would make people say ‘What? Tel now for only ₹1? Are you sure?’” recalls Harsha Agarwal.

Tide turns

And that is precisely how the tide turned. Those who bought into the sachets because they were affordable, now began to report other benefits – easily available across a wider distribution, easy to slip away into one’s pocket increased flexibility in distributing sachets to different users within the same family (as opposed to giving away bottles that would have proved more expensive) and finally simple enough to snipe with a pair of scissors.

“What was intended to be a small experiment eventually proved to be a gamechanger for the industry because this simple product innovation didn’t just carve out market shares, it created entire new markets,” says Harsha Agarwal. “All

those who had never brought the product before because it was expensive – especially in rural India – now began to experiment, use and then become loyal customers. For those who were still hesitant, we offered free sachets for trial consumption. Suddenly a new consumer class had been created, in what was possibly the largest under-addressed population cluster in the world.”

The introduction of a ₹1 Navratna Cool Oil sachet in the category by Emami Ltd was the first time when such a revolution was implemented in the segment. The pricing proved to be a killer; the sachet captured unaddressed pockets; sachets sales now account for 29% of Navratna’s overall revenues!

20,775

lacs sachets (units)
sold by the Company, 2011-12

24,661

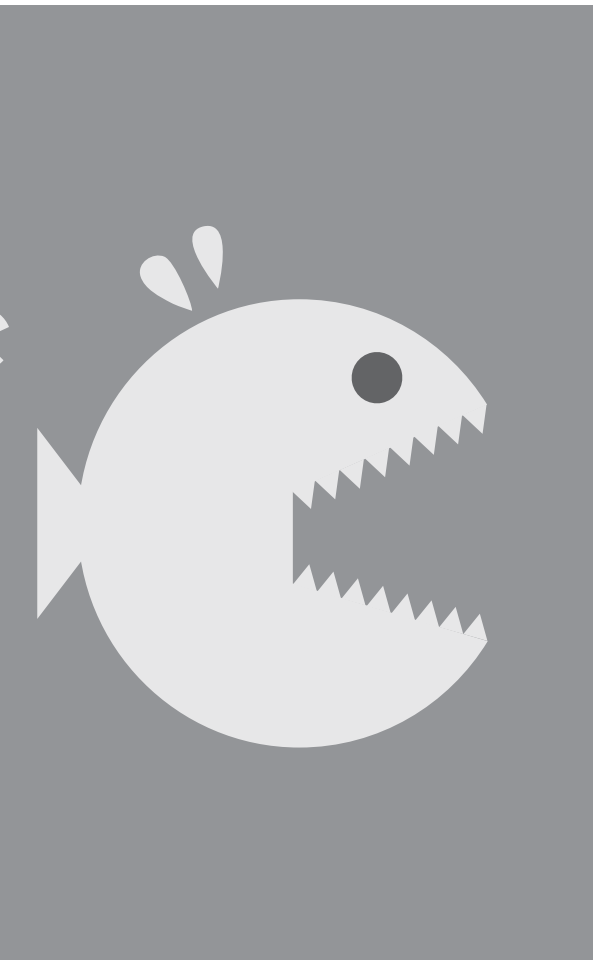
lacs sachets (units)
sold by the Company, 2013-14

21.4 %

of revenues derived
from sachets, 2011-12

24.1 %

of revenues derived
from sachets, 2013-14



“With Emami, we have access right to the top!”

Key Emami dealer Arun Poddar (Poddar Traders, New Delhi) explains what has helped grow his Emami relationship over the decade

Q. You are a dealer of Emami products. What makes your relationship with the Company special?

A. Over the 13 years of our association with Emami, we have seen the Company grow from ₹247 crore to ₹1,821 crore in revenues. What has not changed is Emami's attitude towards its distributors. I am a distributor for some other FMCG companies, but the difference is that in Emami's case, you have Senior General Managers visiting us at least once a month

and enquiring about stock frequency and claims settlement (which is usually resolved with speed). This is where Emami is one step ahead of others.

Q. What are the other reasons that make Emami different?

A. A dealer like me wants 'excitement in the marketplace'. This excitement means, that the companies I represent must keep introducing innovative products in the marketplace, which makes it possible to address new customers and increase our revenues. This is something that Emami has done most effectively – launched innovative products like fairness cream for men and cooling talcum powder, which has given dealers like us an opportunity to reach out to more retail points and more customers. Something else has happened in the intervening years; there is a broad consensus that if it is an Emami product then it must be good, following which the retailers don't get into product specifics. The result is that Emami accounts for nearly 75% of our annual revenues today.

Q. How does Emami support your business?

A. A dealer wants four things. Timely product replenishment so that our shelves are never empty. Excellent product quality that reduces the time of the products

sitting on our shelves, accelerating our cash inflow. Timely issues-settlement so that we don't have our finite resources locked away in claims. And lastly, the various performance-based incentives that the Company provides to dealers.

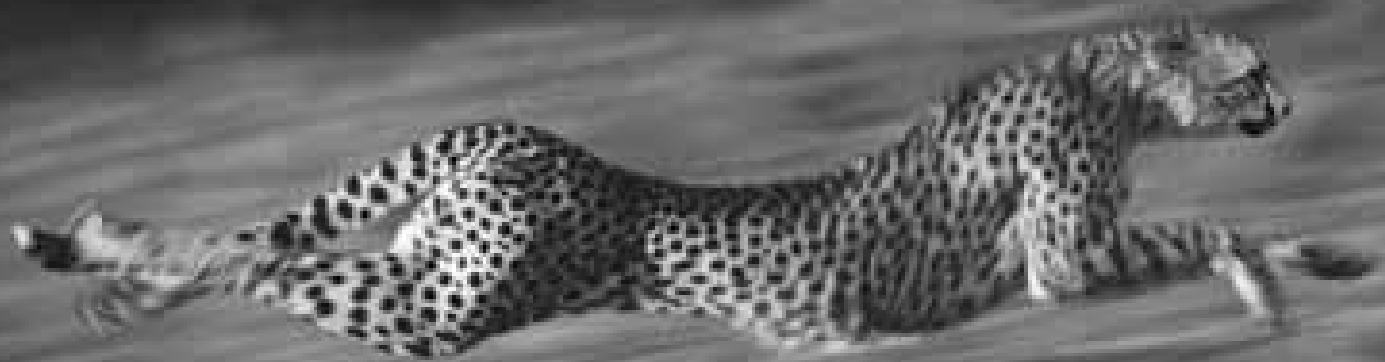
In each of these, Emami has institutionalised responses to strengthen our business. One, a quicker stock replenishment policy makes it possible for Emami dealers to reduce their overall working capital outlay leading to a stronger return on employed capital. Two, Emami products move with speed, which makes it possible for us to recover cash from the marketplace quicker than the tenure in which we are required to pay Emami. Three, an effective claims settlement policy – wherein Emami sales officers are penalised if they do not submit timely claims within their Company – makes it possible for us to put as much productive cash in the business as possible. And lastly, Emami's incentive schemes are dealer-friendly, making us work harder to achieve volume targets.

Q. Which of these is most critical?

A. Timely supply, timely supply, timely supply. Retailers inundate us with product requirements and if we are unable to address their needs because Emami has not supplied us with adequate stock, then we would simply lose business. In our volume-driven business that revolves around small margins, it is imperative to sustain our supply line. And it is here that we are grateful to Emami for continuously supplying what we need, when we need it.



FASTEST & LONG LASTING RELIEF FROM PAIN



FEATURE

BRINGING THE EMAMI MAGIC TOUCH TO ZANDU!

IF ONE SEEKS TO UNDERSTAND THE BRANDING AND MARKETING EXCELLENCE
OF EMAMI, THEN ONE NEEDS TO LOOK NO FURTHER THAN HOW IT
TRANSFORMED THE ZANDU BRAND.



First for a quick rewind: when Emami bought into the Zandu in 2008-09, industry experts felt that Emami had made a mistake. One, the Zandu brands were growing around 5% per year and the conclusion was that the brands had fatigued. Two, while Emami was perceived to be an aggressively marketed brand, there was a question mark on whether this rub-off could be extended successfully to Zandu at all.

Emami took a contrarian perspective. Emami was convinced that it had actually bought into a brand whose potential had been extensively under-leveraged for a number of years. "At Emami, we were convinced that at the core of the Zandu brand lay a rich legacy of nearly a century and the moment one contemporarised the brand, along with re-engineering formulation, aggressive marketing and communication support, sales would catapult as the health industry held considerable promise for natural solutions," says Harsha Agarwal.

It was not half as easy it might appear. For one, the argument was whether contemporarising a brand that had endured across the decades was at all the right thing to do. "At Emami, we felt that progressively Zandu had fallen into a positioning

trap - because the product had been positioned in a certain way, there was a resistance to position it and promote it in any other way," explains Harsha Agarwal.

Which is where Emami came in. For years, Emami had been a poster boy of India's personal health care industry for its ability to position brands around distinctive

benefits, its ability to weave this positioning around a succinct line, its ability to get its brands endorsed by celebrities, its ability promote these brand with high power spending and leverage its distribution clout that catalysed cross-sale.

The Emami touch

"The bottomline is that finally something dramatic was going to happen to Zandu: it was not going to be alone," says Harsha Agarwal. "What had worked for Emami in the past was now going to be extended to Zandu in terms of the positioning, endorsement, committed spending and distribution pipeline."

One of the first things that Emami did was to create a roadmap of a vision and mission with the objective to achieve leadership for the entire Zandu portfolio. Emami set about reinventing the Zandu brand from just a functional perspective of what each of the brands stood for to a holistic positioning as a 'health expert'.

Re-positioning

The Company selected to rationalise Zandu's OTC portfolio, strengthen focus and then harness their respective potential by communicating their *ayurvedic* benefit.

Emami's commitment is reflected in its investments. The investment in the Zandu OTC brands started happening post-acquisition.

The results soon translated into the numbers. Zandu Pancharishta grew 13 times post-acquisition. Nityam Churna, Parad and Lalima have also registered stupendous growth since acquisition.

So what is the big picture? "That Emami possesses the competence to transform solid but underperforming brands within a short period of time," says Harsha Agarwal. "This proprietary capability is its essential competitive advantage and it is only a pity that a competence like this cannot be capitalised and put on to the Balance Sheet!"

Talking points, 2013-14

- Strengthened quality, screening and validation standards.
- Launched new TVC highlighting the unique proposition of Zandu Pancharishta with consumer testimonials, which was successful in establishing brand salience and empathy among the targeted consumers. The result: Zandu Pancharishta revenue grew 107% over 2013-14, extending from seasonal offtake to round the year growth.
- Strengthened the packaging of Zandu Pancharishta was with better visual treatment
- Relaunched Zandu Vigorex with a new proposition of addressing the key problem of stress. The product aimed at de-stressing and energising to ensure a healthy work and family life. This catalysed the brand to register a growth of 202% over the last year.
- Received encouraging response to the test launch of Nityam tablets in 2013-14.

Prospects, 2014-15

The year 2014-15 is expected to be landmark year for Zandu Pancharishta by focusing on the key areas of creating further awareness through communication, friendly packaging and aggressive distribution drive. Zandu Vigorex shall be further strengthened by highlighting the unique proposition of the brand supported by steady communication. Nityam tablets will be launched in the constipation category selectively and graduate it into a national brand.

Importance of the ethical and generic segment within an OTC-driven Emami

Zandu portfolio minus the Zandu OTC brands comprises two key segments Zandu ethical and Zandu generic segments. Following the Zandu acquisition, Emami revisited these two segments and renewed portfolio focus.



₹ **307** cr

Zandu revenues,
2011-12

₹ **357** cr

Zandu revenues,
2012-13

₹ **400** cr

Zandu revenues,
2013-14

Ayurvedic medicines are known for effective therapeutic capabilities without side-effects. The ayurvedic ethical segment is the segment of the future; the ayurvedic medicinal plant market is expected to grow from USD 60 billion in 2004 to USD 5 trillion by 2050, according to the WHO.



ETHICAL SEGMENT

Zandu's ethical portfolio comprises 20 proprietary products clinically proven for their efficacy.

Brands

The Company is engaged in segments like pain management, gynecology, digestive and vitality backed by brands like Rhumasyil, Rhumayog, Satavarex, Ovoutoline, K4, Livotrit, Zanduzyme, Alpitone, Zandopa, Brento and Vigorex SF. Brands like Rhumasyil, Rhumayog, Satavarex Brento and Zandopa possess excellent potential. As a resource-respecting organisation, we discontinued brands not delivering desired results.

Talking points, 2013-14

The Zandu ethical segment performed reasonably well, marked by 8% growth over the previous financial year. The segment's growth was marked by the superior performance of gynec, vitality and pain groups. The segment performed creditably following prudent product selection and complete revamped packaging. Focus on engaging with doctors, *vaidyas*, trade and consumer through one on one doctor connect programme, CME's and health camps on an ongoing basis has translated into higher brand acceptance by doctors and increased availability at retail outlets. The result is that this segment grew 29% in three years, generating sustainable revenues.

GENERIC SEGMENT

Zandu's generic portfolio comprises more than 150 classical products trusted by generations for their efficacy.

Brands

The Company is engaged in segments like *vati-guti*, *asavarishta*, *churna*, *bhasma* and *avaleha*; comprising of few key products under each segment like *sudarshan*, *triphala*, *trishun*, *chyawanprash*, *sitopaladi* to name a few.

Talking points, 2013-14

The Zandu generic segment performed reasonably well, marked by 8% growth over the previous financial year. The



segment's growth was marked by the superior performance of *vati-guti* and *asavarishta* group. The segment performed creditably following the launch of completely revamped packaging to look more contemporary. Focus on engaging with *vaidyas*, trade and consumer through Health Camps on a regular ongoing basis has translated into higher brand acceptance and increased availability, stocking and visibility at retail outlets. The result is that this segment grew 17% in three years, generating sustainable revenues.

Boosting the segments

Communication, communication and communication. Over the years, Emami recognised that while the ethical/Generic products were good, this was not being adequately communicated. This has since been corrected: we are going directly to doctors, consumers and retailers, starting a 360 degree communication covering all trade partners. More importantly, all our communication was woven around a distinctive 'wow' factor over the erstwhile generic approach. The Company revamped its website and introduced social media

campaigns. It engaged an international consultant to reinforce communication and brand architecture.

Performance strengthening initiatives

One of the most decisive initiatives related to the sustainable growth of the ethical and classical segments comprised the creation of a 30,000 square feet R&I centre in Kolkata and the engagement of eminent industry personalities as the R&D and CQA heads. Procedural investments helped deliver superior quality consistently across the product range.



अब ना चीखे, ना आहें



अब दर्द की बोलती बंद!



सर्दी, सरदर्द और कमरदर्द से आराम



ZANDU BALM®

भारत का न० १ बिकनेवाला बाग

“How an integrated IT capability is driving business efficiency and effectiveness @ Emami!”

The FMCG sector is one of the most competitive in India, marked by a large number of categories, products, market structures and a number of competing companies.

At Emami, information technology

is critical to ensure a well-orchestrated response to drive business growth and market shares. Emami's in-house IT capability integrates operations across multiple manufacturing plants and sales geographies across India and the world. It provides a cohesive platform to address market demand across the length of the entire supply chain – from procurement to production followed by distribution and sales and finally to retail. Information technology is the life-blood coursing through the veins of Emami.

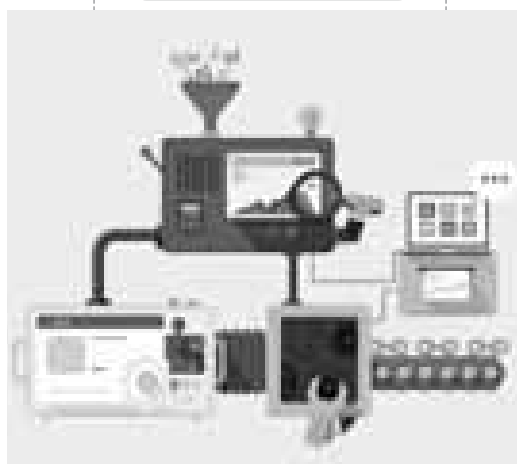
IT investments drive business efficiency, effectiveness and scale

When a company invests prudently in its IT function, it is able to achieve significant improvements in terms of cost-efficiencies. Moreover, any ingenious use of IT more than pays back within a short period of time through enhanced growth and rapid scalability.

Rapid commissioning of IT capabilities

Emami has laid a considerable thrust on implementing a textbook dealer management system, which helps assimilate dealers with our sales and supply chain operations, thereby enhancing their efficiency in terms of improved stock availability, optimised inventories, lower working capital outlay, enhanced dealer profitability and improved client servicing. The IT function allows Emami to be agile and responsive in a demanding marketplace.

The business intelligence capability at Emami is being built rapidly and expected to be operational by December 2014. It will bolster the response capability of the organisation with quicker and



more informed decision-making.

Strengthening the IT infrastructure

A number of initiatives were taken to upgrade the basic IT capability at Emami - including the Microsoft productivity suite to enhance employee productivity with the objective to; reinforce controls to manage software installation and prudent use of business applications; upgrade personal computing devices that enhance employee output and systemic reliability, raise the quality of the AutoCAD-based packaging designing system to enhance productivity.

The network capacity has more than doubled with near 100% redundancy

with backup links. This has increased the business application's uptime and access from all manufacturing units and distribution warehouses.

Strategic thrust

Emami has strategically invested towards building a best-in-class IT system. The Company has come up with a tactical IT capability blueprint and a detailed roadmap for subsequent implementation over the next six years. Once executed, it will make Emami competitive with best-in-class FMCG companies in India in the leveraging of IT. In the initial phase, the Company will reinforce basic infrastructure and progressively build business value capabilities across functions (sales, supply chain, finance and marketing, among others) that eventually will drive down costs and increase competitiveness.

Talking points, 2013-14

- Expanded network and created a secondary link with active standby link
- Continued with the upgradation of the SAP ERP platform
- Implemented the latest version of Microsoft productivity tools
- Continued with the implementation of the business intelligence system
- Initiated building disaster recovery capability
- Upgraded the version of the packaging designing software
- Developed IT strategy and roadmap to build best-in-class capabilities

IT roadmap, 2014-15

- Refine and implement the IT strategy as per the roadmap that has been laid down
- Begin investments in building a strategic IT capability

पेट की तकलीफों में जड़ से राहत दे झंडु पंचारिष्ट



इन से राहत दें :

- ☒ एसिडिटी
- ☒ गैस
- ☒ अपच
- ☒ पेट फूलना
- ☒ कब्ज



आयुर्वेदिक औषधि

आज की भागदौड़ भरी जिन्दगी और अटर-पटर खाने पीने के कारण पेट की तकलीफों का सामना करना पड़ सकता है। ये तकलीफें इलाज के बाद भी बार बार हो सकती हैं।

झंडु पंचारिष्ट एक सम्पूर्ण आयुर्वेदिक पाचक है, जिसमें 8 शक्तिशाली आसव-अरिष्ट, जो आपके पूरे पाचन तंत्र पर काम करें, पाचन क्षमता बढ़ाए और बार बार होने वाली पेट की तकलीफों जैसे एसिडिटी, गैस, बदहजमी, पेट फूलना और कब्ज में जड़ से राहत दें। यह भोजन में रुचि बढ़ाए और जीवन में स्फूर्ति लाए।

कम्प्लीट आयुर्वेदिक
डाइजेस्टिव टोनिक

झंडु पंचारिष्ट के 100% आयुर्वेदिक और प्रभावशाली तत्व



 घृत कुमारी पाचन सुधारे	 दाशा एसिडिटी दूर करें	 लवंग हाजमा बढ़ाए	 अजवायन गैस से राहत दें	 त्रिफला कब्ज से राहत दें
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Emami Event

Emami for the first time, organised Emami Cultural Fiesta, a series of events which aimed to reach out to all those who appreciate music and the performing arts.



Packed houses witnessed the awe-inspiring performance of the legendary theatre personality and ad filmmaker Alyque Padamsee as Willy Loman in Arthur Miller's 1949 Pulitzer Prize-winning *The Death of a Salesman*.



Capping it all off was a first-of-its-kind *jugalbandi* performance with Anandan Sivamani, the celebrated percussionist and the Kathak maestro Pt. Birju Maharaj coming together for the first time on a stage. (pic at bottom right).



The audience was enthralled by the mesmerising voices of the world acclaimed *qawwali* singers – the Sabri Brothers.



Bipasha Basu, brand ambassador for Vasocare Herbal Lip Balm, judges Miss Beautiful Smile & Miss Fresh Face Contests, in Mumbai

AWARDS & RECOGNITIONS



Brands and marketing awards

❶ *Brand Equity- Economic Times*: Most Trusted Brands 2013

■ Zandu balm ranked 3rd in the OTC personal care category. Ranked 65th across all categories.

■ Navratna ranked 3rd in the top-5 under the hair oil category.

■ BoroPlus ranked 16th in personal care category. Ranked 61st across all categories.

■ Fair & Handsome ranked 27th in the personal care category.

❷ Emami Limited has made it to the *Inc. India* Innovative 100 Awards, 2013 in the mid-sized category.

❸ Emami Limited was adjudged the winner in the Pitch Brands 50 Awards 2013-Globetrotters category for 'Excellence in Marketing'.

Quality and operations awards

❶ **Abhoypur unit**

■ 'Global Performance Excellence Award' by Asia Pacific Quality Organisation for robust quality standards encompassing overall business excellence.

■ Greentech Safety Award in 'Gold' category by Greentech Foundation.

■ 'Gold' award for excellence in manufacturing at *The Economic Times* India Manufacturing Excellence Awards in partnership with Frost & Sullivan.

■ Arogya World's - 'Healthy Workplace Gold Award- 2013' for manufacturing facilities which follow health and wellness practices at the workplace.

■ 14th Annual 'Greentech Environment

Awards' - 2013 in the 'Gold' category.

■ 2nd runners-up at the BPC - Piramal All India Kaizen Competition 2013

❷ **Amingaon unit**

■ Quality Circle Forum of India 2013 CCQC, Kolkata Chapter 'Gold' award.

■ Quality Circle Forum of India 2013 CCQC, Mumbai Chapter 'Gold' award and 'Best Outsider Team'.

■ Quality Circle Forum of India 2013 NCQC, Durgapur Chapter 'Par Excellence' award.



Corporate awards

■ Ranked 106th (PY: 136th) among in *Business Today*'s 500: India's Most Valuable Companies.

■ Emami Limited won the ET Bengal Corporate Awards 2014 in the category of 'Best Financial Performance'

with turnover exceeding ₹1,000 crore.

■ AA+ ratings reaffirmed to long-term bank facilities and highest rating of A1+ for short-term debt by CARE, signifying highest safety.

■ Received 'Certificate of Meritorious Participation' at the BPC - Piramal All India Kaizen Competition 2013.

❸ **Pantnagar unit**

■ Received the 'Gold' award at the Varanasi Center Convention on Quality Concept organised by the QCFL.

■ Received the 'Excellence' award at the National Convention on Quality Concepts - 2013 organised by the QCFL.

■ 1st Runners-Up position at the BPC - Piramal All India Kaizen Competition 2013.

❹ **BT Road unit**

■ 'Silver' award for excellence in manufacturing at *The Economic Times* India Manufacturing Excellence Awards in partnership with Frost & Sullivan.

FACTS & FIGURES



■ Received the 'Gold' award in CCQC Kolkata 2013.

■ Received 'Excellence' award at the NCQC Kolkata, 2013.

■ Received the 'Advocacy' award at the Baroda Productivity Council- All India Kaizen Competition 2013-14.

Individual recognitions

❶ *Forbes India* has ranked R.S. Agarwal and R.S. Goenka at 82nd position, (up from last year's 84th position) in the 'Top 100 Richest Individuals'. However, if considered one, the ranking would be 43rd amongst the top-100.

❷ *Business Today* (in a survey conducted by PWC India) has chosen Sushil K. Goenka among 'Top 100 CEO's of India'.

❸ *The Entrepreneur* (Network 18 Group) has chosen Sushil K. Goenka among the 'Top 50 CEOs of 2013' (out of 223 respondents) in its prestigious business rankings.

❹ N H Bhansali received the 'Best CFO Award in the Sustained Wealth Creation (Medium)' category in the prestigious *Business Today* - YES Bank Best CFO Awards.

❺ N H Bhansali received the award for 'Leadership Excellence In Financial Management' by 'The Greatest Corporate Leaders Of India'.



OUR BRANDS

Himani Navratna

Navratna has been the most trusted and preferred brand in the cooling oil segment for a long time. It is the undisputed leader in its category – providing multi-purpose benefits to its set of satisfied and ever-growing consumer base.

Navratna Extra Thanda

It is a stronger variant of Navratna Cool Oil with extra cooling effect for those consumers who prefer a stronger cooling experience. It is dark green in colour with a coolness unmatched in its category.



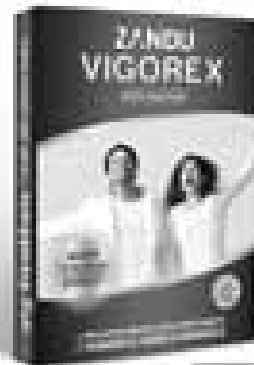
Mentho Plus Balm

A specialist pain reliever. Consumer studies show that headaches have various reasons like exposure to sun, cold, lack of sleep, tension, stress, anxiety etc. Headache usually strike without warning. Emami Mentho Plus Balm is a specialist pain reliever, effective for all kinds of headaches



Zandu Vigorex

Recommended by *ayurvedic* Experts, Zandu Vigorex is a unique formulation fortified with seven powerful herbs and minerals. With regular use, Vigorex enhances stamina and energy for a healthy and happy life.



Zandu Sona Chandi Chyawanprash Plus

Zandu Sona Chandi Chyawanprash Plus offers one Immunity + 3 mind benefits of alertness, better memory and concentration owing to the presence of Natural Nootropic Agents (NNA). These are traditionally known *ayurvedic* ingredients like *brahmi*, almond oil, *shankhapushpi*, *ashwagandha* and *jyotishmati* which have been scientifically proven to improve memory, learning and concentration.



7 Oils in One-Damage Control Hair Oil

Emami, after years of research, delivered a breakthrough in the hair oil category – a unique combination of seven oils that repairs hair damage. This product, with a unique proposition, is endorsed by Yami Gautam.



Zandu Kesari Jivan

A health supplement filled with the goodness of *kesar*, fresh *amla*, exotic herbs, spices and trace minerals

BoroPlus Advanced Moisturising Lotion

A unique formulation enriched with the natural goodness of nourishing almonds and moisturising milk cream, which penetrates deep into the skin, maintains moisture balance, making the skin soft and healthy.



BoroPlus Prickly Heat Powder

Launched as an *ayurvedic* prickly heat powder in mid 80s. It provides quick and long-lasting relief from prickly heat. It provides relief to skin problems like heat rash, burning sensation and other minor skin infections. It is excellent in absorbing sweat and prevents body odour to keep one fresh all day long

NEW
LAUNCH



BoroPlus Anti Pollution Daily Face Wash

It is empowered by the anti-oxidant properties of exotic ingredients and the technology of Nature Shield Complex to counter the ill-effects of pollution



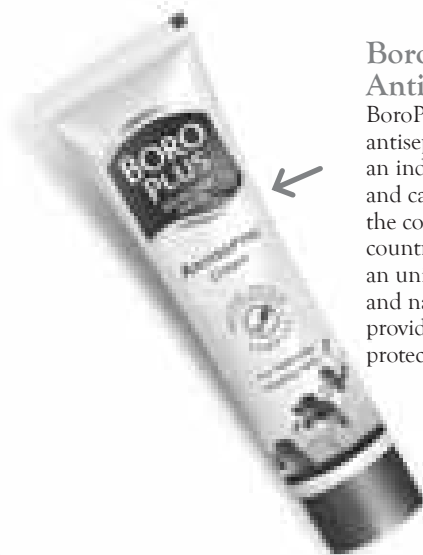
Zandu Balm

The number one Ayurvedic remedy for headache, body ache and cold. It is 100% safe and with no side-effects. It has been a trusted household solution for pain relief for 100 years, containing time-tested active herbal ingredients



Zandu Pancharishta

is a unique Ayurvedic Digestive Tonic enriched with the goodness of Ayurvedic herbs and ingredients. It acts on the entire digestive system, building digestive immunity and reducing the reoccurrence of digestive problems like acidity, gas, indigestion, flatulence and constipation.



BoroPlus Anti-septic Cream

BoroPlus, India's No 1. antiseptic cream, stands for an indelible picture of trust and care in the hearts of the consumers across the country. The product offers an unique blend of herbs and natural oil extracts providing one's skin the protection it needs.



Fast Relief - pain relief ointment

It is formulated to provide instant and long lasting relief from body aches. It contains special *ayurvedic* active ingredients of special herbs like *nilgiri* oil, clove and *gaultheria* to swiftly penetrate pain areas.



Navratna Cool Talc

Navratna Cool Talc comes as a refreshing break from the normal offerings of the talc category.

NEW
LAUNCH



Fair and Handsome

Emami Fair and Handsome, a fairness cream for men, comes with a completely new product formulation. Fair & Handsome delivers more in terms of skin penetration, oil control, sweat control, sun protection and overall fairness. It now has its first extension 'Intense Fairness Face Wash'.

MANAGEMENT DISCUSSION AND ANALYSIS



What makes Indian consumption story compelling for the FMCG industry

The Indian FMCG sector is the fourth largest sector in the economy with a total market size in excess of USD 13.1 billion. The FMCG market is set to treble from USD 11.6 billion in 2003 to USD 33.4 billion in 2015. The Indian FMCG industry represents nearly 2.5% of the country's GDP. In the last decade, the FMCG sector has grown at an average of 11% a year; in the last five years, annual growth accelerated at compounded rate of 17.3%. The sector is growing at rapid pace with well-established distribution networks and intense competition between the organised and unorganised segments. It has a strong and competitive MNC presence across the entire value chain. The

FMCG's promising market includes middle class and the rural segments of the Indian population, and give brand makers the opportunity to convert them to branded products.

What drives the Indian FMCG sector?

Population: India's current population is around 127 crore and growing at 1.58% annually exhibiting immense sectoral potential.

Incomes: India's per capita income was estimated to have gone up by 10.4% to ₹6,423 per month in 2013-14 at current prices, compared with ₹5,279 in the previous fiscal year. The annual per capita income at current prices during 2013-14 was estimated at ₹74,920 compared to ₹68,747 during 2012-13. This increase

translated into an increase in disposable incomes and consumption.

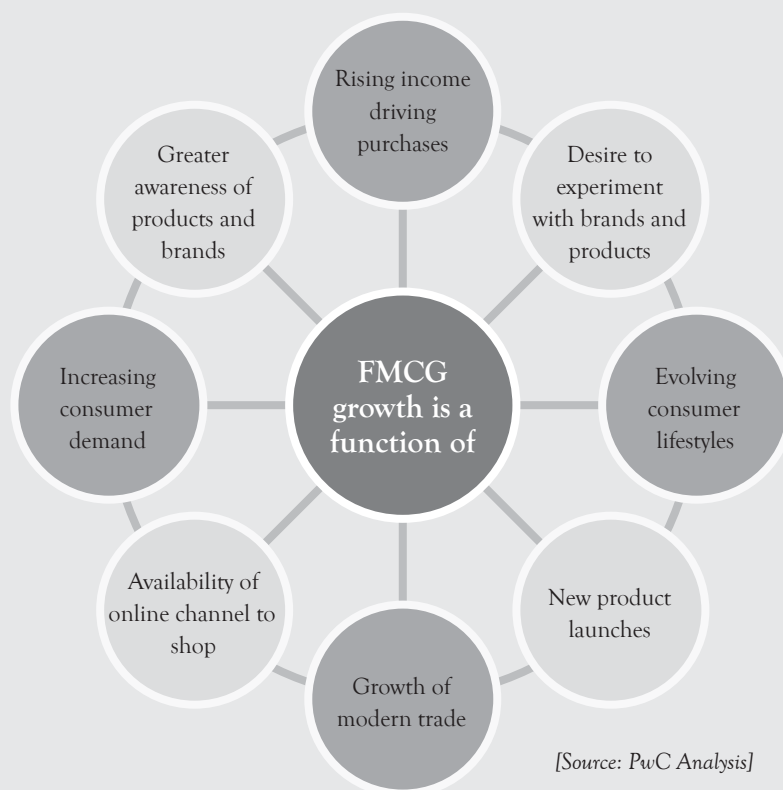
Rural market: The rural middle-class constitutes a potential market waiting to be tapped by FMCG companies.

Rural India accounts for more than 700 million consumers or 70% of the Indian population and 50% of the total FMCG market. The working rural population is approximately 400 million. Rural India enjoys less than half the purchasing power of its urban counterparts and yet this market enjoys immense potential, enticing FMCG companies to take different steps to capture it.

Middle class household: The Indian middle-class population is the most promising market for the FMCG sector, providing brand makers the opportunity to convert them to branded products. As per McKinsey Global Institute (MGI), the middle-class population in India is likely to increase by about 12 times during 2005-2025; as a result, spending is expected to increase significantly by 2025, fuelling consumption demand.

Urbanisation: India's urban population is around 30% of the total population and growing at an annual rate of 2.47%, which will increase the consumption of FMCG products.

Youth: India has the largest population of youth in the world with about 66% of the population under the age of 35, catalysing the demand for FMCG products.



[Source: PwC Analysis]

Outlook

The outlook for the Indian FMCG industry appears bright amid higher income levels and the expansion of the model retail format. Moreover, rise in disposable incomes of rural dwellers may bolster the sector's performance. Overall, the FMCG sector has a great opportunity for growth marked by rising disposable

incomes, increasing rural consumption, growing population, education, urbanisation, modern retail formats and a consumption-driven society. The fast moving consumer goods (FMCG) sector in rural and semi-urban India is estimated to cross USD20 billion by 2018 and USD100 billion by 2025.

First-time modern trade shoppers (FTMS) spending on FMCG products is estimated to triple to USD1,000 million by 2015 from USD280 million in 2012. FTMTS spent 35% on FMCG products, growing by 15% each year. This shopper segment is likely to drive the growth of the country's FMCG sector.

Advantage India

Growing demand	Attractive opportunities
*Rising incomes and growing youth population have been key growth drivers of the sector *Brand consciousness has also aided demand *First Time Modern Trade Shopper spend is estimated to triple to USD1 billion by 2015 *Tier-II/tier-III cities are witnessing faster growth in modern trade	• Low penetration levels in rural market offers room for growth • Disposable income in rural India has increased • Growing demand for premium products • Exports is another growth segment
Higher investments	Policy support
*The industry has witnessed healthy FDI inflow, as the sector accounted for 3.0% of the country's total FDI inflow over April 2000 to October 2013 *Many players are expanding into new geographies and categories *Organised retail share is expected to double to 14-18% of the overall retail market by 2015	• Investment approval of up to 100% foreign equity in single brand retail and 51% in multi-brand retail • Initiatives like Food Security Bill and direct cash transfer subsidies reach about 40% of households in India

Building organisational capabilities

Raw material management

During the year under review, raw material continued to be one of the key areas of concern. Key raw materials for the Company included menthol, LLP, Zinc Oxide and others including packaging materials.

The Company responded to these challenges through the following initiatives:

- Hedged inflation through advance order modules for key raw materials like menthol, waxes, mercury, and liquid paraffin among others

- Judicious advance booking menthol to access the inflationary raw material at competitive prices
- Started the online booking of products through e-procurement resulting in cost competitiveness.
- Broadened its horizons in terms of the product mix by employing a more cost-competitive substitute - vegetable oil – while at the same time preventing any adverse impact on product quality. The R&D department helped the Company alter the product mix and bring down the cost of operations
- Cut significant costs by choosing

to procure raw materials from tax-exempted zones in North Eastern India and Uttarakhand

- Sourced PET packaging materials from local vendors, providing a better cost advantage.
- Substituted raw materials and chemicals and imports to rationalise material costs.

Way ahead

Going ahead, the Company will look at a more efficient and economic sourcing of raw materials, rationalising resource costs.

Operations

The Company enhanced operational efficiency by putting in place state-of-the-art equipment and implementing SAP modules to streamline operations across the seven domestic facilities.

The Company undertook the following measures:

- Achieved 98-99% of the rolling

production plan

- Increased operational efficiency through preventive maintenance, which, in turn, reduced plant downtime
- Expanded capacity at the Pantnagar and the Amingaon facilities
- Received IMA Excellence Award for operational excellence

- Revamped the Vapi plant to match the WHO-GMP standards
- Reduced complaints and wastages

Way ahead

Going ahead, the Company intends to invest in robust information system, cutting edge equipment and automisation for efficient operation.

Sales and distribution

Emami has in place a competent sales and distribution team working indefatigably towards minimising logistical hindrances and thereby making sure that whether the customer may be in Jaipur or Itanagar, he or she has easy access to products coming out of the Emami stable.

The Company was able to sell around 100 products every second in India and across the globe.

Here at Emami, challenges were countered by resorting to these out-of-the box tactics:

- Increased our rural presence under the broad umbrella of 'Project Swadesh';

now the Company has direct reach covering all villages having population above 10,000 people.

- Increased direct retail presence among 625,000 retailers
- Indirect presence in around four million retailers across the country
- Enhanced presence in the modern trade segment (4.21% of revenues)
- Consolidated urban and rural reach to ensure direct access to customers
- 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 600 distributors
- The healthcare business performed commendably and recorded a 36% growth with Pancharistha and Vigorex leading the growth

Way ahead

- Provide 900 dealers with the Company's billing software
- Increase direct reach in over 100,000 outlets for the Company's healthcare products
- Continue to expand footprint in villages

Logistics

In the FMCG space, the secret to success lies in making the right quantity of products are available at right place and at the right time. The year has been a challenging one due to steady increase in diesel prices (13.5% in the last one year), spiralling cost of spares and consumables and high inflation leading to increasing labour costs. All these factors have contributed towards significant pressures on freight rates.

It was imperative to manage the scenario internally as we had little control over the macroeconomic factors.

Emami's logistics team concentrated on the following:

- Maximised the use of containerised vehicles bringing down the losses due to damages and shortages.
- Evaluated optimal vehicle capacity to maximise loadability in terms of weight/ volume
- Increased vendor base for availability of trucks of the right capacity
- Tracked vehicles proactively resulting in more than 94% on-time deliveries
- Imparted training to team members in vendor negotiation and conflict management

- Kept logistic costs within the budgeted limit, despite a challenging business scenario.

Way ahead

Going ahead, the Company expects to encounter an increase in diesel prices and freight costs through containerisation to rationalise transportation costs and also ensure timely delivery and transit loss reduction.

- The Company plans to reduce inventory levels
- Rationalise freight costs

Information technology

A seamless flow of information across the business value chain is critical to an FMCG company. Emami has been one of pioneers in investing in robust business IT capability, implementing SAP ECC, a leading enterprise resource planning application. All the Company's business processes and operations across the organisation are enabled by SAP. During the year, the Company has prudently reinforced its IT capability in multiple areas:

- Nearly doubled the network bandwidth and built resilience with alternate standby links
- Continued the up gradation of the SAP ERP platform
- Implemented the latest version of the Microsoft productivity tools
- Continued the implementation of the business intelligence system
- Initiated building disaster recovery capability
- Upgraded the package designing

application

- Developed an IT strategy and roadmap to achieve competitive business IT capability over the next five to six years

Way ahead

- Initiate detailed planning and execution of IT roadmap
- Complete the critical IT initiatives in progress, the ERP upgrade, BI capability, Product Costing and Profitability Analysis

Research and Innovation Centre

Research and Innovation

Emami's Research and Innovation Centre comprises competent members striving continuously to achieve newer heights in terms of product excellence and designing. We believe that continuous innovation will be key to growth in the coming years. An invigourating synergy of Ayurveda and modern science has been the backbone of the innovative product pipeline which will ensure sustainable growth of the organisation in the future.

Mission

To drive quality and innovation across products and services

To make Emami synonymous with natural beauty and health in the consumers mind and earn their respect and trust

To effectively manage Talent by creating a

world class innovation excellence centre

To foster a strong sense of team ethos and feelings of Oneness with the company through commitment to their future.

R&I milestones 2013-14

- Both the Research & Innovation (R&I) centres at Kolkata and Mumbai, facility have become fully operational and has strengthened itself by way of generating and implementing SOPs, tailor-made protocols and formats for product development, scientific and organised storage stability evaluation infrastructure, product performance evaluation and initiation of Good Laboratory Practices (GLP).
- Delivered substantial cost saving solutions this year as well through a skilled and dedicated team by re-engineering the product, thereby retaining the product efficacy.
- Closer interaction with consumers

with active participation of R&I personnel in the consumer discussions along with the marketing team for better understanding of the evolving consumer needs and translating them into business projects.

- Conducting clinical safety trials through reputed agencies to ensure a safe and effective product for the consumers. Owing to its scientific approach, Emami has been able to not only develop products with a promise to perform but also have been able to have a major win in ASCI cases by proving and substantiating its product claims.
- Implementation of a systematic approach in the field of perfume development. The perfume houses have been identified and categorised based on their areas of strength to serve as perfume developing vendors. Unlike the past where mostly the

Indian companies were the major suppliers for the perfumes, the future will see multinational fragrance houses contributing for perfume development. This has ensured that Emami remains best updated on international trends and is able to cope up and compete with its competition in every aspect

- Significant progress in the realm of infrastructural development has been made with the establishment of the exclusive performance assessment and product evaluation centre over an area of 3,000 square feet at Kolkata has been made this year.

The centre will house instrumental and performance evaluation zones that will

help understand qualitatively, the trends, habits, and feedback on the products through one-to-one interactions with consumers. Besides these, sensory profiling and clinical evaluation shall be undertaken wherein instrumental and in-use assessment of the products in terms of performance parameters will be conducted by experts.

Additionally, packaging attractiveness evaluation, perfume performance evaluation and perfume inspirations zones will also be created. This centre shall be ready for action by July-August 2014.

- A highly energetic and dynamic team of experienced professionals including

cosmetologists, science/pharma graduates, engineers and perfume evaluators, will strengthen our ability to identify the consumer's unmet needs and be proactively prepared with products accordingly.

Way ahead

Looking ahead, the R&I team will focus on inventing beauty and personal care products comparable with the best in the world. With new tools, new structures and new approaches, Emami R&I will be well-equipped to take up the challenge of beautifying everyone while ensuring product safety.

International marketing division

Emami extended its reach beyond the Indian geography and positioned itself strongly in the international market. The Company has created a formidable presence in countries like Russia, Nepal, Bangladesh and in the Middle East Countries among others. The Company also enjoys market leadership for a number of products in various countries it is present in.

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).

Highlights, 2013-14

- Recorded 23% growth in revenues
- Started manufacturing oil in Bangladesh plant
- Garnered over 30% of revenues from the

Bangladesh market

- Improved recivable management in international business

Way ahead

Going ahead, the Company has strong growth plans for Bangladesh and the MENAP countries. It has new products in its pipeline for Russia and the CIS countries. For Bangladesh also, it plans to come up with new products and invest in ATL and BTL initiatives to further increase the market share

Quality management

Emami being involved in the business of personal care and healthcare, it is of paramount importance to align its products with stringent qualitative and performance-related parameters. Emami has made prudent investments to benchmark its products with those that are the best in the industry. Well-defined SOPs and precise measurement procedures have helped identify bottlenecks and eliminate them, whereas benchmarking via a unified system has helped in establishing documental reference. All products coming out of the Emami stable undergo quality checks at different levels (before-process, in process and after-process) along with this product stability studies are conducted on control samples on a routine basis to make sure not even the smallest complaint goes unaddressed.

140001: 2004 and ISO 18001: 2007 norms. The BT Road unit in Kolkata has been bestowed with WHO GMP certifications for five ayurvedic products.

Human resource

Emami took a conscious decision to professionalise its approach and create a second line of leadership. With this intent in mind, there has been a strategic shift in the human resource management as well. This year there has been a lot of strategic hires on the part of the Emami with a clear intent to scale up the business. It inducted top officials from peer players joining Emami as the CEOs of various departments. These hires would not only help the Company to steer growth but will also help it to meet its desired vision and take the Company to the next level.

Highlights, 2013-14

- Took significant strides during the last year with the TMS (Talent Management

System). Performance Management System 'Pragati' has been cascaded across levels catering to 1,200 employees.

- Initiated cost optimisation measures with appropriate austerity measures.
- Organised employee Engagement initiatives namely, cricket tournament- EPL (Emami Premier League), family get togethers, Emami Best Minds (quiz competition), wellness programmes among others to keep the employee passion undiminished.
- Made available 'Sampark' the online HR portal for all the regional and unit employees.
- Recognised academic performance of employee wards.
- Completed over 3,000 man days of training.

Way ahead

- Technology enabled-HR will be a key strategic initiative for the year ahead
- Structured retention and development initiatives for critical resources

Recognitions

All the Company's units are cGMP-certified and accredited with ISO 9000: 2008, ISO

- Drive higher levels of employee engagement.
- Enhanced focus on building people capability with a greater emphasis on leadership development
- Manpower optimisation exercises to ensure higher levels of productivity

Risk Management

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

Industry risk

A downturn in the industry could impact the Company’s performance

De-risking

- FMCG is the fourth largest sector in the economy having a size of more than ₹31 billion.
- India’s per capita income was estimated to have gone up by 10.4% to ₹6,423 per month in 2013-14 at current prices, compared with ₹5,279 in the previous fiscal.
- Total consumption expenditure is pegged to reach nearly USD 3,600 billion by 2020 from USD 1,328 billion in 2012.
- It has been observed that rural India accounts for a 700 million-strong consumer base or 70% of the Indian population and 50% of the total FMCG market. The rural FMCG market is expected to increase at a CAGR of 17.7% to USD100 billion by 2025. [Source: IBEF]

Raw material risk

Inability to procure the raw material at the right price could adversely impact the operations of the Company

De-risking

- The Company opted for an e-auction route for raw material procurement ensuring timely availability at competitive costs.
- The Company made advance bookings of various raw materials to avoid price volatility.
- The Company developed a multiple vendor base to ensure anytime raw material availability.

Distribution risk

Ineffective distribution channels could lead to reduced sales

De-risking

- The Company has created a strong distribution network comprising of 3,000 distributors and 6,450 sub-distributors and a direct linkage to 6.25 lac retail outlets all over India.
- This is supported by 32 depots and a strong sales force of over 2,000 employees.
- The Company has increased its product availability to 4 million retail outlets.
- The Company regularly holds dealer meets for forging long-term relationships with the dealers.

Product acceptance risk

The Company’s product may not be accepted in the market

De-risking

- The Company has broken new grounds in the FMCG industry. The Company played a pioneering role in the Indian FMCG space by building from scratch, niche product segment like cooking oil, men’s fairness creams etc.
- The Company has four power brands contributing to 72% of the Company’s revenues in 2013-14.

Communication risk

Due to a lack of useful marketing activities, the Company may not be able to generate consumer awareness

De-risking

- The Company has spent ₹277crore on advertising this year which amounts to 15% of their revenues.
- The Company has developed a tradition wherein celebrities and sports persons have endorsed its products.
- The Company has chosen multiple communication channels to promote its products.
- The Company undertakes several ATL and BTL activities. The Company participated in much-visited fairs like Shonepur and Pushkar to reach out to large swathes of the rural population.

Counterfeit risk

Phony products may impact the Company’s brand

De-risking

- The Company invested in expensive imported moulds which helps it to

differentiate its products from the counterfeits.

- The Company has a dedicated team monitoring the market for counterfeit products and eliminating them.

Quality risk

A poor quality product could diminish offtake

De-risking

- All of our manufacturing units are ISO 9001: 2000 compliant; WHO GMP certification has been certified for the BT Road unit for five ayurvedic products. All units are accredited with ISO 14001: 2004 and ISO 18001: 2007 certifications.
- The Company received IMA Excellence Award for manufacturing excellence.

Competition risk

The Company’s profitability can take a blow due to an increase in competition.

De-risking:

- The Company has a wide portfolio comprising of skin care, personal care and healthcare products.
- The Company has undertaken a number of promotional activities to provide greater visibility to its products.
- The Company has introduced new products on a consistent basis and in a prudent manner to stay ahead of its sectoral peers.
- The Company has enhanced internal efficiencies to expand its bottomline.
- The Company has selected to be present in categories with high potential but low competitor penetration resulting in higher margins for its products.

Shareholders’ return

Emami’s constant focus 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 (₹ lac)	EVA as a % of capital employed
2010-11	13979	15.5%
2011-12	16652	18.6%
2012-13	22040	24.2%
2013-14	27202	27.70%



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure of presenting their report on the business and operations of the Company and audited accounts for the year ended March 31, 2014.

Performance Highlights

The Indian FMCG sector was affected by a number of issues including inflation, decelerated GDP growth, climatic unpredictability, high interest rates, higher deficit and forex volatility. The country also witnessed a brief summer and a briefer winter still, affecting Emami's performance. The Company's focus shifted internally on keeping the micro factors under control and thereby improving profitability. The result was that even when Emami registered a 7.2% growth in consolidated revenues to reach ₹1,821 crore compared to ₹1,699 crore in 2012-13, consolidated profit after tax increased by a strong 27.9% to ₹402 crore as against ₹315 crore in 2012-13. Standalone turnover increased by 4.8% to reach ₹1,705 crore and profit after tax increased by 23% to ₹398 crore.

Financial results (standalone)

(₹ in lacs)

Particulars	2013-14	2012-13
Operating income	1,70,508	1,62,709
Profit before interest, depreciation, taxation and exceptional items	49,278	40,403
Interest	389	610
Depreciation and amortisation	9,380	12,329
Transferred from general reserve	(6098)	(10,209)
Profit before taxation and exceptional items	45,607	37,673
Exceptional items	428	-
Profit before taxation	45,179	37,673
Less : Provision for taxation		
- Current tax	7,981	5,500
- Deferred tax (net)	(889)	(82)
- Provision for taxation of earlier years	(1736)	(122)
Profit after taxation	39,823	32,377
Balance brought forward	2,177	4,171
Profit available for appropriation	42,000	36,548
Appropriation		
General reserve	16,097	20,209
Interim dividend	6809	-
Proposed dividend	9,079	12,105
Corporate dividend tax	2,700	2,057
Balance carried forward	7,315	2,177
	42,000	36,548

Dividend

The Board of Directors had paid an interim dividend of ₹3 per share (300% on the Company's share capital) at its meeting held on 20th January, 2014 and proposed a final dividend of ₹4 per share (400% on the Company's share capital) for the financial year ended March 31, 2014 for its members, subject to approval of shareholders at the ensuing Annual General Meeting. The aforesaid dividend, if approved, will be paid to members whose names appear in the register of members as on Monday, 4th August, 2014. With respect to the shares held in dematerialised form, it would be paid to the members whose names are furnished by NSDL and CDSL as beneficial owners as on that date. The total dividend outgo for the current year amounted to ₹18,588 lac, including the dividend distribution tax. The dividend payout ratio worked out to 46%.

Operations

FY 2013-14 had its sets of challenges viz. a steady fall in GDP growth, climatic unpredictability, inflation, high interest rates, forex volatility among others. In this market environment, Emami strengthened its market share in key categories, conserved resources and delivered good profits despite low offtakes. During the year under review, the Company strengthened its existing brands on one hand and continued to launch new products on other.

It was an splendid year for the international business which recorded a growth of 23% over 2012-13. Emami performed admirably well in the MENAP countries as well as in Bangladesh where the manufacturing unit has already commenced operations. Emami maintained its leadership position for various products in Russia, Nepal, Bangladesh and the Middle Eastern countries.

Raw materials were purchased judiciously and advance raw material bookings were made. The price of mentha oil also remained favourable during the entire year.

Because of the climatic vagaries, the A&P spending was rationalised and stood at 15.2% of consolidated revenue in 2013-14 as against 16.4% in 2012-13. Cost optimisation measures were implemented to achieve higher efficiency which allowed Emami to deliver strong results in challenging times.

Corporate Social Responsibility

At Emami, Corporate Social Responsibility (CSR) forms an integral part of the Company's business activities. It is not merely following the letter of the law but purely voluntary. Your Company does it beyond any statutory requirements or obligations.

Your Company is a responsible corporate citizen in supporting activities related to the welfare of its employees and society. Emami undertakes CSR activities through Emami Foundation and other charitable organisations. Medical services, education, community development, women empowerment and poverty alleviation, among others fall under the Company's domain of CSR. An organising committee was set up to formulate CSR guidelines, evaluate and monitor activities and plan macro-level CSR initiatives. Under this organising committee, sub-committees were created to ensure enhanced attention in the areas of medical services, education and disaster relief, among others.

Ethical corporate behaviour forms the basis of Emami's CSR initiatives. Hunger, disease and ignorance are still the burning issues of modern times; despite remarkable growth in scientific research, government budgetary resources have proved to be inadequate to lessen the suffering. The corporate world cannot afford to remain a passive onlooker when people all around remain afflicted with hunger and malnutrition, diseases and physical infirmity, illiteracy and ignorance. Emami has a long tradition in the area of philanthropic activities with a professional outlook. An exercise has been made underway to integrate all such activities

across healthcare, education, community development, women empowerment, livelihood creation and environment management segments.

As per Companies Act, 2013, provisions relating to CSR are applicable to the Company w.e.f. 1st April, 2014, accordingly the Company has constituted a CSR Committee consisting of Executive Directors and an Independent Director.

Issue of Bonus Shares

The Company issued 7,56,55,873 bonus shares of face value of ₹1 each on June 28, 2013 at a ratio of 1:2 (i.e. one Equity Share for every two Equity Shares already held) to the Members of the Company. With this allotment, the total issued and paid-up capital of the Company has increased to ₹22,69,67,619 comprising of 22,69,67,619 Equity Shares of face value of ₹1 each.

Listing

The Company's Equity Shares are listed on the National Stock Exchange Limited, the BSE Limited. and the Calcutta Stock Exchange Limited. The listing fees up to the financial year 2014-15 have been paid.

Subsidiary Companies

As of 31st March, 2014, the Company included the following subsidiary companies:

1. Emami UK Ltd
2. Emami Bangladesh Ltd
3. Emami International FZE
4. Emami Overseas FZE
5. PharmaDerm S A E Co.

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

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

The following information in aggregate for each subsidiary is also being enclosed

(a) Capital (b) Reserves (c) Total assets (d) Total liabilities (e) Details of investment (except in the case of investment in subsidiaries) (f) Turnover (g) Profit before taxation (h) Provision for taxation (i) Profit after taxation and (j) Proposed dividend.

In compliance with Accounting Standard 21 of the Consolidated Financial Statements, notified in Companies (Accounting Standards) Rules 2006, your Company has prepared its consolidated financial statements, which forms part of this annual report. The accounts of the subsidiary companies will be available to any member seeking such information at any point of time. These accounts will be available on the website of the Company - www.emamiltltd.in and kept open for inspection at the registered office of the Company.

Directors

During the year, the Board of Directors appointed Shri Pradip Kr. Khaitan and Shri M.D. Mallya as Independent Directors of the Company on 24th June 2013 and 20th January 2014 respectively. Shri Prashant Goenka was appointed as a Wholetime Director of the Company on 20th January 2014, for a period of five years subject to the approval of the members of the Company.

Shri M.D. Mallya and Shri Prashant Goenka have been appointed as Additional Directors and in respect of them the Company has received notices from shareholders for their appointment as Directors in the ensuing Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013, the Board proposes appointment of Shri Y.P. Trivedi, Shri K.N. Memani, Vaidya Suresh Chaturvedi, Shri Sajjan Bhajanka, Shri S.B. Ganguly, Shri Amit Kiran Deb, Shri M.D. Mallya and Shri P.K. Khaitan who are Independent Directors as Non-rotational Directors for a period of three years at the ensuing Annual General Meeting. The Company has also received notices from shareholders for their appointment as Independent Directors at

the ensuing Annual General Meeting.

Shri A. V. Agarwal and Shri R.S. Goenka 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 an 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 audit at all 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. Emami's Internal Audit Department has been accredited 9001:2008 certification.

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, 2014, the applicable accounting standards have been followed and no material departures have been made for 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, 2014 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

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

Audit and Accounts

The Company's Auditors M/s. S.K. Agrawal & Co, Chartered Accountants, who retire at the ensuing Annual General Meeting are eligible for appointment for a term of three years. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 for appointment as auditors of the Company.

Based on the recommendation of Audit Committee the Board of Directors at

its meeting held on 5th May, 2014 have reappointed M/s. V.K. Jain & Co, Cost Accountants to audit the cost accounting records as may be applicable to the Company for the FY 2013-14.

Auditors’ Report

The observations made in the Auditors’ report are self-explanatory and require no further explanation.

Management Discussion & Analysis and Corporate Governance Report

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Management Discussion & Analysis and 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 21 - Consolidated Financial Statements form part of this Report. The networth of the consolidated entity as on 31st March, 2014 is ₹932 crore as against ₹777 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, however if 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 wholehearted support received from them during the year. The Directors recognise and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

For and on behalf of the Board

Kolkata
5th May, 2014

R.S. AGARWAL
Chairman

Annexure to the Directors' report

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

1. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

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

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

A. POWER AND FUEL CONSUMPTION

		2013-14	2012-13
1	Electricity		
	a) Purchased units (lac kWh)	98.12	86.58
	Total amount (₹ in lac)	611.85	522.44
	Average rate/unit (₹)	6.24	6.03
	b) Own generation		
	i) Through diesel generator units (lac kWh)	6.08	8.22
	Unit/litre of diesel	3.24	3.22
	Cost/unit (₹)	16.83	16.06
	Total amount (₹ in lac)	102.23	132.08
	ii) Through steam turbine/generator	N.A.	N.A.
2	Coal	-	-
3	Furnace oil		
	Quantity (kilolitre)	252.96	240.44
	Cost/unit (₹)	0.50	0.47
	Total amount (₹ in lac)	126.56	113.56
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 the existing portfolio as well as the analytical methods.
- The result of such dedicated research 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 focuses on innovative packaging to elicit consumer appeal as well as providing convenience to consumers.
- The Company’s future plan includes putting greater emphasis on ayurveda to deliver innovative and effective products.

5.	Expenditure in R&D:	₹ in lacs
a)	Capital	362.59
b)	Recurring	1,267.69
c)	Total	1,630.28
d)	R&D as a percentage of total turnover	0.96

B. Technology Absorption, Adoption and Innovation

- Efforts in brief towards technology absorption, adaptation and innovation:**
The Company has always been aware of the latest technological developments and adopted them to make its products more cost-effective and improve their quality.
- Benefits derived as a result of the above efforts:** The benefits derived by the Company have been made evident by the overall reduction in costs, improved packaging, enhanced product quality and development of new products. Thus, these efforts have helped the Company to balance consumer needs and business requirements more efficaciously.
- Future plan of action:** Emphasis will be continued to be laid on innovative products keeping in view the evolving needs and tastes of consumer. As a

means to this end latest technology will be adopted to make products more cost-effective and qualitatively strong.

4. Imported technology:

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Total export in foreign exchange for the financial year 2013-14 was ₹8,374.78 lacs. In order to expand its 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 returns from its export business.

B. The total foreign exchange used during the year by the Company is apportioned under the following heads: (₹ in lacs)

Raw materials	772.82
Capital goods	1,235.31
Professional fees	259.81
Interest	202.45
Others	201.65
Total	2,672.04

C. Foreign exchange earnings during the year.

Export of goods on FOB basis	8,374.78
Interest	-
Total	8,374.78

II. Statement Pursuant to Notification No. 2 dated 8th February 2011 under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

(₹ in lacs)

Sl. NO.	PARTICULARS	Emami UK Ltd	Emami Bangladesh Ltd	Emami International FZE	Emami Overseas FZE	Pharmaderm Company SAE, Egypt
a.	Capital	28.91	27.82	18.98	3.08	168.46
b.	Reserves	11.74	536.23	123.46	(740.73)	(158.77)
c.	Total assets	56.00	1,928.02	7,276.67	524.74	444.12
d.	Total liabilities	15.35	1,363.97	7,134.23	1,262.9	434.43
e.	Details of investments	N.A	N.A	0.00	8.78	Nil
f.	Turnover	129.98	6,657.05	1,2904.99	Nil	Nil
g.	Profit/(Loss) before taxation	2.42	408.78	(19.67)	(355.47)	(43.05)
h.	Provision for taxation	0.00	114.31	Nil	Nil	Nil
i.	Profit/(Loss) after taxation	2.42	294.47	(19.67)	(355.47)	(43.05)
j.	Proposed dividend	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board

Kolkata
5th May, 2014

R.S. AGARWAL
Chairman



CORPORATE GOVERNANCE REPORT

for the year ended March 31, 2014

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Emami firmly believes in adhering to the established norms of the Corporate Governance Code to ensure the protection of the interests of the investors in tandem with the healthy growth of the Company. The Company has complied stringently with the Corporate Governance guidelines ever since its inception. The Company complies with the Corporate Governance code as enshrined in the Clause 49 of the Listing Agreement.

The Company lays a strong emphasis on ethical corporate citizenship and establishment of good corporate cultures. The Corporate Governance process and systems have gradually been strengthened over the years. The objective of an effective Corporate Governance mechanism according to a global consensus entails the maximisation of the shareholders' value over the long-term. Pursuant to this objective, the Company's management and employees have manufactured and marketed products which have created value sustainable 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 has always given its best efforts to uphold and nurture these core values across all operational aspects. To this end, the Company formed a Board comprising reputed experts and inducted into the persons of eminence as Independent Directors who could contribute to corporate strategising and provide an external evaluatory perspective 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 in this regard.

The members of the Board are from diverse backgrounds with skills and experience in critical areas like taxation, finance, entrepreneurship and general

management. Many of them have worked extensively in senior managerial positions in global corporations with an entrenched 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 the shareholders are being served. The Chairman, Managing Director and Wholtime Directors are assisted by the senior managerial personnels in overseeing functional matters of the Company.

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

b. Composition of Board

The Board of Directors consists of professionals drawn from diverse fields, bringing in a wide range of skills and

considerable experience to the Board. The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on

March 31, 2014 the Board comprised an Executive Chairman, a Managing Director, five Executive Directors and nine Non-Executive Directors including eight

Independent Directors. The 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 K.N. Memani
2) Shri R.S. Goenka, Whole-Time Director	2) Shri Y.P. Trivedi
3) Shri S.K. Goenka, Managing Director	3) Shri P. K. Khaitan#
4) Shri Mohan Goenka, Whole-Time Director	4) Shri M. D. Mallya *
5) Shri A.V. Agarwal, Non- Executive Director	5) Shri Sajjan Bhajanka
6) Shri H.V. Agarwal, Whole-Time Director	6) Shri S.B. Ganguly
7) Smt Priti A Sureka, Whole-Time Director	7) Shri Amit Kiran Deb
8) Shri Prashant Goenka, Whole-Time Director ^	8) Vaidya Suresh Chaturvedi

#Shri P. K. Khaitan has been appointed as an Independent Director with effect from 26th June, 2013.

*Shri M. D.Mallya has been appointed as an Independent Director with effect from 20th January, 2014.

^Shri Prashant Goenka has been appointed as Whole-Time Director with effect from 20th January, 2014.

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. Directors' responsibilities

i. The Principal responsibility of the Board is to oversee the management

of the Company and in doing so serve the best interest of the Company and its stakeholders, this includes:

- Reviewing and approving fundamental operating financials and other corporate plans, strategy and objectives;
- Evaluate whether the corporate resources are used only for the appropriate business purposes;
- Establishing the Corporate environment that promote timely and effective disclosures (including robust and appropriate control procedures and incentives), fiscal responsibility, high ethical standard and compliance with all applicable laws and regulations;

- Evaluating the performance of the Company;
- Attend the Board, Committee and Shareholders Meetings.

ii. **Exercise business judgments:** In discharging their fiduciary duties carefully and loyally, the Directors are expected to exercise their judgments to act in what they reasonably believe to be in the best interest of the Company and its stakeholders.

iii. **Understand the Company and its business:** The Directors have an obligation to remain informed about the Company and its business, including principal operational and financial objectives, strategies and plans.

iv. To establish effective systems: The Directors are responsible for determining that effective systems of reporting periodically and timely to the Board on important matters concerning the Company are in place.

e. Role of Company Secretary in overall governance process

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

f. 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. The Company has a dedicated team to monitor the compliance system and in turn

is responsible for checking and reviewing the reports and preparing the Composite Compliance report.

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 the departments 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 CEO- Finance Strategy and Business Development and CFO 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 an assessment of their possible impact 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 on 20th January, 2014 reviewed the system of statutory compliance of the Company.

g. Risk management

The Company has a comprehensive enterprise risk management policy at work which is reviewed periodically by the management. The risk management policy of the Company is ISO 31000:2009 certified and Shri Manoj Agarwal-VP Management Services Division serves as the Chief Risk Officer.

The risk management policy is periodically reviewed by the Audit Committee, Corporate Governance Committee and the Board of Directors of the Company.

h. Number of Board Meetings and the Directors present therein

The Board of Directors held four meetings during the year on May 6, 2013, August 7, 2013, October 23, 2013 and January 20, 2014. Details of Board Meetings held during the financial year and the number of Directors present are furnished hereunder:

Sl No.	Dates on which the Board Meetings were held	Total strength of the Board	No. of Directors present
1	6th May, 2013	13	11
2	7th August, 2013	14	11
3	23rd October, 2013	14	13
4	20th January, 2014	16	13

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

i. Attendance of the Directors at the Board meetings, last Annual General Meeting relationship with other Directors and number of Directorships, Chairmanships or memberships of committees of each Director in various companies as at March 31, 2014

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

Sl. No	Name of Director and DIN	Position	Relationship with other Directors	Date of joining	Number of Board meetings attended	Number of Directorships as on 31.03.2014	Number of committee positions held**	Attendance at the last AGM
1	Shri R.S. Agarwal DIN 00152996	Promoter Executive (Chairman)	Father of Shri A.V. Agarwal, Shri H.V. Agarwal & Smt. Priti A Sureka	03.05.1994	4	6	Nil	Yes
2	Shri R.S. Goenka DIN 00152880	Promoter Executive	Brother of Shri S.K. Goenka and father of Shri Mohan Goenka	03.05.1994	4	8	Chairman - 1 Member -2	Yes
3	Shri S. K. Goenka DIN 00149916	Promoter Executive (Managing Director)	Brother of Shri R.S. Goenka	17.05.1995	3	5	Member -1	Yes
4	Shri K.N. Memani DIN 00020696	Non – Executive Independent	-	15.05.2006	3	12	Chairman-3 Member -7	No
5	Shri Y.P. Trivedi DIN 00001879	Non – Executive Independent	-	30.01.2010	4	8	Chairman -3 Member -7	Yes
6	Shri P. K. Khaitan DIN 00004821	Non Executive Independent	-	24.06.2013	1	15	Member-16	No
7	Shri M. D. Mallya DIN 01804955	Non Executive Independent	-	20.01.2014	1	4	-	Not applicable
8	Shri Sajjan Bhajanka DIN 00246043	Non – Executive Independent	-	08.05.2012	2	19	Chairman - 1 Member -2	Yes
9	Shri S.B. Ganguly DIN 01838353	Non – Executive Independent	-	30.01.2010	4	4	Chairman-3 Member -11	Yes

Sl. No	Name of Director and DIN	Position	Relationship with other Directors	Date of joining	Number of Board meetings attended	Number of Directorships as on 31.03.2014	Number of committee positions held**	Attendance at the last AGM
10	Shri Amit Kiran Deb DIN 02107792	Non – Executive Independent	-	30.01.2010	4	3	Chairman - 1 Member -2	Yes
11	Vaidya Suresh Chaturvedi DIN 00152712	Non – Executive Independent	-	31.01.2002	4	1	Nil	Yes
12	Shri Mohan Goenka DIN 00150034	Promoter Executive	Son of Shri R.S. Goenka	15.01.2005	4	5	Chairman 1 Member 2	Yes
13	Shri Aditya Vardhan Agarwal DIN 00149717	Promoter Non-Executive	Son of Shri R.S. Agarwal & brother of Shri H.V. Agarwal & Smt. Priti A Sureka	15.01.2005	4	10	Member 2	Yes
14	Shri Harsha Vardhan Agarwal DIN 00150089	Promoter Executive	Son of Shri R.S. Agarwal & Brother of Shri A.V. Agarwal & Smt. Priti A Sureka	15.01.2005	3	8	Member 3	Yes
15	Smt Priti A Sureka DIN 00319256	Promoter Executive	Daughter of Shri R.S. Agarwal & Sister of Shri A.V. Agarwal & Shri H.V. Agarwal	30.01.2010	3	4	Member - 2	Yes
16	Shri Prashant Goenka DIN 00703389	Promoter Executive	-	20.01.2014	1	4	-	Not applicable

* 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 more than ten Board-level Statutory Committees or Chairman of more than five such Committees

j. 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.

k. 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 palpable impact on the business of the Company.

l. 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 of directors adopted a Code of Conduct for the members of the Board, Committees and employees working at the level of the heads of the respective

departments, in compliance with the provisions of Clause 49 of the Listing Agreement.

The said Code of Conduct is displayed on the Company's website, www.emamilttd.in. Under the Code, the Board has designated the Managing Director of the Company as Chief Executive Officer (CEO) as mandated by the established Corporate Governance directives.

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

Committees of the Board

Keeping in view the requirements of the Companies Act, 1956, the Companies Act, 2013 as well as Clause 49 of the Listing Agreement and also with the objective to ensure more 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
7. Corporate Social Responsibility 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 discharge 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 & Business Development and CFO and Head of Accounts & Finance attend the Audit Committee Meetings as special invitees.

As on March 31, 2014 the Audit Committee

comprised four Directors out of whom three were Independent Directors. Shri S.B. Ganguly, Chairman of the Committee possesses in-depth experience in accounting, financial and management matters.

Shri R.S. Goenka has expertise in commercial and taxation-related matters; Shri Amit Kiran Deb, IAS, was the Chief Secretary of Government of West Bengal; and Shri Sajjan Bhajanka is a commerce graduate and an 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 6th May, 2013; 6th August, 2013; 23rd October, 2013; and 20th January, 2014; 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 party transactions
- Reviewing the financials of the subsidiary companies
- Review of the risk management policy
- Any other matters as directed by the Board

Composition and attendance of the Members at the meetings:

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	-

**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, is the secretary of the committee.

The Committee held one meeting during the year on 20th January, 2014.

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	Non – Executive Independent	1
Shri S. B. Ganguly	Non – Executive Independent	1
Shri Sajjan Bhajanka	Non – Executive Independent	-

Remuneration Policy

Executive Directors

The Remuneration Committee takes into account experience, qualification and prevailing industry practices before giving its recommendations to the Board. The Board then decides the quantum of remuneration to be paid to Executive Directors, subject to approval by the shareholders in terms of the provisions of the Companies Act, 1956, read with Schedule XIII thereof. The Committee aims to reward stellar performance on a periodical basis.

Non-Executive Directors

The Non-Executive Directors are paid sitting fees of ₹17,800/- (Exclusive of Service Tax of ₹2,200/-) for each meeting of the Board/ Audit Committee/Finance Committee

attended by them and ₹15,000/- (Exclusive of Service Tax) for other committees attended by them. The aggregate of sitting fees paid and service tax paid under reverse charge mechanism was ₹9.48 lac. 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

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, Corporate Governance Committee and Corporate Social Responsibility Committee.

Details of remuneration for the financial year 2013-14

(₹ In lacs)

Sl No	Name of Director	Sitting fee	Salary	Commission	Contribution to provident fund	Value of perquisites	Total
1	Shri R.S. Agarwal (Executive Chairman)	-	210.00	250.00	25.20	0.12	485.32
2	Shri R.S. Goenka (Wholetime Director)	-	210.00	250.00	25.20	0.15	485.35
3	Shri S.K. Goenka (Managing Director)	-	72.00	-	8.64	0.07	80.71
4	Shri K.N. Memani (Independent Director)	0.53	-	6.00	-	-	6.53
5	Shri Y.P. Trivedi (Independent Director)	0.86	-	2.00	-	-	2.86
6	Shri P.K. Khaitan ** (Independent Director)	0.18	-	1.00	-	-	1.18
7	Shri M.D. Mallya# (Independent Director)	0.18	-	1.00	-	-	1.18
8	Shri Amit Kiran Deb (Independent Director)	1.72	-	2.00	-	-	3.72

(₹ In lacs)

Sl No	Name of Director	Sitting fees	Salary	Commission	Contribution to provident fund	Value of perquisites	Total
9	Shri S.B. Ganguly (Independent Director)	1.87	-	3.00	-	-	4.87
10	Shri Sajjan Bhajanka (Independent Director)	0.36	-	2.00	-	-	2.36
11	Vaidya Suresh Chaturvedi (Independent Director)	0.71	-	2.00	-	-	2.71
12	Shri Mohan Goenka (Wholetime Director)	-	54.00	-	6.48	2.20	62.68
13	Shri A.V. Agarwal (Non- Executive Director)	2.45	-	-	-	-	2.45
14	Shri H.V. Agarwal (Wholetime Director)	-	54.00	-	6.48	1.02	61.50
15	Smt. Priti A Sureka (Wholetime Director)	-	36.00	-	4.32	-	40.32
16	Shri Prashant Goenka ^ (Wholetime Director)	-	7.16	-	0.86	0.43	8.45

#Shri M. D. Mallya was appointed as an Independent Director with effect from 20th Jan, 2014.

**Shri P.K. Khaitan was appointed as an Independent Director with effect from 24th June, 2013

^ Shri Prashant Goenka was appointed as a Whole-Time Director with effect from 20th Jan, 2014

Shares held by the Non-Executive Directors as on 31st March, 2014

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 P.K. Khaitan	Independent	Nil
4	Shri M.D. Mallya	Independent	Nil
5	Shri Sajjan Bhajanka	Independent	Nil
6	Shri Amit Kiran Deb	Independent	Nil
7	Shri S.B. Ganguly	Independent	Nil
8	Vaidya Suresh Chaturvedi	Independent	Nil
9	Shri A.V. Agarwal	Promoter/Non-Executive	12,39,648
	TOTAL		12,39,648

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

The Share Transfer Committee comprises of three Executive Directors and one Non-Executive Director. Shri A. K. Joshi, Company Secretary and AVP-Legal, is the Secretary of the Committee.

The Committee held nine meetings during the year on 1st April 2013, 18th May 2013, 17th June 2013, 28th June 2013, 2nd August

2013, 13th November 2013, 10th December 2013 and 27th January, 2014.

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 meetings:

Name of the member of the Committee	Category of Director	Number of meetings attended
Shri Mohan Goenka, Chairman	Promoter Executive	8
Shri A.V. Agarwal	Promoter Non-Executive	8
Shri H.V. Agarwal	Promoter Executive	8
Smt. Priti A Sureka	Promoter Executive	6

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

The Investors' 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 20th Jan, 2014 wherein the Committee reviewed status of unclaimed shares, unclaimed Dividend of previous years and the system of providing 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	-
Shri S. B. Ganguly	Independent	1
Shri Mohan Goenka	Promoter Executive	1
Shri H.V. Agarwal	Promoter Executive	1

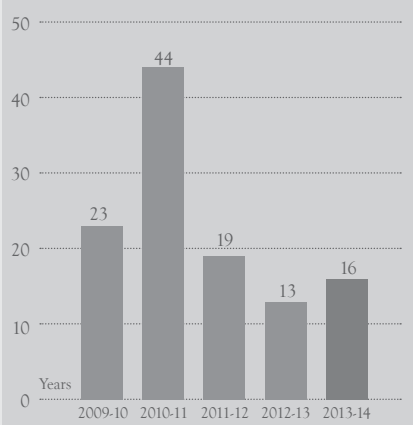
The Company Secretary is the Compliance Officer as per the Listing Agreement.

During the year ended 31st March, 2014, 16 investors' complaints were received from shareholders, all of which have been attended/resolved as of date. Details of the queries received and redressed are given below:

Composition and attendance of the Members at the meetings:

Nature of complaint	Pending as on 1st April 2013	Received during the year	Disposed during the year	Pending as on 31st March, 2014
1. Non-receipt of dividend	Nil	-	-	Nil
2. Non-receipt of share certificate	Nil	1	1	Nil
3. Non-receipt of Annual Report	Nil	15	15	Nil
Total	Nil	16	16	Nil

Trend of Investor Complaints during last five years



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 21st June, 2013, 7th November, 2013 and 30th January, 2014

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/tenders/expression of interest and all other business alliances and joint ventures, among others, if any
- Monitoring of loans and 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 meetings:

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 A.V. Agarwal	Promoter/ Non- Executive	3
Shri H.V Agarwal	Promoter Executive	1
Smt. Priti A Sureka	Promoter Executive	2

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 20th Jan, 2014.

The following reports were reviewed by the Committee:

- Statutory compliance report by the Legal Department
- Compliance controls and audit methodology report by the Management Services Division
- Auditing methodology report by the statutory auditors.

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	1
Shri R.S. Goenka	Promoter Executive	1
Shri Y. P. Trivedi	Independent	1
Shri Amit Kiran Deb	Independent	1

7. Corporate Social Responsibility Committee (constituted on 31st March, 2014).

In terms of the Section 135 of the Companies Act, 2013, Corporate Social Responsibility Committee was constituted comprising five Directors including one Independent Director. Shri A.K. Joshi Company Secretary- AVP Legal, is the secretary of the Committee.

The Committee is delegated and empowered to do the following:

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- Recommending the amount of expenditure to be incurred on the activities referred to in clause (a) in a financial year;
- Monitoring the CSR policy of the Company from time to time.
- Any other matters as may be considered expedient by the members in furtherance of and to comply with the CSR policy of the Company.

No meeting of the CSR Committee was held during the period.

Composition and category of Directors

Name of the member of the Committee	Category of Director
Shri S. K. Goenka, Chairman	Promoter Executive
Shri Amit Kiran Deb	Independent
Shri Mohan Goenka	Promoter Executive
Shri H.V. Agarwal	Promoter Executive
Smt Priti A Sureka	Promoter Executive

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, 2014 the Company had the following non-listed overseas subsidiary companies:

- Emami UK Ltd
- Emami Bangladesh Ltd
- Emami International FZE
- Emami Overseas FZE (100%- subsidiary of Emami International FZE)
- PharmaDerm 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 2.50 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 Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There have been no such instances of any non-compliance.

c. Accounting treatment in preparation of financial statements

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 a 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 face 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 dedicated to this.

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 and records, minutes of the meetings, transmission of

shares, passing of resolutions by circulation, affixing of common seal among others. The Company adheres to these Secretarial Standards voluntarily.

General Shareholders Information

Appointment of Directors

Shri P. K. Khaitan was appointed as an Additional Director on 24th June 2013 serving as an Independent Director on the Board of the Company and subsequently his appointment was confirmed by the members of the company on 7th August 2013. The Board of Directors appointed Shri M.D. Mallya and Shri Prashant Goenka as Additional Directors of the Company at its meeting held on 20th January 2014.

Shri M.D. Mallya serves as an Independent Director on the Board of Directors of the Company. The Board also appointed Shri Prashant Goenka as a Wholetime Director of the Company for a period of five years w.e.f. 20th January 2014 subject to approval of shareholders of the Company at the ensuing Annual General Meeting.

The Company has received notices from members under Section 160 of the Companies Act, 2013 for appointment of Shri M.D. Mallya and Shri Prashant Goenka as Directors of the Company at the ensuing Annual General Meeting.

In terms of Section 149 of the Companies Act, 2013, the Board proposes appointment of Shri Y.P. Trivedi, Shri K.N. Memani,

Vaidya Suresh Chaturvedi, Shri Sajjan Bhajanka, Shri S.B. Ganguly, Shri Amit Kiran Deb, Shri P.K. Khaitan, Shri M.D. Mallya who are Independent Directors as Non-rotational Directors for a term of three years in ensuing Annual General Meeting. The Company has also received notices from shareholders for their appointment as Independent Directors in ensuing Annual General Meeting.

Re-appointment of Directors:

Shri A. V. Agarwal and Shri R.S. Goenka would retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

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, 2013	South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700 068	Wednesday , August 7, 2013	11.30 am	-
March 31, 2012	South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700 068	Wednesday, August 8, 2012	3:30 pm	-
March 31, 2011	South City International School Auditorium, 375 Prince Anwar Shah Road, Kolkata-700 068	Saturday, August 13, 2011	11:00 am	-

Details of resolutions passed through postal ballot:

Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the resolution by postal ballot) Rules 2011, certain resolutions were passed by shareholders by postal ballot during the year on 17th June 2013.

Following are the resolutions passed by postal ballot on 17th June, 2013:

Sl no.	Item	Nature of resolution	Total votes	Number of votes in favor	Number of votes against
1.	Appointment of Shri R .S Goenka as Wholetime Director	Ordinary	13,45,02,811	13,44,80,088	22,723
2.	Increase in authorised share capital from ₹ 20 cr to ₹ 25 cr	Ordinary	13,44,44,341	13,44,44,111	230
3.	Capitalisation of Reserve for Issue of Bonus Shares	Special	13,44,44,515	13,44,44,265	250
4.	Alteration of Ancillary Objects Clause of Memorandum of Association	Special	13,44,32,551	13,30,20,126	14,12,425
5.	Payment of commission to the Non-Executive Directors	Special	13,44,32,555	12,92,14,801	52,17,754
6.	Payment of Service tax on sitting fees to Non-Executive Directors	Special	13,44,32,636	13,44,25,959	6,677

Procedure adopted for postal ballot

1. The Board at its meeting held on 6th May 2013 accorded its approval to conduct a postal ballot so as to seek the approval of the Members of the Company on the above matters and authorised the Managing Director and the Company Secretary for executing the entire process of postal ballot.
2. The Board of Directors at its meeting held on 6th May 2013 appointed Shri H. M. Choraria, Practicing Company Secretary and past chairman of the Institute of Company Secretaries of India as the scrutiniser for ensuring a true and fair postal ballot process.
3. The notice for the postal ballot was mailed to all shareholders along with postage prepaid envelopes addressed to the scrutiniser.
4. The Company had also offered e-voting facility as an alternative to all the members of the Company to enable them to cast their votes electronically instead of dispatching postal ballot forms.
5. An advertisement was published in national as well as vernacular newspapers informing the members regarding the dispatch of ballot papers and notice of postal ballot.
6. The duly completed postal ballot papers received at the close of working hours on 14th June 2013 were scrutinised by the scrutiniser.
7. The scrutiniser prepared the report on the postal ballots and submitted the same to Shri Mohan Goenka, Wholetime Director.
8. The results of the postal ballot were announced by Shri Mohan Goenka-Wholetime Director of the Company at the registered office of the Company on 17th June 2013 and subsequently advertised in the newspapers.
9. Results were intimated to the Stock

Exchanges and were put up on the notice board of the Company as well as on the Company's website.

Green initiatives drive instituted 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/registrars and share transfer agent and all such communications were immediately uploaded at the Company's website. This helped in prompt delivery of documents and avoiding any 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 and 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 of Conduct 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, pre-clearance 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 the senior managerial 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.emamilttd.in

b. Presentation

Detailed presentations are displayed on the Company's website.

c. Website

The Company's corporate website www.emamilttd.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 of material and of relevance to the shareholders.

Shareholders’ Information
Annual General Meeting

Day, date and time	Saturday, 9th August, 2014 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	Thursday, 7th August, 2014 till 11.30 am
Book closure dates	Tuesday, 5th August, 2014 to Saturday, 9th, August 2014 (both days inclusive)

Financial Calendar
Financial year: April 1, 2013 to March 31, 2014
The Board meetings for approval of financial results for financial year 2013-14 were held on the following dates:

First quarter results	August 7, 2013
Second quarter results	October 23, 2013
Third quarter results	January 20, 2014
Fourth quarter and annual results	May 5, 2014

The tentative dates of the Board meetings for consideration of quarterly and annual financial results for the financial year 2014-15 are as follows:

First quarter results	On or before August 14, 2014
Second quarter results	On or before November 14, 2014
Third quarter results	On or before February 14, 2015
Fourth quarter and annual results	On or before May 30, 2015

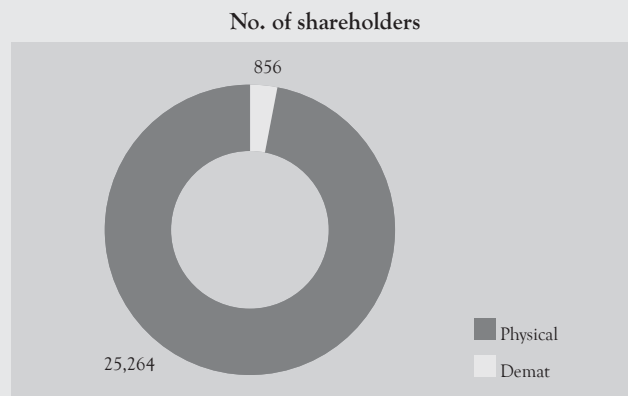
Dividend payment date:
Saturday, 9th August, 2014 onwards, (within thirty days of the declaration of the dividend)

Market information
Listing on Stock Exchanges

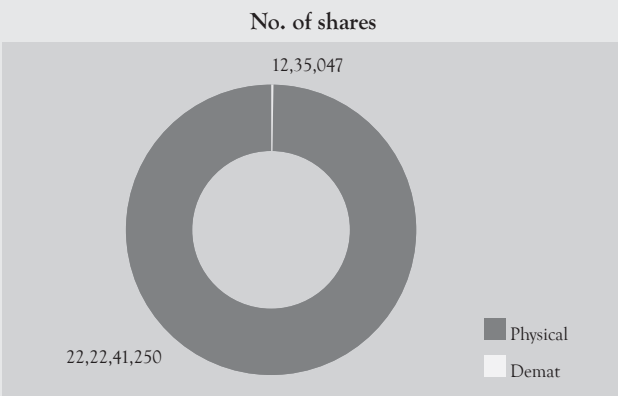
The Company’s shares are listed on the following Stock Exchanges and the listing fees have been duly paid:

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

No. of shareholders and shares held in physical and dematerialised form:



Total no. of folios - 26,120



Total no. of Shareholders - 22,69,67,619

Shares held in physical and demat form as on 31st March, 2014

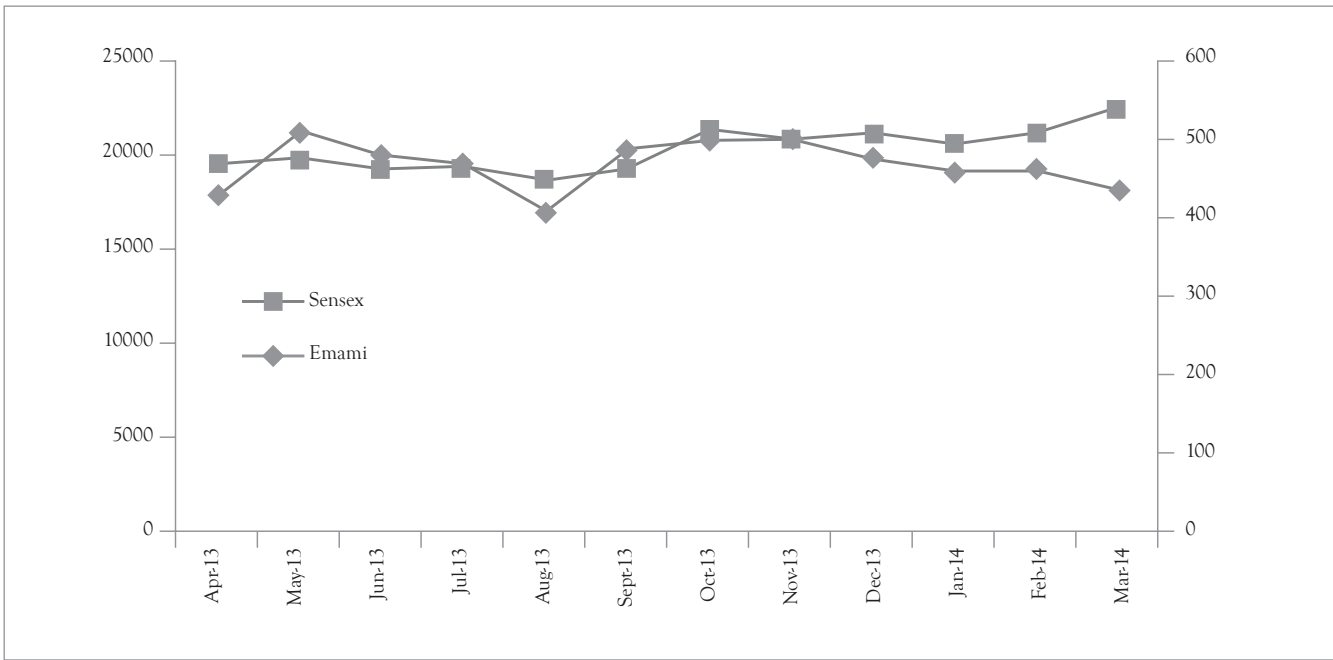
Nature of holding	Holders	Shares	Percentage
Physical	856	12,35,047	0.54
Demat	25,264	22,22,41,250	99.46
Total	26,120	22,69,67,619	100.00

Emami share price vis-à-vis BSE Sensex
(Face value of shares ₹ 1 each)

Month	BSE Sensex Close	Emami share price on BSE			Number of shares traded during the month	Turnover (₹ in lacs) on BSE
		High	Low	Close		
April 2013	19,504.80	429.93	383.00	426.76	8,63,058	5,087
May 2013	19,760.30	528.66	429.33	508.96	10,93,939	7,537
June 2013	19,395.81	527.33	410.20	479.05	5,44,714	2,930
July 2013*	19,345.70	539.40	459.10	467.20	6,63,747	3,259
August 2013	18,619.72	486.00	393.40	406.55	10,92,096	4,842
September 2013	19,379.77	500.95	410.00	484.50	5,57,092	2,606
October 2013	21,164.52	517.70	455.35	497.45	2,78,467	1,338
November 2013	20,791.93	511.00	450.60	497.35	3,37,228	1,605
December 2013	21,170.68	501.25	456.35	474.25	1,72,239	816
January 2014	20,513.85	486.50	421.00	456.05	4,02,279	1,815
February 2014	21,120.12	473.00	427.00	463.10	1,18,578	533
March 2014	22,386.27	468.95	426.30	435.10	1,93,066	855

*The Company has issued bonus shares to the shareholders of the Company in the proportion of 1:2, i.e. one Equity Share for every two existing shares held in the Company on 28th June 2013, therefore the value of shares has been adjusted accordingly prior to that period.

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

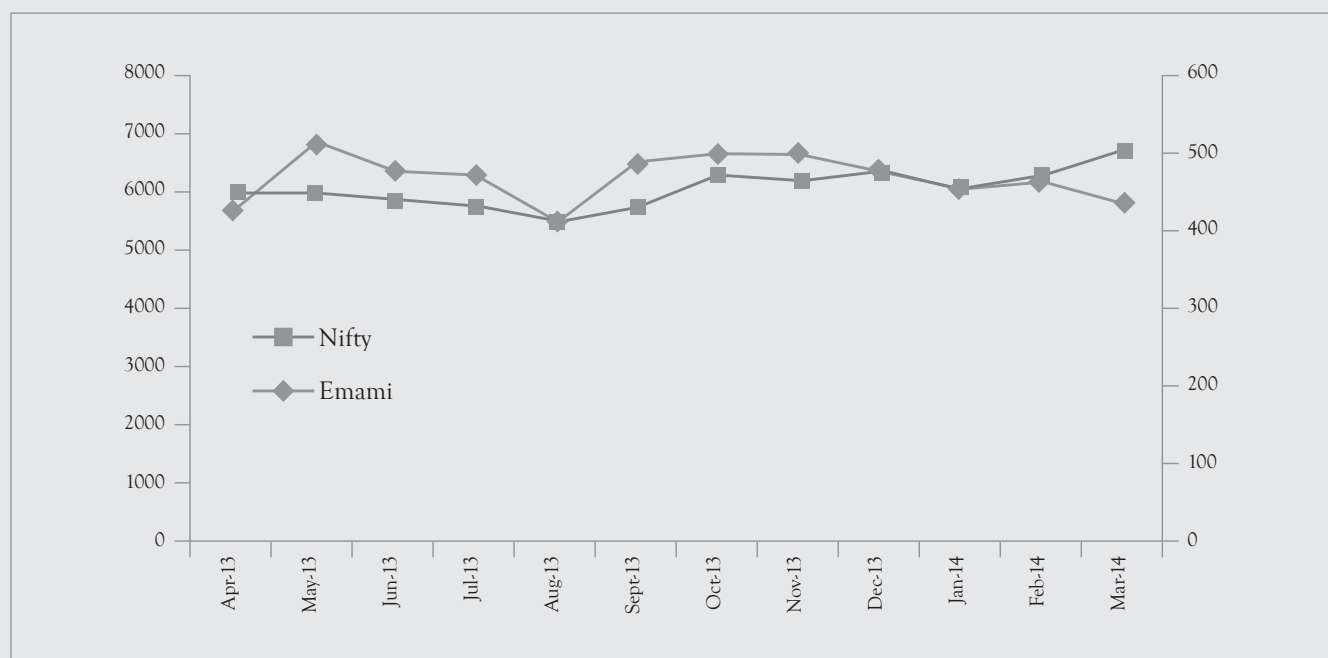


Emami share price *vis-a-vis* NSE Nifty
(Face value of shares ₹ 1/- each)

Month	NSE Nifty Close	Emami share price on NSE			No. of shares traded during the month	Turnover (₹ in lacs) on NSE
		High	Low	Close		
April 2013	5,930.20	431.00	386.00	426.00	3,539,236	21,340
May 2013	5,985.95	530.00	430.00	511.00	4,312,482	30,095
June 2013	5,842.20	528.00	410.00	476.00	5,958,141	31,746
July 2013*	5,742.00	540.00	454.50	469.85	3,990,783	19,614
August 2013	5,471.80	489.30	394.00	410.05	3,722,123	16,239
September 2013	5,735.30	504.00	406.00	485.20	3,107,845	14,607
October 2013	6,299.15	518.00	444.90	497.20	2,537,065	12,287
November 2013	6,176.10	511.65	448.55	497.00	2,583,181	12,230
December 2013	6,304.00	501.50	456.00	475.70	3,150,207	14,870
January 2014	6,089.50	485.70	420.00	452.85	4,077,025	18,445
February 2014	6,279.95	473.50	428.00	461.15	3,447,446	15,284
March 2014	6,704.20	469.00	426.10	435.00	2,240,763	9,957

*The Company has issued bonus shares to the shareholders of the Company in the proportion of 1:2 ,i.e. one Equity Share for every two existing shares held in the Company on 28th June 2013, therefore the value of shares has been adjusted accordingly prior to that period.

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 600 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 2014.

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

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

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

Pursuant to the Clause 47(c) of the Listing

Agreement, a 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) Regulations, 1996 are sent to the Stock Exchanges by the Registrar and Transfer Agent.

Besides, Reconciliation of Share Capital 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.

Shareholding Pattern as on 31st March, 2014

Category	Number of shares held	% of shareholding
A. Promoters' holding		
- Indian promoters		
Individuals	2,36,37,926	10.42
Corporates	13,64,73,181	60.15
- Foreign promoters (NRI)	49,21,748	2.17
Sub-total	16,50,88,855	72.74
B. Non-promoters holding		
1. Institutional investors		
a. Mutual funds and UTI	38,82,025	1.71
b. Banks, financial institutions and insurance companies	1,61,419	.07
c. Foreign institutional investors	3,62,69,326	15.98
Sub-total	4,03,12,770	17.76

Category	Number of shares held	% of shareholding
2. Others		
a. Private corporate bodies	118,15,921	5.20
b. Indian public	90,40,814	3.99
c. NRIs/OCBs	565,840	0.25
d. Trusts	4,350	0.00
e. Clearing members	130,069	0.06
Sub-total	215,65,994	9.50
Grand total	22,69,67,619	100.00

Distribution of shareholding by size as on March 31, 2014

Shareholding of nominal Value (₹ 1)	Shareholders		Share amount	
	Number	%	Amount in ₹	%
Up to - 500	23,177	88.73	21,73,568	0.96
501 - 1,000	1,233	4.72	8,53,114	0.37
1,001 - 2,000	710	2.72	9,53,281	0.42
2,001 - 3,000	242	0.93	5,89,897	0.26
3,001 - 4,000	102	0.39	3,55,202	0.15
4,001 - 5,000	97	0.37	4,34,929	0.19
5,001 - 10,000	177	0.68	12,49,180	0.55
10,001 and above	382	1.46	22,03,58,448	97.10
Grand total	26,120	100.00	22,69,67,619	100.00

Top- ten shareholders as on 31st March, 2014

Sl no.	Name of the shareholders	No. of shares held	% of shareholding
1	Diwakar Viniyog Private Limited	3,30,05,737	14.54
2	Suntrack Commerce Private Limited	3,25,26,866	14.33
3	Bhanu Vyapaar Private Limited	2,69,36,761	11.87
4	Emami Enclave Makers Private Limited	1,30,88,553	5.77
5	Suraj Viniyog Private Limited	1,27,15,131	5.60
6	Emami High Rise Pvt Ltd	1,27,10,553	5.60
7	Shri Amitabh Goenka	49,21,748	2.17
8	TMT Viniyogan Limited	48,46,000	2.14
9	Smt. Priti A Sureka	39,02,887	1.72
10	Shri H.V. Agarwal	16,09,633	0.71

Corporate benefits to investors during the year:

The Board of Directors at their meeting held on 6th May, 2013 recommended issue of one bonus share against two shares held subject to the approval of shareholders. The shareholders approved the proposal by way of special resolution through postal ballot on 17th June, 2013. Consequent upon approval of Shareholders 7,56,55,873 Equity Shares were issued on 28th June, 2013. Therefore, the share capital has been increased from ₹15.13 crore to ₹22.70 crore.

On 20th January, 2014, the Board of

Directors declared payment of interim dividend @ 3/- per share which was paid to all the shareholders registered in the Register of Members maintained by the Company/depositories on the record date i.e., 27th January 2014 fixed for determining the entitlement of interim dividend and it was paid on 29th January, 2014 .

Unclaimed dividends

The Dividend remained as unpaid / unclaimed for the financial year 2005-06 amounting to ₹33,604/- and interim dividend for the financial year 2006-07 was transferred to the Investors' Education

and Protection Fund on 26th September, 2013 and 16th April, 2014 respectively, after giving specific intimation to all the beneficiaries.

Final dividend for the financial year 2006-07 will be due for transfer to the Investors Education and Protection Fund as on 24th October, 2014.

Intimation letters to all the beneficiaries of unpaid/or unclaimed dividends were sent on 8th January, 2014.

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.

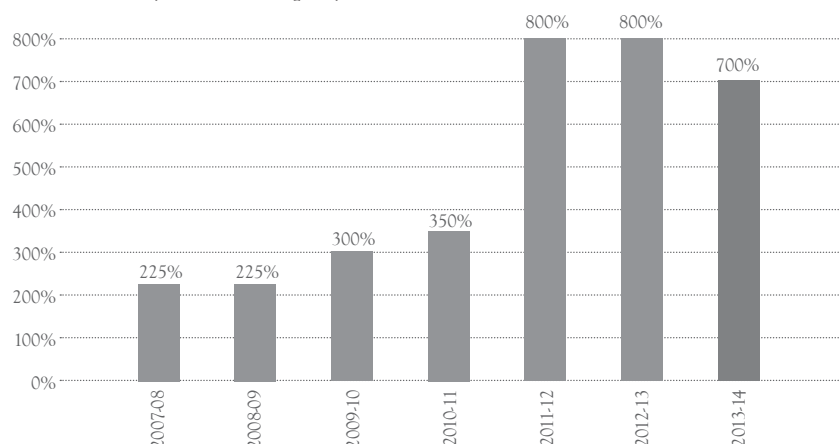
Dividend history of the Company with EPS and payout ratio :

Financial year	Face value per share	Dividend (%)	Dividend per share (₹)	Earnings per share (₹)	Payout ratio* (%)
2007-08	2	225%	4.50	14.92	35%
2008-09	2	225%	4.50	13.77	38%
2009-10	2	300%	6.00	22.67	28%
2010-11**	1	350%	3.50	15.12	27%
2011-12	1	400% + 400% special dividend	8.00	17.11	55%
2012-13	1	800%	8.00	21.40	44%
2013-14	1	Interim 300% Final 400%	7.00	17.55	47%

* Including dividend distribution tax.

**During the year, company has allotted 10,000,000 under QIPs and 3,510,696 under scheme of arrangement

Dividend History of the Company



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,
West Bengal

Assam

Amingaon Plant

EPIP Complex, Amingaon,
Guwahati – 781031, Assam

Abhoypur Plant

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

Maharashtra

Sanjan Village, Dongari,
Talasari taluka - 401601, Maharashtra

Gujarat

Plot No. 82, GIDC, Vapi-396194,
Gujarat

Uttarakhand

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

Dadra and Nagar Haveli

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

Address for correspondence:

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

Email id: investors@emamigroup.com

Telephone: 033-6613-6264

Representing officers:

Compliance officer :	Shri A. K. Joshi, Company Secretary and AVP-Legal
Institutional Investors/Financial analysts	Shri Rajesh Sharma, VP- Finance, Accounts and Investor Relations
Indian Retail investors	Shri Ashok Purohit, Assistant Company Secretary
Communication address of the above officers	Emami Limited Emami Tower, 687, Anandapur, E M Bypass, Kolkata 700107, West Bengal investors@emamigroup.com T + 91- 033 - 6613 6264, F +91-033-6613 6600

Communication channels:

Category	Channels
Shareholders	Annual Report, shareholders meetings, formal communication, website, e-mails, newspaper publications
Financial analysts	Annual Reports, press releases, website
General public	Website, newspaper publications

Details of publication of Financial Results

Quarter ended	Date of publication	Newspaper	
		Vernacular	National
31.03.2013	07.05.2013	Ei Samay	Economic Times, Business Standard, Financial Express, Indian Express, Mint
30.06.2013	08.08.2013	Ek Din	Business Standard, Business Line, Mint, Financial Express
30.09.2013	24.10.2013	Ei Samay	Business Standard, Business Line, Mint, Financial Express
31.12.2013	21.01.2014	Ei Samay	Business Standard, Business Line, Mint, Financial Express

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's office:

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

2. Tenure for Independent Director:

In terms of Section 149 of Companies Act, 2013 the Board has proposed to fix the tenure of Independent Director.

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.emamilttd.in. The financial results for the quarter ended 31st December 2013 was sent to all the shareholders whose email id is available with the Company as well as the depositories.

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 experienced professionals and are well acquainted with the industry. The Board members are provided necessary documents, reports among others to enable and to familiarise them with the Company's operations and the industry at large. It is therefore reasonable on the part of the Company to think that there is no need for any formal training for such professionals.

Nevertheless, in respect of Executive Directors, the Company arranges for training in the field of risk management w.r.t. the Company's business, in order to enable them to discharge their responsibilities more competently as Directors and the relevant statutory

changes/cases are circulated to them from time to time to understand their true impact.

7. Mechanism for evaluation of Non-executive Directors

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

8. Whistleblower policy

The Company has formulated a whistleblower policy and laid down a procedure with the aim to detect and deter misconduct and to ensure that genuine concerns of misconduct/unlawful conduct, which an individual believes may be taking place, are identified at an early stage responsibly and confidentially. Any employee may report such incidents without fear to the Chairman of the Audit Committee/Head-Internal Audit Department.

9. Policy for prevention of sexual harassment at workplace:

The Company has formulated a policy on prevention, prohibition and redressal of sexual harassment of women at the workplace with an objective to provide a professional environment that ensures every woman employee is treated with dignity and respect and afforded equitable treatment.

CERTIFICATION BY MANAGING DIRECTOR AND CEO-FINANCE, STRATEGY & BUSINESS DEVELOPMENT AND CFO OF THE COMPANY

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

- 1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March 2014 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 as a means to this end we have evaluated the

- effectiveness of the Company's internal controls and procedures.
- 5. The Company 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 of and have taken steps to rectify;
 - b. significant changes in internal control during the year;
 - c. any fraud, which we have become aware of and that involves the 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 across all departments have affirmed compliance with the Code of Conduct of the Company for the year 2013-14.

Sushil Kumar Goenka
Managing Director

Date: 5th May, 2014
Place: Kolkata

N H Bhansali
CEO-Finance, Strategy & Business Development and CFO

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, 2014 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

Place: Kolkata
Dated: May 5, 2014

Membership No.9067

STANDALONE ACCOUNTS

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, 2014 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") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and 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 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 judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 aforesaid 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, 2014
- 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.

Report on other Legal and Regulatory Requirement

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 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 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

Kolkata
5th May, 2014

S. K. AGRAWAL
Partner
Membership No: 9067

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 transactions in pursuance of such contracts or arrangements in respect of parties listed in the register maintained under section 301 of the Companies Act, 1956 at prices which are prima facie 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, 2014 for a period of more than six months from the date they became payable.
 - b. Contingent dues (excluding penalty and interest as applicable) on account of Sales Tax, Income Tax, Entry Tax, Service Tax, Excise Duty disputed by the Company and not being paid vis-à-vis forums where such disputes are pending are mentioned below:

Annexure to the Independent Auditors' Report (Contd.)

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	2.20	2013-14	JC
		25.79	2005-06, 2008-09 & 2010-11	ADC
		394.55	2009-10, 2011-12 to 2013-14	AC(A)
		181.36	2000-01 to 2005-06	Board of Revenue
		222.11	1990-91, 2000-01, 2002-03 to 2006-07, 2008-09, 2009-10 & 2012-13	Tribunals
		182.42	1999-00, 2004-05 to 2006-07	High Court
		12.92	2003-04 to 2004-05	JC (A)
		0.37	2010-11	DC (A)
		14.91	1996-97 to 2000-01	DC
		113.50	1989-90, 1993-94 to 1996-97	Supreme Court
The Central Excise Act, 1934	Excise Duty	4.70	2002-03 to 2005-06	Assistant Commissioner of Central Excise
		241.44	2008-09 to 2010-11	CESTAT
		4.98	1993-94, 1995-96	Excise Commissioner Appeals
		0.51	2009-10	Commissioner (Appeals) Central Excise
Entry Tax Act, 2008	Entry Tax	9.28	2001-02	Board of Revenue
		0.33	2010-11	DC(A)
		123.90	2007-08 to 2013-14	CTO
Income Tax Act, 1961	Income Tax	6.22	2005-06	CIT (A)

Annexure to the Independent Auditors' Report (Contd.)

- | | |
|---|--|
| <p>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.</p> <p>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.</p> <p>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.</p> <p>13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund and society.</p> <p>14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>15. 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 ₹5,703 lacs.</p> <p>16. 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.</p> <p>17. According to information and explanation given to us and on</p> | <p>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.</p> <p>18. 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.</p> <p>19. The Company has not issued any secured debentures during the year.</p> <p>20. The Company has not raised any money by way of public issue during the year.</p> <p>21. 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.</p> |
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For **S. K. AGRAWAL & COMPANY**
Chartered Accountants
Registration No- 306033E

Kolkata 5th May, 2014	S. K. AGRAWAL Partner Membership No: 9067
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Balance Sheet as at 31st March, 2014

₹ in Lacs

		Notes	As at 31.03.2014		As at 31.03.2013	
EQUITY AND LIABILITIES						
Shareholders' Funds						
Share Capital	2.1		2,269.68		1,513.12	
Reserves and Surplus	2.2		90,599.64	92,869.32	76,218.25	77,731.37
Non-Current Liabilities						
Long-Term Borrowings	2.3		1,502.50		2,719.45	
Deferred Tax Liabilities (Net)	2.4		479.00		1,368.00	
Other Long-Term Liabilities	2.5		1,180.93		879.05	
Long-Term Provisions	2.6		1,648.16	4,810.59	683.94	5,650.44
Current Liabilities						
Short-Term Borrowings	2.7		130.57		1,635.68	
Trade Payables	2.8		11,460.65		8,226.85	
Other Current Liabilities	2.9		4,687.50		5,489.58	
Short-Term Provisions	2.10		12,088.14	28,366.86	16,463.92	31,816.03
TOTAL				126,046.77		115,197.84
ASSETS						
Non-Current Assets						
Fixed Assets	2.11					
Tangible Assets			36,586.56		30,746.80	
Intangible Assets			778.87		6,702.71	
Capital Work-in-Progress - Tangible Assets			827.03		4,390.52	
Intangible Assets under Development			16.85		20.30	
Non-Current Investments	2.12		708.53		724.32	
Long-Term Loans and Advances	2.13		4,009.26		3,058.21	
Other Non-Current Assets	2.14		1.35	42,928.45	1.40	45,644.26
Current Assets						
Current Investments	2.15		28,922.38		15,634.07	
Inventories	2.16		13,662.33		11,226.43	
Trade Receivables	2.17		7,522.15		8,048.40	
Cash and Bank Balances	2.18		26,483.75		27,909.04	
Short-Term Loans and Advances	2.19		6,527.71	83,118.32	6,735.64	69,553.58
TOTAL				126,046.77		115,197.84
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

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

S K Agrawal
Partner

S K Goenka
Managing Director

N H Bhansali
CEO -Finance, Strategy &
Business Development and CFO

A K Joshi
Company Secretary
& AVPLegal

Kolkata
5th May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

		₹ in Lacs	
	Notes	2013-14	2012-13
INCOME:			
Revenue From Operations	2.20	170,507.55	162,709.13
Other Income	2.21	6,246.09	5,720.09
Total Revenue		176,753.64	168,429.22
EXPENSES:			
Cost of Materials Consumed	2.40	54,396.90	53,917.74
Purchase of Stock-in-Trade	2.41	13,421.23	16,234.15
(Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress	2.22	(2,418.42)	(809.03)
Employee Benefit Expenses	2.23	12,368.40	10,005.24
Finance Costs	2.24	388.63	609.91
Depreciation and Amortisation Expense	2.11 & 2.39	9,379.61	12,328.54
Transfer From General Reserve		(6,097.57)	(10,209.25)
Foreign Exchange (Gain)/ Loss		(311.21)	574.14
Other Expenses	2.25	50,018.64	48,104.65
Total Expenses		131,146.21	130,756.09
Profit Before Exceptional Items and Tax		45,607.43	37,673.13
Exceptional Items :			
VRS Compensation		428.09	-
Profit Before Tax		45,179.34	37,673.13
Tax Expense:			
Current Tax		7,981.00	5,500.00
Deferred Tax		(889.00)	(82.00)
(Excess)/Short Provision of Earlier Years		(1,736.04)	(122.15)
Profit for the period		39,823.38	32,377.28
Earnings Per Equity Share	2.51		
(1) Basic		17.55	14.27
(2) Diluted		17.55	14.27
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

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

S K Agrawal
Partner

S K Goenka
Managing Director

N H Bhansali
CEO -Finance, Strategy &
Business Development and CFO

A K Joshi
Company Secretary
& AVP.Legal

Kolkata
5th May, 2014

Cash Flow Statement for the year ended 31st March, 2014

₹ in Lacs

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	45,607.43	37,673.13
Add : ADJUSTMENTS FOR		
Depreciation & Amortisation	3,282.04	2,119.29
Provision for Doubtful Advances	119.82	-
Interest	(3,924.28)	(3,311.61)
Loss / (Profit) on sale of Fixed Assets	40.07	55.41
Loss / (Profit) on sale of Investments	(244.31)	(520.19)
Diminution in Value of Investment	766.97	(0.12)
Foreign Exchange Fluctuations	(311.21)	574.17
Dividend Received	(1,772.92)	(47.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	43,563.61	36,542.40
Add : DECREASE / (INCREASE) IN WORKING CAPITAL		
Trade & other Payables	3,858.65	(1,123.58)
Inventories	(2,435.90)	(285.31)
Trade & other Receivables	(593.25)	2,004.57
Provision for Indirect Taxes	525.22	5.91
Provision for Employee Benefits	922.04	423.99
	2,276.76	1,025.57
CASH GENERATED FROM OPERATIONS	45,840.37	37,567.97
Less : Direct Taxes Paid	7,563.24	4,904.39
CASH FLOW BEFORE EXCEPTIONAL ITEMS	38,277.13	32,663.58
Less : Exceptional Items	428.09	-
NET CASH FLOW FROM OPERATING ACTIVITIES	37,849.04	32,663.58
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	67.18	174.18
Interest Received	4,465.43	3,994.77
Dividend Received	1,772.92	47.68
Sale of Investments	116,726.37	53,893.72
	123,031.90	58,110.35
Less : Purchase of Fixed Assets	5,835.84	7,755.63
Purchase of Investments	130,521.56	61,651.79
NET CASH USED IN INVESTING ACTIVITIES	(13,325.50)	(11,297.06)

Cash Flow Statement for the year ended 31st March, 2014 (Contd.)

₹ in Lacs

	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	-	-
	-	-
Less : Repayment of Loans (Net)	3,897.43	5,483.21
Interest Paid	357.93	641.44
Interim Dividend Paid	6,809.03	-
Dividend Paid	12,085.33	12,085.69
Corporate Dividend Tax	3,214.42	1,963.72
NET CASH USED IN FINANCING ACTIVITIES	(26,364.14)	(20,174.06)
D. Effect of Foreign Exchange Fluctuation	311.21	(574.17)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C+D)	(1,529.39)	618.29
* CASH & CASH EQUIVALENTS-OPENING BALANCE	27,865.95	27,247.64
* CASH & CASH EQUIVALENTS-CLOSING BALANCE	26,336.56	27,865.95
Refer Note No : 2.18		

As per our report of even date

For S K Agrawal & Company
Chartered Accountants

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

S K Agrawal
Partner

S K Goenka
Managing Director

N H Bhansali
CEO -Finance, Strategy &
Business Development and CFO

A K Joshi
Company Secretary
& AVP.Legal

Kolkata
5th May, 2014

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 :**
- Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.
 - All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.
 - Projects under commissioning and other Capital Work-in-Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings made for the purpose of acquisition of fixed assets.
- (iii) **Intangible Assets :** Intangible Assets are recognised, only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. The intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- (iv) **Depreciation and Amortisation :**
- Tangible Assets :**
- In respect of assets of Vapi, Masat and Dongari units, depreciation is provided on Written Down Value method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
 - In respect of assets of other locations depreciation is provided on straight line basis over estimated useful lives for each category of assets as under :
 - Building and Roads : 5 to 60 years
 - Plant and Machinery : 10 to 15 years
 - Furniture and Fixture : 3 to 10 years
 - Office Equipment : 3 to 5 years
 - Motor Vehicles : 8 years
 - Block, dies & moulds (other than high-end moulds) are depreciated @ 100% in the year of purchase itself on prorata basis.
 - Lease hold land is amortised over the period of lease.
- Intangible Assets :**
- Goodwill - Consequent to the scheme of arrangement being accounted for under Purchase Method by adopting book value method, the cost representing goodwill recognised is being amortised to 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.
 - Trade Marks and other Intangible Assets are amortised over a period not exceeding 10 years.
 - Software is depreciated over a period of six years 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 :**
- 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

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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.
- (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 (Contd.)

- d. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expenses for the period in which settlement or cancellation takes place. The effect of this currency options contracts outstanding at the year end, in the form of unrealised gains/ losses, is not recognised.
- (xv) **Excise Duty :** Excise duty payable on 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 crystalises, are charged against revenues for the year. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

2 | Notes Forming Part of the Accounts

2.1 | SHARE CAPITAL

₹ in Lacs		
Particulars	31st March, 2014	31st March, 2013
Authorised		
25,00,00,000 (PY -20,00,00,000) Equity Shares of ₹1/- each	2,500.00	2,000.00
Issued		
22,69,67,619 (PY - 15,13,11,746) Equity Shares of ₹1/- each fully paid up	2,269.68	1,513.12
Subscribed & Paid up*		
22,69,67,619 (PY -15,13,11,746) Equity Shares of ₹1/- each fully paid up	2,269.68	1,513.12
Total issued, subscribed & fully paid up share capital	2,269.68	1,513.12

*Of the above, 8,26,77,265 (PY - 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, 2014		31st March, 2013	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	151,311,746	1,513.12	151,311,746	1,513.12
Bonus Shares Issued during the year	75,655,873	756.56	-	-
Shares outstanding at the end of the year	226,967,619	2,269.68	151,311,746	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, 2014		31st March, 2013	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Diwakar Viniyog Private Limited	33,005,737	14.54	22,003,825	14.54
Suntrack Commerce Private Limited	32,526,866	14.33	21,667,244	14.33
Bhanu Vyapaar Private Limited	26,936,761	11.87	17,957,841	11.87
Emami Enclave Makers Private Limited	13,088,553	5.77	8,725,702	5.77
Suraj Viniyog Private Limited	12,715,131	5.60	8,476,754	5.60
Emami High Rise Private Limited	12,710,553	5.60	8,473,702	5.60

2.2 | RESERVES & SURPLUS

₹ in Lacs			
Particulars	31st March, 2014		31st March, 2013
a. Capital Reserves		79.64	79.64
b. Securities Premium Account			
Opening Balance	33,961.72		33,961.72
Amounts utilised for issue of fully paid bonus shares	(756.56)		-
Closing Balance		33,205.16	33,961.72
c. General Reserve			
Opening Balance	40,000.00		30,000.00
Transferred from Surplus in Statement of Profit & Loss during the year	16,097.57		20,209.25
Transfer to Statement of Profit & Loss	(6,097.57)		(10,209.25)
Closing Balance		50,000.00	40,000.00

Notes Forming Part of the Accounts

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
d. Surplus				
Opening Balance	2,176.89		4,171.03	
Net Profit for the current year	39,823.38		32,377.28	
Interim Dividend [₹3/- (PY ₹ Nil/-) per share]	(6,809.04)		-	
Proposed Dividend [₹4 /- (PY ₹8/-) per share]	(9,078.70)		(12,104.94)	
Corporate Dividend Tax	(2,700.12)		(2,057.23)	
Transfer to General Reserve	(16,097.57)		(20,209.25)	
Closing Balance		7,314.84		2,176.89
Total		90,599.64		76,218.25

2.3 | LONG-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Secured				
Term loans				
From Bank		1,502.50		2,719.45
[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 :				
Annual installment of ₹1502.50 lacs				
Rate of Interest : 3% p.a.				
Total		1,502.50		2,719.45

2.4 | DEFERRED TAX LIABILITIES (NET)

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Deferred Tax Liabilities				
Tax impact due to difference between tax depreciation and book depreciation		1,532.00		1,801.00
Deferred Tax Assets				
Tax Impact of expenses charged off in financial statement but allowance under tax law deferred		1,053.00		433.00
Total		479.00		1,368.00

2.5 | OTHER LONG-TERM LIABILITIES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Trade Payables		504.57		410.36
Creditors for Capital Goods		10.26		7.38
Trade Deposits		666.10		461.31
Total		1,180.93		879.05

2.6 | LONG-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Provision for Employee Benefits				
Provident Fund		20.70		30.47
Gratuity		863.77		243.28
Leave Encashment		763.69		410.19
Total		1,648.16		683.94

Notes Forming Part of the Accounts

2.7 | SHORT-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Secured				
From Banks				
Cash Credit		126.25		1,627.88
(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		4.32		7.80
Total		130.57		1,635.68

2.8 | TRADE PAYABLES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Micro, Small & Medium Enterprises (Refer Note 2.30)		141.78		39.66
Others		11,318.87		8,187.19
Total		11,460.65		8,226.85

2.9 | OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Current Maturities of Long-Term Borrowings		1,502.50		2,882.63
Interest Accrued but not Due on Borrowings		42.98		17.79
Interest Accrued and due on Trade Deposits		73.71		68.21
Unpaid Dividends		59.19		39.58
Advance from Customers		520.22		505.81
Creditors for Capital Goods		232.85		262.46
Other Payables				
Employee Benefits	1,185.94		685.71	
Duties & Taxes	1,070.11	2,256.05	1,027.39	1,713.10
Total		4,687.50		5,489.58

2.10 | SHORT-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Provision for Employee Benefits				
Gratuity		92.95		128.18
Leave Encashment		39.28		46.22
Others				
Provision for Dividend	9,078.70		12,104.94	
Corporate Dividend Tax	1,542.93		2,057.23	
Provision for Direct Taxes [Net of Advance Tax ₹20,141.28 lacs (PY- ₹14,278.21 lacs)]	529.00		1,847.29	
Provision for Indirect Taxes	805.28	11,955.91	280.06	16,289.52
Total		12,088.14		16,463.92

Notes Forming Part of the Accounts

2.11 | FIXED ASSETS

Current Year

₹ in Lacs

Particulars	Gross Block				Depreciation & Amortisation				Net Block	
	Balance as at 1.4.2013	Additions	Disposals/ Adjustments*	Balance as at 31.3.2014	Balance as at 1.4.2013	For the year	Disposals/ Adjustments	Balance as at 31.3.2014	Balance as at 31.03.2014	Balance as at 31.03.2013
Tangible Assets										
Land										
Leasehold	309.96	-	-	309.96	27.19	3.08	-	30.27	279.69	282.77
Freehold	1,554.32	-	-	1,554.32	-	-	-	-	1,554.32	1,554.32
Building	15,832.80	4,910.88	34.75	20,708.93	2,801.19	463.85	34.65	3,230.39	17,478.54	13,031.61
Plant & Equipment	19,758.26	3,483.29	510.19	22,731.36	7,032.61	1,725.12	421.48	8,336.25	14,395.11	12,725.65
Furniture & Fixture	2,110.18	151.96	36.96	2,225.18	413.45	269.77	34.78	648.44	1,576.74	1,696.73
Office Equipment	2,646.93	318.09	10.58	2,954.44	1,600.28	547.05	8.70	2,138.63	815.81	1,046.65
Motor Vehicles	655.94	191.77	36.60	811.11	246.87	100.10	22.21	324.76	486.35	409.07
Tangible Assets	42,868.39	9,055.99	629.08	51,295.30	12,121.59	3,108.97	521.82	14,708.74	36,586.56	30,746.80
Intangible Assets										
Goodwill	47,899.11	-	-	47,899.11	41,801.53	6,097.58	-	47,899.11	-	6,097.58
Software	1,178.03	339.30	-	1,517.33	616.69	153.50	-	770.19	747.14	561.34
Trade Marks and other Intangible assets	100.00	7.50	-	107.50	56.21	19.56	-	75.77	31.73	43.79
Intangible Assets	49,177.14	346.80	-	49,523.94	42,474.43	6,270.64	-	48,745.08	778.87	6,702.71
Total	92,045.53	9,402.79	629.08	100,819.24	54,596.02	9,379.61	521.82	63,453.82	37,365.43	37,449.51
Capital Work- In-Progress	4,390.52	890.95	4,454.44	827.03	-	-	-	-	827.03	4,390.52
Intangible Assets under Development	20.30		3.45	16.85	-	-	-	-	16.85	20.30
Grand Total	96,456.34	10,293.74	5,086.97	101,663.12	54,596.02	9,379.61	521.82	63,453.82	38,209.31	41,860.33

* Includes Capitalisation of (Refer Note : 2.34)

₹ in Lacs

Particulars	Forex Fluctuation	Borrowing Cost
Building	447.44	12.88
Plant & Machinery	217.38	-
Total	664.82	12.88

Notes Forming Part of the Accounts

2.11 | FIXED ASSETS

Previous Year

₹ 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

* Includes Capitalisation of : (Refer note no - 2.34)

₹ in Lacs

Particulars	Forex Fluctuation	Borrowing Cost
Building	175.86	78.59
Plant & Machinery	182.36	23.10
Capital Work- In-Progress	132.48	-
Total	490.70	101.69

Notes Forming Part of the Accounts

2.12 | NON-CURRENT INVESTMENTS

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
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
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
Nil (PY- 16,00,000) Partly paid Equity Shares of ₹10/- each		
(Paid up value ₹1/- per share)	-	16.00
Investment In Government & Trust Securities (Unquoted)		
6 Years' National Savings Certificate	0.65	0.65
(Lodged With Government Authority)		
	(ii) 667.37	683.37
Less : *Provision for Diminution in value of Investment	(iii) 5.63	5.84
Total (i) + (ii) - (iii)	708.53	724.32
Aggregate Book Value of Quoted Investments	369.26	369.04
Aggregate Book Value of Unquoted Investments	339.27	355.28
Aggregate Market Value of Quoted Investments	2,078.23	1,903.63

2.13 | LONG-TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
(Unsecured, Considered Good)		
Capital Advances	2,492.11	1,902.52
Security Deposits	295.95	230.09
Advances to Employees	55.87	49.61
Balances with Excise and Sales Tax Department	406.08	304.12
Advances against Trade Payables	373.36	113.62
Others	505.71	458.25
Less: Provision for Doubtful Advances	(119.82)	-
Total	4,009.26	3,058.21

Notes Forming Part of the Accounts

2.14 | OTHER NON-CURRENT ASSETS

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
(Unsecured)		
Trade Receivables		
Considered Good	1.35	1.40
Considered Doubtful	36.89	43.00
Less: Provision for Doubtful Debts	(36.89)	(43.00)
Total	1.35	1.40

2.15 | CURRENT INVESTMENTS

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
Non Trade Investments (Valued at lower of Cost or Fair Value)		
Investment in Mutual Fund (Unquoted)		
Axis Liquid Fund - Direct - Growth	1,000.00	-
70,400.562 (PY:Nil) Units		
Baroda Pioneer Short Term Bond Fund Plan B Growth	603.90	3,103.57
48,16,604.620 (PY-2,55,92,606.880) Units		
BSL Floating Rate Fund - Long Term Growth	-	2,803.99
Nil (PY-20,23,332.196) Units		
Birla Sunlife Treasury Optimizer Plan - Direct - Growth	2,100.00	-
13,59,078.566 (PY:Nil) Units		
BOI AXA Treasury Advantage Fund Direct Plan - Growth	700.00	-
46,648.946 (PY:Nil) Units		
DWS Banking & PSU Debt Fund - Direct Plan - Growth	500.23	500.23
50,02,344.528 Units		
DWS Cash Opportunities Fund - Direct Plan - Growth	-	600.00
Nil (PY-39,10,450.679) Units		
DWS Treasury Fund - Investment - Direct Plan - Growth	500.00	-
35,86,646.199 (PY:Nil) Units		
ICICI Prudential Interval Fund IV Qtrly Interval Plan B - Direct Plan - Growth	2,000.97	-
1,45,45,837.618 (PY:Nil) Units		
ICICI Prudential Blended Plan B -Direct Plan - Growth option - 1	-	1,008.50
Nil (PY-58,29,132.038) Units		
IDBI Ultra Short Term Fund - Growth - Direct Plan	-	1,000.00
Nil (PY-80,240.626) Units		
IDBI Short Term Bond Fund - Direct - Growth	500.90	-
40,63,355.238 (PY:Nil) Units		
Indiabulls Liquid Fund - Growth - Direct Plan	-	100.00
Nil (PY-8,772.365) Units		
Indiabulls Short Term Fund - Direct - Growth	654.60	-
63,874.036 (PY:Nil) Units		
IDFC Ultra Short Term Fund - Growth - Direct	-	1,000.00
Nil (PY-61,65,087.539) Units		
JM Short Term Fund (Direct) - Growth Plan	1,365.41	2,000.00
81,66,108.699 (PY-1,20,80,448.360) Units		
JM Arbitrage Advantage Fund - Direct - Growth*	1,600.00	-
1,48,34,731.816 (PY:Nil) Units		

Notes Forming Part of the Accounts

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
Kotak Floater Short Term Direct Plan Growth Nil (PY-5,207.737) Units	-	100.00
L&T Liquid Fund-Direct-Growth 2,84,676.356 (PY-Nil) Units	5,000.00	-
Mirae Asset Fixed Maturity Plan - Series I - 368 Days Direct - Growth 10,00,220 (PY-Nil) Units	100.02	-
Pramerica Income Fund - Direct Plan - Growth Option 20,048.838 (PY-Nil) Units	200.49	-
Principal Debt Opportunity Fund Conservative Plan-Direct - Growth Option 24,509.602 (PY-32,249.671) Units	500.00	600.21
Principal Income Fund Short Term Plan - Direct - Growth 28,39,866.604 (PY: Nil) Units	602.48	-
Reliance Medium Term Fund - TP - IP - Growth Nil (PY-38,70,685.322) Units	-	916.31
Reliance Interval Fund - Quarterly Plan - Series I- Direct Growth Plan Growth Option 29,12,717.507 (PY-Nil) Units	500.00	-
Reliance Monthly Interval Fund- Series II-Direct Growth Plan - Growth Option Nil (PY-1,15,20,406.043) units	-	1,801.26
Reliance Short Term Fund-Direct-Growth 1,17,97,782.081 (PY-Nil) Units	2,654.63	-
Reliance Arbitrage Advantage Fund - Direct Dividend Plan* 3,69,17,806.2 (PY-Nil) Units	5,000.00	-
Reliance Quarterly Interval Fund - Series II - Direct Growth Plan Growth Option 1,21,91,623.651 (PY-Nil) Units	2,105.93	-
Reliance Fixed Horizon Fund - XXV - Series -29 - Direct Plan - Growth Plan 1,00,00,000 (PY-Nil) Units	1,000.00	-
Sundaram Money Fund - Direct Plan - Growth 18,59,184.161 (PY-Nil) Units	500.00	-
Taurus Liquid Fund - Direct Plan - Super Institutional Growth Nil (PY-7,908.584) Units	-	100.00
	(i) 29,689.56	15,634.07
Less : *Provision for Diminution in value of Investment	(ii) 767.18	-
Total (i) - (ii)	28,922.38	15,634.07
Net Asset Value of Unquoted Investments	29,467.15	15,777.35

2.16 | INVENTORIES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Raw and Packing Materials				
Raw Materials	3,427.07		3,437.36	
Packing Materials	1,945.00	5,372.07	1,888.18	5,325.54
Work-in-Progress		193.28		229.62
Finished Goods		7,899.68		5,444.92
Stores and Spares		132.07		114.27
Advertising Materials		65.23		112.08
Total		13,662.33		11,226.43

Notes Forming Part of the Accounts

2.17 | TRADE RECEIVABLES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
(Unsecured, Considered Good and unless stated otherwise)				
Due over six months		122.68		141.60
Other Receivables		7,399.47		7,906.80
Total		7,522.15		8,048.40

2.18 | CASH AND BANK BALANCES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Cash and Cash Equivalents				
Balances with Banks	4,364.90		2,466.68	
Fixed Deposits with Banks (maturity less than 3 months)	21,840.89		22,114.00	
Cheque-in- hand	90.69		3,252.55	
Cash-in-hand	40.08	26,336.56	32.72	27,865.95
Other Bank Balances				
Unpaid Dividend account (Earmarked)	59.19		39.58	
Deposit with Original maturity of more than 3 months but less than 12 months *	88.00	147.19	3.51	43.09
Total		26,483.75		27,909.04

*Margin money deposit - ₹2.60 lacs (PY: ₹3.51 lacs)

2.19 | SHORT-TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
(Unsecured, Considered Good)				
Balances with Excise and Sales Tax Department		1,636.17		1,763.38
Advances against Trade Payables		3,952.65		3,978.04
Advances to Employees		166.57		172.22
Interest Receivable on Deposits		72.28		62.97
Interest Receivable From Subsidiaries		-		161.83
Prepaid Expenses		186.26		165.35
Other Receivables		513.78		431.85
Total		6,527.71		6,735.64

2.20 | REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	2013-2014		2012-2013	
Sale of products	173,812.91		166,191.49	
Less: Excise duty	3,305.36	170,507.55	3,482.36	162,709.13
Total		170,507.55		162,709.13

Notes Forming Part of the Accounts

2.21 | OTHER INCOME

₹ in Lacs

Particulars	2013-2014		2012-2013	
Interest Income				
Subsidiaries	-		161.83	
Income Tax Department	98.16		35.87	
Others Loans & Deposits	4,214.75	4,312.91	3,723.82	3,921.52
Dividend from Long Term Non-Trade Investment		47.68		47.68
Dividend from Short Term Non-Trade Investment		1,725.24		-
Profit on Sale of Current Non-Trade Investments		244.31		520.19
Diminution in value of Short Term Non-Trade Investment		(767.18)		-
Diminution in value of Long Term Non-Trade Investment		0.21		0.12
Profit on Sale of Fixed Assets		30.96		87.39
Rent and Maintenance Charges Received		244.84		227.91
Provision for Doubtful Debts Written Back		2.91		44.46
Miscellaneous Receipts (Refer Note 2.36)		54.35		760.92
Insurance Claim received		349.86		109.90
Total		6,246.09		5,720.09

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

₹ in Lacs

Particulars	2013-2014		2012-2013	
(I) Opening Stock				
Work-in-progress	229.62		229.17	
Finished Goods	5,444.92	5,674.54	4,636.34	4,865.51
(II) Closing Stock				
Work-in-progress	193.28		229.62	
Finished Goods	7,899.68	8,092.96	5,444.92	5,674.54
(I) - (II)		(2,418.42)		(809.03)

2.23 | EMPLOYEE BENEFIT EXPENSES

₹ in Lacs

Particulars	2013-2014		2012-2013	
Salaries and Wages		10,624.10		8,607.23
Contribution to Provident and other funds		1,413.69		974.38
Welfare expenses		330.61		423.63
Total		12,368.40		10,005.24

2.24 | FINANCE COSTS

₹ in Lacs

Particulars	2013-2014		2012-2013	
Interest expenses		401.51		660.07
Exchange difference to the extent considered as an adjustment to borrowing cost		-		51.54
Less : Interest Capitalised		12.88		101.70
Total		388.63		609.91

Notes Forming Part of the Accounts

2.25 | OTHER EXPENSES

₹ in Lacs

Particulars	2013-2014		2012-2013	
Consumption of stores and spare parts		192.25		184.60
Power and fuel		945.57		853.14
Rent		498.79		439.08
Repairs				
<i>Building</i>	118.51		163.71	
<i>Machinery</i>	916.13		533.68	
<i>Others</i>	803.10	1,837.74	654.33	1,351.72
Insurance		216.83		292.01
Rates and taxes, excluding taxes on income		81.26		69.78
Freight & Forwarding		4,784.62		4,154.42
Directors' Fees and Commission		527.84		382.57
Advertisement & Sales Promotion		23,735.74		25,311.85
Commission		974.07		883.45
Taxes on Sales		11,029.87		9,634.73
Loss on Sale/Disposal of Fixed Assets		71.03		142.79
Bad Debts	6.11		-	
Less : Provision for Doubtful Debts	(6.11)	-	-	-
Sundry Balance Written off		(6.70)		(0.24)
Legal and Professional Fees		1,348.50		1,340.04
Travelling and Conveyance		1,542.73		1,457.80
Miscellaneous Expenses (Note : 2.35 & 2.37)		2,238.50		1,606.91
Total		50,018.64		48,104.65

2.26 | SEGMENTAL REPORTING

a. BUSINESS SEGMENT

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

b. GEOGRAPHICAL SEGMENT

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

Revenue from Operation (₹ in Lacs)		
	2013-14	2012-13
India	160,215.60	152,241.12
Overseas	10,291.95	10,468.01
Total	170,507.55	162,709.13

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

₹ in Lacs

Particulars	Carrying amount of Segment Assets		Additions to Fixed Assets including CWIP	
	31st March, 2014	31st March, 2013	31st March, 2014	31st March, 2013
India	121,417.78	110,596.54	5,835.85	7,755.62
Overseas	4,628.99	4,601.30	-	-
Total	126,046.77	115,197.84	5,835.85	7,755.62

Notes Forming Part of the Accounts

2.27 | DEFINED BENEFIT PLANS

As per actuarial valuations as on 31st March, 2014 and recognised in the financial statements in respect of Employees benefit schemes.

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Partly Funded	Funded	Partly Funded
A Components of Employer Expenses				
1 Current Service Cost	205.74	168.62	143.06	129.48
2 Interest Cost	168.84	65.34	114.83	37.06
3 Expected Return on Plan assets	(109.07)	(8.66)	(96.89)	(8.03)
4 Past Service Cost	-	-	-	-
5 Actuarial Losses / (Gains)	446.79	118.88	179.88	60.44
6 Actuarial Losses / (Gains) on Plan Assets	5.06	2.38	-	0.14
7 Total Expenses recognised in the Statement of Profit & Loss	717.36	346.56	340.88	219.09
B Net asset/(liability) recognised in Balance Sheet as at 31st March, 2014				
1 Present value of Defined Benefit Obligation (DBO)	2,222.66	902.38	1,529.31	549.54
2 Fair value of Plan Assets	1,265.94	99.42	1,157.85	93.13
3 Funded Status [Surplus/(Deficit)]	(956.72)	(802.96)	(371.46)	(456.41)
4 Net asset/(liability) recognised in balance sheet	(956.72)	(802.96)	(371.46)	(456.41)
C Change in Defined Benefit Obligation during the year ended 31st March, 2014				
1 Present value of DBO at beginning of period	1,529.32	549.54	1,172.46	322.56
2 Current Service Cost	205.74	168.62	143.06	129.48
3 Interest Cost	168.84	65.34	114.83	37.06
4 Plan amendments cost/(credit)	-	-	-	-
5 Actuarial Losses / (Gains)	446.79	118.88	179.85	60.44
6 Benefits Paid	(128.02)	-	(80.88)	-
7 Liabilities extinguished on settlements	-	-	-	-
8 Present value of DBO at the end of period	2,222.67	902.38	1,529.32	549.54
D Change in Fair Value of Assets				
1 Plan Assets at beginning of period	1,157.85	93.14	995.19	85.25
2 Expected Return on Plan Assets	109.07	8.66	96.89	8.03
3 Actuarial Gains /(Loss)	(5.06)	(2.38)	(0.04)	(0.14)
4 Actual company contributions	132.10	-	146.69	-
5 Benefits paid	(128.02)	-	(80.88)	-
6 Assets distributed on settlements	-	-	-	-
7 Plan assets at the end of period	1,265.94	99.42	1,157.85	93.14
E Actuarial Assumptions				
1 Discount Rate (%)	8.50	8.50	8.50	8.50
2 Annual Salary Escalation Rate (%)	10.00		8.00	
3 Expected Return on Plan Assets (%)	9.00	9.00	9.00	9.00

2.28 | 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 :-

₹ in Lacs		
Forward Covers	31st March, 2014	31st March, 2013
Receivables		
- Current	1,303.61	-
- Future	-	-

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

Receivables	3,278.59	4,437.12
Loan	3,004.99	5,602.10

2.29

The Company has made a provision of ₹525.22 Lacs (P.Y.- Nil) towards Indirect Taxes resulting mainly from issues, which are under litigation/ dispute requiring management judgement as shown below :

₹ in Lacs		
Description	31st March, 2014	31st March, 2013
Opening Balance	280.06	328.72
Provisions made during the year	525.22	-
Payment/reversals during the year	-	48.66
Closing Balance	805.28	280.06

2.30

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.

2.31

Long Term Loans & Advances include Security Deposit of ₹9.04 Lacs (P.Y.- ₹9.15 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹9.15 Lacs) (P.Y.- ₹15.67 Lacs).

2.32 | CONTINGENT LIABILITIES & COMMITMENTS

₹ in Lacs		
Particulars	31st March, 2014	31st March, 2013
i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt (Net of Advances) :		
i) Excise Duty demands	254.04	516.78
ii) Sales Tax demands under appeal	885.04	833.62
iii) Entry Tax	133.51	11.28
iv) Others	45.47	45.47
Note : Contingent Liability disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote and is exclusive of interest and penalty (if any).		
(b) Guarantees and counter guarantees given	5,913.32	5,300.56

₹ in Lacs		
Particulars	31st March, 2014	31st March, 2013
ii) Commitments:		
(a) Estimated amount of commitments [net of advances of ₹2,492.11 lacs (P.Y.- ₹1,902.52 lacs)] on capital account not provided for	3,516.13	2,090.58
(b) Uncalled liability on partly paid shares	-	144.00

Notes Forming Part of the Accounts

2.33

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 20.62 lacs equivalent to ₹1,239.56 lacs (P.Y. USD 48.10 lacs equivalent to ₹2,616.13 lacs)

2.34

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 ₹ Nil (P.Y. ₹54.57 lacs) has been charged to the Statement of Profit & Loss and ₹664.82 lacs (PY ₹490.70 lacs) has been capitalised as cost of capital assets.

2.35 | PAYMENT TO AUDITORS

Description	₹ in Lacs	
	31st March, 2014	31st March, 2013
As Auditors :		
Audit Fees	36.50	29.27
Tax Audit Fees	3.93	3.43
Limited Review	1.61	1.12
In Other Capacity :		
Other Services (Certification fees)	7.91	1.73
	49.95	35.55
Payment to Cost Auditors		
Audit Fees	1.52	1.40

2.36

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

2.37

Miscellaneous Expenses includes contribution to Bharatiya Janata Party amounting to ₹2.00 Lacs (P.Y. ₹ Nil)

2.38

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.

2.39

The company has reviewed the useful lives of all the tangible assets on which depreciation was provided on straight line basis as stated in accounting policy Note 1(iv). Consequent to this, the charge of depreciation for the year is higher by ₹1,100.77 lacs and the net block of fixed assets and reserves and surplus are lower by ₹1,100.77 lacs.

Notes Forming Part of the Accounts

2.40 | MATERIALS CONSUMED

	₹ in Lacs	
	31st March, 2014	31st March, 2013
Indigenous (99.04%) (P.Y.99.01%)		
Oils & Essential Oils		
Chemicals & Fats	10,279.47	11,094.16
Herbs	16,247.11	17,478.26
Tubes & Containers	1,674.91	1,676.60
Other Packing Materials	11,923.25	10,365.19
Others	11,152.73	8,528.34
	2,599.90	4,240.58
(A)	53,877.37	53,383.13
Imported (0.96%) (P.Y. 0.99%)		
Oils		
Chemicals & Fats	8.63	3.55
	510.90	531.06
(B)	519.53	534.61
(A) + (B)	54,396.90	53,917.74

2.41 | PURCHASE OF FINISHED GOODS

	₹ in Lacs	
	31st March, 2014	31st March, 2013
Cosmetics & Toiletries	8,201.93	7,101.25
Ayurvedic Medicines	5,219.30	9,079.99
Others	-	52.91
	13,421.23	16,234.15

2.42 | SALE OF PRODUCTS

	₹ in Lacs	
	31st March, 2014	31st March, 2013
Cosmetics & Toiletries	40,536.13	35,397.81
Ayurvedic Medicines	127,932.04	126,737.57
Other Ayurvedic - Tablets & Pills	4,595.02	3,261.75
Others	749.72	794.36
	173,812.91	166,191.49

2.43 | OPENING STOCK OF FINISHED GOODS

	₹ in Lacs	
	31st March, 2014	31st March, 2013
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

Notes Forming Part of the Accounts

2.44 | CLOSING STOCK OF FINISHED GOODS

₹ in Lacs

	31st March, 2014	31st March, 2013
Cosmetics & Toiletries	2,641.10	1,157.66
Ayurvedic Medicines	4,829.75	4,067.64
Other Ayurvedic - Tablets & Pills	427.47	217.74
Others	1.36	1.88
	7,899.68	5,444.92

2.45 | WORK IN PROGRESS

₹ in Lacs

	31st March, 2014	31st March, 2013
Cosmetics & Toiletries	49.84	32.18
Ayurvedic Medicines	143.44	197.44
	193.28	229.62

2.46 | CONSUMPTION OF STORES & SPARES

₹ in Lacs

	31st March, 2014	31st March, 2013
Indigenous (100%)	192.25	184.60

2.47 | EXPENDITURE IN FOREIGN CURRENCY (ON PAYMENT BASIS)

₹ in Lacs

	31st March, 2014	31st March, 2013
Professional Fees	259.81	95.59
Interest	202.45	498.78
Others	201.65	594.71
	663.91	1189.08

2.48 | VALUE OF IMPORTS ON CIF BASIS

₹ in Lacs

	31st March, 2014	31st March, 2013
Raw Materials	772.82	668.80
Capital Goods	1,235.31	209.02
	2,008.13	877.82

2.49 | EARNINGS IN FOREIGN EXCHANGE FOR

₹ in Lacs

	31st March, 2014	31st March, 2013
Export of goods calculated on FOB basis	8,374.78	8,516.20
Interest Income	-	161.83
	8,374.78	8,678.03

Notes Forming Part of the Accounts

2.50 | RELATED PARTY TRANSACTIONS

A. Parties where Control exists :

Subsidiaries	31st March, 2014	31st March, 2013
	% of Holding	% 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) Pharmaderm 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 Smt. Priti. A Sureka
- 4 Smt. Indu Goenka
- 5 Smt. Rachna Bagaria
- 6 Smt. Laxmi Devi Bajoria
- 7 Shri Suresh Kr. Goenka
- 8 Shri Raj Kr. Goenka
- 9 Shri Mohan Goenka
- 10 Shri A. V. Agarwal
- 11 Shri Manish Goenka
- 12 Shri H. V. Agarwal
- 13 Shri Jayant Goenka
- 14 Shri Sachin Goenka
- 15 Shri Madan Lal Agarwal

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

- 1 Suntrack Commerce Private Limited
- 2 Bhanu Vyapaar Private Limited
- 3 Diwakar Viniyog Private Limited
- 4 Suraj Viniyog Private Limited
- 5 Emami Paper Mills Limited
- 6 Aviro Vyapar Private Limited
- 7 Emami High Rise Private Limited
- 8 Emami Enclave Makers Private Limited
- 9 Emami Foundation
- 10 Aradhana Trust
- 11 Bansilal Jankidevi Agarwal Trust

Notes Forming Part of the Accounts

C. Disclosure of Transactions between the Company and Related Parties and the status of Outstanding Balance as on 31.03.2014

Particulars	Subsidiaries		Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
1. Directors Remuneration								
A) - Salary & Other benefits	-	-	715.96	567.30	-	-	715.96	567.30
B) - Commission	-	-	500.00	350.00	-	-	500.00	350.00
C) - Sitting Fees	-	-	2.45	2.30	-	-	2.45	2.30
2. Sales								
A) - Sale of Goods	8,443.73	5,994.20	-	-	5.21	3.05	8,448.94	5,997.25
B) - Sale of Fixed Assets	0.81	-	-	-	-	-	0.81	-
3. Other Income								
A) - EPCG Benefits Received	-	-	-	-	-	536.49	-	536.49
B) - Service Charges Received	-	-	-	-	5.62	5.62	5.62	5.62
4. Reimbursement of Expenses	116.78	49.48	-	-	21.26	-	138.04	49.48
5. Rent, Maintenance & Other Charges Paid	-	-	4.64	3.29	5.14	7.64	9.78	10.93
6. Rent, Maintenance & Other Charges Received	-	-	-	-	97.84	92.94	97.84	92.94
7. Interest Received	-	161.83	-	-	-	-	-	161.83
8. Royalty Received	29.34	2.00	-	-	2.25	2.25	31.59	4.25
9. Commission Received	-	-	-	-	3.49	7.34	3.49	7.34
10. Dividend Received	-	-	-	-	47.68	47.68	47.68	47.68
11. Dividend Paid	-	-	1,242.21	803.60	10,952.79	6,938.15	12,195.00	7,741.75
12. Loan / Advances Given	-	111.25	-	-	-	-	-	111.25
13. Refund Towards Loan Given	-	3,068.98	-	-	-	-	-	3,068.98
14. Payment Towards Loan Received	-	-	-	-	-	540.03	-	540.03
15. Security Deposit Refund	-	-	0.20	9.94	-	1.20	0.20	11.14
16. Donation Paid	-	-	-	-	320.00	187.00	320.00	187.00
17. Balance As on 31st March, 2014								
A) - Investment	46.79	46.79	-	-	368.48	368.48	415.27	415.27
B) - Interest Receivable	-	161.83	-	-	-	-	-	161.83
C) - Advance against Reimbursement	1.61	37.43	-	-	-	-	1.61	37.43
D) - Trade Receivables	4,598.13	3,477.40	-	-	-	-	4,598.13	3,477.40
E) - Security Deposit Paid	-	-	18.25	18.45	7.25	7.25	25.50	25.70
F) - Security Deposit Received	-	-	-	-	25.83	25.83	25.83	25.83

Notes Forming Part of the Accounts

2.51 | INFORMATION FOR EARNINGS PER SHARE AS PER AS-20

Particulars	31st March, 2014	31st March, 2013
Net Profit (₹ in Lacs)	39,823.38	32,377.28
Weighted average number of shares	226,967,619	226,967,619
Earnings Per Share - Basic & Diluted (₹)	17.55	14.27

2.52

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

As per our report of even date

For S K Agrawal & Company Chartered Accountants	R S Agarwal Chairman	R S Goenka Director	S B Ganguly Director
S K Agrawal Partner	S K Goenka Managing Director	N H Bhansali CEO -Finance, Strategy & Business Development and CFO	A K Joshi Company Secretary & AVP.Legal

Kolkata
5th May, 2014

Consolidated Financial Statements

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 Consolidated Balance Sheet as at 31st March, 2014 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 consolidated 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 consolidated 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 from 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 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 and based on the consideration of the reports of the other auditors on the financial statement of the subsidiaries as noted below, 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, 2014
- 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.

Other Matters

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹8,979.34 lacs as at 31st March, 2014 total revenue of ₹19,692.01 lacs and net cash inflow amounting to ₹250.25 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. Our opinion is not qualified in respect of this matter.

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

S. K. AGRAWAL
Partner
Kolkata
5th May, 2014

S. K. AGRAWAL
Partner
Membership No: 9067

Consolidated Balance Sheet as at 31st March, 2014

₹ in Lacs

Notes		As at 31.03.2014		As at 31.03.2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2.1	2,269.68		1,513.12	
Reserves and Surplus	2.2	90,942.14	93,211.82	76,233.92	77,747.04
Minority Interest			0.98		5.03
Non-Current Liabilities					
Long-Term Borrowings	2.3	1,744.55		2,817.46	
Deferred Tax Liabilities (Net)	2.4	479.00		1,368.00	
Other Long-Term Liabilities	2.5	1,186.05		883.80	
Long-Term Provisions	2.6	1,712.79	5,122.39	737.09	5,806.35
Current Liabilities					
Short-Term Borrowings	2.7	436.94		5,755.81	
Trade Payables	2.8	14,297.21		10,199.53	
Other Current Liabilities	2.9	5,045.09		5,634.21	
Short-Term Provisions	2.10	12,114.17	31,893.41	16,468.85	38,058.40
TOTAL			130,228.60		121,616.82
ASSETS					
Non-Current Assets					
Fixed Assets	2.11				
Tangible Assets		38,807.35		32,515.57	
Intangible Assets		778.87		6,702.71	
Capital Work-in-Progress - Tangible Assets		1,173.66		4,725.90	
Intangible Assets under Development		16.85		20.30	
Goodwill On Consolidation		-		460.68	
Non-Current Investments	2.12	661.74		677.52	
Long-Term Loans and Advances	2.13	4,218.17		3,413.34	
Other Non-Current Assets	2.14	1.35	45,657.99	1.40	48,517.42
Current Assets					
Current Investments	2.15	28,922.38		15,634.07	
Inventories	2.16	14,114.78		11,397.96	
Trade Receivables	2.17	7,929.41		11,221.90	
Cash and Bank Balances	2.18	26,996.34		28,171.35	
Short-Term Loans and Advances	2.19	6,607.70	84,570.61	6,674.12	73,099.40
TOTAL			130,228.60		121,616.82
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

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

S K Agrawal
Partner

S K Goenka
Managing Director

N H Bhansali
CEO -Finance, Strategy &
Business Development and CFO

A K Joshi
Company Secretary
& AVP-Legal

Kolkata
5th May, 2014

Statement of Consolidated Profit and Loss for the year ended 31st March, 2014

		₹ in Lacs	
	Notes	2013-14	2012-13
INCOME:			
Revenue From Operations	2.20	182,077.26	169,909.61
Other Income	2.21	6,217.59	5,567.90
Total Revenue		188,294.85	175,477.51
EXPENSES:			
Cost of Materials Consumed		55,594.25	53,982.65
Purchase of Stock-in-Trade		14,995.73	18,214.26
(Increase)/Decrease in Inventories of Finished Goods and Work-in-Progress	2.22	(2,561.97)	(652.39)
Employee Benefit Expenses	2.23	13,901.50	11,555.35
Finance Costs	2.24	538.26	656.86
Depreciation and Amortisation Expense	2.11 & 2.39	9,614.50	12,406.23
Transfer From General Reserve		(6,097.57)	(10,209.25)
Foreign Exchange (Gain)/ Loss		(308.97)	573.16
Other Expenses	2.25	56,017.03	52,082.17
Total Expenses		141,692.74	138,609.04
Profit Before Exceptional item		46,602.11	36,868.47
Exceptional Items :			
VRS Compensation		428.09	-
Goodwill on Consolidation written off	2.38	460.68	-
Profit Before Tax		45,713.34	36,868.47
Tax Expense:			
Current Tax		8,095.31	5,604.17
Deferred Tax		(889.00)	(82.00)
(Excess)/Short Provision of Earlier Years		(1,736.04)	(122.15)
Profit After Taxation Before Minority Interest		40,243.07	31,468.45
Share of Minority Interest		(4.05)	(5.55)
Profit For The Period		40,247.12	31,474.00
Earnings Per Equity Share	2.41		
(1) Basic		17.73	13.87
(2) Diluted		17.73	13.87
Summary of Significant Accounting Policies and Notes on Accounts	1 & 2		

As per our report of even date

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Kolkata
5th May, 2014

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in Lacs

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	46,602.11	36,868.47
<i>Add :</i> ADJUSTMENTS FOR		
Depreciation & Amortisation	3,516.93	2,196.98
Provision for Doubtful Advances	119.82	-
Interest	(3,774.73)	(3,112.36)
Loss / (Profit) on sale of Fixed Assets	41.23	55.80
Loss / (Profit) on sale of Investments	(244.31)	(520.19)
Diminution in Value of Investment	766.97	(0.12)
Foreign Exchange Fluctuations	(308.97)	573.16
Dividend Received	(1,772.92)	(47.68)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	44,946.13	36,014.04
<i>Add :</i> DECREASE / (INCREASE) IN WORKING CAPITAL		
Trade & other Payables	4,882.27	15.40
Inventories	(2,716.82)	(178.17)
Trade & other Receivables	2,336.14	1,026.38
Provision for Indirect Taxes	525.22	(48.66)
Provision for Employee Benefits	933.53	477.13
	5,960.34	1,292.08
CASH GENERATED FROM OPERATIONS	50,906.47	37,306.12
<i>Less :</i> Direct Taxes Paid	7,656.47	5,011.59
CASH FLOW BEFORE EXCEPTIONAL ITEMS	43,250.00	32,294.53
<i>Less:</i> Exceptional Items	428.09	-
NET CASH FLOW FROM OPERATING ACTIVITIES	42,821.91	32,294.53
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of Fixed Assets	68.69	87.39
Interest Received	4,303.71	3,782.30
Dividend Received	1,772.92	47.68
Sale of Investments	116,726.37	53,893.71
	122,871.70	57,811.08
<i>Less :</i> Purchase of Fixed Assets	6,536.68	8,523.43
Purchase of Investments	130,521.56	61,651.78
NET CASH USED IN INVESTING ACTIVITIES	(14,186.54)	(12,364.13)

Consolidated Cash Flow Statement for the year ended 31st March, 2014

₹ in Lacs

	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Share Capital	-	-
	-	-
Less : Repayment of Loans (Net)	7,513.56	4,108.86
Interest Paid	507.56	688.48
Dividend Paid	12,085.33	12,085.69
Interim Dividend Paid	6,809.04	-
Corporate Dividend Tax	3,214.42	1,963.72
	30,129.92	18,846.75
NET CASH USED IN FINANCING ACTIVITIES	(30,129.92)	(18,846.74)
D. Effect of Foreign Exchange Fluctuation	212.07	(591.87)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C+D)	(1,282.49)	491.79
*CASH & CASH EQUIVALENTS-OPENING BALANCE	28,085.47	27,593.68
*CASH & CASH EQUIVALENTS-CLOSING BALANCE	26,802.99	28,085.47
Refer Note No : 2.18		

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Kolkata
5th May, 2014

1 | SIGNIFICANT ACCOUNTING POLICIES

i) Principles of Consolidation

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

- i) In respect of assets of Vapi, Masat and Dongari units, depreciation is provided on Written Down Value method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- ii) In respect of assets of other locations depreciation is provided on straight line basis over estimated useful lives for each category of assets as under :
 - a. Building and Roads : 5 to 60 years
 - b. Plant and Machinery : 10 to 15 years
 - c. Furniture and Fixture : 3 to 10 years
 - d. Office Equipment : 3 to 5 years
 - e. Motor Vehicles : 8 years
- iii) Block, dies & moulds (other than high-end moulds) are depreciated @ 100% in the year of purchase itself on prorata basis.
- iv) Lease hold land is amortised over the period of lease.
- v) 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.

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

vi) In Pharmaderm Co. SAE -Egypt, depreciation is provided on reducing balance method @ 25% except for Building & Utilities which is depreciated @ 5%.

vii) 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 & 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 depreciated over a period of six years 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 & 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.

(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.

1 | SIGNIFICANT ACCOUNTING POLICIES (Contd.)

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 & Loss.
- b. Monetary Assets & Liabilities in foreign currency that are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates.
- c. The exchange differences arising from long term foreign currency monetary items relating to the acquisition of a depreciable asset are added to or deducted from the cost of the depreciable capital asset. Other exchange differences arising from Long-Term Foreign Currency Monetary Items are Transferred to "Foreign Currency Monetary Item Translation Difference Account" to be amortised over the life of such monetary items but not beyond March 31, 2020. Other exchange differences are recognized as income or expenses in the Statement of Profit & Loss.
- d. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expenses for the period in which settlement or cancellation takes place. The effect of this currency options contracts outstanding at the year end, in the form of unrealised gains/ losses, is not recognised.
- (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.
- (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 crystalises, are charged against revenues for the year. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.
- (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%

2 | Notes to the Consolidated Financial Statements

2.1 | SHARE CAPITAL

Particulars	₹ in Lacs	
	31st March, 2014	31st March, 2013
Authorised		
25,00,00,000 (PY -20,00,00,000) Equity Shares of ₹1/- each	2,500.00	2,000.00
Issued		
22,69,67,619 (PY -15,13,11,746) Equity Shares of ₹1/- each fully paid up	2,269.68	1,513.12
Subscribed & Paid up*		
22,69,67,619 (PY -15,13,11,746) Equity Shares of ₹1/- each fully paid up	2,269.68	1,513.12
Total issued, subscribed and fully paid up share capital	2,269.68	1,513.12

*Of the above, 8,26,77,265 (PY - 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, 2014		31st March, 2013	
	Number of Shares	₹ in Lacs	Number of Shares	₹ in Lacs
Shares outstanding at the beginning of the year	151,311,746	1,513.12	151,311,746	1,513.12
Bonus Shares Issued during the year	75,655,873	756.56	-	-
Shares outstanding at the end of the year	226,967,619	2,269.68	151,311,746	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, 2014		31st March, 2013	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Diwakar Viniyog Private Limited	33,005,737	14.54	22,003,825	14.54
Suntrack Commerce Private Limited	32,526,866	14.33	21,667,244	14.33
Bhanu Vyapaar Private Limited	26,936,761	11.87	17,957,841	11.87
Emami Enclave Makers Private Limited	13,088,553	5.77	8,725,702	5.77
Suraj Viniyog Private Limited	12,715,131	5.60	8,476,754	5.60
Emami High Rise Private Limited	12,710,553	5.60	8,473,702	5.60

2.2 | RESERVES & SURPLUS

Particulars	₹ in Lacs	
	31st March, 2014	31st March, 2013
a. Capital Reserves		
	79.64	79.64
b. Securities Premium Account		
Opening Balance	33,961.72	33,961.72
Amounts utilised for issue of fully paid bonus shares	(756.56)	-
Closing Balance	33,205.16	33,961.72
c. General Reserve		
Opening Balance	40,000.00	30,000.00
Transferred from Surplus in Statement of Profit & Loss during the year	16,097.57	20,209.25
Transfer to Statement of Profit & Loss	(6,097.57)	(10,209.25)
Closing Balance	50,000.00	40,000.00

Notes to the Consolidated Financial Statements

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
d. Foreign Currency Translation Reserve				
Opening Balance	(38.30)		(19.59)	
Current Year Transfer	(96.91)		(18.71)	
Closing Balance		(135.21)		(38.30)
e. Surplus				
Opening balance	2,230.86		5,128.28	
Net Profit for the current year	40,247.12		31,474.00	
Interim Dividend [₹3/- (PY ₹Nil/-) per share]	(6,809.04)		-	
Proposed Dividend [₹4/- (PY ₹8/-) per share]	(9,078.70)		(12,104.94)	
Corporate Dividend Tax	(2,700.12)		(2,057.23)	
Transfer to General Reserve	(16,097.57)		(20,209.25)	
Closing Balance		7,792.55		2,230.86
Total		90,942.14		76,233.92

2.3 | LONG-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Secured				
Term loans				
From Banks		1,744.55		2,817.46
(i) Loan of ₹1,502.50 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 from HSBC Bangladesh for import of plant and machinery is taken in this year and carries interest @ LIBOR plus 5%. The loan is repayable in quarterly installments with interest from the date of loan over period of 5 years. The loan is secured by 1st charge over stocks, book debts and plant & machineries (present & future) of the company's subsidiary Emami Bangladesh Ltd.				
Terms of Repayment :				
(i) Annual instalments of ₹1,502.50 lacs each				
Rate of Interest: 3% p.a.				
(ii) Four yearly instalment of ₹60.5125 lacs				
Total		1,744.55		2,817.46

2.4 | DEFERRED TAX LIABILITIES (NET)

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Deferred Tax Liabilities				
Tax impact due to difference between tax depreciation and book depreciation		1,532.00		1,801.00
Deferred Tax Assets				
Tax impact of expenses charged off in financial statement but allowance under tax law deferred		1,053.00		433.00
Total		479.00		1,368.00

Notes to the Consolidated Financial Statements

2.5 | OTHER LONG TERM LIABILITIES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Trade Payables		504.57		410.36
Creditors for Capital Goods		15.38		12.13
Trade Deposits		666.10		461.31
Total		1,186.05		883.80

2.6 | LONG-TERM PROVISIONS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Provision for Employee Benefits				
Provident Fund		20.70		30.47
Gratuity		928.40		296.43
Leave Encashment		763.69		410.19
Total		1,712.79		737.09

2.7 | SHORT-TERM BORROWINGS

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Secured				
From Banks				
(i) Cash Credit	188.39		5,661.06	
(ii) Term Loan	244.23	432.62	86.95	5,748.01
(i) Secured by hypothecation of stocks, book debts on first charge basis ranking pari passu among State Bank of India, Canara Bank, ICICI Bank, HDFC Bank and Hongkong and Shanghai Banking Corporation.				
(ii) Borrowing from Citi Bank (Dubai) is secured by Standby Letter of Credit (SBLC) issued by Citi Bank India based on SBLC given by the company.				
Unsecured				
ICICI Pact Project		4.32		7.80
Total		436.94		5,755.81

2.8 | TRADE PAYABLES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Micro, Small & Medium Enterprises		141.78		39.66
Others		14,155.43		10,159.87
Total		14,297.21		10,199.53

Notes to the Consolidated Financial Statements

2.9 | OTHER CURRENT LIABILITIES

₹ in Lacs				
Particulars	31st March, 2014		31st March, 2013	
Current Maturities of Long-Term Borrowings	1,580.57		2,907.14	
Interest Accrued but not Due on Borrowings	42.98		17.79	
Interest Accrued and Due on Trade Deposits	73.71		68.20	
Unpaid Dividends	59.19		39.58	
Advance from Customers	613.52		506.10	
Creditors for Capital Goods	235.41	2,605.38	264.83	3,803.64
Other payables				
Employee Benefits	1,358.96		796.86	
Duties & Taxes	1,080.75	2,439.71	1,033.71	1,830.57
Total		5,045.09		5,634.21

2.10 | SHORT-TERM PROVISIONS

₹ in Lacs				
Particulars	31st March, 2014		31st March, 2013	
Provision for Employee Benefits				
Gratuity		92.95		128.18
Leave Encashment		39.28		46.22
Others				
Provision for Dividend	9,078.70		12,104.94	
Corporate Dividend Tax	1,542.93		2,057.23	
Provision for Direct Taxes [Net of Advance Tax ₹21,130.67 lacs (PY- ₹14,377.47 lacs)]	555.02		1,852.22	
Provision for Indirect Tax	805.28	11,981.94	280.06	16,294.45
Total		12,114.17		16,468.85

Notes to the Consolidated Financial Statements

2.11 | FIXED ASSETS

Current Year

₹ in Lacs

Particulars	Gross Block					Depreciation & Amortisation					Net Block	
	Balance as at 1.4.2013	Additions	Disposals/ Adjustments*	Exchange Fluctuation on Consolidation	Balance as at 31.3.2014	Balance as at 1.4.2013	For the year	Disposals/ Adjustments	Exchange Fluctuation on Consolidation	Balance as at 31.3.2014	Balance as at 31.03.2014	Balance as at 31.03.2013
Tangible Assets												
Land												
Leasehold	309.96	-	-		309.96	27.19	3.08	-		30.27	279.69	282.77
Freehold	1,651.73	-	-	7.66	1,659.39	-	-	-		-	1,659.39	1,651.73
Building	17,160.44	5,044.05	34.75	136.67	22,306.41	2,853.34	577.98	34.65	3.46	3,400.13	18,906.28	14,307.10
Plant & Equipment	20,033.80	3,679.12	510.19	25.14	23,227.87	7,074.11	1,791.99	421.48	2.66	8,447.28	14,780.59	12,959.69
Furniture & Fixture	2,196.44	246.44	40.41	10.36	2,412.83	433.60	308.44	36.79	1.48	706.72	1,706.10	1,762.84
Office Equipment	2,732.89	380.17	11.97	5.08	3,106.17	1,604.36	556.71	8.87	0.25	2,152.45	953.72	1,128.53
Motor Vehicles	679.30	217.22	36.60	2.48	862.40	256.39	105.66	22.21	0.98	340.82	521.58	422.91
Tangible Assets	44,764.56	9,567.00	633.92	187.39	53,885.03	12,248.99	3,343.86	524.00	8.83	15,077.67	38,807.35	32,515.57
Intangible Assets												
Goodwill	47,899.11	-	-	-	47,899.11	41,801.53	6,097.58	-	-	47,899.11	-	6,097.58
Software	1,178.03	339.30	-	-	1,517.33	616.69	153.50	-	-	770.20	747.14	561.34
Trade Marks and other Intangible assets	100.00	7.50	-	-	107.50	56.21	19.56	-	-	75.77	31.73	43.79
Intangible Assets	49,177.14	346.80	-	-	49,523.94	42,474.43	6,270.64	-	-	48,745.08	778.87	6,702.71
Total	93,941.70	9,913.80	633.92	187.39	103,408.97	54,723.42	9,614.50	524.00	8.83	63,822.75	39,586.22	39,218.28
Capital Work- In-Progress	4,725.90	890.95	4,478.96	35.77	1,173.66	-	-	-	-	-	1,173.66	4,725.90
Intangible Assets under Development	20.30	-	3.45	-	16.85	-	-	-	-	-	16.85	20.30
Grand Total	98,687.90	10,804.75	5,116.33	223.16	104,599.48	54,723.42	9,614.50	524.00	8.83	63,822.75	40,776.73	43,964.48

* Includes capitalisation (Refer Note : 2.34)

₹ in Lacs

Particulars	Foreign Exchange Fluctuation	Borrowing Cost
Building	447.44	12.88
Plant & Machinery	217.38	-
Total	664.82	12.88

Notes to the Consolidated Financial Statements

2.11 | FIXED ASSETS

Previous Year						₹ in Lacs						
Particulars	Gross Block					Depreciation & Amortisation				Net Block		
	Balance as at 1.4.2012	Additions	Disposals/ Adjustments*	Exchange Fluctuation on Consolidation	Balance as at 31.3.2013	Balance as at 1.4.2012	For the year	Disposals/ Adjustments	Exchange Fluctuation on Consolidation	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	80.32	80.85	17,160.44	2,531.92	357.67	36.67	0.42	2,853.34	14,307.10	7,507.58
Plant & Equipment	18,470.59	2,526.23	969.60	6.58	20,033.80	6,605.10	1,307.75	838.56	(0.18)	7,074.11	12,959.69	11,865.49
Furniture & Fixture	1,680.28	572.97	61.01	4.19	2,196.44	447.26	157.31	172.04	1.06	433.60	1,762.84	1,233.03
Office Equipment	2,184.67	679.11	133.12	2.23	2,732.89	1,423.46	180.69	-	0.22	1,604.36	1,128.53	761.20
Motor Vehicles	642.92	126.12	90.86	1.14	679.30	253.82	59.37	57.36	0.56	256.39	422.91	389.10
Tangible Assets	34,946.39	11,063.91	1,334.91	89.17	44,764.56	11,285.21	2,066.33	1,104.63	2.08	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	1,334.91	89.17	93,941.70	43,419.74	12,406.23	1,104.63	2.08	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	6,427.35	89.17	98,687.90	43,419.74	12,406.23	1,104.63	2.08	54,723.42	43,964.48	48,033.98

* Includes capitalisation (Refer Note : 2.34)

₹ in Lacs

Particulars	Foreign Exchange Fluctuation	Borrowing Cost
Building	175.86	78.59
Plant & Machinery	182.36	23.10
Capital Work- In-Progress	132.48	-
Total	490.70	101.69

Notes to the Consolidated Financial Statements

2.12 | NON-CURRENT INVESTMENTS

		₹ in Lacs	
Particulars		31st March, 2014	31st March, 2013
Long Term Investments (Valued at Cost)			
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
Nil (PY- 16,00,000) Partly paid Equity Shares of ₹10/- each (Paid up value ₹1 per share)		-	16.00
Investment In Government & Trust Securities (Unquoted)			
6 Years' National Savings Certificate		0.65	0.65
(Lodged With Government Authority)			
	(i)	667.37	683.37
Less : *Provision for Diminution in value of Investment	(ii)	5.63	5.85
Total (i) - (ii)		661.74	677.52
Aggregate Book Value of Quoted Investments		369.26	369.03
Aggregate Book Value of Unquoted Investments		292.48	308.48
Aggregate Market Value of Quoted Investments		2,078.23	1,903.63

2.13 | LONG-TERM LOANS AND ADVANCES

		₹ in Lacs	
Particulars		31st March, 2014	31st March, 2013
(Unsecured, Considered Good)			
Capital Advances		2,636.45	2,134.74
Security Deposits		360.52	288.32
Advances to Employees		55.87	49.61
Balances with Excise and Sales Tax Department		406.08	304.12
Advances against Trade Payables		373.36	113.62
Others	505.71	522.93	
Less: Provision for Doubtful Advances	(119.82)	385.89	522.93
Total		4,218.17	3,413.34

2.14 | OTHER NON CURRENT ASSETS

		₹ in Lacs	
Particulars		31st March, 2014	31st March, 2013
(Unsecured)			
Trade Receivables			
Considered Good		1.35	1.40
Considered Doubtful		36.89	43.00
Less: Provision for Doubtful Debts		(36.89)	(43.00)
Total		1.35	1.40

Notes to the Consolidated Financial Statements

2.15 | CURRENT INVESTMENTS

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
Non Trade Investments (Valued at lower of Cost or Fair Value)		
Investment in Mutual Funds (Unquoted)		
Axis Liquid Fund - Direct - Growth	1,000.00	-
70,400.562 (PY-Nil) Units		
Baroda Pioneer Short Term Bond Fund Plan B Growth	603.90	3103.57
48,16,604.620 (PY-2,55,92,606.880) Units		
BSL Floating Rate Fund - Long Term Growth	-	2803.99
Nil (PY-20,23,332.196) Units		
Birla Sunlife Treasury Optimizer Plan - Direct - Growth	2,100.00	-
13,59,078.566 (PY-Nil) Units		
BOI AXA Treasury Advantage Fund Direct Plan - Growth	700.00	-
46,648.946 (PY-Nil) Units		
DWS Banking & PSU Debt Fund - Direct Plan - Growth	500.23	500.23
50,02,344.528 Units		
DWS Cash Opportunities Fund - Direct Plan - Growth	-	600.00
Nil (PY-39,10,450.679) Units		
DWS Treasury Fund - Investment - Direct Plan - Growth	500.00	-
35,86,646.199 (PY-Nil) Units		
ICICI Prudential Interval Fund IV Qtrly Interval Plan B - Direct Plan - Growth	2,000.97	-
1,45,45,837.618 (PY-Nil) Units		
ICICI Prudential Blended Plan B -Direct Plan - Growth option - 1	-	1008.50
Nil (PY-58,29,132.038) Units		
IDBI Ultra Short Term Fund - Growth - Direct Plan	-	1000.00
Nil (PY-80,240.626) Units		
IDBI Short Term Bond Fund - Direct - Growth	500.90	-
40,63,355.238 (PY-Nil) Units		
Indiabulls Liquid Fund - Growth - Direct Plan	-	100.00
Nil (PY-8,772.365) Units		
Indiabulls Short Term Fund - Direct - Growth	654.60	-
63,874.036 (PY-Nil) Units		
IDFC Ultra Short Term Fund - Growth - Direct	-	1000.00
Nil (PY-61,65,087.539) Units		
JM Short Term Fund (Direct) - Growth Plan	1,365.41	2000.00
81,66,108.699 (PY-1,20,80,448.360) Units		
JM Arbitrage Advantage Fund - Direct - Growth*	1,600.00	-
1,48,34,731.816 (PY-Nil) Units		
Kotak Floater Short Term Direct Plan Growth	-	100.00
Nil (PY-5,207.737) Units		
L&T Liquid Fund-Direct-Growth	5,000.00	-
2,84,676.356 (PY-Nil) Units		
Mirae Asset Fixed Maturity Plan - Series I - 368 Days Direct - Growth	100.02	-
10,00,220 (PY-Nil) Units		
Pramerica Income Fund - Direct Plan - Growth Option	200.49	-
20,048.838 (PY-Nil) Units		
Principal Debt Opportunity Fund Conservative Plan-Direct - Growth Option	500.00	600.21
24,509.602 (PY-32,249.671) Units		
Principal Income Fund Short Term Plan - Direct - Growth	602.48	-
28,39,866.604 (PY: Nil) Units		

Notes to the Consolidated Financial Statements

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
Reliance Medium Term Fund - TP - IP - Growth Nil (PY-38,70,685.322) Units	-	916.31
Reliance Interval Fund - Quarterly Plan - Series I- Direct Growth Plan Growth Option 29,12,717.507 (PY-Nil) Units	500.00	-
Reliance Monthly Interval Fund- Series II-Direct Growth Plan - Growth Option Nil (PY-1,15,20,406.043) units	-	1801.26
Reliance Short Term Fund-Direct-Growth 1,17,97,782.081 (PY-Nil) Units	2,654.63	-
Reliance Arbitrage Advantage Fund - Direct Dividend Plan* 3,69,17,806.2 (PY-Nil) Units	5,000.00	-
Reliance Quarterly Interval Fund - Series II - Direct Growth Plan Growth Option 1,21,91,623.651 (PY-Nil) Units	2,105.93	-
Reliance Fixed Horizon Fund - XXV - Series -29 - Direct Plan - Growth Plan 1,00,00,000 (PY-Nil) Units	1,000.00	-
Sundaram Money Fund - Direct Plan - Growth 18,59,184.161 (PY-Nil) Units	500.00	-
Taurus Liquid Fund - Direct Plan - Super Institutional Growth Nil (PY-7,908.584) Units	-	100.00
(i)	29,689.56	15,634.07
Less : *Provision for Diminution in value of Investment (ii)	767.18	-
Total (i) - (ii)	28,922.38	15,634.07
Net Asset Value of Unquoted Investments	29,467.15	15,777.35

2.16 | INVENTORIES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Raw and Packing Materials				
Raw Materials	3,555.46		3,471.33	
Packing Materials	2,003.50	5,558.96	1,903.73	5,375.06
Work-in-Progress		193.28		229.62
Finished Goods		8,165.24		5,566.93
Stores and Spares		132.07		114.27
Advertising Materials		65.23		112.08
Total		14,114.78		11,397.96

2.17 | TRADE RECEIVABLES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
(Unsecured, Considered Good and unless stated otherwise)				
Due over six months	516.67		1,211.74	
Other Receivables	7,412.74	7,929.41	10,010.16	11,221.90
Total		7,929.41		11,221.90

Notes to the Consolidated Financial Statements

2.18 | CASH AND BANK BALANCES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Cash and Cash Equivalents				
Balances with banks	4,463.37		2,672.12	
Fixed Deposits with Banks	21,995.09		22,114.00	
Cheque-in-hand	302.72		3,252.55	
Cash-in-hand	41.81	26,802.99	46.80	28,085.47
Other Bank Balances				
Unpaid Dividend account (Earmarked)	59.19		39.58	
Balances with banks against letter of guarantee	46.16		42.79	
Deposit with Original maturity of more than 3 months but less than 12 months *	88.00	193.35	3.51	85.88
Total		26,996.34		28,171.35

*Margin money deposit - ₹2.60 lacs (PY: ₹3.51 lacs)

2.19 | SHORT TERM LOANS AND ADVANCES

₹ in Lacs

Particulars	31st March, 2014		31st March, 2013	
Unsecured, Considered Good				
Balances with Excise and Sales Tax Department		1,651.33		1,774.71
Advances against Trade Payables		3,957.54		3,982.76
Advances to Employees		185.59		209.50
Interest Receivable on Deposits		72.28		63.00
Prepaid expenses		227.18		212.32
Other Receivables		513.78		431.83
Total		6,607.70		6,674.12

2.20 | REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	2013-2014		2012-2013	
Sale of products		185,382.62		173,391.97
Less: Excise duty		3,305.36		3,482.36
Total		182,077.26		169,909.61

2.21 | OTHER INCOME

₹ in Lacs

Particulars	2013-2014		2012-2013	
Interest Income				
Income Tax Department	98.16		35.87	
Others Loans & Deposits	4,214.83	4,312.99	3,733.36	3,769.23
Dividend from Long Term Non-Trade Investment		47.68		47.68
Dividend from Short Term Non-Trade Investment		1,725.24		-
Profit on Sale of Current Non-Trade Investments		244.31		520.19
Diminution in value of Short Term Non-Trade Investment		(767.18)		-
Diminution in value of Long Term Non-Trade Investment		0.21		0.12
Profit on Sale of Fixed Assets		30.96		87.39
Rent and Maintenance Charges Received		244.84		227.91
Provision for Doubtful Loans/ Debts Written Back		2.91		44.46
Miscellaneous Receipts (Refer Note 2.35)		25.77		761.02
Insurance Claim received		349.86		109.90
Total		6,217.59		5,567.90

Notes to the Consolidated Financial Statements

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

₹ in Lacs

Particulars	2013-2014		2012-2013	
(I) Opening Stock				
Work-in-progress	229.62		229.17	
Finished Goods	5,566.93	5,796.55	4,914.99	5,144.16
(II) Closing Stock				
Work-in-progress	193.28		229.62	
Finished Goods	8,165.24	8,358.52	5,566.93	5,796.55
(I) - (II)		(2,561.97)		(652.39)

2.23 | EMPLOYEE BENEFIT EXPENSES

₹ in Lacs

Particulars	2013-2014		2012-2013	
Salaries and wages		12,141.27		10,150.24
Contribution to provident and other funds		1,413.69		974.38
Welfare expenses		346.54		430.73
Total		13,901.50		11,555.35

2.24 | FINANCE COSTS

₹ in Lacs

Particulars	2013-2014		2012-2013	
Interest expense		551.14		737.01
Exchange difference to the extent considered as an adjustment to borrowing cost		-		51.54
Less : Interest Capitalised		12.88		131.69
Total		538.26		656.86

2.25 | OTHER EXPENSES

₹ in Lacs

Particulars	2013-2014		2012-2013	
Consumption of stores and spare parts		201.45		217.75
Power and fuel		979.21		867.20
Rent		690.39		529.74
Repairs :				
Building	119.42		164.10	
Machinery	920.55		533.76	
Others	828.76	1,868.73	702.29	1,400.15
Insurance		256.37		301.86
Rates and taxes, excluding taxes on income		126.48		86.93
Freight & Forwarding		4,791.12		4,160.10
Directors' Fees and Commission		527.84		382.57
Advertisement & Sales Promotion		27,741.05		27,900.36
Commission		974.07		887.99
Taxes on Sales		12,084.05		10,364.79
Loss on Sale/Disposal of Fixed Assets		72.19		143.19
Bad Debts	6.11		-	
Less : Provision for doubtful debts	(6.11)	-	-	-
Sundry Balance Written Back		(6.70)		(0.24)
Legal and Professional Fees		1,507.31		1,447.39
Travelling and Conveyance		1,714.20		1,632.97
Miscellaneous Expenses (Note : 2.36)		2,489.27		1,759.42
Total		56,017.03		52,082.17

Notes to the Consolidated Financial Statements

2.26 | SEGMENTAL REPORTING

a. BUSINESS SEGMENT

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

b. GEOGRAPHICAL SEGMENT

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

Revenue from Operation (₹ in Lacs)		
	2013-14	2012-13
India	160,215.57	152,241.12
Overseas	21,861.69	17,668.49
Total	182,077.26	169,909.61

2.27

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	
	2013-14	2012-13	2013-14	2012-13
	₹ in Lacs		₹ in Lacs	
India	121,417.79	110,596.54	5,835.85	7,755.62
Overseas	8,810.81	11,020.28	486.49	724.29
Total	130,228.60	121,616.82	6,322.34	8,479.91

2.28 | DEFINED BENEFIT PLANS

As per actuarial valuations as on 31st March, 2014 and recognised in the financial statements in respect of Employees benefit schemes.

	31st March, 2014		31st March, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Partly Funded	Funded	Partly Funded
	₹ in Lacs		₹ in Lacs	
A Components of Employer Expenses				
1 Current Service Cost	205.74	168.62	143.06	129.48
2 Interest Cost	168.84	65.34	114.83	37.06
3 Expected Return on Plan assets	(109.07)	(8.66)	(96.89)	(8.03)
4 Past Service Cost	-	-	-	-
5 Actuarial Losses / (Gains)	446.79	118.88	179.88	60.44
6 Actuarial Losses / (Gains) on Plan Assets	5.06	2.38	-	0.14
7 Total Expenses recognised in the Statement of Profit & Loss	717.36	346.56	340.88	219.09
B Net asset/(liability) recognised in balance sheet as at 31st March, 2014				
1 Present value of Defined Benefit Obligation (DBO)	2,222.66	902.38	1,529.31	549.54
2 Fair value of Plan Assets	1,265.94	99.42	1,157.85	93.13
3 Funded Status [Surplus/(deficit)]	(956.72)	(802.96)	(371.46)	(456.41)
4 Net asset/(liability) recognised in balance sheet	(956.72)	(802.96)	(371.46)	(456.41)
C Change in Defined Benefit Obligation during the year ended 31st March 2014				
1 Present value of DBO at beginning of period	1,529.32	549.54	1,172.46	322.56
2 Current Service Cost	205.74	168.62	143.06	129.48
3 Interest Cost	168.84	65.34	114.83	37.06

Notes to the Consolidated Financial Statements

₹ in Lacs

	31st March, 2014		31st March, 2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Partly Funded	Funded	Partly Funded
4 Plan amendments cost/(credit)	-	-	-	-
5 Actuarial Losses / (Gains)	446.79	118.88	179.85	60.44
6 Benefits Paid	(128.02)	-	(80.88)	-
7 Liabilities extinguished on settlements	-	-	-	-
8 Present value of DBO at the end of period	2,222.67	902.38	1,529.32	549.54
D Change in Fair Value of Assets				
1 Plan Assets at beginning of period	1,157.85	93.14	995.19	85.25
2 Expected Return on Plan Assets	109.07	8.66	96.89	8.03
3 Actuarial Gains /(Loss)	(5.06)	(2.38)	(0.04)	(0.14)
4 Actual company contributions	132.10	-	146.69	-
5 Benefits paid	(128.02)	-	(80.88)	-
6 Assets distributed on settlements	-	-	-	-
7 Plan assets at the end of period	1,265.94	99.42	1,157.85	93.14
E Actuarial Assumptions				
1 Discount Rate (%)	8.50	8.50	8.50	8.50
2 Annual Salary Escalation Rate (%)	10.00		8.00	
3 Expected Return on Plan Assets (%)	9.00	9.00	9.00	9.00

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

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

₹ in Lacs

	31st March, 2014	31st March, 2013
Receivables	107.35	433.57
Loan taken	3,004.99	5,602.10

2.30

The Company has made a provision of ₹525.22 Lacs (Previous Year - Nil) towards Indirect Taxes resulting mainly from issues, which are under litigation/dispute requiring management judgement as shown below :

₹ in Lacs

Description	31st March, 2014	31st March, 2013
Opening Balance	280.06	328.72
Provisions made during the year	525.22	-
Payment/reversals during the year	-	48.66
Closing Balance	805.28	280.06

2.31

Long Term Loans & Advances include Security Deposit of ₹9.04 Lacs (P.Y. ₹9.15 Lacs) due from Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹9.15 Lacs) (P.Y. ₹15.67 Lacs).

Notes to the Consolidated Financial Statements

2.32 | CONTINGENT LIABILITIES & COMMITMENTS

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
i) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debt (Net of Advances) :		
i) Excise Duty demands	254.04	516.78
ii) Sales Tax demands under appeal	885.04	833.62
iii) Entry Tax	133.51	11.28
iv) Others	45.47	45.47
Note : Contingent Liability disclosed above represent possible obligations where the possibility of cash outflow to settle the obligation is remote and is exclusive of interest and penalty (if any).		
(b) Guarantees and counter guarantees given	5,913.32	5,300.56

₹ in Lacs

Particulars	31st March, 2014	31st March, 2013
ii) Commitments:		
(a) Estimated amount of commitments [net of advances of ₹2,492.11 lacs (P.Y.- ₹1,902.52 lacs)] on capital account not provided for	3,655.79	2,232.26
(b) Uncalled liability on partly paid shares	-	144.00

2.33

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 20.62 lacs equivalent to ₹1,239.56 lacs (P.Y. USD 48.10 lacs equivalent to ₹2,616.13 lacs)

2.34

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 ₹Nil (P.Y. ₹54.57 lacs) has been charged to the Statement of Profit & Loss and ₹664.82 lacs (PY ₹490.70 lacs) has been capitalised as cost of capital assets.

2.35

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

2.36

Miscellaneous Expenses includes contribution to Bharatiya Janata Party amounting to ₹2.00 Lacs (P.Y. Nil)

2.37

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.

2.38

Emami Overseas FZE, step-down subsidiary, had invested in Pharmaderm Co.SAE, Egypt in the year 2010. However, in view of the continuous civil unrest and political instability, manufacturing could not be commenced. Uncertainty prevails and hence management has provided for diminution in value of investments in the books of step-down subsidiary which is being reflected as write off Goodwill of ₹460.68 lacs in consolidated accounts.

2.39

The company has reviewed the useful lives of all the tangible assets on which depreciation was provided on straight line basis as stated in accounting policy Note 1(v). Consequent to this, the charge of depreciation for the year is higher by ₹1,100.77 lacs and the net block of fixed assets and reserves and surplus are lower by ₹1,100.77 lacs.

Notes to the Consolidated Financial Statements

2.40 | RELATED PARTY TRANSACTIONS

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

a) Key Management Personnel

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

b) Relatives of Key Management Personnel

- 1 Smt. Usha Agarwal
- 2 Smt. Saroj Goenka
- 3 Smt. Priti. A Sureka
- 4 Smt. Indu Goenka
- 5 Smt. Rachna Bagaria
- 6 Smt. Laxmi Devi Bajoria
- 7 Shri Suresh Kr. Goenka
- 8 Shri Raj Kr. Goenka
- 9 Shri Mohan Goenka
- 10 Shri A. V. Agarwal
- 11 Shri Manish Goenka
- 12 Shri H. V. Agarwal
- 13 Shri Jayant Goenka
- 14 Shri Sachin Goenka
- 15 Shri Madan Lal Agarwal

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

- 1 Suntrack Commerce Private Limited
- 2 Bhanu Vyapaar Private Limited
- 3 Diwakar Viniyog Private Limited
- 4 Suraj Viniyog Private Limited
- 5 Emami Paper Mills Limited
- 6 Aviro Vyapar Private Limited
- 7 Emami High Rise Private Limited
- 8 Emami Enclave Makers Private Limited
- 9 Emami Foundation
- 10 Aradhana Trust
- 11 Bansilal Jankidevi Agarwal Trust

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'14

₹ in Lacs

Particulars	Key Management Personnel & Relatives		Entities where Key Management Personnel and their relatives have significant influence		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
1. Directors Remuneration						
A) - Salary & Other benefits	715.96	567.30	-	-	715.96	567.30
B) - Commission	500.00	350.00	-	-	500.00	350.00
C) - Sitting Fees	2.45	2.30	-	-	2.45	2.30
2. Sale of Goods	-	-	5.21	3.05	5.21	3.05
3. Other Income						
A) - EPCG Benefits Received	-	-	-	536.49	-	536.49
B) - Service Charges Received	-	-	5.62	5.62	5.62	5.62
4. Reimbursement of Expenses	-	-	21.26	-	21.26	-
5. Rent, Maintenance & Other Charges Paid	4.64	3.29	5.14	7.64	9.78	10.93
6. Rent, Maintenance & Other Charges Received	-	-	97.84	92.94	97.84	92.94
7. Royalty Received	-	-	2.25	2.25	2.25	2.25
8. Commission Received	-	-	3.49	7.34	3.49	7.34
9. Dividend Received	-	-	47.68	47.68	47.68	47.68
10. Dividend Paid	1,242.21	803.60	10,952.79	6,938.15	12,195.00	7,741.75
11. Payment Towards Loan Received	-	-	-	540.03	-	540.03
12. Security Deposit Refund	0.20	9.94	-	1.20	0.20	11.14
13. Donation Paid	-	-	320.00	187.00	320.00	187.00
14. Balance As on 31st March, 2014						
A) - Investment	-	-	368.48	368.48	368.48	368.48
B) - Security Deposit Paid	18.25	18.45	7.25	7.25	25.50	25.70
C) - Security Deposit Received	-	-	25.83	25.83	25.83	25.83

2.41 | INFORMATION FOR EARNINGS PER SHARE AS PER AS-20

Particulars	31st March, 2014	31st March, 2013
Net Profit (₹ in Lacs)	40,247.12	31,474.00
Weighted average number of shares	226,967,619	226,967,619
Earnings Per Share - Basic & Diluted (₹)	17.73	13.87

2.42

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

As per our report of even date

For S K Agrawal & Company
Chartered Accountants

R S Agarwal
Chairman

R S Goenka
Director

S B Ganguly
Director

S K Agrawal
Partner

S K Goenka
Managing Director

N H Bhansali
CEO -Finance, Strategy &
Business Development and CFO

A K Joshi
Company Secretary
& AVP.Legal

Kolkata
5th May, 2014.

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, 2014	294.47	2.42	(19.67)	(355.47)	(39.00)
ii. For the previous Financial Years of the Subsidiary since it became Holding Company's Subsidiary	204.33	14.41	42.23	(198.04)	(31.65)
4. Net aggregate amount of Subsidiary's Profit dealt with in the Holding Company's Accounts					
i. For the Financial Year of the Subsidiary ended as on 31st March, 2014	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

S K Goenka

Managing Director

N H Bhansali

CEO -Finance, Strategy & Business Development and CFO

A K Joshi

Company Secretary & AVP.Legal

Kolkata

5th May, 2014.

हमारे चेयरमेन श्री राधेश्याम अग्रवाल की लिखी कविता संग्रह "भावधारा" से उद्धरित



NEW ADVANCED

FAIR AND HANDSOME FOR MEN WHO WANT ZYADA



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CONTROL



SUN
PROTECTION



DEEP
REPAIR TONE



SWEAT
CONTROL



LONG LASTING
FAIRNESS

Male skin is 20% ZYADA thick than female skin. So, a fairness cream made for thin female skin does not effectively penetrate tough male skin. Emami Fair and Handsome is specially formulated for tough male skin with clinically tested Deep Action Peptide™ in collaboration with Actiogen Corp., USA and time tested ingredients which provide:

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- ZYADA Oil Control
- ZYADA Spot Reduction
- ZYADA Sweat Control
- ZYADA Long Lasting Fairness

Use World's No. 1
Emami Fair and Handsome
and get ZYADA out of life.



**WORLD'S NO.1
FAIRNESS CREAM FOR MEN**

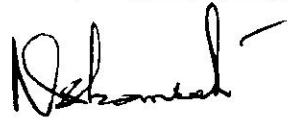
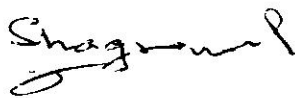
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FORM A

Report in terms of Clause 31 of the Listing Agreement required to be filed with the Annual Audit Report to be submitted with the stock exchanges

Sl No		
1	Name of the Company	Emami Limited
2	Annual financial statements for the year ended	31 st March 2014
3	Type of Audit observation	None
4	Frequency of observation	Not Applicable
5	To be signed by-	
	Shri S.K. Goenka, Managing Director	
	Shri N.H. Bhansali, CEO- Finance, Strategy & Business Development and CFO	
	Shri S.K. Agrawal, Partner, S.K. Agrawal & Co, Chartered Accountants, Statutory Auditors of the Company	
	 Shri S.B. Ganguly, Chairman , Audit Committee	