



emami limited

RED HERRING PROSPECTUS

Dated : February 23, 2005

Please read Section 60B of the Companies Act, 1956

100% Book Building Issue

(Incorporated on March 11, 1983 as A.M.P Udyog Viniyog Limited under the Companies Act, 1956. In 1994, Himani Ltd was merged with AMP Udyog Viniyog Ltd., vide Hon'ble Calcutta High Court order dated February 8, 1994 and its name was changed as per fresh certificate of incorporation dated May 5, 1994. In 1998, Emami Ltd was then merged with Himani Ltd. vide Hon'ble Calcutta High Court order dated July 21, 1998 and its name was changed as Emami Ltd.

as per fresh certificate of incorporation dated September 1, 1998).

Registered Office: 6A, R.N. Mukherjee Road, Stephen House, Kolkata-700001 (Formerly located at 9, Old China Bazar Street, Kolkata – 700001 and subsequently shifted to 179, Bangur Park, Rishra, Hooghly – 712248 and 8, Bentinck Street, Taher Mansion, Kolkata-700001)

(For further details of Registered Office, see the chapter on History and Other Corporate Matters at Page 62)

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Public Issue of 50,00,000 Equity Shares of Rs. 2/- each for cash at a price of Rs.[●] per Equity Share by Emami Ltd (hereinafter referred to as the "Company") aggregating Rs.[●] lacs (hereinafter referred to as the "Issue"). Out of this, 5,00,000 Equity Shares of Rs.2/- each for cash at a price of Rs.[●] per Equity Share aggregating Rs.[●] lacs will be reserved for subscription by Employees in India of Emami Ltd. (the "Employee Reservation Portion"). Therefore, the net Issue to the public will be of 45,00,000 Equity Shares of Rs. 2/- each for cash at a price of Rs.[●] per Equity Share aggregating Rs.[●] lacs.

The issue would constitute 8.18% of the fully diluted post issue paid-up Equity Share capital of the Company.

PRICE BAND: Rs. 60 TO Rs. 70 PER EQUITY SHARE OF FACE VALUE OF Rs. 2/- EACH

The Issue is being made through the 100% Book Building Process wherein up to 10% of the issue is reserved for Employees of the Company. Up to 50% of the net Issue to the public shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 25% of the net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the net Issue to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 2/- EACH AND THE ISSUE PRICE IS 30 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 35 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

RISKS IN RELATION TO ISSUE

The face value of the Equity Shares is Rs. 2/- and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Managers ("BRLMs") on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risk involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of Risk Factors on page No. [viii] of this Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of the Company are already listed on The Stock Exchange, Mumbai (BSE) and The Calcutta Stock Exchange Association Ltd (CSE). The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on BSE and CSE. The in-principle approval of BSE and CSE has been received on February 01,2005 and February 16,2005 respectively. The Stock Exchange, Mumbai is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER ("BRLM")



AnandRathi

ANAND RATHI SECURITIES PRIVATE LIMITED

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British Hotel Lane, Bombay Samachar Marg
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Tel: (+91-22) 5637 7000 Fax: (+91-22) 5637 7070

Email: emami@rathi.com

REGISTRAR TO THE ISSUE



DATAMATICS FINANCIAL SOFTWARE & SERVICES LTD

Plot No.A.16 & 17, MIDC, Part B,
Crosslane, Marol, Andheri (E)
Mumbai 400093

Tel: 022 28375519-24, 28345824 Fax: 022 28350217

Email: emami@datamatics.com

ISSUE PROGRAMME

BID/ISSUE OPENS ON : FRIDAY, MARCH 4, 2005

BID/ISSUE CLOSES ON : THURSDAY, MARCH 10, 2005

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

Terms	Description
“Emami” or “Company” or “our Company” or “we” or “us” or “Emami and its subsidiaries”	Unless the context otherwise requires, refers to Emami, a public limited Company incorporated under the Companies Act together with its subsidiaries
“our Group” or “our Group Companies” or “Group Companies”	Unless the context otherwise requires, refers to those companies mentioned in “Promoters and their Background” on page 76 of this Red Herring Prospectus

Issue Related Terms and Abbreviations

Term	Description
ARSPL/ARS	Anand Rathi Securities Private Limited.
AGM	Annual General Meeting
Articles / Articles of Association	Articles of Association of Emami Ltd.
Auditors	The statutory auditors of the Company, M/s Saxena & Co., Chartered Accountants.
Banker(s) to the Issue	HDFC Bank and ICICI Bank.
Bid	An indication to make an offer by a prospective investor to subscribe for Equity Shares of the Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a Bengali newspaper
Bid/Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a Bengali newspaper
Bid-cum Application Form	The form in terms of which the Bidder shall Bid for the Equity Shares of the Company and shall, upon allocation of the Equity Shares by the BRLMs and filing of the Prospectus with the RoC, be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus.
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.
Board / Board of Directors	Board of Directors of Emami Limited or a committee thereof.
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.



BRLMs	Book Running Lead Manager, in this case being Anand Rathi Securities Private Limited and ICICI Securities Ltd
BSE	The Stock Exchange, Mumbai.
CAGR	Compounded Annual Growth Rate.
CAN / Confirmation of Allocation Note	Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
CDSL	Central Depository Services (India) Limited.
CEPS	Cash Earning per Equity Share.
Companies Act	The Companies Act, 1956, as amended from time to time.
CEO	Chief Executive Officer
CSE	The Calcutta Stock Exchange Association Ltd
Cut-off / Cut-off Price	The Issue price finalized by the Company in consultation with the BRLMs
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders.
Designated Stock Exchange	The Stock Exchange, Mumbai.
DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Director(s)	Director(s) of Emami Limited, unless otherwise specified.
Red Herring Prospectus/RHP	Means a Red Herring Prospectus issued in accordance with Section 60-of the Companies Act which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allocation.
ECS	Electronic and Clearing System
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
Employees	Permanent Employees of Emami Ltd. in India excluding the Directors
Employee Reservation Portion	The portion of the Issue being a maximum of 5,00,000 Equity Shares available for allocation to Employees of Emami Ltd. in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/ Issue Closing Date.
Equity Shares	Equity Shares of the Company of face value of Rs.2/- each unless otherwise specified in the context thereof

Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Bidder will issue cheques in respect of the Bid and in which account the cheques/demand drafts will be deposited by the Syndicate Members.
Escrow Agreement	Agreement entered into between the Syndicate Members, the Company, the Registrars and BRLMs for collection of the Bid Amounts and refunds of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks in which the Escrow Account will be opened and which will act as such, in terms of this Red Herring Prospectus and the Escrow Agreement.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under.
FII(s) / Foreign Institutional Investors	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Financial year/Fiscal/FY	The twelve months ended March 31 of a particular year (unless otherwise specified).
FIPB	Foreign Investment Promotion Board.
First Bidder	The bidder whose name appears first in the bid cum application form or revision form.
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted.
GoI	Government of India
HUF	Hindu Undivided Family
IBSL	ICICI Brokerage Services Limited
IPO	Initial Public Offering
I-Sec	ICICI Securities Limited
Income-tax Act	The Income tax Act, 1961, as amended from time to time.
Issue	The issue of 50,00,000 new Equity Shares of Rs.2/- each by the Company under this Red Herring Prospectus.
Issue Price	Price determined by the Company in consultation with BRLMs on the Pricing Date after the bidding period and which shall be set forth in the Prospectus to be filed with ROC.
Issue Period	The period between the Bid/Issue Opening Date and Bid/ Issue Closing Date and including both these dates.
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, being 0% to 100% of the bid amount.
Memorandum / Memorandum of Association	The Memorandum of Association of Emami Limited.
MRTD	Monopolies and Restrictive Trade Practices Act, 1969.
NAV	Net asset value
Net Issue to the Public	The Issue of Equity Shares other than that included in the Employee Reservation Portion i.e the issue of 45,00,000 Equity Shares of Rs.2/- each



Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers, Retail Bidders or Employees.
Non-Institutional Portion	The portion of the Issue being 11,25,000, Equity Shares of Rs.2/- each available for allocation to Non-Institutional Bidders.
Non Residents	All Bidders who are not persons resident in India.
NRE Account	Non-Resident External Account.
NRI/ Non Resident Indian	Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB/ Overseas Corporate Body	Overseas corporate body, is a Company, partnership, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	Pay-in-Period means the period commencing on the Bid Opening Date and extending till the Bid Closing Date, during which the Bidders have to pay the maximum bid amount into the Escrow Account arising during the Bidding Period, unless such requirement is waived by the Syndicate Members for Bidders. In case of requirement of payment during the Bidding Period is waived by the Syndicate Members for Bidders, the closure of the Pay-in-Period for such Bidders, for payment into the Escrow Account, shall be within four calendar days of communication of the allocation list of respective Syndicate Member to them by the BRLMs.
PAN	Permanent Account Number.
PAT	Profits After Taxation.
PBT	Profits Before Taxation.
P/E Ratio	Price/Earnings Ratio.
Preference Shares	Preference Shares of the Company.
Price Band	Price Band of a minimum price (floor of the price band) of Rs.60 and the maximum price (cap of the price band) of Rs.70 (both inclusive), including revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Promoters	Shri Radhe Shyam Agarwal & Shri Radhe Shyam Goenka.
Prospectus	The Prospectus to be filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.

Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date.
QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state industrial development corporations.
QIB Portion	The portion of the Issue being 22,50,000 Equity Shares of Rs.2/- each available for allocation to QIB Bidder(s).
RBI	The Reserve Bank of India.
Registrars	Registrars to the Issue, Datamatics Financial Software and Services Ltd
Retail Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.50000/- in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being 11,25,000 Equity Shares of Rs.2/- each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
RoC	Registrar of Companies, West Bengal
RONW	Return on net worth.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
Stock Exchanges	The BSE and the CSE
Syndicate	The BRLMs and Syndicate Member(s).
Syndicate Agreement	The agreement between the Syndicate Members and the Company to be entered into on the Pricing Date.
Syndicate Members	Collectively the BRLMs and the Syndicate Members as disclosed in this Red Herring Prospectus and are persons who are registered with SEBI and are eligible to act as Underwriters.
TRS or Order Confirmation Note	Transaction Registration Slip means the slip or document registering the Bids, issued by the Syndicate Member to the Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Red Herring Prospectus.
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The agreement between the BRLMs, Syndicate Members and the Company to be entered into on the Pricing Date.



GLOSSARY OF TECHNICAL AND INDUSTRY TERMS

BPAC	Boroplus Antiseptic Cream
BPPHP	Boroplus Prickly Heat Powder
C & F Agents	Carriage and Forwarding Agents
cGMP	Certificate for Good Manufacturing Practices
ERP	Enterprise Resource Planning
FMCG	Fast Moving Consumer Goods
GDP	Gross Domestic Product
HFR	Himani Fast Relief
ISO	International Standard Organization
LUP	Low Unit Pack
NRO	Navratna oil
OTC	Over the counter
PLR	Prime Lending Rate
R&D	Research and Development
SCCP	Sona Chandi Chyawanprash
YOY	Year on year

CERTAIN CONVENTIONS

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakh” or “Lac” means “one hundred thousand” and the word “million” means “ten lacs” or “ten lakhs” and the word “Crore” means “ten million”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in Rupees Lacs or Lakhs, except in the sections relating to Emami UK Limited, where the same has been expressed in UK Pounds.

All references to “India” contained in this Red Herring Prospectus are to the Republic of India. For additional definitions used in this Red Herring Prospectus, see the section “Definitions and Abbreviations” on page i of this Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association of Emami Limited”, defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD-LOOKING STATEMENTS; MARKET DATA

The Company has included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “believe”, “expect”, “will continue”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe the Company’s objectives, plans or goals also are forward looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, the Company’s ability to successfully implement the Company’s strategy, the Company’s growth and expansion, technological changes, its Company’s exposure to market risks, general economic and political conditions in India which have an impact on the Company’s business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, Equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page viii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, its Directors, any member of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market data used throughout this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.



SECTION II : RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline, and investors may lose all or part of their investment.

INTERNAL RISK FACTORS

Risk arising out of outstanding litigation against the Company.

The company is involved in certain litigation that has been filed against it. Any final judgement awarding material damages against the Company could have a material adverse impact on the future financial performance of the Company and its shareholders' funds. A detailed list of the current pending litigation against the Company is provided in the section "Outstanding Litigation & Defaults" on page 111 of this Red Herring Prospectus. A brief summary of the outstanding litigations is reproduced here.

Litigations against the company:

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Criminal	None	None
2.	Sales Tax	2	11.48
3.	Excise	10	193.41
4.	Income Tax	1	489.71
5.	Customs	1	Not quantifiable
6.	Civil	4	15.08
7.	Consumer	5	23.37 and a Maruti Standard 800 cc car.

Litigations by the company:

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Criminal	1	Not quantifiable
2.	Sales Tax	31	780.98
3.	Excise	3	14.28
4.	Income Tax	None	None
5.	Civil	8	1022.75

Litigations against the Group companies and Promoters group companies:

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Criminal	2	Not quantifiable
2.	Sales Tax	2	15.40
3.	Excise	5	841
4.	Income Tax	2	140
5.	Civil	1	Not quantifiable
6.	Consumer	1	Not quantifiable

Litigations by the Group companies and Promoters group companies :

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Criminal	11	No material effect
2.	Sales Tax	22	127.63
3.	Excise	3	59.84
4.	Income Tax	5	18.62
5.	Civil	19	29.00

Promoter Litigation

Litigation against the promoters – None

Litigation by the promoters

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Civil	2	Not quantifiable

Director Litigation:
Litigation against the Directors

Sr. No.	Type of Cases	Number of cases	Approximate Amount involved (Rs in Lacs)
1.	Criminal	1	No material effect

Litigation by the Directors - None

Implementation of Value Added Tax (VAT) may have an adverse impact on the margins of the Company.

Currently Sales Tax on Ayurvedic Medicines is at around 8% to 13% and on cosmetics/toiletries; it is around 12% to 23%.

As per the White paper released on 17th January 2005 on VAT, medicines and drugs fall under the category of 4% tax. Majority of our products are classified as Ayurvedic Medicines on which the VAT as per the above White paper would be 4%. However, VAT bills of the states are yet to come and shall be studied in detail to understand the implication. Based on information till date, we do not expect any adverse impact on the Company.

The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.

The projects for which the funds raised through this Issue will be deployed, as stated in “Objects of the Issue” on page 25 of this Red Herring Prospectus, has not been appraised by a bank or a financial institution, and the estimates stated therein, are as per the Company’s internal assessments. The Company is in a sound financial condition and has strong liquidity. However, any unplanned major increase in the fund requirements for the same, may impact the financial performance of the Company.

The Promoters will hold significant part of the equity shares of the Company post the proposed Issue, and will continue to control the Company.

After the Issue is completed, our Promoters will collectively own 88.23% of the Company’s Equity Shares. As a result, our Promoters will have the ability to determine the outcome of all actions requiring the approval of shareholders. The interests of our Promoters may conflict with the interest of the other investors, and investors may not agree with the way in which the Promoters exercise their voting rights and powers. This could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, take-over or other business combination involving the Company, discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company.



The entire pre-issue shareholding of the Promoters in the Company is not locked-in and the Promoters are free to transfer their shareholding in the Company at any time.

Since the Company is listed on BSE and CSE for more than 3 years and has a track record of dividend payment for 3 immediately preceding years, the requirement of promoter's contribution is not applicable as per clause 4.10.1 (a) of Chapter IV of the SEBI DIP guidelines. The Promoters of the Company are free to alienate their shareholding in the Company at any time hereinafter.

In a business that survives on brand equity, even a temporary quality drop could affect customer perception, reduce off take and market share.

Over the years, the Company has gradually evolved its quality control from material testing to a systematic discipline. This is reflected in a stringent, comprehensive and documented quality discipline across its life cycle. Its coverage commences from vendor sites to factory gates to shop floor to packaging to the dispatch points. Besides, the Company has sought business-enhancing certification - the ISO which endorse the process and products, enabling the Company to make deep inroads into developed geographies. In spite of all of this, even a temporary quality drop could affect customer perception, reduce off take and market share, thereby impacting the Company's revenues and profitability.

The success of the Company depends on its management team and the loss of team members may adversely affect its business.

The Company is dependent on its management team, consisting of experienced and technically qualified professionals. If one or more members of the management team are unable or unwilling to continue in their present positions because of various factors, the company would try to replace such persons by other competent persons.

Any future issuance of Equity Shares by the Company or sales of the Company's Equity Shares by its promoter or the issue of stock options under an employee stock option plan, may dilute the investor's shareholding or adversely affect trading price of the Equity Shares.

Any future issuance of substantial amounts of the Equity Shares by the Company or sales of its Equity Shares by the promoters or the issue of stock options under an employee stock option plan could dilute the investor's shareholding or adversely affect trading price of the Company's Equity Shares. It could also impact its ability to raise capital through an offering of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

The Company is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.

The Company is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with the company since inception. The promoters have been involved with critical functions like development of new products, marketing, and other operations of the Company.

The Company also has a qualified team of marketing executives, R&D experts, finance professionals and other professionals who are involved in the day-to-day operations of the Company. This reduces the company's dependence on the promoters to manage the operations of the Company.

In a dynamic FMCG industry, market realities change with speed, making it imperative for players to be market-focused at all times to preserve competitiveness. Any delay in doing so could lead to a reduced market share.

Over the years, the Company strengthened its market-responsiveness through the following initiatives: an ongoing communication with dealers which helped it comprehend the market reality at any given time, a progressive shift towards value-for-money packaging that helped it create consumers and expand the market, a continuous incentivisation of trade relations and an ongoing mapping of the customer's mind leading to the introduction of new products.

As a prudent initiative in this direction, the Company analysed consumption patterns, which helped it identify gaps and inspired corresponding initiatives. However, any delay in the Company's reactions to changes in market realities, or a shift in its market-focus may affect the competitiveness of the Company's products, thereby reducing market share and revenues of the Company.

If the Company is increasingly dependent on a particular market or geography for its sales, a downturn in it could dent market share.

Emami's products have been created with a view to address mass Indian needs. This national relevance has been serviced through a dispersed manufacturing presence. Emami's sales were derived from across all four corners of India, evident from the following table:

Region	% of Total Sales (FY 04)
North India	30
South India	28
East India	24
West India	18

Thus, the sales of the Company are widely dispersed throughout the country.

Any failure to maintain such dispersion may impact sales, revenues, and consequently, the financial performance of the Company.

In a business marked by high working capital components, an inefficient fiscal control could affect profitability.

The Company strengthened its fiscal control through the following initiatives: a progression towards value-addition, cost reduction, a tight control on receivables, a stronger negotiation with banks leading to a reduced cost of funds and a comfortable loan repayment schedule. This is reflected in a progressive rationalization of the Company's average cost of funds: 12.5 per cent in 2000-01 to 9.8 per cent in 2002-03 to 3.4 per cent in 2003-04.

However, a failure to maintain and constantly upgrade the quality and intensity of such fiscal control could affect the profitability of the Company.

Failure to effectively manage labour or failure to ensure availability of sufficient labour could affect the business operations of the Company.

The Company has been handling labour and related issues efficiently and this has contributed to the smooth functioning of the operations. The Company is conscious about the need for introducing more automation in the operations. The Company's manufacturing facilities including outsourcing units are placed at different locations namely Pondicherry, Assam and Kolkata and the company has the flexibility to produce different products from more than one places.

Labour intensive operations call for good monitoring and maintenance of relations. Non-availability of labourers and/or any dispute between the labour and management may affect the business operation of the Company.

Marketing and distribution of the Company's products are not handled by it.

The Company does not handle the marketing of its own products. These are marketed by J. B. Marketing & Finance Ltd; a group Company through a wide network of distribution consisting of 25 depots, 1700 distributors and 3.5 lacs retails outlet. Marketing and sales is duly monitored by Emami to ensure effective marketing.

The Company is dependant on the said group company for marketing and distribution. Accordingly, any shortcomings in the performance of the said group company would impact the revenues and profitability of the Company.

The sales of the Company's products are largely dependent on the actions of their dealers. These dealers represent the Company in front of the end users of its products and their performance and attitude reflect on the Company. These dealers are being trained and are continued to be under close and continuous monitoring.

While dealers are monitored regularly through monthly checks by marketing field force, there can be no assurance that such measures will prove effective in deterring or detecting undesirable behavior on the part of the Company's dealers. Failure to effectively monitor and control the distribution network of dealers could adversely affect the Company's revenue and brand image.



Any rise in the price of raw materials and packaging consumed by the company may adversely affect the profitability of the Company.

The Company is dependent mainly on the major raw materials and packaging materials for the manufacture and marketing of its products. Any increase in the prices of the major raw materials or packaging materials would adversely impact the business of the Company.

The cost of the raw materials and packaging materials in the Company's business is not very high. Further, the Company has always been innovative in sourcing of raw materials and packaging materials with a view to source alternative raw materials, insulate itself from future rise in prices, and reduce the cost of packaging, and will continue to maintain this approach going forward.

The contingent liabilities of the Company as on September 30, 2004 as certified by the auditors for which no provision has been made by the Company are as follows:

(Rs in lacs)

Particulars	Amount
Excise duty demands	86
Sales tax demands under appeal (Net of advances)	538
Income Tax (Net of advances)	9
Guarantees and counter guarantees given	9
Total	642

Crystallization of any of the above liabilities may require the Company to honour the demands, if any, which may adversely impact the Company's liquidity and thereby have material adverse impact on the financial resources and networth.

Some of our Promoter group companies, Subsidiaries, Group Companies or Joint ventures which have incurred losses or have negative reserves (as per their standalone financial statements) for FY 2003-2004

(Rs in lacs)

Name of the Company	Reserves as on March 31, 2004	Profit /(Loss) for the year 2003-04
Auto Hitech Private Limited	(0.89)	7.91
Advanced Medicare and Research Institute Limited	(60.99)	3.87
DPS India Private Limited	117.24	(264.89)
DPS Technologies India Private Limited	83.65	(189.99)
EFL Foods Limited	(305.05)	(6.08)
Emami Landmark Store Pvt. Limited	66.82	(20.93)
EPL Securities Limited	(0.55)	0.66
Frank Ross Ltd.	129.93	(2.83)
Kroda International Limited	(19.61)	(0.13)
Neelam Lefin Limited	325.95	(0.09)
South City Projects Limited	653.86	(4.93)

(in £)

Name of the Subsidiary	Reserves	Loss
Emami UK Limited	(12533)	(11890)

For further details please refer to the section entitled "Promoters and their background" on page no. 76

The accounts of Emami U.K., a subsidiary of the company are certified and not audited for the period ended September 30, 2004

Some of the patents and copyrights of the Company have not been registered as yet with the relevant authority.

The Company has 6 registered patents and 5 patent applications that are pending approval. The Company has 23 marks registered for various products and under various classes of the trademark “Himani”. The Company has 49 marks registered for various products and under various classes of the trademark “Emami”. The Company has also obtained copyright registration for 26 products and 7 copyright applications are pending registration. The Company has also obtained 8 design registrations for some of its product containers.

Any failure to secure registration of the aforesaid patents or copyrights may impact the Company’s right to use them.

Restrictive covenants in our agreements may impact the rights of the shareholders of the Company.

There are restrictive covenants in agreements the Company has entered into with certain banks and financial institutions for short term loans and long term borrowings relating to the right to declare dividend, buy-back any of its shares from its shareholders, issue bonus shares or share splits and other capital restructuring, that are subject to the consent of the said banks / financial institutions and to such extent would affect the rights of the shareholders of the Company.

Non-receipt of Government and other regulatory approvals may affect the completion of the proposed project that forms part of the Objects of the Issue.

The Company has not yet received the final approval of the Kolkata Municipal Corporation to complete construction of the “Corporate House” (one of the Objects of the Issue, as described on page 25 of the Red Herring Prospectus) above plinth level. Non-receipt of the said approval may impact the completion of construction of the “Corporate House”.

The Company may in the future face potential liabilities from lawsuits or claims by consumers. The Company may face the risk of legal proceedings and claims being brought against the Company by its customers/consumers for any defective product sold to them. This may result in liabilities and/or financial claims against the Company, as well as loss of business and reputation.

There is no single specific project for which the issue proceeds will be used

The Issue is being made by the Issuer for a number of purposes, including compliance with listing guidelines relating to minimum public shareholding, construction of office premises and general corporate purposes, as detailed further on page 25. Once the Issue is completed, there is a possibility that the issue proceeds may exceed the immediate fund requirements of the Issuer, and accordingly, the said issue proceeds may be invested by the Issuer in government securities/bonds/ other treasury instruments until they are utilized towards achieving the objects of the Issue.

The production figures for toiletries and medicines is lower vis a vis installed capacity

Installed capacities are higher than the production achieved in FY 2003-04 because the capacities have been built to take care of the exigencies, expansion and growth. Besides, capacities are based on the working for the year whereas in some of the products the production is skewed to some parts of the year because of seasonality.

EXTERNAL RISK FACTORS**Political, economic and social developments in India could adversely affect the business of the Company.**

Since 1991, the Government of India has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of the 2004 general elections in India also consists of a coalition of political parties. The new Government may change economic policies followed by previous Governments. The rate of economic liberalisation in India could change, as could specific laws and policies, foreign investment, currency exchange rates and other matters affecting an investment in the Equity Shares. Further, the withdrawal of support from one or more of the coalition parties from the current Government could result in political instability. Significant changes in India’s economic liberalization and deregulation policies could disrupt business and economic conditions in India and affect the business of the Company adversely.



Terrorist attacks or war or conflicts involving India, the United States or other countries could adversely affect the financial markets and adversely affect our business.

The terrorist attacks on New York and Washington, D.C. on September 11, 2001, and their aftermath had an adverse effect on the industry. Incidents such as the September 11, 2001 terrorist attacks, other recent incidents such as in Bali, Indonesia and Madrid, Spain, and other acts of violence may adversely affect global Equity markets as well as the Indian stock markets where Equity Shares of the Company are traded. Such acts will negatively impact business sentiment, which could adversely affect our business and profitability.

Also, India, the United States or other countries in which the Company operate may enter into armed conflict or war with other countries. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, such as between India and Pakistan. Military activity, particularly between India and Pakistan, or terrorist attacks could adversely affect the Indian economy by disrupting communications and making travelling more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares of the Company, and on the market for the Company's products.

After this Issue, the price of the Equity Shares of the Company may be volatile, or an active trading market for the Company's Equity Shares may not develop.

The prices of the Equity Shares of the Company may fluctuate after this Issue due to a wide variety of factors, including the performance of their business, competitive conditions and general economic, political and social factors. There can be no assurance that an active trading market for its Equity Shares will develop or be sustained after this Issue, or that the price at which the Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

Any change in regulatory environment may have an impact on the business of the Company.

The Company keeps itself abreast of the various developments relating to the regulatory environment and gears itself in order to comply with such regulatory changes. However, in case the Company is unable to adapt itself to such regulatory changes, the business of the Company may be impacted adversely.

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports its raw materials and/ or exports its products to, will have an impact on the Company's profitability.

The Company's exports and imports are well spread to many countries. Whenever such policy changes affect the Company's business, the Company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain its business.

The Company currently benefits from the various income tax exemptions and deductions, which are applicable to units established in backward area / states. The Government of India has announced the gradual elimination of some of the income tax exemptions. Non-availability of these tax exemptions will increase the Company's future tax liabilities and reduce the profits of the Company in future.

The phased elimination of tax benefits by Government of India would not affect the Company adversely as the Company's new facility at Guwahati is entitled to 100% exemptions from income tax and excise duty refund upto the financial year 2013 and exemption is also available for sales tax upto Rs. 1227 lacs till the year 2010. However, if the government policies change, it will have an adverse impact on the profits of the company.

Industry risk relating to fierce competition, competitive pricing and a saturated distribution marked the performance of the Indian FMCG industry in 2003-04. Should this trend continue, long-standing investments could become unprofitable.

The Company could face competition from domestic unorganised market and international players in the personal care sector.

The Company leverages the power of Ayurveda to manufacture beauty, personal and health care products. In a world becoming more aware of the dangers arising from the use of synthetic elements, there is a growing appetite for natural products. This trend appears to be sustainable and irreversible. To grow this appetite among non-users, the Company

embarked on a large-scale sampling initiative, accelerated product development, category creation and wider distribution. These initiatives are likely to result in a protected long-term presence and profitability.

The Company is subject to risk arising from exchange rate fluctuations.

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of such orders being placed overseas vendors for the Company's products.

Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees is likely to affect the Company's profitability, since approximately 5% of its turnover comes from earnings in foreign currency.

The Company is subject to risk rising from changes in interest rates and banking policy

The Company is dependent on various banks and financial institutions for arranging the Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the Company's profitability.

Multiplicity of local taxes and levies including octroi and sales tax may impact the business of the Company

Each state in India has different local taxes and levies including sales tax, octroi, etc. which has enhanced the complexity of tax planning and structuring for the Company. Further, changes in these local taxes and levies may impact the Company's profits and profitability.

Risk arising out of the new patent regime

The regulatory regime in India governing patents has recently changed, and the product patent regime has come into place from January 1, 2005 onwards. While on the one hand, this would enable the Issuer to secure its intellectual property rights in its products and thus take advantage of the new regime, it would also be a challenge to operate in the new regime, particularly in the competitive atmosphere where the Company is carrying on its business.

Notes:

The issue was approved by the shareholders of the Company at the EGM held on January 30, 2004.

1. The average cost of acquisition of our Equity Shares by our Promoters and Promoter Group, is Rs 0.31 each
2. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 51 before making any investment in this Issue.
3. The book value per Share having face value of Rs.2/- as on September 30, 2004 is Rs.17.98. The networth (excluding revaluation reserves) of the Company as on September 30, 2004 was Rs.10087 Lacs.
4. The Company has not made any allotment of Equity Shares after the audit of accounts for the period ended September 30, 2004
5. Trading in Equity Shares of the Company for all investors shall be in dematerialized form only.
6. Size of the issue is 50,00,000 Equity Shares of Rs.2/- each for cash at price of Rs. [•] per Equity Shares aggregating to Rs. [•] Lacs
7. All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
8. The following shares have been issued for consideration other than cash
 - a) 2,80,75,000 Equity Shares of Rs.2/- each as Bonus Shares by capitalization of free reserves on March 31, 2004 in the ratio of 1:1 of which promoters and the promoter group have been allotted 2,69,75,840 Bonus Shares.
 - b) 8,86,000 Equity Shares of Rs.10/- each were allotted on merger of Emami Ltd. with Himani Ltd. on September 7, 1998, of which all the 8,86,000 equity shares were allotted to the promoters and the promoter group.



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- c) 44,80,000 Equity Shares of Rs.10/- each were allotted on merger of Himani Ltd. with AMP Udyog Viniyog Ltd. on September 17, 1994, out of which the promoters and the promoter group have been allotted 42,53,368 Equity Shares.
9. For related party transactions please refer to the section 'Related Party Transactions' given on page no. 93 of this Red Herring Prospectus.
10. Investors may note that in case of over-subscription in the Issue, allotment to Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see "Basis of Allotment" on page 152 of this Red Herring Prospectus.
11. Investors are free to contact the BRLMs for any complaint, clarification or information relating to the Issue who will be obliged to provide the same to the investor.
12. A share split was approved at the EGM of the members of the Company held on January 30, 2004 resulting in 56,15,000 Equity Share of Rs.10/- each being subdivided into 2,80,75,000 Equity Shares of Rs. 2/- each.
13. Issue of bonus shares were approved by the company at the EGM dated January 30, 2004 resulting in 2,80,75,000 Equity Shares of Rs. 2/- each in the ratio of 1:1
14. Emami Bangladesh Ltd. is a wholly owned subsidiary of Emami Ltd. It was incorporated on 25th November, 2004 and the Company has not yet started its operations.
15. Emami Ltd. has not made an IPO and its shares have got listed by virtue of merger with a listed company. For details please refer to page 25.

SECTION III: INTRODUCTION

THE ISSUE

Equity Shares offered	
Issue	50,00,000 Equity Shares of Rs.2/- each
Of which	
Reservation for Employees *	5,00,000 Equity Shares of Rs. 2/- each
Therefore net Issue to the public	45,00,000 Equity Shares of Rs. 2/- each
Of which	
Qualified Institutional Buyers portion	22,50,000 Equity Shares of Rs. 2/- each (Allocation on a discretionary basis)
Non-Institutional Portion	11,25,000 Equity Shares of Rs. 2/- each (Allocation on a proportionate basis)
Retail portion	11,25,000 Equity Shares of Rs. 2/- each (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	5,61,50,000 Equity Shares of Rs. 2/- each
Equity Shares outstanding after the Issue	6,11,50,000 Equity Shares of Rs. 2/- each
Objects of the Issue	The net proceeds of the issue would be used for financing the corporate house, capital expenditure and general corporate purposes including strategic initiatives and acquisition. For more information, please see the section “Objects of the Issue” on page 25 of this Red Herring Prospectus.

* For Employees (excluding Directors) of Emami in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date.



SUMMARY

You should read the following summary together with the risk factors on page viii of this Red Herring Prospectus and the more detailed information about the Company and its financial statements included in this Red Herring Prospectus.

Overview

The Company is the flagship company of the Emami Group promoted by Kolkata based industrialists Shri R. S. Agarwal and Shri R. S. Goenka jointly. Emami Group is in the personal, beauty and healthcare business for over 25 years. The Company's products are marketed through well developed business distribution operations in the country and abroad. The Company has extensive research and development cell, well-trained human resources, adequate infrastructure and a robust and a visible brand. The company's product basket comprises of over 20 products, the major being Boroplus Antiseptic Cream, Navratna Oil, Boroplus Prickly Heat Powder, Sona Chandi Chyawanprash and Amritprash, Mentho Plus Pain Balm, Fast Relief, Golden Beauty Talc, Madhuri range of Products and others. Boroplus Antiseptic Cream and Navratna Oil are market leaders in the antiseptic cream and cool oil category respectively.

As per the Audited Annual Report of the company for the year 2003-04, the company had total revenues and net profit after tax of Rs. 21681 lacs and Rs. 2168 lacs, respectively. Even as India's FMCG industry turned sluggish and competition increased, the company posted a growth of 12% on the topline and 8% on the bottomline. The institutional sales increased by 94% and exports grew by 14%. The Company's Equity Shares are listed on The Calcutta Stock Exchange Association Limited and The Stock Exchange, Mumbai.

Competitive Strengths

1. Robust and visible brands:

Boroplus Antiseptic Cream is the market leader with 58.9% market share. Navratna Oil with 45.9% market share is again a market leader of the category, Boroplus Prickly Heat Powder enjoys 22.5% market share and is a popular brand of Emami. Besides, Sona Chandi Chyawanprash with 10.5% market share and Menthoplus Pain Balm with 12.4% market share are the other prominent brands of Emami.

Celebrities like Amitabh Bachchan, Madhuri Dixit, Sunny Deol, Govinda, Saurav Ganguly and many others are Brand Ambassadors of many of our products. The Madhuri Range is named after Madhuri Dixit.

2. Strong Research and Development (R&D) :

The Company's advisory panel consists of Ayurvedic experts from India and abroad, including Padamshri Vaidya Suresh Chaturvedi, Dr. Hari Shankar Sharma (former dean of Jamnagar University and Ayurvedacharya), Dr. Hiroe Inamura (Director of Ayurvedic Research Society, Osaka, Japan), Dr. S. K. Mishra (ex-commissioner of Indian System of Medicines and Homoeopathy, Department of Health and Family Welfare, New Delhi) and Dr. Pawan Sharma (MD-Ayurveda and gold medallist). The R&D expenditure for the year ending March 31, 2004 as a % of total expenditure was 0.46%;

3. Cost efficiency :

The policy of the Company is to manufacture the right product at the optimum cost translating into value for money products. To strengthen its cost efficiency, the Company commissioned a Greenfield manufacturing unit at Amingaon, Guwahati for leveraging on fiscal benefits. The Company also shifted from glass to food grade packaging plastics, from glass bottles to pet bottles and from aluminum collapsible tubes to plastic laminates

4. Innovative packaging :

The Company has a flexible approach towards packaging. The Company has always been innovative in packaging with a view to suit customer requirements. The Company introduced many of its products in Low Unit Packs (LUP's), sachets, dibbies and small tubes which helped the Company to create new consumers resulting in an increased market share across various segments.

5. Strong professional management team and motivated work force:

The Company is managed by a team of professional managers exclusively focused on different aspects of business including research and development, manufacturing and finance. The promoters and management have a substantial experience in personal care, healthcare and beauty care business.

Strategy

1. Growth through innovation and entry into new categories:

Emami is well established in categories such as antiseptic creams, cooling oils, Chyawanprash, balms, etc. These bring in 70% of revenue. At present, growth in existing categories comes from low unit packs and deeper penetration of rural markets. To grow further, it plans brand extensions in existing segments and breaking into fresh segments. Brand extensions would not only ensure growth in the existing segment but would also lead to entry into new segments, which in itself would become large categories in future.

2. Increase exports and widen the international reach:

Emami exports to West Asia, Africa, and other Asian and European countries. Its exports have risen by 14% in FY2004. To augment its presence in these markets, it has launched the Emma range and Ayurcare products. Emami products have tremendous export potential and is increasing its international reach by providing innovative and new products and exploring new markets.

3. Foray into OTC herbal medicines:

The Company plans to move into OTC herbal medicines as the next growth area. Here Dabur, Zandu, Himalaya Drugs and Baidyanath dominate. As the Company's range of products mainly comprises OTC products, it plans to leverage them and launch a slew of herbal-based OTC medicines.

4. Backward area benefits and achieve cost efficiency:

The Company commissioned a Rs. 1800 lacs Greenfield manufacturing unit in Amingaon, 15 Kms from Guwahati. This unit is entitled to 100% exemption from income tax and 100% central excise duty refund for ten years i.e. up to 2013 besides sales tax exemption up to Rs.1227 lacs till 2010. The Company is also planning to outsource its products from a third party located in a backward area like Baddi (Himachal Pradesh).



Summary of Financial Data

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Rupees in Lacs

PARTICULARS	30 th Sept 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
INCOME						
Sales	8,559	21,610	19,794	18,196	20,785	14,353
Other Income	12	71	41	36	12	122
TOTAL	8,571	21,681	19,835	18,232	20,797	14,475
EXPENDITURE						
Cost of Goods Sold/ Consumed	4,591	13,708	11,939	11,210	11,048	6,323
Personnel Expenses	617	1,138	949	878	770	542
Selling Expenses	1,376	2,939	3,272	2,376	5,253	4,914
Administrative Expenses	656	1,207	1,044	1,073	845	588
TOTAL	7,240	18,992	17,204	15,537	17,916	12,367
Profit before Depreciation, Interest & Tax	1,331	2,689	2,631	2,695	2,881	2,108
Depreciation	1,021	1,955	1,901	1,868	2,753	106
Add : Transfer from Reserves	852	1,704	1,704	1,704	2,651	-
Profit before Interest & Tax	1,162	2,438	2,434	2,531	2,779	2,002
Interest	175	(45)	313	757	716	217
Profit before Tax	987	2,483	2,121	1,774	2,063	1,785
Income Tax						
- Current	11	222	34	6	-	80
- Deffered	36	93	74	71	-	-
- Short / (Excess) Provision for tax for earlier years	-	(3)	175	(1)	-	-
Investment Allowance Reserves Written back	-	-	-	-	(2)	-
Profit after Tax	940	2,171	1,838	1,698	2,065	1,705
Increase / (Decrease) in net profits due to Impact of changes in Accounting policy						
Brand Depreciation	(32)	(63)	(63)	(63)	884	-
Transfer from Revaluation Reserve	-	-	-	-	(2,651)	-
Transfer from General Reserve	32	63	63	63	1,767	-
Short / (Excess) Provision for tax for earlier years	-	(3)	175	(1)	(175)	-
Deferred Tax	-	-	-	-	(58)	(25)
Total of adjustments	-	(3)	175	(1)	(233)	(25)
Tax impacts of Adjustments	-	-	-	-	-	-
Total of adjustments after Tax impact	-	(3)	175	(1)	(233)	(25)
Net Profit, as restated	940	2,168	2,013	1,697	1,832	1,680

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
Rupees in Lacs

PARTICULARS	30th Sept 2004	31st March 2004	31st March 2003	31st March 2002	31st March 2001	31st March 2000
ASSETS						
GROSS FIXED ASSETS (incl. Capital WIP)	32,455	32,050	30,424	30,110	29,354	28,832
Less: Depreciation	9,102	8,062	6,065	4,121	2,204	656
Net Fixed Assets	23,353	23,988	24,359	25,989	27,150	28,176
Less : Brands	18,559	19,442	21,209	22,976	24,743	26,510
Net Fixed Assets (A)	4,794	4,546	3,150	3,013	2,407	1,666
INVESTMENTS (B)	690	690	812	806	214	214
CURRENT ASSETS, LOANS & ADVANCES						
Sundry Debtors	4,247	4,406	3,101	4,211	4,151	1,205
Loans & Advances	2,311	2,178	1,609	2,404	2,331	2,034
Inventories	4,875	3,097	3,977	3,038	4,426	2,723
Cash & Bank Balances	88	46	141	130	93	39
TOTAL - (C)	11,521	9,727	8,828	9,783	11,001	6,001
CURRENT LIABILITIES & PROVISIONS						
Current Liabilities	1,325	964	486	663	654	570
Provisions	-	190	158	112	36	112
TOTAL - (D)	1,325	1,154	644	775	690	682
Net Current Assets - (C-D)	10,196	8,573	8,184	9,008	10,311	5,319
TOTAL - (A+B+C-D)	15,680	13,809	12,146	12,827	12,932	7,199
Secured Loans	5,002	4,104	4,505	6,716	6,769	3,197
Unsecured Loans	115	117	123	525	1,968	1,533
Deferred Tax Liability	476	440	347	273	202	144
TOTAL (E)	5,593	4,661	4,975	7,514	8,939	4,874
NET WORTH (A+B+C-D-E)	10,087	9,148	7,171	5,313	3,993	2,325
Share Capital						
Equity (F)	1,123	1,123	562	562	562	562
Preference (G)	-	-	-	-	250	250
Reserves and Surplus (H)	27,523	27,467	27,818	27,727	27,924	28,023
Less : Revaluation Reserve (I)	18,559	19,442	21,209	22,976	24,743	26,510
Reserves (Net of Revaluation Reserves) (J) =(H-I)	8,964	8,025	6,609	4,751	3,181	1,513
NET WORTH - (F+G+J)	10,087	9,148	7,171	5,313	3,993	2,325



GENERAL INFORMATION

AUTHORITY FOR THE PRESENT ISSUE

The issue of Equity Shares has been authorized by a special resolution passed pursuant to Section 81 (1A) of the Companies Act, 1956, at the extra-ordinary general meeting of the shareholders of the Company held on January 30, 2004. Subsequently, the Board of Directors have approved the fresh issue of 50,00,000 equity shares at its meeting held on December 13, 2004.

PROHIBITION BY SEBI

The Company, the Directors, the Promoters, the Directors of the Promoter Companies and persons in control of the Promoters, the subsidiary, the associates, the group companies, companies promoted by promoters and companies or entities with which the Company's Directors are associated as Directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

We satisfy the eligibility norms for a listed company issuing securities in terms of Clause 2.3 of the DIP Guidelines as described below:

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e., Issue through Issue document + firm allotment + promoters' contribution through the Issue document) does not exceed five times its pre-issue net worth as per the last available audited accounts, either at the time of filing the prospectus with SEBI or at the time of opening of the issue.

- a) Networth (Excluding revaluation reserves) of Emami as at September 30, 2004 is Rs. 10087 Lacs. This is arrived as under :

(Rs in Lacs)

Share Capital :	
Equity Share Capital (A)	1123
Preference Share Capital	-
Reserves & Surplus	27523
Less: Revaluation Reserves	(18559)
Net Reserves (B)	8964
Net Worth (A + B)	10087

- b) Proposed Issue of 50,00,000 Equity Shares of face value of Rs. 2/- each at a price of Rs. [•] aggregating Rs. [•] lacs.
c) No other issue of Equity Shares have been made in the financial year 2004-05.

Thus the Company is eligible for the proposed issue.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ANAND RATHI SECURITIES PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH

SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, ANAND RATHI SECURITIES PRIVATE LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 28, 2004, IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- “(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALIZATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
- (a) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS”.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE RoC, WEST BENGAL IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE ACT.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

CAUTION

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company. Anyone placing reliance on any other source of information, including the website of the Company, would be doing so at his/her/ its own risk.



The BRLMs accepts no responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into by the Company and itself and the Underwriting Agreement entered into by the Company, BRLMs and the Syndicate Members.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers, etc.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in Shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, or any other trust law and who are authorized under their constitution to hold and invest in Shares and to non-resident investors including NRIs and FIIs as defined under the Indian laws. This Red Herring Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself about, and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF BSE

As required, a copy of this Red Herring Prospectus has been submitted to the BSE. The BSE has, vide its letter dated February 1, 2005 given permission to the Company to use its name in this Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The BSE has scrutinized this Red Herring Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus, or
- ii. warrant that the Company's securities will be listed or will continue to be listed on the Exchange, or
- iii. take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company

It should not, for any reason be deemed or construed that this Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

DISCLAIMER CLAUSE OF CSE

As required, a copy of this Red Herring Prospectus has been submitted to The Calcutta Stock Exchange Association Limited (CSE). CSE has, vide its letter dated February 16, 2005 given permission to the Company to use its name in this Red Herring Prospectus as one of the Stock Exchanges on which this Company's securities are proposed to be listed. CSE has scrutinized this Red Herring Prospectus for the limited purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given

by CSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by CSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on CSE; nor does it take responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against CSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of this Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai 400 021. A copy of the Red Herring Prospectus, incorporating SEBI comments, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the Registrar of Companies, West Bengal ("RoC"). After the price discovery under the book building process is complete, a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Applications have been made to BSE and CSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has chosen BSE as the designated stock exchange.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Issue. If such money is not repaid within 8 days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the date of closing of the subscription list, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalization and adoption of the basis of allotment for the Issue.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who

- (a) makes in a fictitious name, an application to a Company for acquiring or subscribing for, any Shares therein, or**
- (b) otherwise induces a Company to allot, or register any transfer of Shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company become liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.



WITHDRAWAL OF THE ISSUE

The Company, in consultation with both the BRLMs, reserves the right not to proceed with the Bid/Issue anytime after the Bid/Issue Opening Date, without assigning any reason therefore.

LETTERS OF ALLOTMENT /REFUND ORDERS

The Company shall give credit to the beneficiary account with Depository Participants within two working days of finalization of the basis of allotment of Equity Shares. The Company shall despatch refund orders, if any, of value up to Rs. 1,500/- by "Under Certificate of Posting" and will despatch refund orders above Rs. 1,500/-, if any, by registered post or speed post at the sole or first Bidder's sole risk.

In accordance with the Companies Act, the Stock Exchange requirements and SEBI Guidelines, the Company further undertakes that:

- Allocation/allotment of securities shall be made only in dematerialized form within 15 days of the Bid/ Issue Closing Date;
- Despatch of refund orders will be done within 15 days from the Bid/ Issue Closing Date; and
- The Company shall pay interest @15% per annum (for any delay beyond the 15 day time period as mentioned above), if transfer is not made, refund orders are not despatched and/or dematerialized credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for despatch of refund orders or allotment advice to the Registrars to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Company, as an Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

ISSUE PROGRAMME

BID/ISSUE OPENS ON	:	FRIDAY,	MARCH 4,	2005
BID/ISSUE CLOSES ON	:	THURSDAY,	MARCH 10,	2005

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as permitted by BSE and the NSE on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to BSE and NSE by issuing a press release, and also by indicating the change on the web site of the Company and/or the BRLMs and at the terminals of the members of the Syndicate.

BOOK RUNNING LEAD MANAGERS



ANAND RATHI SECURITIES PRIVATE LIMITED

J.K. Somani Building, 3rd Floor

British Hotel Lane

Bombay Samachar Marg

Fort, Mumbai-400023.

Tel: (+91-22) 5637 7000

Fax: (+91-22) 5637 7070

Email: emami@rathi.com



ICICI SECURITIES LIMITED

ICICI Centre,

H.T. Parekh Marg,

Churchgate,

Mumbai 400020

Tel: (+91-22) 2288 2460

Fax: (+91-22) 2282 6580

Email : emami@isecltd.com

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in relation to the Issue have been distributed between the BRLMs as under:

S.No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ARS/I-Sec	ARS
2.	Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Red Herring Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	ARS	ARS
3.	Assisting the Company for the FIPB and RBI approvals	ARS	ARS
4.	Primary co-ordination with SEBI, RoC and Stock exchanges up to bidding and co coordinating interface with lawyers for agreements	ARS/I-Sec	ARS
5.	Primary coordination of drafting/proofing of the design of the Red Herring Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement	ARS	ARS
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	ARS/I-Sec	ARS
7.	Appointing the Registrars of the Issue	ARS	ARS
8.	Appointing Bankers to the Issue	ARS	ARS
9.	Appointing other intermediaries viz. printers and advertising agency.	ARS	ARS
10.	Marketing of the Issue, which will cover inter alia: - Formulating marketing strategies, preparation of publicity budget, - Finalizing media & public relations strategy, - Finalizing centers for holding conferences for press and brokers, etc., - Finalizing collection centers - Following-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Issue material, and - Preparing all road show presentations	ARS/I-Sec	ARS
11.	Co-ordinating institutional investor meetings, co-ordinating pricing decisions and institutional allocation in consultation with the Company, finalizing the Prospectus and RoC filing.	ARS/I-Sec	I-Sec
12.	Co-ordinating post bidding activities including management of Escrow accounts, co-ordinating Non-Institutional allocation, intimating allocation and despatch of refunds to Bidders, etc. The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and despatch of certificates and dematerialized delivery of Shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	ARS/I-Sec	I-Sec

SYNDICATE MEMBERS**ICICI Brokerage Services Ltd.**

ICICI Centre,
H.T. Parekh Marg,
Churchgate,
Mumbai 400020
Tel: (+91-22) 2288 2460
Fax: (+91-22) 2282 6580
Email : emami@isecltd.com

REGISTRARS TO THE ISSUE**Datamatics Financial Software & Services Ltd**

Plot No.A.16& 17, MIDC, Part B,
Crosslane, Marol, Andheri (E)
Mumbai 400093
Tel: (+91-22) 2837 5519-24, 2834 5824
Fax: (+91-22) 2835 0217
Email: emami@datamatics.com

LEGAL ADVISORS**J. Sagar Associates**

Advocates & Solicitors
Vakils House, 1st Floor,
18, Sprott Road,
Ballard Estate, Mumbai 400 001
Tel: (+91-22) 5656 1500
Fax: (+91-22) 56561515/16
Email : mumbai@jsalaw.com

AUDITORS**Saxena & Company**

Chartered Accountants
4A, Council House Street,
Kolkata 700 001
Tel: (+91-33) 2248 8348/7312
Fax: (+91-33) 2248 7018
Email : saxenacompany@vsnl.net

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**ICICI Bank Limited**

30, Mumbai Samachar Marg
Fort Mumbai 400 001
Tel: (Board) +91 22 22670162 / 0706
Fax: +91 22 22690232

HDFC Bank

Kamala Mills Compound
2nd Floor, Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Tel: (Board) +91 22 24988484 / 24963871
Fax: +91 22 24963871



BANKERS TO THE COMPANY

Canara Bank

ICICI Bank Ltd

State Bank of India

COMPANY SECRETARY AND COMPLIANCE OFFICER

Shri. A.K.Joshi

Emami Limited

6A, R.N.Mukherjee Road,

Stephen House

Kolkata 700 001

Tel: (+91-33) 2248 7651/52/53/54

Fax: (+91-33) 2210 0879

Email: akjoshi@emamigroup.com

Note: The investors attention is invited to contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment/ credit of allotted Shares in the respective beneficiary accounts/ refund orders, etc.

REGISTERED OFFICE OF THE COMPANY

Emami Limited

6A, R.N. Mukherjee Road,

Stephen House

Kolkata-700 001

Tel: (+91-33) 2248 7651 (4 Lines)

Fax: (+91-33) 2210 0879

Email: publicissue@emamigroup.com

CREDIT RATING

Since the present issue is of Equity Shares, credit rating is not required.

TRUSTEES

Since the present issue is of Equity Shares, appointment of Trustees is not required.

BOOK BUILDING PROCESS

Book Building refers to the collective bids from investors, which is based on the Price Band, the Issue Price being fixed after the Bid Closing Date. The principal intermediaries involved in a Book Building Process are:

- (1) The Company
- (2) BRLMs
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs.

SEBI, through its Guidelines, has permitted an Issue of securities to the public through the 100% book building facility wherein up to 50% of the Issue shall be allocated on a discretionary basis to QIBs. Further, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Issue shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed Anand Rathi Securities Pvt. Ltd and ICICI Securities Ltd as the BRLMs to the Issue, to procure subscription to the Issue.

The Book Building Process under SEBI Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue. Pursuant to recent amendments to the SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. See page 30 for the section on “Terms of the Issue” in this Red Herring Prospectus.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 70/- to Rs. 80/- per Share, issue size of 3,000 Equity Shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the Shares of the company at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares bid for	Subscription
500	70	500	16.67%
1000	73	1500	50.00%
1500	75	3000	100.00%
2000	77	5000	166.67%
2500	80	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of Shares is the price at which the book cuts off i.e., Rs. 75/- in the above example. The Company, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 75/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.



UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing the Prospectus with the RoC, the Company, on its behalf will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. In terms of Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members donot fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following numbers of Shares *(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)*

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lacs)
Anand Rathi Securities Private Limited J.K Somani Buliding 3rd Floor British Hotel Lane Bombay Samachar Marg Fort Mumbai- 400023 Telephone: (+91-22) 5637 7000 Fax (+91-22) 5637 7070 Email: emami@rathi.com	25,00,000	[•]
ICICI Securities Limited ICICI Centre H.T.Parekh Marg Church Gate Mumbai- 400020 India Tel: (+91-22) 2288 2460 Fax. (+91-22) 2283 7045 Email: emami@isecltd.com	24,99,900	[•]
ICICI Brokerage Services Limited ICICI Centre H.T.Parekh Marg Church Gate Mumbai- 400020 India Tel: (+91-22) 2288 2460 Fax. (+91-22) 2283 7045 Email: emami@isecltd.com	100	[•]

The above chart is indicative of the underwriting arrangements and this would be finalized after the pricing and actual allocation.

The above Underwriting Agreement is dated [•],

In the opinion of the Board of the Company (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The above Underwriting Agreement has been accepted by the Board of the Company at their meeting held on [•] on behalf of the Company, and the Company have issued letters of acceptance to the Underwriters.

Allocation amongst the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure or subscribe to the extent of the defaulted amount. Allocation to QIBs may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

CAPITAL STRUCTURE OF THE COMPANY

Share Capital as on the date of filing of Red Herring Prospectus with SEBI is set forth below :

(Rs.in lacs)

	Nominal Value	Aggregate Value
A. Authorised Capital		
7,50,00,000 Equity Shares of Rs. 2/- each	1,500.00	1500.00
B. Issued, Subscribed And Paid Up Capital		
5,61,50,000 Equity Shares of Rs. 2/- each fully paid up	1,123.00	1123.00
C. Present Issue to the Public in Terms of this Red Herring Prospectus		
50,00,000 Equity Shares of Rs 2/- each	100.00	[•]
D. Employee Reservation Portion*		
5,00,000 Equity Shares of Rs 2/- each	10.00	[•]
E. Net Issue to the public		
45,00,000 Equity Shares of Rs. 2/- each fully paid up	90.00	[•]
F. Equity Shares after the Issue		
6,11,50,000 Equity Shares of Rs. 2/- each fully paid up	1,223.00	[•]
G. Share Premium Account		
Before the Issue	Nil	Nil
After the Issue	[•]	[•]

*For Employees (excluding the Directors) of Emami in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Issue Closing Date.



Details of changes in Authorised Capital

Sr. No.	Particulars of Increase	Date of Meeting
1.	Rs. 25,00,000/- divided into 2,50,000 Equity Shares of Rs. 10 /- each	At the time of incorporation i.e. March 11, 1983.
2.	Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each by increase of 47,50,000 Equity Shares of Rs. 10/- each.	Extra Ordinary General Meeting of November 12, 1993
3.	Rs. 7,50,00,000 divided into 50,00,000 Equity Shares of Rs.10/- each aggregating Rs. 5,00,00,000/- and issue of 2,50,000 Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating to Rs 2,50,00,000/-	Extra Ordinary General meeting of December 23, 1997
4.	Rs. 8,50,00,000 divided into 60,00,000 Equity Shares of Rs.10/- each aggregating Rs.6,00,00,000/- by increase of 10,00,000 Equity Shares of Rs.10/- each, and creation of 2,50,000 Redeemable Cumulative Preference Shares of Rs 100/- each aggregating to Rs.2,50,00,000	Extra Ordinary General meeting of April 25, 1998
5.	Rs.15,00,00,000/- divided into 7,50,00,000 Equity Shares of Rs. 2/- each by sub-division of 60,00,000 Equity Shares of Rs.10/- each into 3,00,00,000 Equity Shares of Rs. 2/- each, reclassification of 2,50,000 Redeemable Cumulative Preference Shares of Rs.100/- each into 1,25,00,000 Equity Shares of Rs. 2/- each and creation of 3,25,00,000 Equity Shares of Rs. 2/- each.	Extra Ordinary General meeting of January 30, 2004

- The current authorised capital is sufficient to meet the requirements of the Fresh Issue.
- The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.
- A share split was approved at the EGM of the members of the Company held on January 30, 2004 resulting in 56,15,000 Equity Share of Rs.10/- each being subdivided into 2,80,75,000 Equity Shares of Rs. 2/- each.

Notes to Capital Structure

1. Share Capital History of the Company

Capital Build up: The existing equity share capital of the Company has been subscribed and allotted as under: -

Date of Allotment/ Fully paid up	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Value (Rs)	Consideration	Remarks	Cumulative share premium
11.03.1983	70	10/-	10/-	700	Cash	Subscribed at the time of incorporation of the Company.	Nil
05.05.1983	98,930	10/-	10/-	9,89,300	Cash	Allotted	Nil
30.08.1983	1,50,000	10/-	10/-	15,00,000	Cash	Allotted - Public Issue	Nil
17.09.1994	44,80,000	10/-	10/-	4,48,00,000	*As per the scheme of amalgamation	Allotted to shareholders, including persons other than promoters. Sanctioned by Hon'ble Calcutta High Court*	Nil
07.09.1998	8,86,000	10/-	10/-	88,60,000	**As per the scheme of amalgamation	Sanctioned by Hon'ble Calcutta High Court	Nil
30.01.2004	2,80,75,000	2/-	2/-	5,61,50,000	-	Split of Equity Share of Rs. 10/- into five Equity Shares of Rs. 2/- each as per approval of shareholders on January 30, 2004 (Record date February 24, 2004)	Nil
31.03.2004	2,80,75,000	2/-	2/-	5,61,50,000	Non Cash	Bonus Shares issued in ratio 1:1	Nil
Total	5,61,50,000	2/-		11,23,00,000			

* Merger of Himani Limited with AMP Udyog Vinayog Ltd. at a consideration of 7 Equity Shares of AMP Udyog Vinayog Limited issued for 1 Equity Share of Himani Limited.

** Merger of Emami Limited with Himani Limited at a consideration of 1: 1

Out of the total 5,61,50,000 Equity Shares of the face value of Rs. 2/- each,

- 2,80,75,000 Equity Shares of Rs. 2/- each have been issued as bonus shares.
- 44,80,000 Equity Shares of Rs. 10/- each were allotted on Merger of Himani Limited with AMP Udyog Vinayog Limited at a consideration of 7 Equity Shares of AMP Udyog Vinayog Limited issued for 1 Equity Share of Himani Limited as per the scheme of amalgamation sanctioned by the Hon'ble Calcutta High Court.
- 8,86,000 Equity Shares of Rs. 10/- each were allotted on Merger of Emami Ltd with Himani Ltd. at a consideration of 1:1 as per the scheme of amalgamation sanctioned by the Hon'ble Calcutta High Court.



2. Promoters Contribution & Lock-in period

As Emami is listed on BSE and CSE for more than 3 years and has a track record of dividend payment for 3 immediately preceding years, the requirement of promoters contribution shall not be applicable as per clause 4.10.1 (a) of chapter IV of the SEBI DIP guidelines.

3. Details of the capitalization of the reserves by the Company in the past

Date of allotment of Bonus Shares	Date of approval to the bonus issue	Ratio of bonus issue	Number of Equity Shares of Rs.2/- each issued as bonus.	Amount of reserves capitalized
March 31, 2004	January 30, 2004	1 Bonus Share for every 1 Equity Share held	2,80,75,000	Rs.5,61,50,000
Total			2,80,75,000	Rs.5,61,50,000

4. Shareholding Pattern of the Company before and expected after the Issue is given below:

Category	***Pre-Issue		Post issue	
	No. of Shares	% holding	No. of Shares	% holding
Promoters Group				
Promoters				
R. S. Agarwal	239000	0.43	239000	0.39
R. S. Goenka	96380	0.17	96380	0.16
Promoter Group				
Usha Agarwal	342220	0.61	342220	0.56
Bajrang Lal Agarwal	4000	0.01	4000	0.01
Shanti Devi Agarwal	380	0.00	380	0.00
Savitri Devi Agarwal	14000	0.02	14000	0.02
Madan Lal Agarwal	28000	0.05	28000	0.05
Aditya Vardhan Agarwal	523500	0.93	523500	0.86
Harsha Vardhan Agarwal	862280	1.54	862280	1.41
Priti Sureka	660000	1.18	660000	1.08
Richa Agarwal	102000	0.18	102000	0.17
Mansi Agarwal	100000	0.18	100000	0.16
Vibhash Vardhan Agarwal	336780	0.60	336780	0.55
Vidula Agarwal	80000	0.14	80000	0.13
Vidishree Agarwal	80000	0.14	80000	0.13
Rohin Raj Sureka	250000	0.45	250000	0.41
Avishi Sureka	100000	0.18	100000	0.16
Ratni Devi Goenka	7000	0.01	7000	0.01
Saroj Goenka	207000	0.37	207000	0.34
Raj Kumar Goenka	440000	0.78	440000	0.72
Meena Goenka	166700	0.30	166700	0.27
Suresh Kumar Goenka	419810	0.75	419810	0.69

Category	***Pre-Issue		Post issue	
	No. of Shares	% holding	No. of Shares	% holding
Santosh Goenka	218500	0.39	218500	0.36
Sushil Kumar Goenka	59000	0.11	59000	0.10
Indu Goenka	655500	1.17	655500	1.07
Laxmi Devi Bajoria	5000	0.01	5000	0.01
Mohan Goenka	50000	0.09	50000	0.08
Manish Goenka	45000	0.08	45000	0.07
Rachna Bagaria	60000	0.11	60000	0.10
Rashmi Goenka	50000	0.09	50000	0.08
Jyoti Goenka	190000	0.34	190000	0.31
Saswat Goenka	170000	0.30	170000	0.28
Shreya Goenka	80000	0.14	80000	0.13
Nimisha Goenka	80000	0.14	80000	0.13
Prashanth Goenka	85000	0.15	85000	0.14
Yogesh Goenka	184000	0.33	184000	0.30
Puja Goenka	60000	0.11	60000	0.10
Amitabh Goenka	150000	0.27	150000	0.25
Ashish Goenka	150000	0.27	150000	0.25
Jayant Goenka	175000	0.31	175000	0.29
Sachin Goenka	175000	0.31	175000	0.29
Smriti Goenka	60000	0.11	60000	0.10
Sobhna Agarwal	60000	0.11	60000	0.10
R. S. Agarwal (HUF)	582000	1.04	582000	0.95
R. S. Goenka (HUF)	94500	0.17	94500	0.15
Raj Kr. Goenka (HUF)	59500	0.11	59500	0.10
D. D. Agarwal (HUF)	40810	0.07	40810	0.07
Corporates				
Bhanu Vyapaar (P) Ltd.	10618700	18.91	10618700	17.37
Suraj Viniyog (P) Ltd.	10608810	18.89	10608810	17.35
Diwakar Viniyog (P) Ltd.	10549810	18.79	10549810	17.25
Suntrack Commerce (P) Ltd.	10258000	18.27	10258000	16.78
Emami Paper Mills Ltd.	3073000	5.47	3073000	5.03
Frank Ross Ltd.	226500	0.40	226500	0.37
EPL Securities Ltd.	14000	0.02	14000	0.02
TMT Viniyogan Ltd.	5000	0.01	5000	0.01
Total Promoters Group	53951680	96.08	53951680	88.23
Others				
Private Corporate Bodies`	1586437	2.83		
Public	611875	1.09		
NRIs/OCBs	8	0.00		
Sub Total	2198320	3.92	7198320	11.77
Total	56150000	100.00	61150000	100.00

*** As per the shareholding pattern as on 30.09.2004 filed with stock exchange.



5. Top 10 shareholders information on the following dates :

i As on December 10, 2004

Sr. No.	Name of the Shareholders	No. of Shares of Rs. 2/- each	%
1.	Bhanu Vyapaar Private Limited	10618700	18.91%
2.	Suraj Viniyog Private Limited	10608810	18.89%
3.	Diwakar Viniyog Private Limited	10549810	18.79%
4.	Suntrack Commerce Private Limited	10258000	18.27%
5.	Emami Paper Mills Limited	3073000	5.47%
6.	Harsha Vardhan Agarwal	862280	1.54%
7.	Avees Trading & Finance Limited	811060	1.44%
8.	BPC Tradecom Private Limited	758500	1.35%
9.	Priti Sureka	660000	1.18%
10.	Indu Goenka	655500	1.17%

ii. 10 days prior to above date (As on November 30, 2004)

Sr. No.	Name of the Shareholders	No. of Shares of Rs. 2/- each	%
1.	Bhanu Vyapaar Private Limited	10618700	18.91%
2.	Suraj Viniyog Private Limited	10608810	18.89%
3.	Diwakar Viniyog Private Limited	10549810	18.79%
4.	Suntrack Commerce Private Limited	10258000	18.27%
5.	Emami Paper Mills Limited	3073000	5.47%
6.	Harsha Vardhan Agarwal	862280	1.54%
7.	Avees Trading & Finance Limited	817410	1.46%
8.	BPC Tradecom Private Limited	758500	1.35%
9.	Priti Sureka	660000	1.18%
10.	Indu Goenka	655500	1.17%

iii. 2 years prior to date of filing of Draft Red Herring Prospectus with SEBI (As on December 31, 2002)

Sr. No.	Name of the Shareholders	No. of Shares of Rs. 10/- each	%
1.	Bhanu Vyapaar Private Limited	1061870	18.91%
2.	Suraj Viniyog Private Limited	1060881	18.89%
3.	Diwakar Viniyog Private Limited	1054981	18.79%
4.	Suntrack Commerce Private Limited	1025800	18.27%
5.	Emami Paper Mills Limited	307300	5.47%
6.	Harsha Vardhan Agarwal	141800	2.53%
7.	Aditya Vardhan Agarwal	78350	1.40%
8.	Mobile Mercantile Private Limited	75850	1.35%
9.	Indu Goenka	65550	1.17%
10.	Usha Agarwal	62650	1.12%

6. None of the Promoters, members of the Promoter Group or Directors of Promoter Companies have purchased, sold or financed any Equity Shares of the Company, during a period of six months preceding the date on which the Red Herring Prospectus has been filed with SEBI, except interse transfer within the group in the form of gift. There has been no consideration for the transfer of shares within the promoter group. The details are as under

S. No	Date of Transfer	Transferor	Transferee	No. of Shares
1	August 23, 2004	Usha Agarwal	Rohin Raj Sureka	150000
2	August 23, 2004	Usha Agarwal	Avishi Sureka	100000
3	August 23, 2004	Usha Agarwal	Priti Sureka	34280
4	August 23, 2004	Harsh Vardhan Agarwal	Priti Sureka	475720
5	August 23, 2004	Harsh Vardhan Agarwal	Vidisha Agarwal	80000
6	August 23, 2004	Aditya Vardhan Agarwal	Vridula Agarwal	80000
7	August 23, 2004	Aditya Vardhan Agarwal	Vibhash Vardhan Agarwal	80000
8	August 23, 2004	Aditya Vardhan Agarwal	Mansi Agarwal	100000
9	August 23, 2004	Saroj Goenka	Shreya Goenka	80000
10	August 23, 2004	Jyoti Goenka	Nimisha Goenka	80000
11	August 23, 2004	Mohan Goenka	Sashwat Goenka	10000
12	August 23, 2004	Rashmi Goenka	Sashwat Goenka	40000
		Total		1310000

7. The Promoters/Directors/BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company with any person.
8. An over subscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of 100 while finalizing the allotment.
9. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
10. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
11. In this Issue, in case of over-subscription in all categories, up to 50% of the Net Issue to public shall be available for allocation on a discretionary basis to Qualified Institutional Buyers, not less than 25% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Net Issue to public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of the Company in consultation with the BRLMs.
12. The Company will not issue further capital whether by way of bonus Shares, rights issue or preferential allotment or in any other manner during the period commencing from the submission of this Red Herring Prospectus with SEBI until the Equity Shares have been listed.
13. Only Employees of Emami during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Issue Closing Date would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Employees other than as mentioned hereinabove in this statement are not eligible to participate under this reservation. Bid/ Application by Employees of Emami can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
14. The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio 50:50.



15. Presently, the Company does not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue whether by way of split or consolidation of the denomination of the Shares or by way of a further issue of capital (including issue of securities convertible into or exchangeable, directly or indirectly for Shares) whether preferential or otherwise, except that the Company may issue options to its employees pursuant to an employee stock options scheme or, if the Company enters into any joint venture, merger or acquisition, the Company may consider raising additional capital to fund such activity or use Shares as currency for acquisition or participation in such joint ventures or issue shares on such merger, if any.
16. The Company has not raised any bridge loans against the proceeds of the Issue.
17. The Company has not issued Equity Shares for consideration other than cash except to the extent of Bonus Shares issued to the existing shareholders by capitalization of free reserves and the shares issued on the mergers mentioned in the Notes to Capital Structure on page 17 of the Red Herring Prospectus. The Company has revaluation reserves of Rs. 18559 lacs as on 30 September 2004.
18. The shares of the company held by the promoters and promoter group or companies promoted by promoter group are not locked in.
19. There will be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
20. The Company had a total of 986 Equity Share holders as on December 10, 2004.
21. The Company has availed of several credit facilities from banks and financial institutions for short-term loans and long term borrowings. The provisions of these agreements include restrictive covenants including negative lien on brands of the Company, undertaking not to declare dividend when Company's accounts are in arrears with the banks, covenants that require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, transfer change in the key personnel, create any charge, lien or encumbrance over their undertaking or any part thereof change in our constitutional documents and the right to appoint a nominee director on our Board of Directors upon an event of default.

OBJECTS OF THE ISSUE

The objects of the issue are as stated below:

1. To comply with the clause 40A of the listing agreement
2. To part finance the construction of corporate house
3. To meet the requirement for the normal capital expenditure
4. General Corporate Purposes including strategic initiatives and acquisitions
5. To meet the issue expenses

The company is making the issue to comply with the clause 40A(ii) of the Listing Agreement for the purposes of continuous listing, as per instruction of BSE. This is without prejudice to the right of SEBI to modify the requirements for continuous listing in the listing agreement.

The promoters of Emami Limited, in 1978, took over a sick unit named Himani Limited. In 1994, the said Himani Limited was merged with AMP Udyog Viniyog Limited (an existing listed Company which was listed on the Calcutta Stock Exchange) and the name of the resulting entity was changed to Himani Limited.

In 1995, the said Himani Limited obtained listing on The Stock Exchange, Mumbai, and the non-promoter holding at the time of such listing was 4.84%. Emami Ltd was merged with the said Himani Limited and the name of the merged entity was changed to Emami Limited.

According to Clause 40A of the Listing Agreement of the BSE and the CSE, one of the conditions for continued listing is that where the non-promoter holding of an existing listed Company as on 1st April, 2001 is less than the limit of public shareholding as required at the time of initial listing, the Company shall, within one year, raise the level of non-promoter holding to at least 10%.

Notwithstanding the fact that Emami Limited did not get initial listing on the BSE or the CSE by way of an IPO, as on 1st April, 2001, the public shareholding of Emami Limited was 3.92%. Accordingly, the Company is seeking to raise this to at least 10% in the course of the current public issue. The Company is now therefore seeking to achieve such compliance by coming out with the current issue.

After the proposed public issue, the non-promoter holding of Emami Limited is expected to be 11.77%.

Requirement of funds and means of finance:

The total estimated fund requirement is as follows:

Rs. In Lacs

Sr. No.	Particulars	Cost
I	Construction of Corporate House	1746
II	Capital Expenditure	950
III	General Corporate Purposes including strategic initiatives and acquisitions	2000
IV	Issue Expenses (approximate)	245
	Total (approximate)	4941



Means of Finance

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other Issue-related expenses, is estimated at Rs. [•] lacs. The Issue amount will be determined based on the Issue Price discovered through the book- building process.

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described in point no. I-III above. In case funds raised in the Issue are lower than our total budgeted requirements, the Company intends to use internal accruals to finance the shortfall.

Deployment of funds

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution.

I Construction of Corporate House :

The company has been growing rapidly in the last few years and there is a need for addition premises to house the marketing, finance, purchase, logistics. Human resource, systems and other administrative functions. Currently the activities are managed from different premises in Kolkata. Housing all the activities including the management in one building would increase efficiencies in operations and performance of the company.

Year wise deployment of funds:

Rs. in Lacs				
Particulars	Till Mar' 04	2004-05	2005-06	Total
Land Cost incl. Stamp Duty	135	-	-	135
Building Construction	11	250	1000	1261
Interiors	-	25	325	350
Total	146	275	1325	1746

Based on the certificate provided by the statutory auditors of Emami, M/s Saxena & Company, dated February 16, 2005, the amount spent on the corporate house as on March 31, 2004 is Rs. 146 Lacs and the amount has been spent through internal accruals of the company.

Current Status

The pile foundation work has been completed. The Company plans to complete the construction by March 2006. Based on the certificate provided by the statutory auditors of Emami, M/s Saxena & Company, dated December 23, 2004, the amount spent on the corporate house as on September 30, 2004 is Rs.274 Lacs and as on December 31, 2004 is Rs. 311.36 Lacs, vide certificate dated February 16, 2005.

1. Land

The Company has taken the land on lease basis for a period of 99 years (with an option for renewal) from Kolkata Metropolitan Development Authority. The area of the land is around 2795 Sq Mts. The address of the above mentioned land is Plot No. I-25B/2 Service Road (Situated within I – Sector) East Kolkata Area Development Project, 24 Parganas (S), Kolkata 700 107. The Company has paid Rs.135 lacs towards the lease including the stamp charges and registration.

2. Construction of the building

The proposed structure of the building would be of RCC. The building would have a basement plus ground plus eight floors. The building would be a high-tech building having facility of central air-conditioning plant, high-speed lifts, ultra modern fire fighting system and 24 hours power break-up facility. The designing of the building has been done by the renowned architect M/s Hafeez Contractor & Associates, Mumbai. The contract for the civil construction work has been given to a civil contractor. According to the company estimates, the total cost of the construction of the building would be as under:

		Rs. in Lacs
S. no.	Particulars	Amount
1	Super Structure	385
2	Air condition plant	160
3	Elevation treatment	90
4	Hitech fire fighting System	50
5	Genset	30
6	Architect Fees	35
7	Sanction fee and administrative cost	155
8	Lift	60
9	Others	298
	Total	1261

The company has permission from the competent authority to construct the building up to the plinth area and accordingly a sum of Rs. 115 lacs (approx.) has been paid towards sanction fees to the Kolkata Municipal Corporation.

3. Interiors

The Company will be finalizing the interior layout and designing after super structure of the building is completed. The Company has budgeted an expense of Rs.350 lacs for the interior.

II Capital Expenditure :

On an average the company has spent around Rs 1000 lacs per annum on Capital Expenditure in the last 3 years. The Company plans to spend Rs. 450 lacs in the financial year 2005 and Rs. 500 lacs in the financial year 2006.

Year wise deployment of funds:

Particulars	Rs in lacs	
	2004 -05	2005-06
Plant & machinery	257	350
Buildings	85	10
Furniture & Equipments	33	130
Others including WIP	75	10
Total	450	500

The amount already spent during the period from April 1, 2004 to September 30, 2004 is Rs.319 lacs.



The details of the capital expenditure is as under:

1. Plant & Machinery

The breakup of expenditure is shown below:

Rs in lacs		
Particulars	FY 2004-05	FY 2005-06
Moulds		
- For Ayurvedic Medicines, Talcs, Cosmetics etc	28	0
- Pet Bottle moulds		80
- Moulds for packaging of Shampoos and ayurvedic medicines		100
Manufacturing lines (Mixing, filling and packaging)		
- Cough Syrup	28	
- Massage oils	23	
- Antiseptic Cream & Others	124	
- Creams		50
- Pouch filling machines for Oils- 2 nos		50
- Hair Oil		50
- Balm		20
Machine for increasing oil production capacity and improving efficiency in the unit at Guwahati	36	-
Other utilities	18	-
Total	257	350

Out of the total proposed expenditure of Rs 257 Lacs for FY 2004-05, Rs 247 Lacs has already been spent until January 31, 2005.

2. Buildings

The Company has already spent Rs. 9 lacs for the modification of their existing factory at Kolkata and Rs. 42 lacs on the construction of the building for their unit at Guwahati till January 31, 2005. The company proposes to spend further Rs.24 lacs on the Guwahati unit and Rs.10 lacs on the existing unit at Kolkata in FY 2004-05. The Company proposes to spend Rs.10 lacs in FY 2005-06 on the additions/alterations of the unit at Guwahati.

3. Furniture & Equipments

The details of the expenditure are mentioned below:

Rs in lacs		
Particulars	FY 2004-05	FY 2005-06
Furniture – Storage solutions, tables, chairs , racks etc.	24	-
Equipments – Computers, Air conditioner, other equipments	9	-
Hardware, software and network charges for ERP/ new Software implementation		130
Total	33	130

The Company has already spent Rs.33 lacs till January 31, 2005. The Company proposes to implement new software in FY 2005-06. The Company is in the process of taking quotations from various vendors for SAP/new IT solutions.

4. Others including WIP

The Company has already spent Rs.57 lacs on the purchase of cars and modifications of machines and buildings for which work is in progress. The balance Rs.18 lacs will be spent on these assets including miscellaneous assets and contingencies in FY 2004-05. The Company has projected an expense of Rs.10 lacs for FY 2005-06 on this account.

III General corporate purposes including strategic initiatives and acquisitions :

The Company seeks to further enhance its position as a leading player in the Indian Personal and Health Care industry. The Company believes in achieving critical mass by way of sustained financial performance achieved through vertical integration, efficient operations and inorganic growth. The investments through inorganic growth will be in the form of acquisitions of full or partial stake in other companies in the personal and health care industry. The Company has identified acquisitions as one of its key growth strategies. While the Company has not identified any specific acquisition opportunity, its acquisition strategy is driven by leveraging its business and delivery model. The Company's strategic management team is continuously exploring and examining appropriate opportunities for investments in possible acquisitions, joint ventures or strategic alliances directly or through its subsidiary.

The Company also plans to continue investing in and developing the "Emami" brand in the market and within the industry. It will also pursue its strategy of increasing its market share and capture new markets by acquiring brands within its key focus areas. Acquisition of brands will lead to economies of scale and additional production would be at marginal costs only.

As at the date of this Red Herring Prospectus, the Company has not entered into any letter of intent or any other commitment for any other acquisition/investments/joint ventures or definitive commitment for any such strategic initiatives and acquisitions. The Board of Directors of the Company reviews various opportunities as and when they arise. In case the opportunity is found viable the investment will be made by the Company after seeking and obtaining the requisite approvals.

IV Issue expenses :

The expenses for this Issue include underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, fees to various advisors, statutory advertisement expenses and listing fees payable to the stock exchanges, among others. The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	Approximate Amount	% of total expenses	% of total issue size*
Lead Management, underwriting and selling commission*	120	48.98	
Advertisement and Marketing expenses	30	12.25	
Printing and stationery	45	18.37	
Others (Registrars fee, legal fee, listing fee, etc)	50	20.40	
Total estimated Issue expenses	245	100.00	

*will be incorporated after finalisation of Issue Price

All expenses with respect to the Issue would be borne by the Company.

Interim use of funds:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the Company from the Issue. Pending utilization for the purposes described above, the Company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, inter corporate deposits, deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

Monitoring of utilisation of funds:

The Board will monitor the utilization of the proceeds of the Issue. No part of the Issue proceeds will be paid by the Company as consideration to the Company's Promoters, Directors, key management personnel or companies promoted by the Company's Promoters except in the course of normal business.



SECTION IV: OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles, conditions of the FIPB and RB1 approvals, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications, and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI/GoI/Stock Exchanges/RBI/RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

The issue of equity shares has been authorized by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, 1956, at the extra-ordinary general meeting of the shareholders of the Company held on January 30, 2004. Subsequently, the Board of Directors have approved the fresh issue of 50,00,000 equity shares at its meeting held on December 13, 2004.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles and shall rank paripassu in all respects with the other existing Equity Shares of the Company including rights in respect of dividend.

FACE VALUE AND ISSUE PRICE

The Equity Shares with a face value of Rs. 2/- each are being offered in terms of this Red Herring Prospectus at a price of Rs. [•] per Share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

COMPLIANCE WITH SEBI GUIDELINES

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDER

Subject to applicable laws, the Equity shareholders shall have the following rights:-

- Right to receive dividend, if declared
- Right to attend general meetings and exercise voting powers, unless prohibited by law
- Right to vote on a poll either in person or by proxy
- Right to receive offers for rights shares and be allotted bonus shares, if announced.
- Right to receive surplus on liquidation .
- Right of free transferability,
- Such other rights, as may be available to a shareholder of a listed public Company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation / splitting of Shares, refer to the section titled "Main Provisions of Articles of Association of the Company" on page 160 of this Red Herring Prospectus.

MARKET LOT

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be issued only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

Since trading of the Equity Shares will be in dematerialized form/mode, the tradable lot shall be one Equity Share. Allocation and allotment of Equity Shares in this Issue will be done only in electronic form in multiple of 1 Equity Share subject to a minimum allotment of 100 equity shares

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with competent courts/ authorities in Kolkata, India.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his/her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either; -

- a) to register himself or herself as the holder of the Equity Shares ; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to elect/choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment/transfer of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

SUBSCRIPTION BY NRI/FIIS/ FOREIGN VENTURE CAPITAL FUNDS REGISTERED WITH SEBI

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, there exists a general permission to the NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI to invest in shares of an Indian company by way of subscription in a Public Issue. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIBP/RBI for the specific purpose. However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI. Applicants will be treated on the same basis with other categories for the purpose of allocation.

INVESTOR GRIEVANCES

Investors are requested to contact the Registrars to the Issue and/or Compliance Officer for any grievances giving full details of Bid-Cum Application form.



ISSUE STRUCTURE

The present issue of 50,00,000 Equity Shares of Rs. 2/- each at a price of Rs. [•] for cash aggregating to Rs. [•] lacs is being made through a 100% Book Building Process. Details on the Issue structure are tabulated below:

Particulars	Employees	QIBs	Non-institutional Bidders	Retail
Number of Equity Shares	Up to 5,00,000 Equity Shares	Up to 22,50,000 Equity Shares or Net Issue to public less allocation to Non-Institutional Bidders and Retail Bidders	Minimum of 11,25,000 Equity Shares or Net Issue to public less allocation to QIBs and Retail Bidders.	Minimum of 11,25,000 Equity Shares or Net Issue to public less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 10% of the Issue size.	Up to 50% of Net Issue to public or Net Issue less allocation to non - institutional Bidders and Retail Bidders	Minimum 25% of Net Issue to public or net Issue less allocation to QIBs and Retail Bidders	Minimum 25% of Net Issue to public or Net Issue less allocation to QIBs and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	100 Equity Shares and thereafter in multiples of 100 Equity Shares	Minimum Bid Amount of Rs. 50,001 and in multiples of 100 Equity Shares.	Minimum Bid Amount of Rs. 50, 001 and in multiples of 100 Equity Shares.	100 Equity Shares and thereafter in multiples of 100 Equity Shares
Maximum Bid	Not exceeding . 5,00,000 Equity Shares	Not exceeding the size of the Issue	Not exceeding the size of the Issue	Not exceeding Rs. 50,000/-
Allotment Mode	Compulsory in dematerialized form	Compulsory in dematerialized form	Compulsory in dematerialized form	Compulsory in dematerialized form
Trading Lot	One	One	One	One
Size of allocation	100	100	100	100
Who can Apply	Employees of Emami in India during the period commencing from the date of filing the Red Herring prospectus with RoC and the Issue closing date	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state industrial development corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, provident pension funds with minimum corpus of Rs 25crore	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts promoted by except the companies, the promoter and promoter group.	Individuals (including NRIs and HUFs) applying for an amount up to Rs. 50,000. except the companies promoted by the promoter and promoter group
Terms of Payment	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate
Margin Amount	Full Bid Amount on Bidding	Nil	Full Bid Amount on Bidding	Full Bid Amount on Bidding

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- Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.
 - The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Employees of Emami will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio of 50:50.
 - Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at the discretion of the Company in consultation with the BRLMs.



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Method wherein up to 10% of the Issue will be reserved for the Employees of the Company. Out of the net Issue to public, up to 50% of the Net Issue to public shall be allocated to QIBs. Further, not less than 25% of the Net Issue to public shall be available for 'allocation on a proportionate basis to Non-Institutional Bidders and not less than 25% of the Net Issue to public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof, in case of QIBs. In case of Employee Reservation Portion, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be issued to all successful allottees, only in the dematerialised form.

Bid-cum-Application Form

Bidders shall only use the specified Bid- cum- Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make .a maximum of three Bids in their Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, despatch of the Confirmation of Allocation Note and filing of Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the application form. Upon completing and submitting of the Bid-cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Prospectus with RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum -Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
NRIs/FIIs or Foreign Venture Capital funds registered with SEBI applying on a repatriation basis.	Blue
Employees of Emami in India	Pink

Who can Bid

- Indian nationals resident in India who are majors, in single or joint names (not more than three) except the promoters and promoter group.
- Hindu Undivided Families or HUFs, in the individual name of Karta except the HUFs of promoters and promoter group. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application form as follows: "Name of sole or first Bidder: XYZ" Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals
- Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares except the companies promoted by the promoters and the promoter group.
- Indian mutual funds registered with SEBI.
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable)
- Venture Capital Funds registered with SEBI.
- Foreign Venture Capital Investors registered with SEBI.

- viii. State Industrial Development Corporations.
- ix. Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares).
- x. NRIs and FIIs on repatriation basis or a non-repatriation basis subject to applicable laws.
- xi. Scientific and/or industrial research organizations authorised to invest in Equity Shares.
- xii. Insurance companies registered with Insurance Regulatory and Development Authority.
- xiii. Provident funds with minimum corpus of Rs. 25 crores and who are authorized under their constitution to hold and invest in Equity Shares
- xiv. Pension funds with minimum corpus of Rs. 25 crores
- xv. Multilateral and bilateral development financial institutions

Note: The BRLMs and the Syndicate Members and any associate of BRLMs and the Syndicate Members, (except asset management companies on behalf of mutual funds, public sector banks and Indian financial institutions) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or Equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.
- No mutual fund under all its schemes should own more than 10% of any Company's paid-up capital carrying voting rights.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of its total issued capital of the Company. With approval of shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, till date, no such resolution has been recommended to the shareholders of the Company for adoption.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of the Company's paid-up Equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the limits under applicable laws or regulations.



Maximum and Minimum Bid size

- (a) **For Retail Bidders:** The Bid must be for such number of Equity Shares and in multiples of 100 Equity Shares thereafter, subject to maximum bid amount of Rs. 50,000/-. In case the maximum Bid Amount is for more than Rs. 50,000/-, then the same would be considered for allocation under the Non-Institutional Bidders category. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs. 50,000/-. In case the Bid Amount is over Rs. 50,000/- due to revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- (b) **For other (Non-institutional Bidders and QIBs) Bidders:** The Bid must be for a minimum of such number of Equity Shares and in multiples of 100 Equity Shares thereafter, that the Bid Amount exceeds Rs. 50,000/- A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 50,000/-. In case the Bid Amount reduces to Rs. 50,000/- or less due to a revision in Bids, the same would be considered for allocation under the Retail Portion.

- (c) **For Employee Reservation Portion:** The Bid must be for a minimum of 100 Equity Shares and in multiples of 100 Equity Shares thereafter. The maximum Bid in this category cannot exceed 5,00,000 Equity shares.

Information for the Bidders

- The Company will file this Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
- The Syndicate Members will circulate copies of this Red Herring Prospectus along with the Bid-cum- Application Form to their potential investors.
- Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining this Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the registered office of the Company or from the BRLMs or from a Syndicate Member.
- Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLMs/ Syndicate Members or their authorized agent(s) to register their bid.
- The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum- Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

Method and Process of Bidding

- The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Bengali). This advertisement shall contain the salient features of the Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLMs and Syndicate members and their Bidding centers. The BRLMs and the Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- The Bidding Period shall be open for at least 5 days and not more than 10 days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
- During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every

member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on this page of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph ‘Build up of the Book and Revision of bids’ on page 40 of this Red Herring Prospectus.
6. The members of the Syndicate will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Collection Account” on page 38 of this Red Herring Prospectus.

Bids at Different Price Levels

1. The price band has been fixed at Rs. 60 to Rs. 70 per Equity Share, Rs. 60 being the floor of the price band and Rs.70 being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1/-
2. The Company, in consultation with the BRLMs, can revise the Price Band by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Bengali) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs. 50,000/- may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and Employees bidding for more than Rs 50,000/- and such Bids from QIBs, Non Institutional Bidders and Employees will be rejected.
6. Retail Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Bidder bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the allocation amount payable by the Retail Bidders (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Bidders shall receive the refund of the excess amounts from the Escrow Account.



7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their Bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000/-, the Bid will be considered for allocation under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Escrow Mechanism

Escrow Account of the Company

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidder shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account of the Company. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company. The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrars to the Issue and the BRLMs to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid-cum-Application Form draw a cheque/demand draft for the maximum amount of his/her bid in favour of the Escrow Account of the Escrow Collection Bank(s) (refer to "Payment instructions" on page 45 for further details) and submit the same to the Syndicate Member (s) to whom the Bid is being submitted. Bid-cum-Application form accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form, based on the highest bidding option of the Bidder. Where the Bid is at cut-off price, the investor will be required to make payment at the highest price in the indicative price band. The Syndicate Members) shall deposit such cheque/demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue.

The balance amounts after transfer to the Public Issue Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to a refund. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Each category of Bidders (i.e. Non-Institutional Bidders, Retail Bidders and Employees of Emami Ltd) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The details of the Margin Amount payable will be available with the members of the Syndicate and will be as per the Syndicate Agreement. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made

favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Rate for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form. The Syndicate Members may, at their discretion, waive such payment at the time of the submission of the Bid cum- Application Form. Where such payment at the time of bidding is waived at the discretion of the Syndicate member or where there is a shortfall as a result of cut-off price being more than the highest price in the indicative price band, the Issue Price or the difference, as the case may be would be paid within 4 days on communication by the BRLMs of the list of Bidders who have been allocated Equity Shares to the Syndicate Members. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled and the Syndicate Member shall bring in the funds under his underwriting obligation.

However, if the BRLMs and Syndicate Member does not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form. Where the Bidder has been allocated lesser number of Equity Shares than what he or she had Bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such bidder within 15 days from the Bid Closing Date.

Margins collected from a Bidder shall be credited to the Escrow Banker. No part of the margin shall be held by the Syndicate Member or realized to his credit. The Syndicate Member shall deposit the margins latest by the next day to the date of the Bid along with the margin.

The allocation of securities relating to the Issue shall be made within 15 days from the Bid/Issue Closing Date for Issue. The Company shall pay interest @ 15% p.a. if allocation is not made within 15 days from the Bid/Issue Closing Date and refund orders are not despatched to the Bidders within 15 days of Bid/ Issue Closing Date, for any delay beyond 15 days.

Electronic Registration of Bids

- a) The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one NSE/BSE on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- b) The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Syndicate Member will upload the Bids until such time as permitted by the Stock Exchanges.
- c) The aggregate demand and price for bids registered on each of the electronic facilities of the NSE and the BSE will be downloaded on a half-hourly basis, consolidated and displayed online at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d) At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the on-line system:
 - Name of the investor
 - Investor category – Employee/Individual/Corporate/NRI /FII/mutual funds etc.
 - Number of Equity Shares bid for
 - Bid Price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification no. and client identification no. of the dematerialized account of the Bidder

- e) A system generated Transaction Registration Slip (TRS) (or the Order Confirmation Note) will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate Members. The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) The BRLMs/Syndicate Member has the right to vet the bid. Consequently, the BRLMs, Syndicate Members also have the right to accept the bid or reject it without assigning any reason in case of QIB's. In case of non-institutional Bidders, Employee Reservation Portion and Retail Bidders, Bids would not be rejected except on the technical grounds listed elsewhere in the Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by the NSE and BSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLMs etc. are cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project.
- i) It is also to be distinctly understood that the approval given by the NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids.

- a. Bids registered by various Bidders through the Syndicate Member shall be electronically transmitted to the BSE/the NSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- b. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.
- c. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
- d. During the Bidding Period, any Bidder who has registered an interest in the Equity Shares at a particular price level is free to revise the bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- e. Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. The Bidder must complete details of all the options in the Bid-cum Application Form or earlier Revision Form and revisions for all the options as per his Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms will not be executed by the Syndicate Member.
- f. The Bidder can make this revision any number of times during the Bidding Period. However, for any revisions in the earlier Bid, the Bidder will have to use the services of the same Syndicate Member through whom he has placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.

- g. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on the upward revision of the Bid. The excess amount, if any, resulting from downward revision of Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIBs, the Syndicate Members may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
- h. When a Bidder revises his or her bid, he or she shall surrender the earlier TRS and obtain a revised TRS from the Syndicate Member. It is the responsibility of the Bidder to request for and get the revised TRS, which will act as proof of his or her having revised the bid.
- i. For Employee Reservation Category, the Bid must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter, subject to a maximum of 5,00,000 Equity Shares.
- j. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of Bid-cum Application Form shall be final and binding on all concerned.

Bids by Employees of Emami

For the purpose of this reservation, Employee means permanent Employees (excluding Directors) of Emami in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Issue Closing Date.

Bids under Employee Reservation Portion by Employees shall be

- Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Pink colour Form)
- Permanent Employees, as defined above, should mention the following at the relevant place in the Bid cum Application Form
- Employee Number
- The sole/ first bidder should be Permanent Employees as defined above.
- Only Permanent Employees, as defined above, would be eligible to apply in this Issue under this Reservation Portion.
- ?Bids by Permanent Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- ?Permanent Employees, as defined above, who apply or bid for securities of or for a value of not more than Rs. 50,000/- in any of the bidding options can apply at Cut-Off. This facility is not available to other Permanent Employees whose minimum Bid amount exceeds Rs. 50,000/-.
- The maximum bid in this category can be for 5,00,000 Equity Shares.
- If the aggregate demand in this category is less than or equal to 5,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Permanent Employees, as defined above, to the extent of their demand.
- Undersubscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50.

If the aggregate demand in this category is greater than 5,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para “Basis of Allotment” on page 152 of this Red Herring Prospectus

Price Discovery and Allocation

- a) After the Bid Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss the pricing strategy with the Company.
- b) The Company, in consultation with the BRLMs will finalize the Issue Price, the number of Equity Shares to be allotted and the allotment to successful QIB Bidders. The allocation to QIBs will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.



- c) The allocation to Employees of Emami will be upto 10% of the Issue on a proportionate allotment basis. The allocation for QIBs would be up to 50% of the Net Issue to public on a discretionary basis. The allocation to Non-Institutional Bidders and Retail Bidders would be not less than 25% of the Net Issue to public in each category on proportionate basis, in consultation with the The Stock Exchange, Mumbai designated stock exchange, subject to valid Bids being received at or above the Issue Price.
- d) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLMs.
- e) Allocation to eligible Non Residents including NRIs/FILs applying on repatriation basis will be subject to the terms and conditions, if applicable, stipulated by the FIPB and RBI while granting permission for the transfer of Equity Shares to them.
- f) The BRLMs and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning reasons therefore.

Signing of Underwriting Agreement and RoC Filing

- a. The Company, on its own behalf, the BRLMs and other Syndicate Members shall enter into an Underwriting Agreement on being intimated about the Issue Price and allocation(s) to their Bidders.
- b. After the Underwriting Agreement is signed among the Company, on its own behalf, the BRLMs and the other members of the Syndicate, the Company will file the Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of this Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price of the securities along with a table showing the number of Equity Shares to be issued. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note and Allotment for the Issue

- a. The BRLMs / Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allocated Equity Shares in the Issue.
- b. The Members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c. Bidders who have been allocated Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

Successful Bidders will receive credit for the Equity Shares directly in their depository account. Equity Shares will be allotted only in the dematerialized form to the allottees. Successful Bidders will have the option to re-materialize the Equity Shares so allotted/transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

The Company will ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date and also ensure that credit is given to the Successful Bidders' depository accounts within two working days from the date of allotment.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or non-resident Bid-cum-Application Form (blue in colour), employees reservation form (pink in colour) as the case may be
- c) Ensure that you Bid only in the Price Band
- d) Enter correct details about DP and Beneficiary Account as no physical shares will be issued
- e) Submit Bids on forms bearing stamp of the Syndicate Member at the Bidding Centers only Obtain TRS for all your options
- f) Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS

Don'ts:

- a) Do not Bid for lower than minimum Bid size
- b) Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band
- c) A Bidder should not bid on another Bid-cum-Application Form after he has submitted the Bid to a Syndicate Member
- d) Do not pay Bid amount in cash
- e) Do not send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only
- f) Do not Bid at cut off price (for Non-Institutional and QIBs)
- g) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law

Instructions for Filling Up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.

Bids and Revision of Bids

Bids and revisions to Bids must be:

- a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis and blue colour for NRIs or FIIs applying on repatriation basis) and pink colour for Employees of Emami
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- c) For Retail Bidders, the Bids must be for a minimum of 100 Equity Shares and in multiples of 100 thereafter subject to a maximum Bid amount of Rs. 50,000/-.
- d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 50,000/- and in multiples of 100 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
- e) In single name or in joint names (not more than three).



- f) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily/ filled in the Bid-cum-Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details, should be the same as those mentioned in the Bidder's Depository account, as those details will be printed on the refund orders. Bid-cum-Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's Depository account are correct.

Bidder's Depository Account Details

It is mandatory for all the Bidders to get their Equity Shares using the Depository mode. All Bidders should mention their Depository Participant's name, DP-ID and beneficiary account number in the Bid-cum-Application Form. In case the Bid-cum-Application Form is submitted in joint names, it may be ensured that the Depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with the Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions that the Company/the BRLMs may deem fit.

Bids by NRIs

NRI Bidders will have to comply with the following:

Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's Registered Office at: 6A, R.N. Mukherjee Road, Stephen House, Kolkata -700001, or from members of the Syndicate or the Registrars to the Issue.

NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids by non-residents including NRIs or FIIs on a repatriation basis.

Bids and Revision to Bids must be made:

- a) On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- b) In a single name or joint names (not more than three)
- c) By NRIs - Bids for a Bid Amount of up to Rs. 50,000/- would be considered under the Retail Bidders portion for the purposes of allocation and Bids for a Bid amount of more than Rs. 50,000/- would be considered under the Non-Institutional Bidders portion for the purposes of allocation;
- d) By FIIs - for a minimum of such number of Equity Shares and in multiples of 100 thereafter that the Bid Amount exceeds Rs. 50,000; for further details see “Maximum and Minimum Bid Size” at page 36 of this Red Herring Prospectus.
- e) In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- f) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Company shall open an Escrow Account of the Company with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Members shall also open Escrow Accounts of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of Resident Bidders: **“Escrow Account - Emami Ltd. Public Issue”**
 - (b) In case of Non Resident Bidders: **“Escrow Account - Emami Ltd. Public Issue -NR”**
 - (c) In case of Permanent Employees of Emami: **“Escrow Account - Emami Ltd. Public Issue Employees”**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary account of a Non-Resident

bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
7. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the BRLM/Syndicate Member at the time of submitting the Bid-Cum Application Form. The BRLM/Syndicate Member may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection center of the BRLM/Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made by individuals in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bid made clearly indicate their intention as to each scheme concerned for which the Bid has been made.

The BRLMs reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

PAN/GIR Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs. 50,000/- or more, i.e. the actual numbers of Equity Shares Bid for multiplied by the Bid Price, is Rs. 50,000/- or more the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the Income-

tax Act or where the same has not been allotted, the GIR Number and the Income-tax Circle/Ward/District. In case, neither the PAN nor the GIR numbers, has been allotted, the Bidders must mention “Not allotted” in the appropriate place. Bid cum Application Forms without this information/photocopy/PAN Communication/declaration will be considered incomplete and are liable to be rejected. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for,
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by minors;
5. PAN or GIR Number not given if Bid is for Rs. 50,000/- or more;
6. Bids for lower number of Equity Shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band,
8. Bids at cut-off price by a QIB or a Non Institutional Bidder;
9. Bids for number of Equity Shares, which are not multiples of 100
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid-cum-Application Form does not have the stamp of a member of the Syndicate;
14. Bid-cum-Application Form does not have the Bidder’s depository account details;
15. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form
16. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same at page 35 of this Red Herring Prospectus;
17. Bids by Employees of Emami located outside India or by Employees of any subsidiary or other affiliate of such company; or
18. Bids not duly signed by the sole/joint Bidders; or
19. Bids by OCBs.

Equity Shares in Dematerialized form with NSDL & CDSL

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be issued only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.)



In this context:

- a. The following two tripartite agreements have been signed between Maheshwari Datamatics (P) Limited (Registrars of the Company), the Depositories and the Company,
 1. An Agreement dated October 24, 2000 among NSDL, the Company and Maheshwari Datamatics (P) Limited
 2. An Agreement dated December 8, 2000 among CDSL, the Company and Maheshwari Datamatics (P) Limited.
- b. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:
 1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
 2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
 3. Equity Shares allotted/transferred to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
 4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository, In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidders).
 5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form.
 6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
 7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed are connected to NSDL and CDSL.
 8. The trading of Equity Shares of the Company would only be in dematerialized form for all investors.

Procedure For Application by Mutual Funds and Multiple Applications.

A separate application can be made in each scheme of an Indian Mutual Fund registered with SEBI and such applications shall not be treated as multiple application. The applications made by Asset Management Companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made.

Communications

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque /draft number and issuing bank thereof.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

Undertaking by the Company

The Company undertakes as follows:

- i. that the complaints received in respect of this Issue shall be attended to by the Company expeditiously;
- ii. that the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalization of the basis of allotment;

- iii. that the funds required for despatch of refund orders/allotment letters/ certificates by registered post/ speed post shall be made available to the Registrars to the Issue by the Issuer;
- iv. that the refund orders or allotment advice to the NRIs or FIIs shall be despatched within specified time; and
- v. that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, undersubscription, etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certify that:

- i) all monies received out of the Fresh Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- ii) details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- iii) details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- iv) The utilization of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of the company indicating the purpose for which such monies have been utilized.
- v) The details of all unutilized monies out of the funds received under reservations shall be disclosed under a separate head in the balance sheet of the company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received

Pending utilization for the purposes described above, the Company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, inter corporate deposits, deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

Procedure and Time Schedule for Allotment of Equity Shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment

Disposal of Applications and Application Money

The Company shall ensure despatch of allotment advice or refund orders and giving of benefit to the beneficiary account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company shall ensure the despatch of refund orders, if any, of value up to Rs. 1,500/- "Under Certificate of Posting", and despatch of refund orders above Rs. 1,500/-, if any, by registered post or speed post at the sole or First Bidder's sole risk.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:



- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) The Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not despatched and/or dematerialized credits are not made to investors within the 15 day time prescribed above. The Company will provide adequate funds required by the Registrars to the Issue for despatch of refund orders or allotment advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the Company if refund orders are not despatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Govt. of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Unique Identification Number – MAPIN

In terms of SEBI (Central Database of Market Participants) Regulations, 2003 as amended from time to time and SEBI Notification dated November 25, 2003 and July 30, 2004, circular dated August 16, 2004 and press release dated December 31, 2004, no specified investor being a body corporate shall subscribe to securities which are proposed to be listed in any recognized stock exchange unless such specified investor, its promoters and directors have been allotted unique identification numbers (UIN) save and except: (i) those promoters or directors who are persons resident outside India, who are required to obtain UIN before December 31, 2005; and (ii) where such specified investor being a body corporate has applied for allotment of a UIN before December 31, 2004 and has not yet been allotted the UIN until the disposal of his application or, where he has filed an appeal, till the disposal of the appeal, as the case may be.

In terms of the above it shall be compulsory for specified investor being a body corporate making application in this issue/Offer to give their UIN. In case where a body corporate has made an application for such number before December 31, 2004 but the same has not been allotted, or where an appeal has been filed, but not disposed off, the investor shall indicate the same in the space provided in the Application form.

Application forms from specified investors being body corporate not providing their UIN or UIN application status in cases which have applied for such UIN before December 31, 2004, shall be liable to be rejected.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the FMCG manufacturing sector is permitted up to 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with BRLMs considering the following qualitative and quantitative factors and on the basis of assessment of market demand for the proposed issue of Equity Shares by way of the Book Building Process.

Qualitative Factors

1. The company has been promoted by Shri R.S. Agarwal and Shri R. S. Goenka who have over 25 years of experience in the personal care and health care industry.
2. The company products range is represented by robust and highly visible brands. In most of its products segments, its brands are the market leaders

Brands	Market Share
Himani Boroplus Antiseptic Cream	58.9%
Navratna Oil	45.9%
Boroplus Prickly Heat Powder	22.5%
Sona Chandi Chyawanprash	10.5%
Mentho Plus Pain Balm	12.4%

3. Ongoing research and development focus has helped the company to upgrade existing products and develop new varieties. Based on strong in house R&D efforts, the Company has launched a range of Herbal and Ayurveda centric products.
4. Company's products are distributed through an extension network of J.B. Marketing and Finance Ltd. (JBM), group company, to over 1700 distributors, 2100 sub stockists, and 150 super stockists . Its products are available in 3,50,000 retail outlets in India.
5. The company exports the products to more than 48 countries.
6. Most of the manufacturing units of the Company are having certification of ISO 9001:2000 and cGMP compliance.
7. The company has set up a new manufacturing unit in Assam which is entitled to 100% exemption from Income Tax and central excise duty upto the year 2013 besides sales tax exemption upto Rs. 1227 Lacs till 2010.

Quantitative Factors

1. Adjusted Earnings Per Share

	EPS*	Weight
a) 2001-02	3.02	1
b) 2002-03	3.59	2
c) 2003-04	3.86	3
d) Weighted Average EPS	3.63	

* EPS is calculated on post bonus and post split equity capital comprising of 5,61,50,000 equity shares of face value Rs.2/- for each of the above years.

2. Price Earning (P/E) ratio in relation to the Issue Price

- a) Based on six months ended September 30, 2004 post-split, diluted (annualized) EPS of Rs.3.34 is [•].

b) Industry P/E

Highest	22.20
Lowest	7.50
Industry composite	19.50

Source: Capital Market VolumeXIX/20 Dated December 6, 2004 to December 19, 2004 for the category Personal care- Indian. The figures are in respect of fiscal 2004 or calendar year 2003, as relevant



3. Average Return on Networth (RONW)

Particulars	Average RONW %	Weights
Year ended March 31, 2002	48	1
Year ended March 31, 2003	34	2
Year ended March 31, 2004	27	3
Six Months period ended September 30, 2004(Annualised)	23	4
Weighted Average	28.9	

4. Minimum Return on Increased Net Worth required to maintain pre issue EPS is [•].to [•].

5. Net Asset Value per Equity Share

Net Asset Value per Equity Share as at September 30, 2004 is Rs. 17.98 and at March 31, 2004 is Rs. 16.29.

* The Net Asset Value per Equity Share after issue is [•]

* Based on the Issue Price of Rs [•], determined on the basis of the demand from investors through the Book Building Process.

6. Comparison of Accounting ratios for the year end fiscal 2004

Company	EPS	P/E	RONW%	Book Value Per Share
Emami	3.86	18.30	27	16.29
Category : Personal Care Indian Peer Group				
Dabur India	3.2	22.2	29.80	9.40
Godrej Consumer	10.3	19.2	147.51	7.50
Marico	9.1	16.1	32.70	31.00
Peer Group Simple Average		19.1	70.0	

Source: Emami's EPS, RONW and Book Value Per Share have been calculated from the restated audited financials statement for the period ended September 30, 2004 and P/E is calculated based on Emami closing market price of Rs. 70.65 at BSE as on December 10, 2004.

Source for other information is Capital Market VolumeXIX/20 Dated December 6, 2004 to December 19, 2004 for the category Personal care- Indian.

The face value of the Equity Shares is Rs. 2/- each and the issue price is 30 times of the face value at the lower end of the price band and 35 times of the face value at the higher end of the price band.

The BRLMs believes that the issue price of Rs. 60 to Rs.70 is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report in the Red Herring Prospectus to have a more informed view about the investment proposition.

SECTION V: ABOUT THE COMPANY

INDUSTRY OVERVIEW:

The fast moving consumer goods (FMCG) industry represents consumer goods required for daily or frequent use. It can be broadly classified into personal care, oral care and household products. Domestic FMCG industry lacks a clear definition and scope and there are attempts to widen its scope. The Indian FMCG sector, valued at Rs.60,000 cr is an important contributor to the country's GDP. It is the fourth largest sector in the economy and is responsible for five per cent of total factory employment in the country. The industry also creates employment for three million people in downstream activities, much of which is disbursed in small towns and rural India.

In the past decade, this industry has witnessed a consumer boom. This has been due to liberalization, urbanization and an increase in the disposable incomes, and altered lifestyle, especially a heightened level of awareness among the rural community, consequent to the onslaught of satellite televisions. Furthermore, the boom has also been fuelled by the reduction of excise duties, dereservation from the small-scale sector and the concerted efforts of personal care companies to woo the burgeoning affluent segment of the middle class through product and packaging innovations.

The personal and health care segments are low capital and technology intensive but the strong distribution networks and heavy investments needed for brand building remain key deterrents to new players.

Unlike the perception that the FMCG sector is a producer of luxury items targeted at the elite, in reality the sector meets the every day needs of the masses, across the country. Low-priced products contribute the majority of the sales volume and lower income and lower middle income groups account for over 60 per cent of the sector's sales. Moreover, rural markets account for 56 per cent of total domestic FMCG demand.

Cost Dynamics

Costs of the industry are manufacturing, administrative, selling and advertising. Unlike the manufacturing industries, the production costs are quite less for the industry. The industry is marked by high advertisement spend, brand building, brand extensions and quite a low capital to sales ratio on account of outsourcing and low investment in fixed assets. Supply chain and brand management are the key factors in the industry. Advertisement costs range from 5% to 25% or even more of the revenue, depending upon the life cycle of the product, brand value, competition in the segment and the marketing strategy of the players.

Brand Equity

Creating strong brands is important for FMCG companies and they devote considerable money and effort in developing brands. With differentiation on functional attributes becoming difficult to achieve in this competitive market, branding results in consumer loyalty and sales growth.

Brand equities are built over time by technological innovations, consistent quality, aggressive advertising and marketing.

Brand building, positioning and brand extensions play key roles in the success of a product. Slowdown in demand and fierce competition has made the players to sharpen their focus on key brands and cost reduction besides focus on aggressive and penetrated marketing.

Occasionally, products are re-launched by repositioning the brands to improve the life cycle of a product and extract better value there from.

Distributions

Reaching products where and when consumers want them is another success determinant. According to estimates, there are around seven lacs FMCG outlets in urban India and over three lacs in rural areas, limited by a low population density and inadequate infrastructure.

The players in this industry derive their strength from high capital turnover, strong brand equity and effective management of distribution logistics. The strength of the distribution reach is a key element in building a successful brand and helping it garner volumes through increased penetration levels.



However, a strong distribution network can only succeed when used in tandem with the right packaging and pricing. In the price-sensitive rural economy, companies have to constantly launch value-for-money products that satisfy the needs of the rural consumer. This has brought about the mini-pack revolution, which has become common across all product categories.

Demand Drivers

Increase in disposable income, advertisements, product innovations and brand extensions are demand drivers. The huge and growing middle class population, increasing consumerism and urbanization, health and hygiene awareness leading to preference for packaged foods are also the demand drivers.

Young age profile of the country, increased media reach and changing attitudes and aspirations of the people also ensure growing demand for FMCG products for the long-term.

Critical Success Factor

Brand building, brand positioning, strong research and development and making consumer feel the value for money through advertisements, door-to-door selling are critical for the success of the FMCG sector products.

Extensive distribution network, addressing changing consumer preferences, attractive packaging, competitive pricing, superior products innovations and introductions also play critical roles.

Rationalisation of costs, strong brand portfolio, distribution structures are critical to eliminate cost inefficiencies and to protect bottom line.

New product introductions, brand extensions are also critical for extracting optimum value and to stay ahead of competition.

Pricing

The Indian consumer is very price sensitive. In the FMCG, branding allows companies to partially pass on the cost increases to the customers. Most players have introduced products with mass-market pricing, so as to build volumes. The increased promotional activity that is taking place amongst players has relegated brand loyalty to the backseat. Moreover, the increased competition has restricted not only growth rates, but also the ability to absorb frequent price increases, thus benefiting the consumer. With the rise in disposable incomes of consumers, players in the premium-product categories will be able to increase volumes.

In 2003-04, as the Indian FMCG industry was hit by staggered offtake, prudent pricing became central to marketing. As a result, manufacturers gave out discounts and freebies to consumers to push volumes. As consumers increasingly demanded value-for-money packs, miniatures ruled the shelf space. Sachets, tubes and dibbies were priced ranging between Re.0.50/- to Rs. 5/- to push rural penetration.

Heavy launch costs, ongoing advertisement and promotion

Companies incur huge costs on the launch of new products. The entire launch process goes through a series of processes such as product development, market research, test marketing etc. All this require huge cash outflow. Further, in order to build brand awareness and develop franchise for a new brand initial expenditure is incurred on launch advertisements, free samples and product promotions. Launch costs are as high as 50-100% of revenue in the first year and these costs progressively reduce as the brand matures, gains consumer acceptance and turnover rises. For established brands, advertisement expenditure varies from 5 - 12% depending on the categories. It is common to give occasional push by re-launches, which involves repositioning of brands with sizable marketing support.

Low capital intensive

The sector is not so capital intensive as majority of the product classes require very low investment in fixed assets. The sector is also characterised by high turnover to investment ratio; turnover is typically five to eight times the investment made in a greenfield plant at full capacity. Another reason for the sector being less capital intensive is that bulk of sales from manufacturers takes place on a cash basis.

Herbal Industry

The global market for herbal products (health supplements, herbal beauty and toiletry products) is estimated at around US \$ 62bn. A forecast by “WHO” indicates that the global market for herbal products could grow to US\$ 5 trillion by 2050. India’s geographically diverse population of over a billion makes it one of the world’s largest markets for beauty, health and personal care products. The Indian Ayurvedic market is huge and is growing at an attractive rate. It is estimated that rural markets account for 56 percent of the total FMCG demand in the country.

Outlook

FMCG Industry is showing early signs of a pick up. Segments like soaps, shampoos, detergents, toothpaste, etc. are registering volume growth post price cuts by players and aggression of market leaders. Clearly tables have turned in the favour of branded products of organised sector. However, the regional competition continues to be fierce, putting pressure on profitability, as the cost pressures are not getting passed on to the market. Companies, which innovate, are likely to be tremendous beneficiaries of this expected swing.



PRESENT BUSINESS OF THE COMPANY

Overview of the Business

Emami is one of the leading players in the Indian Personal and Health Care industry. Emami develops and manufactures modern day personal, beauty and health care products through an effective leverage of Ayurveda, the ancient Indian science of well being and healing. Emami's portfolio comprises over 20 products, made from herbs, natural extracts and essential oils. The major being Boroplus Antiseptic Cream, Navratna Oil, Boroplus Prickly Heat Powder, Sona Chandi Chyawanprash and Amritprash, MenthoPlus Pain Balm, Fast Relief, Golden Beauty Talc, Madhuri Range of Products and others. They are sold across all states in India and in countries like Nepal, Sri Lanka, the Gulf countries, Europe, Africa and the Middle East, among others.

1. **Robust and visible brand :** Boroplus Antiseptic Cream is the market leader with 58.9% market share, Navratna Oil with 45.9% market share is again a market leader of the category, Boroplus Prickly Heat Powder enjoys 22.5% market share and is a popular brand of Emami. Besides, Sona Chandi Chyawanprash with 10.5% market share and Menthoplus Pain Balm with 12.4% market share are the other prominent brands of Emami.

Celebrities like Amitabh Bachchan, Madhuri Dixit, Sunny Deol, Govinda, Saurav Ganguly and many others are Brand Ambassadors of many of our products. The Madhuri Range is named after Madhuri Dixit.

2. **Strong Research and Development (R&D) :** The Company's advisory panel consists of Ayurvedic experts from India and abroad, including Padamshri Vaidya Suresh Chaturvedi, Dr. Hari Shankar Sharma (former dean of Jamnagar University and Ayurvedacharya), Dr. Hiroe Inamura (Director of Ayurvedic Research Society, Osaka, Japan), Dr. S. K. Mishra (ex-commissioner of Indian System of Medicines and Homoeopathy, Department of Health and Family Welfare, New Delhi) and Dr. Pawan Sharma (MD-Ayurveda and gold medallist). The R&D expenditure for the year ending March 31, 2004 as a % of total expenditure was 0.46%.
3. **Cost efficiency:** The policy of the Company is to manufacture the right product at the optimum cost translating into value for money pricing. To strengthen its cost efficiency, the Company commissioned a Greenfield manufacturing unit at Amingaon, Guwahati for leveraging on fiscal benefits. The Company also shifted from glass to food grade packaging plastics, from glass bottles to pet bottles and from aluminum collapsible tubes to plastic laminates.
4. **Innovative packaging:** The Company has a flexible approach towards packaging. The Company has always been innovative in packaging with a view to suit customer requirements and reduce the cost of packaging. The Company introduced many of its products in Low Unit Packs (LUP's), sachets, dibbies and small tubes which helped the Company, create new consumers as opposed to servicing existing ones resulting in an increased market share across various segments.
5. **Strong management team and motivated work force:** The Company is managed by a team of professional managers exclusively focused on different aspects of business including research and development, manufacturing and finance. The promoters and management have a substantial experience in personal care, healthcare and beauty care business.

Strategy

1. **Growth through innovation and entry into new categories:** Emami is well established in categories such as antiseptic creams, cooling oils, Chyawanprash, balms, etc. These bring in 70% of revenue. At present, in existing categories growth comes from low unit packs and deeper penetration of rural markets. To grow further, it plans brand extensions in existing segments and breaking into fresh segments. Brand extensions would not only ensure growth in the existing segment but would also lead to entry into new segments, which in itself would become large categories some years down the line.
2. **Increase exports and widen the international reach:** Emami exports to West Asia, Africa, and other Asian and European countries. Its exports have risen 14% in FY2004. To augment its presence in these markets, it has launched

the Emma range and Ayurcare products. Emami products have tremendous export potential and is increasing its international reach by providing innovative and new products and exploring new markets.

3. **Foray into OTC herbal medicines:** The Company plans to move into OTC herbal medicines as the next growth area. Here, Dabur, Zandu, Himalaya Drugs and Baidyanath dominate. As the Company's range of products mainly comprises OTC products, it plans to leverage them and launch a slew of herbal-based OTC medicines.
4. **Backward Area Benefits and achieve cost efficiency:** The Company commissioned a Rs. 1800 lacs Greenfield manufacturing unit in Amingaon, 15 Kms from Guwahati. This unit is entitled to 100% exemption from income tax and 100% central excise duty refund for ten years i.e. upto 2013 besides sales tax exemption up to Rs. 1227 lacs till 2010. The Company is also planning to outsource its products from a third party located in a backward area like Baddi (Himachal Pradesh).

Manufacturing

Emami's products are manufactured in Kolkata, Pondicherry and Guwahati. The Company also outsources its products from third parties.

Summary of the Company's manufacturing facilities and the capacity utilization for the year ending 2003-04 is as follows:

	Metric tons			
	Kolkata Units	Pondicherry Units	Guwahati Units	Total
Installed Capacity				
Toiletries	2391.70	-	-	2391.70
Medicines	7861.00	7400.00	7000.00	22261.00
Production				
Toiletries	18.01	-	-	18.01
Medicines	3677.77	3512.68	720.87	7911.32
Address of Manufacturing Facility	1) 13B.T.Road Kolkata- 700056 2) 48 B, Muktaram Babu Street Kolkata-700007 3) 1 Janaki Das Lane Kolkata-700007	1) CS- 46 &47, PIPDIC Industrial Estate Mettupalayam Pondicherry- 605009 2) A-83 PIPDIC Industrial Estate Mettupalayam Pondicherry- 605009 3) A- 24&25 PIPDIC Industrial Estate Mettupalayam Pondicherry- 605009 4) A- 129 PIPDIC Industrial Estate Mettupalayam Pondicherry- 605009	EPIP complex, Amingaon Guwahati- 781031 Assam	

Installed capacities are higher than the production achieved in FY 2003-04 because the capacities have been built to take care of the exigencies, expansion and growth. Besides, capacities are based on the working for the year whereas in some of the products the production is skewed to some parts of the year because of seasonality.

The Company commissioned a Rs. 18 crores Greenfield manufacturing unit at Amingaon, 15 Kms from Guwahati. This unit is a fully automated manufacturing unit and it commenced operation in 2003-04. It is entitled to 100% exemptions from income tax and excise duty for 10 years. Exemption is also available for sales tax up to Rs. 12 crores till the year 2010.



The Company installed ERP across all factories and offices helping faster dissemination of relevant information, better decision-making, increased efficiency and reduction in costs.

The Company has automated its manufacturing processes like installation of labeling machines for glass bottles which led to reduction in the costs of manpower, wastage and transportation and installation of pumps and pipelines for the transportation of bulk materials, reducing a dependence on vats, drums, contamination and transportation costs. The introduction of a double decoction method for boiling herbs (over the single decoction alternative) led to an enhanced utilization of dissolved solids and improved herb efficiency. At the micro level Company took the following initiatives to ensure quality product.

- An exhaustive master validation plan (comprising installation norms, process qualification and workflow charts) and standard operating procedures governed multi-step product manufacture at all of the Company's units leading to quality manufacture.
- A validation protocol, deviation reporting, acceptance criteria, standard operating procedures and re-validation formed the basic content of the documented approach.
- A re-certification of ISO-9001: 2000 at all of the Company's major factory units.

Distribution

The Company distributes domestically through J.B. Marketing and Finance Ltd., a group Company which has a network of over 1700 distributors, complemented with 2100 sub stockists and 150 super-stockists in 2003-04. The Company's products have presence in over 5300 villages and over 3.5 lac retail shelves. Emami is headquartered in Kolkata with branch offices at across 27 cities in India. The products are distributed domestically through JB Marketing and Finance Ltd. except for institutional sales and some other sales like sale for cross promotions or sales from one state to another state in exigencies which are done directly by Emami.

Where the direct distribution network is not available or feasible like in rural / remote areas or where population is very thin, super stockists have been appointed. They sell the goods to sub –stockists in low penetrated areas and get extra handling commissions for keeping stocks for distribution.

Sub stockists are like distributors with only change that they buy goods from super stockists of his region rather than from company directly.

This effective distribution network has helped the Company drive sales from all four corners of India Viz. North-30%, South- 28%, East- 24% and West- 18% in the FY2004.

Packaging

Emami has a flexible approach towards packaging. This resulted in greater use of Low Unit Packs (LUP's), such as sachets, dibbies and small tubes, a shift from poly varnish to laminates and from glass bottles to transparent plastic bottles.

The result of these comprised:

- Mentho Plus balm: Offer of a balm in affordable dibbies (1.2 gms) accelerated the sale by 67 percent in 2003-04.
- Madhuri range of Shampoos was introduced in different packs right from sachets to 500ml packs, which helped Emami to accelerate the shampoo offtake in 2003-04.
- Himani Fast Relief is available in packs of 2gm, 5gm, 12gm and 25gm, which enabled the Company to service different regions and consumption patterns.
- A graduation towards value for money packs helped the Company create new consumers as opposed to servicing existing ones, resulting in an increased market share across most segments.

Research and Development

At Emami, an ongoing research and development focus helps it achieve two objectives - product upgradation and development. Over the years the Company has developed a variety of products on the basis of their continued and

reinforced efforts in R & D. The Herbal and Ayurveda-centric products of the Company are the examples of this. These range of products are developed after extensive research on Ayurveda coupled with modern scientific practices.

Ongoing portfolio rejuvenation is carried out at the state-of-the-art Himani Ayurveda Science Foundation in Kolkata. The Company's advisory panel consists of Ayurvedic experts from India and abroad, including Padmashri Vaidya Suresh Chaturvedi, Dr. Hari Shankar Sharma (former dean of Jamnagar University and Ayurvedacharya), Dr. Hiroe Inamura (Director of Ayurvedic Research Society, Osaka, Japan), Dr. S.K. Mishra (ex-commissioner of Indian system of Medicines and Homeopathy, Department of Health and Family Welfare, New Delhi) and Dr. Pawan Sharma (MD-Ayurveda and gold medallist).

The Company took the following R & D Initiatives

- An improvement in the formulation of Boroplus Antiseptic Cream following the addition of new herbs like Khadir (known for its antiseptic properties) and kumud (blood-purifying agent).
- Improvement in the base of oil Navratna Oil, resulting in an increased skin penetration and a higher absorption of the oil, leading to enhanced efficacy.
- The addition of poly-quat through which the conditioning of the Madhuri Shampoos was strengthened, resulting in a smooth and rich lather.
- Development of Sona Chandi fair and healthy baby massage oil with fairness-inducing herbs, a product launched for the first time in India.
- The development of a new "Ayucare" range to cater to growing international markets for herbal products.
- The provision of sophisticated equipment like UV spectrometers, polarimeters, GLC (gas liquid chromatograph), spectro analyzers, TLC (thin layer chromatograph), microbiological testing equipment and HPLC (high performance liquid chromatograph), which facilitate an analysis of a range of products at different manufacturing stages as well as new product development.

Brands

Emami's complete product range is represented by robust and visible brands. The brand is owned by the Company and was valued at Rs. 26510 lacs by Messers Ernst & Young in the year 1999-2000.

Brand USP:

- Value-for-money products made from herbs, natural extracts and essential oils.
- Sona and chandi in Chyawanprash and Amritprash for strengthening the body.
- Pearl in Naturally Fair Pearls Cream for nourishing the skin.
- Jojoba, sage and chamomile in Sunscreen shampoo for protecting the hair from the harmful UV rays of the sun.

Brand quality:

Products of international quality standard manufactured with sophisticated laboratory practices in ISO-9001: 2000 and cGMP-compliant units.

Brand Ambassadors:

- Madhuri Dixit – Beauty Secrets by Madhuri
- Amitabh Bachhan- Navratna Oil, Fast Relief, and Boroplus Antiseptic Cream
- Sunny Deol- Sona Chandi Chyawanprash and Amritprash
- Sourav Ganguly - Sona Chandi Chyawanprash and Amritprash
- Govinda, - Navratna Oil
- Diya Mirza- Naturally Fair Cream
- Rituparna Sengupta - Boroplus Prickly Heat Powder and Boroplus Antiseptic Cream



- And many more such as Sonali Bendre, Juhi Chawla, Sridevi, Dipti Bhatnagar, Zeenat Aman, Meenakshi Seshadri, Raima Sen etc.

Brand diversity:

Varied product lines and attractively priced extensions within each product line.

Brand audience:

Lower middle-class and middle-class India, the largest consuming class

Exports

Emami exports its products to more than 48 countries and have generated export turnover of Rs. 21 crores in 2003-04. The Company is exploring business opportunities in Africa, Asia, Middle East European countries. The Company is taking various initiatives for launch of new products and modification of the existing products to adapt to the various geographies.

The Company has introduced two new product ranges the Emma Range and the Ayurcare Range of products and the Company is also improving on the existing products as per specific market requirements.

The Company also introduced the high-end Gold Range of products in North America and Europe and customised Navratna Oil, Emma Amla Oil and lotions for each global market.

Product Profile**Himani Boroplus Antiseptic Cream (BPAC)**

Boroplus Antiseptic Cream is the flagship brand of the Company. The antiseptic cream market is valued at Rs 13918.4 Lacs. The company's market share has increased over the number of years and is currently at 58.9%*. It is an ayurvedic cream, which provides protection to the skin from winter dryness. Its antiseptic properties also help cure minor cuts wounds and burns. Other players in antiseptic cream segment are GD Pharma and Paras Pharma, with Boroline and Borosoft respectively.

Outlook

The Company will concentrate on innovative marketing strategies to increase consumption, drive offtake and capture larger market share.

Boroplus Prickly Heat Powder (BPPHP)

Boroplus Prickly Heat Powder is available across four variants; Ice Regular, Ice Sandal, French Lavender and French Herbal. All the variants are enriched with advanced herbal formula to absorb sweat faster and treat body odour. The powders also provide relief from itching, heat rash, burning sensation and skin infections.

Prickly-heat powder is a sub-segment of Talcum powder, valued at Rs. 1.1bn. The prickly heat powder market is valued at Rs 9363.4 Lacs with Emami number three in this segment with a 22.5%* share. Others are Nycil and Dermicool.

Outlook

The Company has re-introduced the 1+1 offer to bridge the gap between its position with its principal competitor.

Sona Chandi Chyawanprash (SCCP) & Sona Chandi Amritprash (SCAP)

Sona Chandi Chyawanprash was launched in 1999. Today the brand commands the second position in the market valued at Rs 16715.5 Lacs with 10.5%* market share. This product is a winter variant from the Emami Family of Chyawanprash. It comprises of 52 herbs including amla, honey, sona and chandi.

Emami is present in this market with two products namely, Himani Sona Chandi Chyawanprash and Himani Sona Chandi Amritprash, Chyawanprash for winter and Amritprash for summer use, thereby tackling the seasonal pattern of consumption. Amritprash was test launched in 2002-03, after which the consumption pattern was studied, leading to a soft launch in 2003-04. With this launch, the Company expects to encash on a first mover's advantage.

Outlook

Growth in this segment had stagnated. However, with the leader re-positioning the brand as a health supplement for kids, the market has revived.

Navratna Oil (NRO)

Navratna Oil maintains the number one position in the Indian cool oil category with a handsome 45.9% * market share. The market for this category is valued at Rs 22245.4 Lacs. It is a cool multi-purpose oil that fights headaches, tension, insomnia and fatigue. It also cures graying and premature hair loss, induces sleep and treats mild scratches and burns.

In this cool oil category, the main competitors are, Himgange and Banphool. The Company has positioned the brand as a “cooling plus a value added oil”, i.e., a therapeutic oil. Navratna Oil is at a premium to both the brands.

Outlook

With demanding lifestyle, problems like headaches and stress are on the rise; which would lead to growth in this segment. With introduction of LUP the Company expects to grow in double digits in the coming years.

Mentho Plus Pain Balm (MPPB)

Mentho Plus Pain Balm was launched in the year 1990. The Company has a market share of 12.4%*. The market size of the category is valued at Rs 22858.8 lacs. The product seeks to deliver an effective and superior pain relief from headache, backache, sprains and also provides relief from cough and cold. Other players in the industry are Zandu, Amrutanjan etc.

Emami is the first Company to launch balm in a dibbie (weight 1.2gms) priced at Rs.1.50 each, due to which the sales of the balm increased sharply. The product is mainly marketed in Andhra Pradesh, Tamil Nadu and Maharashtra.

Outlook

The Company expects to accelerate offtake through aggressive marketing, wider distribution and a stronger rural focus.

Himani Fast Relief (HFR)

Himani Fast Relief comprises seven high-efficacy herbs, including nilgiri, lavang and gautheria, which provide relief from pain within seconds. The 5 gms dibbi priced at Rs. 5/- was a hit among customers on account of the value for money offering. Other players in this segment are Paras Pharma & SmithKline Beecham with Moov and Iodex respectively. Emami's Brand Fast Relief has a 6% share in the market.

Outlook

The brand recall continues to be strong and the brand is expected to be one of the major brands in the category.

Beauty Secrets by Madhuri

Taking a cue from celebrity endorsed products in the West, Madhuri Dixit range of herbal products for mass market was launched in partnership with celebrity Madhuri Dixit in India in the year 2002. The Company intended to capitalize on the icon as a beauty specialist. The offerings include shampoos, hair oils, skin creams, talc etc.

Outlook

The brand re-call continues to be good. However, the growth of the brand in future will depend on the continued acceptance of these new products.

New Launches

Company has recently forayed into baby care segment with the launch of Healthy and Fair Sona Chandi Baby massage oil. The Company also plans to come out with OTC herbal medicines and is targeting the same as the next growth area.

(*Source – AC Nielsen ORG-MARG vide letter dated February 19, 2005 for the period January-December 2004)



BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

Brief History

Shri R. S. Agarwal and Shri R. S. Goenka, who were earlier executives in the Birla Group, set up a cosmetic manufacturing unit in Kolkata in 1974 under the name of Kemco Chemicals, a partnership firm. The cosmetic products, as well as Ayurvedic medicines, manufactured by the unit were marketed under the brand name of Emami.

In 1978, Himani Ltd. (incorporated as Private Limited Company on May 25, 1949), a similar unit, turned sick, was taken over by the Group. Himani Ltd. had a well-laid out factory in Kolkata and was producing number of Cosmetic items. After take over, the new management decided to produce in this unit different types of health care items and toiletries with Ayurvedic preparation.

In 1994, Himani Ltd was then merged with AMP Udyog Vinayog Ltd (incorporated on March 11, 1983), vide Hon'ble Calcutta High Court order dated February 8, 1994 and its name was changed as per fresh certificate of incorporation dated May 5, 1994.

In 1995, Kemco Chemicals, the partnership firm was converted into a Public Ltd. Company under the name and style of Emami Ltd with effect from April 1, 1995.

In 1998, Emami Ltd was then merged with Himani Ltd. vide Hon'ble Calcutta High Court order dated July 21, 1998 and its name was changed as Emami Ltd. as per fresh certificate of incorporation dated September 1, 1998.

In 2000, with a view to concentrate on its core FMCG business, Emami's investment undertaking was demerged with effect from March 31, 2000 through a Scheme of Arrangement sanctioned by Hon'ble Calcutta High Court vide its order dated September 4, 2000 to Pan Emami Cosmed Ltd. As per the said scheme of arrangement, Pan Emami Cosmed Ltd issued its fully paid up shares to shareholders of the Emami Ltd in the ratio of 1:1.

About the Company

Emami has strong brand equity and is one of the leading brands in skin care, health care and personal care industry. The amalgamation has provided synergetic linkages besides economy in costs and rationalisation of the operations.

The Company is headquartered in Kolkata with a multi locational manufacturing presence in Kolkata, Pondicherry, and Guwahati. The Company has offices across 27 Indian cities. Emami also markets its products in over 48 countries.

Emami's strong brand portfolio comprises over 20 products namely Boroplus Antiseptic Cream, Navratna Oil, Sona Chandi Chyawanprash, Menthoplus Pain Balm, Boroplus Prickly Heat Powder, Fast Relief, Mandhuri Range of products etc.

From a modest turnover of a few lakhs of Rupees in 1978, the Company could achieve in 25 years, turnover of over Rs. 200 crores in 2003-04.

Major events in the history of the Company are given below:

Year	Events / Milestones / Achievements
1982	Boroplus Antiseptic Cream Launched.
1983	Boroplus Prickly Heat Powder Launched.
1987	Mentho Plus Pain Balm Launched.
1989	Navratna Oil Launched.
1995	Shares of the Company Listed with Bombay Stock Exchange.
1999	Sona Chandi Chyawanprash Launched.
2000	A certification of ISO 9001-2000 at The Company's major factories.
2000	Valuation of Company's Brand at Rs. 265 crores.
2002	" Beauty Secrets by Madhuri" Range Launched.

Year	Events / Milestones / Achievements
2003	ERP system installed.
2003	New unit set up at Amingaon, Guwahati
2003	Obtained the certificate of Good Manufacturing Practices for its Pondicherry Units.
2004	Issue of Bonus shares in the ratio of 1: 1.

Main Objects of the Company

The main objects as per our Memorandum of Association are as follows :

1. To buy, sell, produce, manufacture and deal in all kinds of soaps, hair oils, perfumery cosmetics, toilet preparations and any new materials for the manufacture of soaps, essence and any byproducts and subsidiaries arising therefrom.
2. To carry on the business of makers and manufacturers of dentifrices, inks, polishes, paints, pigments, varnishes, colours, oils, fats, glycerine, disinfectants, sanitary preparations, drugs, acids, chemicals, medicinal and medicated preparations, aromatic chemicals, essentials oils, syrups and allied products.
3. To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in stationery goods, writing instruments, all types of pen, ball point pen, refills, colour pencils, pencils, erasers, rulers, boards, files, gums, adhesive tapes and all kinds of stationery
4. To carry on business of manufacturing, dealing, purchasing, selling, trading, distributing, indenting, exporting, importing and otherwise dealing either as principal or agents in household and consumer goods, insecticides, cleansing compounds, floor cleaners, dish wash, window cleaner, polishing preparations, deodorants, toothbrushes, toothpaste, all kinds of health and personal care products, confectionery, sweets, food provisions, tinned products, other edible products and other merchandise goods.
5. To carry on and undertake business of Hire purchase, leasing, selling on instalments and on deferred payment system, letting on hire of all kinds of movable and immovable assets including motor vehicles, agricultural machinery, other plant & machinery, air-conditioners, air-conditioning plants, equipments, electronic equipments and any other equipments or assets that the Company may think fit, to let on lease or hire or otherwise deal with all or any of them including resale thereof regardless of whether any such item be new or used or reconditioned and to provide advisory or counseling service on lease and leasing operations to any Company or obtain such advice or service from the leasing arm of any other Company.

Change of address of the Registered office of the Company (since incorporation)

Date of Change	Resolution approving change	Address
11.03.1983 (as on the date of incorporation)		9, Old China Bazar Street, Kolkata – 700001
04.01.1989	By Board Resolution as well as by Shareholders approval at the extra ordinary general meeting	179, Bangur Park, Rishra, Hooghly - 712248
03.05.1994	As a part of the scheme of amalgamation of Himani Limited into the Company.	8, Bentinck Street, Taher Mansion, Kolkata-700001
17.09.1999	By Board Resolution	6A, R. N. Mukherjee Road, Kolkata – 700001



Change in Memorandum of Association of the Company

Since incorporation of the Company, the following changes have been made to the Memorandum of Association:

Date of change	Particulars
At the time of incorporation i.e. March 11, 1983	Authorised share capital of Rs. 25,00,000 divided into 2,50,000 Equity Shares of Rs. 10/- each
November 12, 1993 by an ordinary resolution at the Extra Ordinary General Meeting	Increase in Authorised share capital from Rs. 25,00,000 divided into 2,50,000 equity shares of Rs. 10/- each to Rs. 50,00,000 divided into 5,00,000 equity shares of Rs. 10/- each.
November 12, 1993 by special resolution at the Extra Ordinary General Meeting	Inserted new object clauses (Clauses 1 to 4)
Fresh certificate of incorporation issued by the Registrar of Companies West Bengal, on May 5, 1994	Change of name of the Company from A.M.P Udyog Viniyog Ltd to Himani Ltd. pursuant to the scheme of amalgamation
August 20, 1997 vide a special resolution at the Annual General Meeting	Inserted a new object clause (Clause 5) in the main objects
December 23, 1997 by special resolution at the Extra Ordinary General Meeting	Authorised share capital increased to Rs. 7,50,00,000 divided into 50,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 5,00,00,000/- and issue of 2,50,000 Redeemable Cumulative Preference Shares of Rs. 100/- each
April 25, 1998 by ordinary resolution at the Extra Ordinary General Meeting	Authorised Capital increased to Rs. 8,50,00,000 divided into 60,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 6,00,00,000/-, by increase of 10,00,000 Equity Shares of Rs. 10/- each, and 2,50,000 Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating Rs. 250,00,000/-
September 1, 1998 vide fresh certificate of incorporation issued by the Registrar of Companies, West Bengal.	Change of name of the Company from Himani Ltd. to Emami Ltd. pursuant to the scheme of amalgamation
January 30, 2004 vide resolution at the Extra Ordinary General Meeting	Increase in Authorised share capital from Rs. 8,50,00,000 to Rs. 15,00,00,000. The authorised share capital was increased to 7,50,00,000 Equity Shares of Rs. 2/- each aggregating Rs. 15,00,00,000/- by subdivision of 60,00,000 Equity Shares of Rs.10/- each into 3,00,00,000 Equity Shares of Rs. 2/- each, reclassification of 2,50,000 Redeemable Cumulative Shares of Rs. 100/- each into 1,25,00,000 Equity Shares of Rs. 2/- each and creation of 3,25,00,000 Equity Shares of Rs. 2/- each.
August 27, 2004 vide a special resolution at the Annual General Meeting	New object clause 27 & 28 inserted in the objects incidental or ancillary to the attainment of the main objects.

MANAGEMENT AND ORGANISATION

The Company is managed by the Board of directors under the Chairmanship of Shri Radhe Shyam Agarwal. The day-to-day operations of the Company are looked after by the Managing Director Shri Sushil Kumar Goenka. The Company has 12 directors on the Board including the Chairman and the Managing Director.

As per the Articles of Association, the Company cannot have less than three and more than twelve directors.

Board of Directors as on the date of this Red Herring Prospectus:

Sr. No.	Name, Designation, Qualification, Address, Occupation, Term, Date of birth (DOB) and Age.	Other Directorships
1.	SHRI R. S. AGARWAL, <i>Chairman</i> S/o Late Bansilal Agarwal FCA, FCS, M.COM, LLB 118, Southern Avenue Kolkata - 700 029. Business Tenure expires on: 31.03.2006 as Executive Chairman DOB: 06/01/1946 Age: 58 Years	1. Emami Group of Companies Pvt. Ltd. 2. Emami Paper Mills Ltd. 3. South City Projects (Kolkata) Ltd. 4. Shree Cement Ltd. 5. Advance Medicare & Research Institute Ltd. 6. Diwakar Viniyog Pvt. Ltd. 7. Suntrack Commerce Pvt. Ltd. 8. DPS Technologies India Pvt. Ltd. 9. Merchants' Chamber of Commerce 10. Rupa & Company Ltd.
2.	SHRI R. S. GOENKA, <i>Director</i> S/o Late K.D. Goenka M.COM, LLB 110 A, Southern Avenue Kolkata - 700 029. Business Tenure: Retires by rotation in AGM to be held in 2005. DOB: 05/01/1947 Age: 57 Years	1. Emami Paper Mills Ltd. 2. Emami Group of Companies Pvt. Ltd. 3. South City Projects (Kolkata) Ltd. 4. Khaitan (India) Ltd. 5. Advance Medicare & Research Institute Ltd. 6. Bhanu Vypaar Pvt. Ltd. 7. Pro-Sports Management Ltd. 8. Suraj Viniyog Pvt. Ltd. 9. Suntrack Commerce Pvt. Ltd. 10. Merchant Chamber of Commerce 11. DPS Technologies India Pvt. Ltd.
3.	SHRI MOHAN GOENKA, <i>Director</i> S/o Shri Radheshyam Goenka B. COM, MBA 110A, Southern Avenue Kolkata-700 029. Business Tenure expires on: 14.01.2008 as Whole Time Director and Appointed as additional director to be regularised in the next annual general meeting. DOB : 21/01/1973 Age : 33 Years	1. Bhanu Vyapaar Pvt. Ltd. 2. Neelam Lefin Ltd 3. Emami International (P) Ltd
4.	SHRI ADITYA VARDHAN AGARWAL, <i>Director</i> S/o Shri Radheshyam Agarwal B. Com 118, Southern Avenue Kolkata - 700 029. Business Tenure expires on: 14.01.2008 as Whole Time Director and Appointed as additional director to be regularised in the next annual general meeting. DOB : 06/01/1975 Age : 31 Years	1. Emami Paper Mills Limited 2. Emami Group of Companies (P) Ltd 3. Advance Medicare & Research Institute Ltd 4. CRI Ltd 5. Premier Ferro Alloys & Securities Ltd 6. Suntrack Commerce (P) Ltd 7. Sarvottam Vanijya Ltd 8. Merchants Chamber of Commerce 9. West Bengal Industrial Development Corporation



Sr. No.	Name, Designation, Qualification, Address, Occupation, Term, Date of birth (DOB) and Age.	Other Directorships
5.	SHRI SUSHIL KR. GOENKA, Managing Director S/o Late K.D. Goenka B.Com 110A, Southern Avenue Kolkata -700 029. Business Tenure expires on: 31.05.2005 as Managing Director and reappointed from 01.06.2005 for 3 years and retires by rotation in AGM to be held in 2006 DOB: 06/05/1956 Age: 48 Years	1. Suraj Viniyog Pvt. Ltd. 2. Emami Capital Markets Ltd. 3. Newway Constructions Ltd. 4. Neelam Lefin Ltd. 5. Diwakar Viniyog Pvt. Ltd.
6.	SHRI S. N. JALAN, Director S/o Late Ishwardas Jalan B.Com, LLB 6/7 A, A.J.C. Bose Road, Kolkata -700017 Professional Tenure: Retires by rotation in AGM to be held in 2006 DOB : 13/01/1934 Age: 70 Years	1. Ganapati Parks Ltd. 2. Park Chambers Ltd. 3. Eastern Equipment & Sales Ltd. 4. J. J. Exports Ltd. 5. Trade Wings (Calcutta) Pvt. Ltd 6. Om Credit Pvt. Ltd. 7. Jalan Consultants Pvt. Ltd. 8. Ultra Estates Pvt. Ltd. 9. Andromeda Communications Ltd. 10. Rawdon Apartments Pvt. Ltd. 11. Mithua Developments Pvt. Ltd.
7.	SHRI VAIDYA S. CHATURVEDI, Director S/o Late Gaiinda Lal Chaturvedi Kaviraj, BIMS, MAMS, Ayurvedacharya Physician “Shakti”, Charat Singh Colony, M.V. Road, Andheri, (E), Mumbai 400 053. Professional Tenure : Retires by rotation in AGM to be held in 2006 DOB: 14/05/1928 Age: 76 Years	Nil
8.	SHRI K. K. KHEMKA, Director S/o Late Sitaram Khemka B.Sc 25, Ballyganj Park, Rajinigandha Apartment (4th floor) Kolkata- 700019 Business Tenure: Retires by rotation in AGM to be held in 2006 DOB: 23/12/1932 Age: 72 Years	1. Schefields Ltd. 2. Oriental Soap Stone Pvt. Ltd. 3. Orion Metal Powder Pvt. Ltd. 4. Miki Oriental Paper Mills Ltd. 5. Himadri Resorts Pvt. Ltd.

Sr. No.	Name, Designation, Qualification, Address, Occupation, Term, Date of birth (DOB) and Age.	Other Directorships
9.	SHRI S. N. BIHANI, Director S/o Late G.C.Bihani M.Com., LLB 7/5, Burdwan Road, “Gautam Enclave” 5th floor, Alipore, Kolkata-700027. Business Tenure: Retires by rotation in AGM to be held in 2005 DOB: 26/03/1946 Age: 58 Years	1. Sarvoday Promoters Pvt. Ltd. 2. Shreekunj Promoters Pvt. Ltd. 3. Rashmiraj Finvest & Management Services Pvt. Ltd. 4. The Lucky Trading Company Ltd. 5. Times Finance Pvt. Ltd.
10.	SHRI VIREN J SHAH, Director S/o Late Jeevanlal M Shah A.M.P. – Harvard Business School 6A, Sunita, B G Kher Marg, Mumbai – 400 006. Business Appointed as additional director to be regularised in the next annual general meeting. DOB : 12/05/1926 Age : 78 Years	Nil
11.	SHRI HARSH VARDHAN AGARWAL, Director S/o Shri Radheshyam Agarwal B.Com. 118, Southern Avenue Kolkata - 700 029 Business Tenure expires on: 14.01.2008 as Whole Time Director and Appointed as additional director to be regularised in the next annual general meeting. DOB: 12/07/1976 Age : 29 Years	1. Neelam Lefin Limited 2. Diwakar Vinayog Pvt Ltd. 3. Wright India Ltd
12.	SHRI SHRAWAN KUMAR TODI, Director S/o Late Brijlal Todi M. COM. 2, Queen Park Kolkata – 400 019 Business Tenure : Appointed as additional director to be regularised in the next annual general meeting. DOB: 15/08/1941 Age : 63 Years	1. Advance Medical & Research Institute Ltd 2. Bengal Cylinder & Containers Pvt Ltd 3. Bengal NRI Complex Ltd 4. Bengal Shrachi Housing Development Ltd 5. Bengal Tools Ltd 6. Emami Paper Mills Ltd 7. Bhaskar Shrachi Alloys Ltd 8. South City Kolkata Projects Ltd 9. Ganesh Narayan Brijlal Ltd 10. Haldia Medicare Pvt Ltd 11. Hardeo Finance (P) Ltd 12. Khaitan (India) Ltd 13. Lytag India Ltd 14. Medicare Projects & Consultancy (P) Ltd 15. Murlidhar Ratanlal Exports Ltd 16. NSG Estate Services (P) Ltd 17. Pratidin prakashani Pvt Ltd 18. Shrachi Securities Ltd 19. Shrachi Tongyang Tillers Pvt Ltd 20. Sino-Indian Agro Machinery Co. Pvt Ltd 21. Supreme Credit Corporation Ltd 22. Web Development Co. Ltd



Brief Profile of the Directors

1. **Shri Radhe Shyam Agarwal**, Chairman, aged 58 years, is a qualified Chartered Accountant, Company Secretary and LL. B.

He began his career as a Senior Executive of Birla Group. Gradually, he became associated with other projects of Birla Group including Industrial Plants Ltd., and foreign projects in Indonesia and Bangkok. In 1974, he left the job and started a Joint Venture with Shri R. S. Goenka by setting up an ayurvedic medicine and cosmetic manufacturing unit in Kolkata.

He has wide interest in business and is on the Board of several Companies such as Emami Paper Mills Ltd., Shree Cement Ltd., Advance Medicare & Research Institute Ltd, South City Projects (Kolkata) Ltd., Rupa & Co Ltd., Merchants Chambers of Commerce and others.

He is closely associated in various capacities with many Chambers, Cultural, Charitable and Social Service Organizations and is regarded as one of the most promising industrialists in Kolkata. He is the past President of Merchants Chambers of Commerce, served as Director on the Board of West Bengal Industrial Development Corporation, past President of Aradhana Trust and Committee Member of Shree Vishudhanand Hospital & Research Institute, Nagrik Swastha Sangha and Trustee of Banshilal Janki Devi Agarwal Trust.

2. **Shri Radhe Shyam Goenka**, Director, aged 57 years, is a Master of Commerce and LLB.

He started his career in the year 1970 with Birla Group of Industries. He has a very deep understanding of taxation and financial planning of industries. In the year 1974, he left the service of Birlas and started a Joint venture with Shri R. S. Agarwal by setting up an ayurvedic medicine and cosmetics manufacturing unit in Kolkata.

He has wide interest in business and is on the Board of several Companies such as Emami Paper Mills Ltd., Advance Medicare & Research Institute Ltd, South City Projects (Kolkata) Ltd., Khaitan (India) Ltd., Merchants Chambers of Commerce, etc. He is the Honorary Consul General of Republic of Poland. He is closely associated in various capacities with many cultural, charitable and social service organisations. He is the trustee in Shree Vishudhanand Hospital Trust, Keshardeo Ratni Devi Goenka Trust, Banshilal Janki Devi Agarwal Trust, and Bhagatram Charitable Trust.

He is the past President of Aradhana Trust, Aradhana Cultural Organisation, Bajrang Parishad and President of Calcutta Pinjrapole Society. He is the Chairman (Research & Seminar) of Shree Vishudhanand Hospital & Research Institute. He is Committee member of Shri Shikshayatan Secondary School, Nagrik Swastha Sangha and Indian Cancer Society.

3. **Shri Mohan Goenka**, Director, aged 33 years, is a Commerce graduate and has done MBA from United Kingdom.

He has wide knowledge and interest in business and Industries and has served as Director of several other companies. He is having extensive knowledge and experience in marketing as well as Brand development.

He is the Vice Chairman of the Marketing Committee of Confederation of Indian Industry (CII), Eastern Region. He is also a member of Merchants' Chamber of Commerce (MCC) and Young Entrepreneur Organization, an international forum of entrepreneurs.

4. **Shri Aditya Vardhan Agarwal**, Director, aged 31 years, is a Commerce graduate.

He has wide knowledge and interest in business and Industries and has served as Director of several other companies. He is having extensive knowledge and experience in marketing as well as Brand development.

He is the President of Merchants' Chamber of Commerce (MCC), Director of West Bengal Industrial Development Corporation, Committee Member and Chairman (FMCG) of ASSOCHAM, Vice President of West Bengal Basketball Association and an advisor of Academy of Ayurvedic Doctors of India, Kolkata.

5. **Shri Sushil Kumar Goenka**, Managing Director, aged 48 years, is a Commerce graduate.

Shri Sushil Goenka is the younger brother of Shri R. S. Goenka. He joined the Emami Group after completing his graduation. He has spent almost 28 years in the business and has served as Director of several other leading Indian

companies. He is secretary of Aradhana Trust, Vishwa Jagriti Mission Trust (Kolkata) and Vivekananda Hospital and Research Center, Kolkata. He is past president of Lions Club of North Calcutta and a member of Shri Ramkrishna Matrimangal Pratishthan, Ariadaha. He looks after the production, operations, human Resources, distribution, and public relations of Emami.

6. **Shri Shyamanand Jalan**, aged 70 years, is a Commerce Graduate and an L.L.B.

Shri Jalan is an Attorney at Law and Member of Incorporated Law Society, India and Bar Council of India. He is an authority in Real Estate, Property matters, Finance & Infrastructure Projects. He is also prominent in the cultural field having won important National Awards and has been the Vice-Chairman of the Central Sangeet Natak Academy and is presently the Chairman of the Science City and the Birla Industrial & Technological Museum. He is a Director of many other prominent Companies. He is a non-executive independent Director of Emami.

7. **Padmashree Vaidya Suresh Chaturvedi**, aged 76 years, Kaviraj, Ayurvedacharya, BIMS, MAMS.

He has held key positions in Rastriya Ayurveda Mandal, India Academy of Sexology, Indian Association of Traditional Asian Medicines. He is a member of Occult India, All India Ayurveda Congress, Medvisa International, Bharata Kalyan Manch and National Institute of Ayurveda. He is a Honorary Physician to the Honorable Governor of Maharashtra, Consultant Physician of the Bombay Hospital. He was awarded the Padmashree by the Government of India, the Bharat Nirman Pracharya award by the Government of Tripura and was felicitated at the International Conference on Alternative Medicines. Shri Chaturvedi has written authoritative articles in leading newspapers and numerous books on diet and health. He is a non-executive independent Director of Emami.

8. **Shri Krishna Kumar Khemka**, Director, aged 72 years, is a Science Graduate.

He has set up many mega size projects in the fields of tyres, pulp & paper, heavy chemicals etc. He had been the Chairman of Indian Paper Mills Association, Past President of Rotary Club of Calcutta, Past President of Indo-American Chamber of Commerce, Past President of Indo-Italian Chamber of Commerce etc. He is Committee Member of Bharat Chamber of Commerce and associated with other Chambers. He is the Honorary Consul General of Philippines. He has served as Director of several companies and is having about 40 years of industrial experience.

He is presently associated with manufacturing and exporting of Gold Bronze and other metal powder, mineral mining and processing and also manufacturing of cosmetics. He is also associated with many cultural organizations like Anamika Kala Sangam, Sangeet Kala Mandir, Padatik, etc. He is a non-executive independent Director of Emami.

9. **Shri Shree Narayan Bihani**, Director, aged 58 years, is a Master of Commerce and a Law Graduate from Calcutta University.

He is associated with the Steel Industry for the last 35 years through Companies like Tisco, Essar Steel, Ispat Industries, Jindal Steel and other steel majors as their authorised distributors, dealers, and C&F Agents, sprawling a number of states in India. He is also connected with many social and charitable organisations. He is a non-executive independent Director of Emami.

10. **Shri Viren J. Shah**, Director, aged 78 years, is an AMP (Harvard Business School) U.S.A. with special expertise in General Business Management.

He has served as Governor of West Bengal from December 1999 to December 2004. Prior to that he was the Chairman of Mukund Limited for 27 years.

He is a Past president of ASSOCHAM, IMC and other Associations. He was a Member of Parliament for 16 years in Lok Sabha & Rajya Sabha and of several Parliamentary Committee. He has also served as Director on the Board of several companies in the past.

11. **Shri Harsh Vardhan Agarwal**, Director, aged 29 years, is a Commerce graduate.

He has wide knowledge and interest in business and Industries and has served as Director of several other companies. He is having extensive knowledge and experience in marketing as well as Brand development.



12. Shri Shrawan Kumar Todi, Director, aged 63 years, is a Master of Commerce.

He has wide interest in business. Shri Shrawan Kumar Todi is the Chairman of Shrachi Group of Companies and is on the Board of several Companies such as Advance Medicare & Research Institute Limited, Bengal NRI Complex Limited, Bengal Shrachi Housing Development Limited, Bengal Tools Limited, Emami Paper Mills Limited, Bhaskar Shrachi Alloys Limited, South City Kolkata Projects Limited, Khaitan (India) Limited, Pratidin Prakashani (P) Limited, Shrachi Securities Limited, Web Development Company Limited and others.

He is closely associated, in various capacities, with many Chambers, Cultural, Charitable and Social Service Organizations and is regarded as one of the most promising industrialists in Kolkata.

He is a member of managing committee of Associated Chamber of Commerce and Industries, New Delhi, Executive Committee member of Merchants' Chamber of Commerce (MCC) and Chairman of Development Committee of Marwari Hospital.

He is also associated with the various Institutions, as Treasurer of Refugee Handicrafts, Trustee of Manovikas Kendra Rehabilitation & Research Institute for Handicapped, a Government Body, Chairman of Building Committee, Hindustan Club Limited and Member & Past President of Managing Committee of Marwari Balika Vidyalaya Society of Shri Sikhshayatan School.

Compensation of Directors

For details of compensation of the Chairman, Managing Director and Executive Directors please see "Statutory and Other Information" on page 152 of this Red Herring Prospectus.

Term of Office

In accordance with the Companies Act and the Articles of Association of the Company, all the Directors except the Executive Chairman, are required to retire by rotation. For details of the terms of appointment of the above Directors, please see "Statutory and Other Information" on page 152 of this Red Herring Prospectus.

Changes in the Board of Directors in the last three years are as follows:

Name	Date of Appointment	Date of cessation	Reasons
Dr Subhash C Sarkar		March 1, 2002	Resigned
Shri P S Patwari		January 15, 2005	Resigned
Shri M L Jain		January 15, 2005	Resigned
Shri Raj Kumar Goenka		January 15, 2005	Resigned
Shri Suresh Kumar Goenka		January 15, 2005	Resigned
Shri Harsh Vardhan Agarwal	January 15, 2005		Appointed
Shri Aditya Vardhan Agarwal	January 15, 2005		Appointed
Shri Mohan Goenka	January 15, 2005		Appointed
Shri Viren J Shah	January 15, 2005		Appointed
Shri Shrawan Kumar Todi	January 15, 2005		Appointed

Changes in Auditors

There is no change in the Auditors in the last three years.

Corporate Governance

Guidelines in respect of Corporate Governance in accordance with clause 49 of the listing agreement are applicable to the Company as it is a listed Company. The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of Board of Directors i.e. appointment of independent directors on the board and the constitution of Audit Committee, Remuneration Committee and Share transfer and Shareholders' Committee.

Company's philosophy

The Company continues to emphasize on its philosophy of achieving corporate goals through good corporate governance practices. Its belief is that such a philosophy can enable the Company to serve its stakeholders - customers, vendors and shareholders - better, and enhance value through greater transparency, accountability and integrity. The Company believes

in the principles of responsibility and commitment, which ensure a better relationship with shareholders, customers, the government, lenders and the community at large. It also provides stability to the expectations of various associate groups mentioned earlier. Its aim is to be progressive and trustworthy in all its transactions with stakeholders and customers alike. The Company has duly implemented all relevant provisions of the corporate governance guidelines as suggested by SEBI.

Emami's reliance and belief in corporate governance principles are based on the commitment to enrich itself with the best management practices and to fulfill its vision with the attainment of the highest levels of fidelity, accountability and transparency.

The details of committees constituted as per the provision of Clause 49 of the Listing Agreements are as under:

Audit committee

As per the provisions of clause 49, of the listing agreement, the audit committee was constituted by the board of directors in its meeting dated March 28, 2001. The committee was reconstituted as per the meeting of the Board dated January 15, 2005 and comprises of 3 members, Shri S K Todi, Shri R S Goenka and Shri K K Khemka. Shri. S K Todi is the chairman of the committee. The Committee has held 16 meetings upto 30.09.2004. During the half year ended September 30, 2004 three meetings were held by the committee upto 30.09.2004.

The purposes for which the committee was constituted and the general business transacted by the committee was as follows:

- a) Review of the quarterly, half-yearly and annual financial statements.
- b) Regular review of and taking follow-up action on the reports of the internal auditors.
- c) Finalising the internal audit programme for the year.
- d) Planning of internal audit programme for the future.
- e) Review of key accounting matters and developments.
- f) Other matters as directed by the board.

Remuneration committee

The remuneration committee of the board was reconstituted by the Board of Directors in its meeting dated January 15, 2005, comprising of 3 members, Shri. K K Khemka, Shri. S N Jalan and Shri. S K Todi and Shri A. K. Joshi, as Secretary. Shri K K Khemka is the Chairman of the Committee. The Committee has held 2 meetings upto September 30, 2004. During 2003-04, one meeting of this committee took place on May 16, 2003 and all the members attended the said meeting.

The purposes for which the committee has been formed

- a) to determine and recommend to the Board of Directors the remuneration package of the Managing Director and the Whole-time Directors.
- b) to approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director and the Whole-time Directors within the limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.

Share transfer and Shareholders / Investors Grievance committee

Share transfer and Shareholders / Investors Grievance committee was reconstituted by the Board of Directors at its meeting on January 15, 2005, comprising of 3 members, Shri S K Todi, Shri A V Agarwal and Shri Mohan Goenka and attended by Shri A. K. Joshi, the Company Secretary. Shri S K Todi is the Chairman of the Committee. The Committee has held 32 meetings upto September 30, 2004. During the half year ended September 30, 2004 seven meetings were held by the committee. The last meeting was held on September 27, 2004. The Committee was constituted to approve the transfer of shares of the Company, and in particular have the powers to:

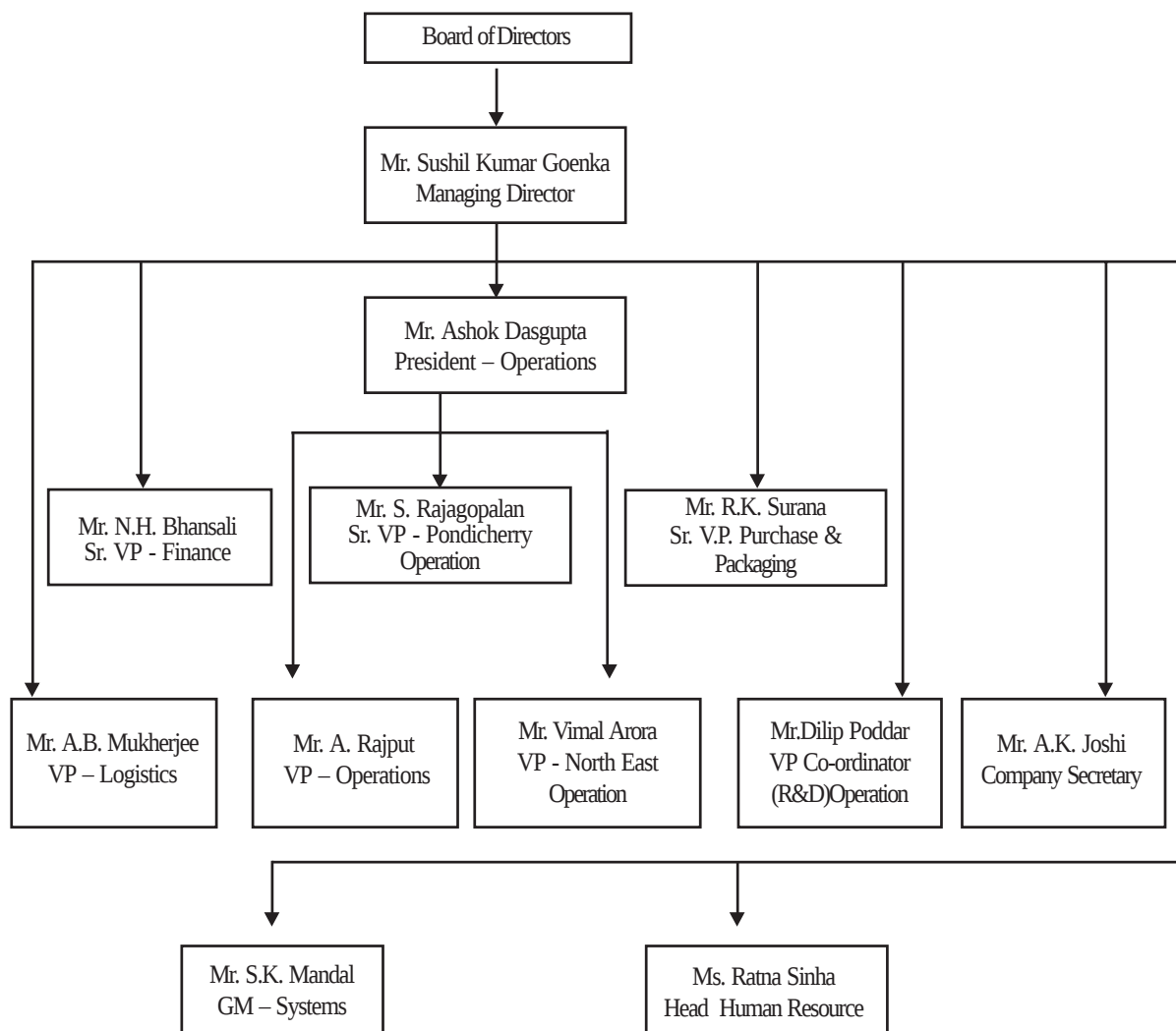
- a) Approve the share transfers and transmissions of all classes of shares.
- b) Sub-divide, consolidate and issue of duplicate share certificates.
- c) Affix or authorise fixation of the common seal of the Company to the share certificates.

The Committee is also authorised to take on record all disclosures made in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the Draft Code of the Company formulated under these Regulations.

During the year, all complaints and/or grievances as received from the investors were promptly responded to and satisfactorily replied.



ORGANISATION STRUCTURE



The overall supervision and control of the Company's functions rests with the Board of Directors. The day-today operational charge of the Company is with its Managing Director, Shri Sushil Kumar Goenka.

The organization is functionally organized into R&D, finance & accounts, operations, purchase, legal, human resources etc. All the functional heads report to the Managing Director.

Key Managerial Personnel

- Shri Ashok Dasgupta** : President Operations, age 57 years, is a B.Tech (Chemical) from Jadavpur University, Kolkata. His career spans over a period of 34 years across various organizations such as ICI India Ltd., Ranbaxy Laboratories Ltd. and Dabur India Ltd. He has diverse experience in New Product Identification, Development and Marketing, Export Business Development and Product Development. He has a track record of enhancing processes and productivity, continuously improving quality and reducing cost. He has successfully executed number up-gradation projects of various plants and upgrading them to international standards. He has a wide exposure and understanding of business strategy planning and implementation.

Shri Dasgupta has joined Emami on February 7, 2004 and is responsible for overseeing the operation of the various units spread across the country. He draws a gross salary of Rs. 20,94,000 p.a.

2. **Shri N. H. Bhansali** : Senior Vice President Finance, age 38 years, is a FCA with 14 years of experience in the field of Finance and Accounting. Shri Bhansali has wide exposure to fields of Finance and Accounting, Planning, Taxation, Business Strategies, Costing and other allied matters. He has served in reputed organizations as Godrej & Boyce Mfg Co. Ltd, Reliance Industries Ltd. etc. Academically, Shri Bhansali has a couple of feats to his credit. He was ranked 8th all over India in the CA Inter Examination and was an All India Topper in Law.

He has been actively associated with Emami for the last 12 years and is now handling the overall responsibility of the Finance and Accounts Department. He joined Emami as a Management Trainee on May 2, 1992 and has subsequently climbed the ladder to reach the current position. He draws a gross salary of Rs. 6,26,438 p.a.

3. **Shri S. Rajagopalan** : Senior Vice President Pondicherry , age 53 years, is a qualified Chartered Accountant and has wide experience in the Field of Finance and Operations and has served several organizations like STP Limited of Times of India Group, Andrew Yule Co. Ltd. and Coal India Limited in various categories.

He joined Emami on December 15, 1993 and is heading the Pondicherry operations of the company. His responsibilities include day to day monitoring of operation, co-ordination with Head Office for implementation of plans – short term as well as long term. He is also responsible for catering to short time manufacturing requirement of the products through out sourcing in Southern region. He draws a gross salary of Rs. 7,76,708 p.a.

4. **Shri R.K. Surana** : Senior Vice President Purchase, age 52 years , is a graduate in Commerce. He has wide experience of 33 years in the fields of Accounts, Production and Purchase and had served in organizations like Polisyant Chemicals & Raj Textiles, Oodlabri & Co. and Rasoi International prior to joining Emami.

Shri Surana joined Emami on August 16, 1981 as a production Executive and subsequently climbed the ladder to the position of Senior Vice President. He is responsible for material planning and procurement and finalizing purchase strategies. He is also responsible for Packaging Development and Quality Control related issues. He draws a gross salary of Rs. 8,18,458 p.a.

5. **Shri A.K. Joshi**: Company Secretary, age 46 years, is a qualified Company Secretary and has vast experience of 11 years in the areas of corporate laws including Company laws and other laws relating to excise, sales tax, trademarks and copyrights, etc.

Shri Joshi joined Emami on November 1, 1993 as Management Trainee and thereafter became Company Secretary of the Company handling legal compliances relating to secretarial and other statutory matters and is currently heading the Legal Department, looking after all legal matters of the Company. He draws a gross salary of Rs. 3,96,804 p.a.

6. **Shri A. B. Mukherjee** : Vice President Logistics, age 57 years, is a BE (Mechanical) from Jadavpur University, Kolkata and also holds a Post Graduate Diploma in Management from Calcutta University. He has experience of over 36 years in production planning, factory management, and co-ordination with sales and marketing team. He has served in a number of organizations as Usha Telehoist Ltd., Remington Rand, Brooke Bond India Ltd. and Hindustan Lever Ltd. in various capacities.

He joined Emami on May 4, 2001 and is responsible for Logistics operations of the Company. He draws a gross salary of Rs 13,09,725 p.a.

7. **Shri A. Rajput** : Vice President Operations, age 35 years, is a Science graduate from Rohilkhand University and also holds a Diploma in Hotel Management and Catering, a Post Graduate Diploma in Production Management and a PG Diploma in Business Administration. He has an experience of 12 years in the field of production and has been associated with leading FMCG companies like Nestle and Dabur. Shri Rajput has wide exposure to process control, production planning, material handling, implementation of GMP's (Good Manufacturing Practices), productivity improvement and wastage control, in process Quality Control etc.

He joined Emami on April 10, 2000 and is responsible for handling the operations of the various units. He draws a gross salary of Rs. 8,41,510 p.a.



8. **Shri Vimal Arora** : Vice President North East Operations, age 46 years, is a qualified Chartered Accountant. He has around 19 years of experience in the areas of Banking, Finance, Legal, Taxation, Excise, Customs, Income tax, Sales tax, Exim policy, Inventory Management and control etc. Prior to joining Emami, he has served in organizations as Sanghi Brothers, L.P. Castings Ltd., Nihon Nirman Ltd., Bhiwani Textiles (Unit of Grasim Ltd.) and Uniworth Textiles Ltd.

He joined Emami on December 3, 2003 and is in charge of the North East operations of the company. He draws a gross salary of Rs. 6,73,960 p.a.

9. **Shri Dilip Poddar**: Vice President Co-ordination, age 47 years, is a B. Com (Hons), graduate from Calcutta University. He has a vast experience in R&D, Purchase, packaging Development and International business.

He joined Emami on May 1, 1978 and is currently heading the R&D section in Mumbai. He draws a gross salary of Rs. 6,67,458 p.a.

10. **Shri S. K. Mandal** : General Manager Systems, age 51 years, is an M.Sc in Maths and holds a Post Graduate Diploma in Systems Management from Compucentres Institute, London, UK. He has around 22 years of experience in the field of IT with wide exposure in Planning, Conceptualizing, Design, Development, Implementation and Management of Information and Communication Systems and also Implementation of Integrated IT Network with multiple server and nodes among various branch offices and units. He has served a number of organizations like DCM Data Product Ltd., Tata Robins Fraser Ltd., Kothari Group of Industries, Kanoria Group of Industries and The Champadany Industries Ltd.

He joined Emami on May 7, 2001 and is heading the Systems Department. He draws a gross salary of Rs. 4,20,442 p.a.

11. **Smt. Ratna Sinha** : Head Human Resources, age 43 years, is a Post Graduate in Personnel Management and Industrial Relations from XISS, Ranchi and also holds a degree in Hospital Management from ISWBM, Kolkata. Smt. Sinha has over 17 years of experience in the field of Human Resource and Administration, with hands on experience in Human Resource related matters like Manpower Sourcing, Training and Development, Systems Design and Administration, MIS, Employee Relations, Personnel Administration and Public Relation. She was associated with organizations as Kilburn Reprographics, B.M. Birla Heart Research Centre, Srei International Finance Ltd. and Subhash Projects and Marketing Ltd.

Smt. Sinha joined Emami on June 7, 2004 and is responsible for the entire gamut of Human Resource activities in the company. She draws a gross salary of Rs 3,51,089 p.a.

Shareholding of Directors

Directors' share holding as on January 31, 2005 are as follows:

Name	No. of Shares
Shri R. S. Agarwal	239000
Shri R. S. Goenka	96380
Shri Aditya Vardhan Agarwal	523500
Shri Mohan Goenka	50000
Shri Harsh Vardhan Agarwal	857280
Shri Sushil Kr. Goenka	59000
Shri S. N. Bihani	3500
Shri S. N. Jalan	Nil
Vaidya S. Chaturvedi	Nil
Shri K. K. Khemka	Nil
Shri Shrawan Kumar Todi	Nil
Shri Viren J Shah	Nil

For details regarding Equity Shares held by the promoters and their families and entities controlled by them, please see “Capital Structure of the Company” on page 17 of this Red Herring Prospectus.

Shareholding of Key Employees

None of the key employees of the Company hold any shares of the Company.

Interest of Promoters, Directors & Key Managerial Personnel

Except as stated in “Related Party Transactions” on page 93 of this Red Herring Prospectus, and to the extent of shareholding in the Company, the Promoters do not have any other interest in the Company’s business.

The Promoters have significant voting rights in the Company under the terms of the Articles of Association, since they hold 96.08% of the voting capital. For additional information, see page 160 of this Red Herring Prospectus.

The key managerial employees of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. The whole time Directors are interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in Key Managerial Employees during the last three years :

Following are the changes in key managerial employees during the last three years:

Name	Date of appointments	Designation	Date of Cessation	Reason
A.B. Mukherjee	4-5-2001	V.P. Operations	NA	NA
R.C. Gattani	10-4-2003	Sr. V.P. Projects & Operations	NA	NA
Vimal Arora	3-12-2003	V.P. (North East Operation)	NA	NA
Ashok Dasgupta	7-2-2004	President Operations	NA	NA
Apu Ray	9-6-2003	President - Business Development	16-10-2004	Resigned
Lalit Chopra	1-10-2003	G.M (HRD)	31-03-2004	Resigned

NA – Not Applicable

PROMOTERS AND THEIR BACKGROUND

The Company has been promoted by Shri Radhe Shyam Agarwal and Shri Radhe Shyam Goenka who are the first generation entrepreneurs having more than 30 years of experience in the industry.



Shri Radhe Shyam Agarwal, Chairman, aged 58 years, is a qualified Chartered Accountant, Company Secretary and LLB.

He began his career as a Senior Executive of Birla Group. Gradually, he became associated with other projects of Birla Group including Industrial Plants Ltd., and foreign projects in Indonesia and Bangkok. In 1974, he left the job and started a Joint Venture with Shri R. S. Goenka by setting up a ayurvedic medicine and cosmetic manufacturing unit in Kolkata.

He has wide interest in business and is on the Board of several Companies such as Emami Paper Mills Ltd., Shree Cement Ltd., Advance Medicare & Research Institute Ltd, South City Projects (Kolkata) Ltd., Rupa & Co Ltd., Merchants Chambers of Commerce and others.

He is closely associated in various capacities with many Chambers, Cultural, Charitable and Social Service Organizations and is regarded as one of the most promising industrialists in Kolkata. He is the past President of Merchants Chambers of Commerce, served as Director on the Board of West Bengal Industrial Development Corporation, past President of Aradhana Trust and Committee Member of Shree Vishudhanand Hospital & Research Institute, Nagrik Swastha Sangha and Trustee of Banshilal Janki Devi Agarwal Trust.

His Passport Number is U597600, Income Tax Permanent Account Number AGBPA2227J. He does not currently possess a driving license and his voters ID is not available.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to the BSE and the CSE at the time of filing this Red Herring Prospectus with them.



Shri Radhe Shyam Goenka Director, aged 57 years, is a Master of Commerce and LLB.

He started his career in the year 1970 with Birla Group of Industries. He has a very deep understanding of taxation and financial planning of industries. In the year 1974, he left the service of Birlas and started a Joint venture with Shri R. S. Agarwal by setting up an ayurvedic medicine and cosmetics manufacturing unit in Kolkata.

He has wide interest in business and is on the Board of several Companies such as Emami Paper Mills Ltd., Advance Medicare & Research Institute Ltd, South City Projects (Kolkata) Ltd., Khaitan (India) Ltd., Merchants Chambers of Commerce, etc. He is the Honorary Consul General of Republic of Poland. He is closely associated in various capacities with many cultural, charitable and social service organisations. He is the trustee in Shree Vishudhanand Hospital

Trust, Keshardeo Ratni Devi Goenka Trust, Banshilal Janki Devi Agarwal Trust, and Bhagatram Charitable Trust.

He is the past President of Aradhana Trust, Aradhana Cultural Organisation, Bajrang Parishad and President of Calcutta Pinjrapole Society. He is the Chairman (Research & Seminar) of Shree Vishudhanand Hospital & Research Institute. He is Committee member of Shri Shikshayatan Secondary School, Nagrik Swastha Sangha and Indian Cancer Society.

His Passport Number is U597599, Income Tax Permanent Account Number AEGPG8285B. He does not currently possess a driving license and his voters ID is not available.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter have been submitted to the BSE and the CSE at the time of filing this Red Herring Prospectus with them.

PROMOTER GROUP

In terms of Clause 6.4.2 (k) Explanation II (b) of the DIP Guidelines, the following persons form part of our Promoter Group.

S.No	Name	Relation
1	Usha Agarwal	Wife of R. S. Agarwal
2	Bajrang Lal Agarwal	Brother of R. S. Agarwal
3	Shanti Devi Agarwal	Wife of Bajrang Lal Agarwal
4	Savitri Devi Agarwal	Wife of Late Dwarka Das Agarwal
5	Madan Lal Agarwal	Brother of R. S. Agarwal
6	Aditya Vardhan Agarwal	Son of R. S. Agarwal
7	Harsha Vardhan Agarwal	Son of R. S. Agarwal
8	Priti Sureka	Daughter of R. S. Agarwal
9	Richa Agarwal	Wife of Aditya Vardhan Agarwal
10	Mansi Agarwal	Wife of Harsh Vardhan Agarwal
11	Vibhash Vardhan Agarwal	Son of Aditya Vardhan Agarwal
12	Vidula Agarwal	Daughter of Aditya Vardhan Agarwal
13	Vidishree Agarwal	Daughter of Harsh Vardhan Agarwal
14	Rohin Raj Sureka	Son of Priti Sureka
15	Avishi Sureka	Daughter of Priti Sureka
16	Ratni Devi Goenka	Mother of R. S. Goenka
17	Saroj Goenka	Wife of R. S. Goenka
18	Raj Kumar Goenka	Brother of R. S. Goenka
19	Meena Goenka	Wife of R. K. Goenka
20	Suresh Kumar Goenka	Brother of R. S. Goenka
21	Santosh Goenka	Wife of Suresh Goenka
22	Sushil Kumar Goenka	Brother of R. S. Goenka
23	Indu Goenka	Wife of Sushil Goenka
24	Laxmi Devi Bajoria	Sister of R. S. Goenka
25	Mohan Goenka	Son of R. S. Goenka
26	Manish Goenka	Son of R. S. Goenka
27	Rachna Bagaria	Daughter of R. S. Goenka
28	Rashmi Goenka	Wife of Mohan Goenka
29	Jyoti Goenka	Wife of Manish Goenka
30	Saswat Goenka	Son of Mohan Goenka
31	Shreya Goenka	Daughter of Mohan Goenka
32	Nimisha Goenka	Daughter of Manish Goenka
33	Prashant Goenka	Son of R. K. Goenka
34	Yogesh Goenka	Son of R. K. Goenka
35	Puja Goenka	Wife of Prashant Goenka
36	Amitabh Goenka	Son of Suresh Goenka
37	Ashish Goenka	Son of Suresh Goenka
38	Jayant Goenka	Son of Sushil Goenka
39	Sachin Goenka	Son of Sushil Goenka
40	Smriti Agarwal	Daughter of Suresh Goenka
41	Sobhna Agarwal	Daughter of Suresh Goenka

None of the above mentioned persons have been restrained from accessing the capital market for any reasons by SEBI or any other authorities.



The promoters, their relatives, the company, its group and associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Companies promoted by the Promoters / Promoter Group

1. Auto Hitech Private Ltd.

Auto Hitech Private Ltd. was incorporated on September 23, 1999. The main object of the Company is to carry on the business of trading and distribution of all kinds of automobiles and vehicles. It is presently acting as the authorised dealer of Maruti Udyog Ltd.

Board of directors

Shri Rajesh Bagaria and Shri Sheo Shankar Bagaria

Share Holding

56.78% of shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 43.22% shares are held by Private Corporate Bodies (27.61%) and Individuals (15.61%)

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	7419.43	6411.42	6573.80
PAT	(10.60)	3.52	7.91
Equity Capital	300.02	450.02	450.02
Reserves & Surplus Excl Revaluation	(16.59)	(9.11)	(0.89)
Deferred Tax Liability	-	(7.14)	-
EPS (Rs.)	(0.35)	0.08	0.18
Book Value/ Share (Rs.)	9.45	9.64	9.98

2. Bhanu Vyapaar Private Ltd.

Bhanu Vyapaar Pvt. Ltd. was incorporated as Kalyan Food Products Private Ltd. on August 29, 1988. It changed its name to Bhanu Vyapaar Private Ltd. on March 25, 1998. It is engaged in the business of finance, investments & trading in shares and securities.

Board of directors

Shri R. S. Goenka, Shri Raj Kumar Goenka, Shri Mohan Goenka and Shri Manish Goenka

Share Holding

All the equity shares are held by Promoter/Promoter Group/Promoter Group Companies

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	0.39	30.66	74.64
PAT	(0.59)	12.88	17.75
Equity Capital	107.15	125.01	125.01
Reserves & Surplus Excl Revaluation	164.69	236.75	254.81
Deferred Tax Liability	-	-	-
EPS (Rs.)	(0.055)	1.03	1.42
Book Value/ Share (Rs.)	25.37	28.94	30.38

3. CR1 Ltd.

CRI Limited was incorporated on May 16, 1974 as Cash Register Company (India) Pvt Ltd. The name was changed to CRI Pvt Ltd. on May 19, 1984 which was again changed to CRI Ltd. on May 5, 1994. The Company is involved into manufacturing and dealing in writing instruments particularly ballpoint pens.

Board of directors

Shri R. K. Sureka , Shri J. P. Agarwal, Shri S. K. Mondal, Shri A.V. Agarwal , Shri Manish Goenka , Shri R. G. Ganeriwal, Shri R. K. Jatia and Shri Dinkar Sharma

Shareholding Pattern

87.86 % of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 12.14% is held by the Private Corporate Bodies (11.31%) and Individuals (0.83%)

Financial Highlights

Particulars	Rs in Lacs		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	2226.54	2351.22	2950.29
PAT	51.09	93.52	145.74
Equity Capital	565.03	565.03	725.03
Reserves & Surplus Excl Revaluation	533.22	550.37	1079.47
Deferred Tax Liability	-	83.5	43.27
EPS (Rs.)	0.904	1.655	2.010
Book Value/ Share (Rs.)	19.44	21.22	25.49

4. Diwakar Viniyog Private Ltd.

Diwakar Viniyog Private Ltd. was incorporated as Hi-Up Cosmetics & Toiletries Private Ltd. on January 11, 1984. It changed its name to Diwakar Viniyog Private Ltd. on January 12, 1998. It is engaged in the business of finance, Investments & trading in shares and securities.

Board of directors

Shri R. S. Agarwal, Shri Sushil Kumar Goenka and Shri H. V. Agarwal

Share Holding

All the equity shares are held by Promoter/Promoter Group/Promoter Group Companies .

Financial Highlights

Particulars	Rs. in lacs.		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	2.70	32.44	75.01
PAT	0.79	15.40	20.38
Equity Capital	132.77	141.24	141.54
Reserves & Surplus Excl Revaluation	269.21	304.37	326.26
Deferred Tax Liability	-	-	-
EPS (Rs.)	0.06	1.09	1.44
Book Value/ Share (Rs.)	30.28	31.55	33.05

5. Emami Capital Markets Ltd.:

Emami Capital Markets Ltd. was incorporated on October 5, 1994. Emami Capital Markets Ltd. is engaged in carrying on the business of finance, Investments & trading in shares and securities.



Board of directors

Shri Prashant Goenka , Shri Sushil Kumar Goenka and Shri Rajesh Agarwal

Share Holding

70.83% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 29.17% is held by the Private Corporate Bodies (29.12%) and Individuals (0.05%)

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	0.58	0.49	27.90
PAT	0.05	0.02	0.07
Equity Capital	90.47	118.47	118.47
Reserves & Surplus Excl Revaluation	1.77	1.88	2.03
Deferred Tax Liability	-	-	-
EPS (Rs.)	0.006	0.002	0.01
Book Value/ Share (Rs.)	10.20	10.16	10.17

6. Emami Group of Companies Pvt. Ltd

Emami Group of Companies Private Ltd. was incorporated on February 14, 1994. It is engaged in carrying on the business of finance, Investments & trading in shares and securities.

Board of directors

Shri R. S. Goenka, Shri R. S. Agarwal and Shri A.V. Agarwal

Share Holding

All the equity shares are held by Promoter/Promoter Group/Promoter Group Companies

Financial Highlights

	Rs. in lacs.		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	0.29	0.31	0.57
PAT	0.04	0.04	0.22
Equity Capital	1.02	1.02	1.02
Reserves & Surplus Excl Revaluation	(0.02)	0.06	0.32
EPS (Rs.)	0.368	0.37	2.14
Book Value/ Share (Rs.)	9.76	10.57	13.14

7. Emami International Private Ltd.

CRI International Private Ltd. was originally incorporated on November 20, 1998 and its name was subsequently changed to Emami International Private Ltd. on January 4, 1999.

The main objects of the Company are to carry on the business of manufacturers, traders and dealers of pen, pencil, ballpoint pen, tips, colour pencils etc.

Board of directors

Shri Dhiraj Agarwal and Shri Mohan Goenka.

Share Holding

60.20% of shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 39.80% shares are held by Individuals.

Financial Highlights

The Company is yet to start operations. Expenses incurred up to March 31, 2004 are Rs 40, 802. Capital of the Company as on the date is Rs. 1,00,000.

8. Emami Paper Mills Ltd.-

Emami Paper Mills Ltd. is a public limited Company incorporated on September 26, 1981 as Gulomhar Constructions Industries Ltd. The name was changed to Gulmohar Paper Ltd. on March 27, 1990. The name was again changed to Emami Paper Mills Ltd on December 29, 2000. It is an ISO 9001:2000 Company promoted by Emami Group, established in 1981 has strived hard to emerge as one of the most efficient medium scale Paper Mill in the country. The Mill is having two units namely Balasore (Orissa) and Gulmohar (Kolkata) manufacturing of writing and printing papers and news prints. The Company is listed on The Calcutta Stock Exchange Association Ltd. and The Uttar Pradesh Stock Exchange Association Ltd.

Board of directors

Shri R. S. Goenka, Shri R. S. Agarwal, Shri S. K. Khaitan, Shri R. K. Agarwal, Shri A. C. Gupta, Shri A.V. Agarwal, Shri Manish Goenka, Shri P. S. Patwari, Shri S. K. Todi, Shri M. L. Jain, Shri U.G. Bhat and Shri S.C. Saha

Share Holding

97.71% is held by Promoter/Promoter Group/Promoter Group Companies and the rest 2.29 % is held by Private Corporate Bodies (1.12%) and Individuals (1.17%)

In the case of the company, the maintenance of minimum level of Non-Promoters holding could not be sustained due to unavoidable circumstances, which compelled the Promoters of the company to put in extra funds in the form of Equity Capital – mainly for compliance of the terms of the Scheme sanctioned by the BIFR, to fulfill the conditions stipulated by IDBI as well as in terms of the Scheme of Amalgamations sanctioned by various High Courts from time to time.

Financial Highlights

	Rs. in lacs.		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	11179.45	11803.90	12206.70
PAT	24.27	75.24	145.92
Equity Capital	1209.98	1209.98	1209.98
Reserves & Surplus Excl Revaluation	2751.82	2856.64	2866.92
Deferred Tax Liability	571.76	488.79	675
EPS (Rs.)	0.20	0.62	1.21
Book Value/ Share (Rs.)	37.47	37.65	39.27

Share Quotation

No transactions were recorded on The Uttar Pradesh Stock Exchange Association for the last 3 years. The highest and the lowest market price as recorded on CSE during the preceeding six months is Rs. 35/- and Rs. 24.50 respectively. The Company has not made any public or rights issue in the last three years.

Listing of, 78,87,600 equity shares of Rs.10/- each allotted on amalgamation and 2150000 equity shares of Rs.10/- each at a premium of Rs.40/- per share allotted on preferential basis, are pending on The Calcutta Stock Exchange Association Ltd. and The Uttar Pradesh Stock Exchange Association Ltd.

9. EPL Securities Ltd.:

EPL Securities Ltd. was incorporated on September 22, 1995. It is engaged in carrying on the business of finance, Investments & trading in shares and securities. EPL Securities is a 100% subsidiary of Frank Ross Ltd.

Board of directors

Shri Dhiraj Agarwal, Shri RK Jatia and Shri N.H. Bhansali



Share Holding

It is a wholly owned subsidiary of Frank Ross Ltd.

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	0.004	0.03	1.19
PAT	(0.35)	(0.32)	0.66
Equity Capital	171.07	171.07	171.07
Reserves & Surplus Excl Revaluation	(1.11)	(1.26)	(0.55)
Deferred Tax Liability	-	-	-
EPS (Rs.)	(0.02)	(0.02)	0.04
Book Value/ Share (Rs.)	9.94	9.93	9.97

10. Frank Ross Ltd.

Frank Ross & Company Ltd. was incorporated on January 31, 1919. It changed its name to Frank Ross Ltd. on 22.03.1984. Presently it is engaged in running chain of retail medicine shops. The Company is listed on The Calcutta Stock Exchange Association Ltd.

Board of directors

Shri R.K. Jatia, Shri D. Agarwal and Shri R.D. Daga

Share Holding

23.87% is held by Promoter/Promoter Group/Promoter Group Companies and the the balance 76.13% is held by Private Corporate Bodies (32.03%), FIs/Banks/MFs (0.02%) and Individuals (44.08%).

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	242.46	259.24	304.57
PAT	5.06	3.23	(2.83)
Equity Capital	132.98	132.98	132.98
Reserves & Surplus Excl Revaluation	129.36	132.68	129.93
Deferred Tax Liability	-	0.47	4.57
EPS (Rs.)	0.383	0.24	(0.21)
Book Value/ Share (Rs.)	19.73	20.01	20.11

Share Quotation

No transactions were recorded on The Calcutta Stock Exchange Association Ltd. for the last 3 years.

The Company has not made any public or rights issue in the last three year

11. J.B.Marketing and Finance Ltd. (JBMFL)

JBMFL was incorporated on September 6, 1969 as J. B. Properties Enterprises Pvt Ltd. The name was changed to J. B. Marketing and Services Pvt. Ltd. which was again changed to J.B. Marketing and Services Ltd. on September 7, 1982. The Company was renamed as J. B. Marketing and Finance Ltd. on August 11, 2000.

It is involved in trading, marketing, exporting / importing of ayurvedic medicines, cosmetics, toiletries etc. The Company distributes products of Emami Ltd. as per the agreement between Emami Ltd. and JBMFL. The Company has 21 C & f agents and has presence in 26 cities. Emami sells its products through JBMFL. The advertising and the business promotion are borne by JBMFL. The Company is listed on The Calcutta Stock Exchange Association Ltd. and The Uttar Pradesh Stock Exchange Association Ltd.

Board of directors

Shri R.D. Daga, Shri S. K. Khaitan, Shri Ashok Dalmia and Shri G.Saraf

Share Holding

69.94% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 30.06% is held by the Private Corporate Bodies (21.74%) and Individuals (8.32%)

Financial Highlights

Particulars	Rs. in lacs.		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	23031.79	25343.53	24601.19
PAT	15.48	20.27	36.92
Equity Capital	349.90	349.90	349.90
Reserves & Surplus Excl Revaluation	613.11	633.38	670.30
Deferred Tax Liability	23.93	28.54	27.87
EPS (Rs.)	0.44	0.58	1.06
Book Value/ Share (Rs.)	28.21	28.92	29.95

Share Quotation

No transactions were recorded on The Uttar Pradesh Stock Exchange Association Ltd. for the last 3 years. However the shares were infrequently traded on CSE for the last 3 years. There was no trading of the shares on either of the Stock Exchanges during the preceeding six months.

The Company has not made any public or rights issue in the last three years.

12. Kroda International Ltd.

Kroda International Ltd. was incorporated on July 3, 1982 as Emami (India) Pvt. Ltd. The name of the Company was changed to Emami India Ltd on February 19, 1993. The name of the Company was again changed to Emami Agio Ltd. on October 8, 1993 and then to Kroda International Ltd. on December 11, 1996.

The main business of the Company is manufacturing, trading and dealing in medicines, cosmetics and toiletries.

Board of directors

Shri Rikhab Das Daga, Shri Dhiraj Agarwal and Shri Dilip Poddar

Share Holding

61.60% of shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 38.40% shares are held by Private Corporate Bodies (18.65%) and Individuals (19.75%).



Financial Highlights

Rs. in lacs.

Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	2.14	1.3	4.58
PAT	(0.26)	(0.35)	(0.13)
Equity Capital	56.04	56.04	56.04
Reserves & Surplus Excl Revaluation	(19.16)	(19.48)	(19.61)
Deferred Tax Liability	-	-	-
EPS (Rs.)	(0.05)	(0.06)	(0.02)
Book Value/ Share (Rs.)	6.58	6.52	6.50

13. Neelam Lefin Ltd.

Neelam Lefin Private Ltd. was incorporated on November 2, 1992. It changed its name to Neelam Lefin Ltd. on September 9, 1994. It is engaged in carrying on the business of finance, Investments & trading in shares and securities. It is a 100% Subsidiary of Pan Emami Cosmed Ltd.

Board of directors

Shri Sushil Kumar Goenka, Shri Mohan Goenka, Shri H.V. Agarwal, Shri N.H. Bhansali and Shri R.D. Daga

Share Holding

Neelam Lefin Ltd. is a wholly owned subsidiary of Pan Emami Cosmed Ltd.

Financial Highlights

Rs. in lacs.

Particulars	28-Feb 02*	31-Mar-03**	31-Mar-04
Sales & Other Income	3.19	0.85	0.89
PAT	0.25	0.03	(0.09)
Equity Capital	88.70	88.70	130.90
Reserves & Surplus Excl Revaluation	(13.01)	(12.87)	325.95
Deferred Tax Liability	-	-	-
EPS (Rs.)	0.028	0.003	(0.007)
Book Value/ Share (Rs.)	8.53	8.55	34.90

*Financial Results are for 11 months ended February 28, 2002

**Financial Results are for 13 months ended March 31, 2003

14. New Age Biotech Private Ltd.

New Age Biotech Private Ltd. was incorporated on April 18, 2002. The main objects of the Company are to carry business of production , processing , trading and marketing of all types of agri-products, vegetables, fruits etc. as well to perform and sponsor research and development and consulting activities.

Board of directors

Shri Aditya Vardhan Agarwal, Shri Manish Goenka, Shri S. K. Mondal, Shri S. K. Khaitan

Share Holding

95.06% of shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 4.94% shares are held by Individuals.

Financial Highlights

The Company has just started operations. Capital of the Company as on the date is Rs 1.05 lacs.

15. New Way Construction Ltd.

New Way Constructions Private Ltd. was incorporated on January 28, 1991. It changed its name to New Way Constructions Ltd. on March 31, 1995. It is engaged in carrying on the business of finance, Investments & trading in shares and securities. It is a 100% Subsidiary of Pan Emami Cosmed Ltd.

Board of directors

Shri Sushil Kumar Goenka, Shri Prashant Goenka, Shri Pradeep Agarwal, Shri Dhiraj Agarwal and Shri N.H. Bhansali

Share Holding

New Way is a wholly owned subsidiary of Pan Emami Cosmed Ltd.

Financial Highlights

Particulars	Rs. in lacs.		
	28-Feb 02*	31-Mar-03**	31-Mar-04
Sales & Other Income	0.03	0.60	3.40
PAT	(0.25)	0.31	0.10
Equity Capital	62.50	62.50	62.50
Reserves & Surplus Excl Revaluation	13.06	13.55	13.66
Deferred Tax Liability	-	(0.07)	-
EPS (Rs.)	(0.040)	0.050	0.016
Book Value/ Share (Rs.)	12.09	12.16	12.19

* Financial Results are for 11 months ended February 28, 2002

** Financial Results are for 13 months ended March 31, 2003

16. Pan Emami Cosmed Ltd.

Pan Emami Cosmed Ltd. was incorporated on January 21, 1994. Pan Emami Cosmed Ltd. is engaged in the business of finance, Investments & trading in shares and securities. On March 31, 2000 investment undertaking of Emami was demerged to Pan Emami Cosmed Ltd.

Board of directors

Shri P. K. Agarwal , Shri Dhiraj Agarwal , Shri Rajesh Agarwal and Shri N. H. Bhansali

Share Holding

97.51% of the equity shares are held by the Promoter/Promoter Group/Promoter Group Companies while the remaining 2.49% is held by the Private Corporate Bodies (1.35%) and Individuals (1.14%).

Financial Highlights

Particulars	Rs. in lacs		
	28-Feb 02*	31-Mar-03**	31-Mar-04
Sales & Other Income	418.04	1491.36	19351.18
PAT	81.68	(9.57)	511.51
Equity Capital	562.17	562.17	562.17
Reserves & Surplus Excl Revaluation	2504.99	2495.93	3007.98
Deferred Tax Liability	-	(0.21)	(0.34)
EPS (Rs.)	1.45	(0.17)	9.10
Book Value/ Share (Rs.)	54.56	54.39	63.50



* Financial Results are for 11 months ended February 28, 2002

** Financial Results are for 13 months ended March 31, 2003

17. Premier Ferro Alloys and Securities Ltd.:

Premier Ferro Alloys Private Ltd. was incorporated on August 9, 1977. Its name was changed to Premier Ferro Alloys Ltd. on January 31, 1984, which was again changed to Premier Ferro Alloys & Securities Ltd. on July 22, 1996. Premier Ferro Alloys & Securities Ltd. is engaged in carrying on the business of finance, Investments & trading in shares and securities. The Company is listed on The Calcutta Stock Exchange Association Ltd. and The Delhi Stock Exchange Ltd.

Board of directors

Shri M.L. Agarwal, Shri A.V. Agarwal, Shri R.D. Daga and Shri Rajesh Agarwal

Share Holding

30.02% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 69.98% is held by the Private Corporate Bodies (38.48%) and Individuals (31.50%).

Financial Highlights

Particulars	Rs. in lacs.		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	3.65	2.55	1.65
PAT	0.43	0.88	0.14
Equity Capital	110.56	110.56	110.56
Reserves & Surplus Excl Revaluation	2.42	3.46	2.88
Deferred Tax Liability	-	-	-
EPS (Rs.)	0.04	0.08	0.01
Book Value/ Share (Rs.)	10.22	10.31	10.26

Share Quotation

No transactions were recorded on either of the Stock Exchanges for the last 3 years.

The Company has not made any Public / Rights issue in the last three years.

18. South City Projects (Kolkata) Ltd.

South City Projects (Kolkata) Ltd. was originally incorporated as Damaodar Valley Projects Ltd. on April 27, 1995. The name of the Company was changed to South City Projects (Kolkata) Ltd. on November 8, 2001. The main object of the Company is to acquire, purchase, hire, develop land, buildings and estates.

Board of directors

Shri Radhe Shyam Agarwal, Shri Radhe Shyam Goenka, Shri Shrawan Kumar Todi, Shri M. L. Jain, Shri B. D. Sureka, Shri L. K. Agarwal, Shri Sushil Mohta, Shri J. K. Khetawat, Shri Pradeep Sureka and Shri R..K Bachawat

Share Holding

28.82% of shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 71.17% shares are held by Private Corporate Bodies (39.29%), Trusts (0.33%) and Individuals (31.56%).

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	7.46	4.36	281.69
PAT	1.61	(2.59)	(4.93)
Equity Capital	92.00	443.67	450.07
Reserves & Surplus Excl Revaluation	136.08	649.09	653.86
Deferred Tax Liability	-	(0.04)	(4.69)
EPS (Rs.)	0.18	(0.06)	(0.11)
Book Value/ Share (Rs.)	24.79	24.63	24.42

19. Suntrack Commerce Private Ltd.

Suntrack Commerce Private Ltd. was incorporated as Arogya Foods Private Ltd. on August, 29, 1988. It changed its name to Suntrack Commerce Private Ltd. on April 1, 1998. Suntrack Commerce Private Ltd. is engaged in carrying on the business of finance, Investments & trading in shares and securities.

Board of directors

Shri R.S. Agarwal , Shri R.S. Goenka and Shri A.V. Agarwal

Share Holding :

All the equity shares are held by Promoter/Promoter Group/Promoter Group Companies

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	2.77	21.61	32.37
PAT	0.29	12.77	27.71
Equity Capital	111.33	124.09	124.09
Reserves & Surplus Excl Revaluation	221.8	273.32	301.30
Deferred Tax Liability	-	-	0.04
EPS (Rs.)	0.026	1.03	2.23
Book Value/ Share (Rs.)	29.92	32.03	34.28

20. Suraj Viniyog Private Ltd.

Suraj Viniyog Private Ltd. was incorporated as Benzo Chem Industries Private Ltd. on December 20, 1971. It changed its name to Suraj Viniyog Private Ltd. on June 30, 1998. Suraj Viniyog Private Ltd. is engaged in carrying on the business of finance, Investments & trading in shares and securities.

Board of directors

Shri R.S Goenka, Shri Sushil Kumar Goenka and Shri Suresh Kumar Goenka

Share Holding

All the equity shares are held by Promoter/Promoter Group/Promoter Group Companies



Financial Highlights

Particulars	Rs. in lacs		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	3.39	22.92	35.18
PAT	1.45	19.49	29.11
Equity Capital	133.20	143.45	143.45
Reserves & Surplus Excl Revaluation	321.80	364.09	393.51
Deferred Tax Liability	-	-	(0.10)
EPS (Rs.)	1.090	13.59	20.30
Book Value/ Share (Rs.)	341.59	353.81	374.25

The face value of Equity Share is Rs 100/-

21. TMT Viniyog Ltd.

TMT Viniyog Ltd. was incorporated on July 8, 1994. It is a NBFC registered under the RBI regulations its registration number is 21-063865. The main business of the Company is dealing in Shares and Securities.

Board of directors

Shri Rajesh Agarwal, Shri N.H. Bhansali and Shri R.D. Daga

Share Holding

63.83% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 36.17% is held by the Private Corporate Bodies (36.15%) and Individuals (0.02%).

Financial Highlights

Particulars	Rs. in lacs		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	0.94	0.72	2.40
PAT	0.18	0.04	0.04
Equity Capital	110.64	110.64	110.64
Reserves & Surplus Excl Revaluation	0.97	1.09	1.21
Deferred Tax Liability	-	-	-
EPS (Rs.)	0.02	0.004	0.004
Book Value/ Share (Rs.)	10.09	10.10	10.11

22. Wright India Ltd.

Wright India Ltd. was incorporated on August 3, 1994 as Ratni Exim Pvt. Ltd. The name of the Company has since changed to Wright India Private Ltd. w.e.f January 8, 1998 and then to Wright India Ltd. w.e.f August 14, 2002. The Company is involved in manufacturing, trading, exporting etc of Ball Pens, refills and Pencils.

Board of directors

Smt. Priti Sureka, Shri H.V. Agarwal and Shri Jagdish Prasad Agarwal

Share Holding

42.91% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 57.09% is held by the Private Corporate Bodies (51.51%) and Individuals (5.58%)

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	554.93	1198.09	1913.85
PAT	0.29	22.09	23.90
Equity Capital	89.97	89.97	143.65
Reserves & Surplus Excl Revaluation	34.32	118.68	303.90
Deferred Tax Liability	-	14.21	2.96
EPS (Rs.)	0.03	2.455	1.663
Book Value/ Share (Rs.)	13.81	24.77	31.36

Subsidiaries

1. Emami UK Ltd.

The company was incorporated on September 13, 2000. The Company is engaged in dealing health, personal and beauty care products in UK and providing consultation with respect thereto

Board of Directors

Shri Prashant Goenka, Shri A.V. Agarwal and Shri Ashish Goenka.

Shareholding

Emami UK Ltd is a 100% subsidiary of Emami Ltd.

Financial Highlights

	(in £)		
Particulars	31 Mar -02	31-Mar-03	31-Mar-04
Total Income	-	-	25000
Profit After Tax	(223)	(220)	(11890)
Share Capital	2	8704	38704
Reserves & Surplus	(423)	(643)	(12533)
Earning per Share (Sterling Pound)	(111.5)	(0.025)	(0.307)
Book Value per Share (Sterling Pound)	(210.50)	0.93	0.68

The Face value of each equity share is Sterling Pound 11-

2. Emami Bangladesh Ltd.

Emami Bangladesh Ltd. is a wholly owned subsidiary of Emami Ltd. It was incorporated on 25th November 2004. The Company has not yet started its operations.

The main object of the Company is to carry on the business of manufacturing, processing, Re-Packing, Selling and Distribution of any raw material, Semi-finished or finished products and merchandise of all kinds of Ayurvedic medicinal products, Herbal products and By-Products.

Board of Directors

Shri Sushil Kumar Goenka, Shri Prashant Goenka, Shri R. C.Gattani, Shri A.V.Agarwal, and Shri Ashish Goenka.

Other group companies/ventures of promoters

1. Advanced Medicare & Research Institute Ltd.(AMRI)

AMRI was incorporated on February 20,1989 with the object of putting up medical facilities. The certificate of commencement of business was granted on July 8, 1991. Niramoy Group of Institution, which was promoted by



Government of West Bengal, was lying closed due to various reasons. The Company approached the Government for taking over this Institution with the object of developing the same into a most modern, sophisticated and specialized hospital. In 1994 the Company was converted into a Joint Sector Company.

After the commissioning of the hospital in 1996, it attained occupancy of 80% within a year and since then it has shown a steady growth not only in its occupancy but also in patients' attendance in OPD, Diagnostics, Critical Care, OT and other specialty areas.

Board of directors

Dr. Kalayan Bagchi, Shri Asim Barman, Dr. G.D.Gautama, Shri Rabin Deb, Prof. C.R. Maity, Shri B. K. Mazumdar, Shri Ravi Kant, IAS, Dr. Indrajit Roy, Prof. M. K. Chhetri, Shri S. K. Todi, Dr. Pranab Dasgupta, Dr. Sital Ghosh, Shri R. S. Agarwal, Shri R. S. Goenka, Shri Aditya Agarwal and Shri Manish Goenka.

Share Holding

48.59% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 51.41% shares are held by Private Corporate Bodies (12.89%), Trusts (1.19%), Governor – State of West Bengal (26%) and Individuals (11.33%)

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	1672.20	1823.53	2129.31
PAT	18.25	8.63	3.87
Equity Capital	503.00	503.00	503.00
Reserves & Surplus Excl Revaluation	41.81	(64.91)	(60.99)
Deferred Tax Liability	-	126.84	129.51
EPS (Rs.)	0.36	0.17	0.08
Book Value/ Share (Rs.)	10.83	11.23	11.36

2. Emami Landmark Stores Private Ltd.

The Company was incorporated on July 7, 1999. The Company is engaged in carrying on the retail business under the Brand name of "Landmark". The Company is dealing in Books, Toys, Music Cassettes and Compact disks and Stationeries and has a retail departmental store.

Board of directors

Shri Mohan Goenka, Shri Aditya Vardhan Agarwal, Shri Gautam Jatia, Smt. Hemu Ramaiah, Shri Natraj Ramaiah and Shri Jayashanker Subramaniam.

Share Holding

50% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies while the remaining 50 % shares are held by Individuals.

Financial Performance

Particulars	Rs in Lacs		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	634.33	686.32	745.94
PAT	(0.25)	(1.95)	(20.93)
Equity Capital	48.50	48.50	48.50
Reserves & Surplus Excl Revaluation	97.06	87.71	66.82
Deferred Tax Liability	-	8.77	9.26
EPS (Rs.)	(0.05)	(0.40)	(4.32)
Book Value/ Share (Rs.)	30.01	29.89	25.69

3. EFL Foods Ltd.

The Company was incorporated on May 25, 1988 as Emami Foods Ltd. The name was changed to EFL Foods Ltd on September 26, 1995. Presently its registered office is situated at 6A R. N. Mukherjee Road, Kolkata-700001 and its only production unit is located at Rajasthan Industrial Development & Investment Corp (RIICO) Industrial Estate, Shahjanpur, Rajasthan. The Company is listed on The Calcutta Stock Exchange Association Limited.

Board of Directors

Shri M. L. Jain, Shri Prabhat Kr. Kejriwal and Shri R. D. Daga.

Share Holding:

0.19% of the equity shares are held by Promoter/Promoter Group/Promoter Group Companies. The other Promoters of EFL Foods Ltd. hold 0.27% shares while the remaining 99.54% shares are held by Private Corporate Bodies (44.78%), FI / Banks / Mutual Funds (1.96%) and Individuals (52.80%)

Financial Highlights

Particulars	Rs. in lacs		
	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	56.15	2.20	2.54
PAT	(1.45)	(6.92)	(6.08)
Equity Capital	308.67	354.27	354.27
Reserves & Surplus Excl Revaluation	(292.05)	(298.97)	(305.05)
EPS (Rs.)	(0.05)	(0.20)	(0.17)
Book Value/ Share (Rs.)	0.54	1.56	1.39

Share Quotation

No transactions were recorded on The Calcutta Stock Exchange Association Ltd. for the last 3 years.

The Company has not made any public or rights issue in the last 3 years.

4. DPS Technologies India Private Ltd.

The Company was incorporated on May 29, 2000. The main business of DPS Technologies is Data Conversion, Software Development and Services.

Board of directors

Shri R. S. Agarwal, Shri R. S. Goenka, Shri D. K. Barman, Smt. B. Barman and Shri Y. Goenka

Share Holding

50% of the shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 50% shares are held by Private Corporate Bodies (49.12%) and Individuals (0.88%)



Financial Highlights

	Rs. in lacs.		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	717.84	1039.11	550.77
PAT	99.86	97.70	(189.99)
Equity Capital	114.01	114.01	114.01
Reserves & Surplus Excl Revaluation	102.09	198.33	83.65
Deferred Tax Liability	-	14.69	-
EPS (Rs.)	1.71	1.71	(3.33)
Book Value/ Share (Rs.)	3.80	5.74	3.47

The face value of Equity shares is Rs. 2/-

5. DPS India Private Ltd.

The Company was incorporated on June 23, 1976. The main business of the Company is Manufacturing, Production and Export of Computer Software and Services.

Board of directors

Shri Dilip Kumar Burman, Shri Aditya Kumar Sengupta, Shri Joseph Pulimootil Mathew, Smt. Banani Barman, Shri Mangi Lal Jain, Shri Daya Nand Agarwal, Shri Jagdish Prasad Agarwal and Shri Rajesh Bagaria.

Share Holding

48.72% of the shares are held by Promoter/Promoter Group/Promoter Group Companies and the balance 51.28% shares are held by Private Corporate Bodies (1.69%), Foreign Holding (5.67%) and Individuals (43.92%).

Financial Highlights

	Rs. in lacs		
Particulars	31-Mar-02	31-Mar-03	31-Mar-04
Sales & Other Income	443.04	202.58	209.10
PAT	(13.59)	(47.55)	(264.89)
Equity Capital	606.04	606.04	606.04
Reserves & Surplus Excl Revaluation	443.12	381.73	117.24
Deferred Tax Liability	-	12.22	10.77
EPS (Rs.)	(0.28)	(0.79)	(4.37)
Book Value/ Share (Rs.)	17.31	16.50	12.11

Common Notes to the above Group companies

- All the reserves are excluding revaluation reserves and preliminary expenses.
- All the Companies mentioned above which are closely held and unlisted and have made the enhancement in capital in the last three years are in the nature of bonus issues or/and private placement of shares.
The list of Directors and the shareholding pattern are as on March 31, 2004.
- The company, its directors, company's associates or group companies and companies with which the directors of company are associated as directors or promoters, has not been prohibited from accessing the capital market under any order or directions passed by SEBI.
- All the listed group companies have complied with listing requirements except for Emami Paper Mills Ltd, the reasons for which has been disclosed on page no. 81 and there are no pending Investor Grievances.
- Many of the group companies had been incorporated for carrying on the business of finance, investments and trading in shares. However considering the type of activities the group companies are presently into, there is no conflict of interest between the group companies. None of these companies are registered with SEBI.

Companies of the promoter group/subsidiaries referred to BIFR/under winding up/ having negative net worth

There are no companies of the promoter group/subsidiaries which are either referred to BIFR or under winding up or have negative net worth.

Sales or Purchase between companies in the Promoter Group

Sales to J. B. Marketing & Finance Ltd. for the six months ended September 30, 2004 is Rs. 6690 lacs which is 76% of Emami's total sales.

Other than the above transaction, there have been no sales or purchases between companies in the promoter group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

RELATED PARTY TRANSACTIONS

The Company has various transactions with related parties, including the following:

A. Parties where Control existed in the last 3 years :

J. B. Marketing & Finance Ltd.	: Associate Company (Upto 14.03.2004)
Emami UK Ltd.	: Subsidiary Company

B. Other Related Parties

April 1, 2004 to September 30, 2004

Parties where control exists

Subsidiary

Emami UK limited

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd.

J.B. Marketing has ceased to be an associate company from March 14, 2004. It is now only a group company.

2003-04

Parties where control exists

Subsidiary	Associates
Emami UK limited	J. B. Marketing & Finance Ltd. (upto 14.03.04)

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Suraj Viniyog (P) Ltd Bhanu Vyapaar (P) Ltd. Emami Paper Mills Ltd.



2002-03

Parties where control exists

Subsidiary	Associates
Emami UK limited	J. B. Marketing & Finance Ltd.

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka Shri Jayant Goenka Shri Sachin Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd. DPS Technologies India (P) Ltd

2001-02

Parties where control exists

Subsidiary

Emami UK limited

J. B. Marketing & Finance Ltd. (upto 25.03.2002)

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka Shri Jayant Goenka Shri Sachin Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd.

J.B.Marketing has ceased to be an associate company from March 14, 2004. It is now only a group company.

Transactions

Particulars	Rs. in Lacs											
	Subsidiaries				Key Management Personnel & Relatives				Other Associates			
	30.09.04	31.03.04	31.03.03	31.03.02	30.09.04	31.03.04	31.03.03	31.03.02	30.09.04	31.03.04	31.03.03	31.03.02
Salary	-	-	-	-	48	97	34	47	-	48	97	34
Directors Sitting Fees	-	-	-	-	0.04	0.16	0.08	0.03	-	0.04	0.16	0.08
Rent & Maintenance Chgs Paid	-	-	-	2	3	6	9	9	1	4	12	13
Commission Paid	-	-	-	2	-	-	-	-	-	-	3	2
Professional Fee Paid	-	-	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	15243	-	-	-	-	-	15490	15704	15243
Investment	-	23	-	-	-	-	-	-	-	-	23	-
Rent Received	-	-	-	-	-	-	-	-	1	1	1	1
Sale of Fixed Assets	-	-	-	10	-	-	-	-	-	-	5	10
Sale of Investments	-	-	-	-	-	2	-	4	-	137	-	4
Interest Received	-	-	-	255	-	-	-	-	-	-	102	139
Loan Paid	21	-	-	-	-	-	-	-	-	21	-	-
Miscellaneous Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	21	-	-	3525	13	13	23	23	7	41	20	2106
												3555



SELECTED FINANCIAL DATA (AS PER UNCONSOLIDATED FINANCIAL STATEMENT)

The statutory financial statement of the Company prepared in accordance with Indian GAAP for the period ended September 30 2004, year ended March 31, 2004, year ended March 31, 2003, year ended March 31, 2002, year ended March 31, 2001 and year ended March 31, 2000, were audited by M/s. Saxena and Company, Chartered Accountants.

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Rupees in Lacs

PARTICULARS	30 th Sept 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
INCOME						
Sales	8,559	21,610	19,794	18,196	20,785	14,353
Other Income	12	71	41	36	12	122
TOTAL	8,571	21,681	19,835	18,232	20,797	14,475
EXPENDITURE						
Cost of Goods Sold/ Consumed	4,591	13,708	11,939	11,210	11,048	6,323
Personnel Expenses	617	1,138	949	878	770	542
Selling Expenses	1,376	2,939	3,272	2,376	5,253	4,914
Administrative Expenses	656	1,207	1,044	1,073	845	588
TOTAL	7,240	18,992	17,204	15,537	17,916	12,367
Profit before Depreciation, Interest & Tax	1,331	2,689	2,631	2,695	2,881	2,108
Depreciation	1,021	1,955	1,901	1,868	2,753	106
Add : Transfer from Reserves	852	1,704	1,704	1,704	2,651	-
Profit before Interest & Tax	1,162	2,438	2,434	2,531	2,779	2,002
Interest	175	(45)	313	757	716	217
Profit before Tax	987	2,483	2,121	1,774	2,063	1,785
Income Tax						
- Current	11	222	34	6	-	80
- Deffered	36	93	74	71	-	-
- Short / (Excess) Provision for tax for earlier years	-	(3)	175	(1)	-	-
Investment Allowance Reserves	-	-	-	-	(2)	-
Written back						
Profit after Tax	940	2,171	1,838	1,698	2,065	1,705
Increase / (Decrease) in net profits due to Impact of changes in Accounting policy						
Brand Depreciation	(32)	(63)	(63)	(63)	884	-
Transfer from Revaluation Reserve	-	-	-	-	(2,651)	-
Transfer from General Reserve	32	63	63	63	1,767	-
Short / (Excess) Provision for tax for earlier years		(3)	175	(1)	(175)	-
Deferred Tax					(58)	(25)
Total of adjustments	-	(3)	175	(1)	(233)	(25)
Tax impacts of Adjustments	-	-	-	-	-	-
Total of adjustments after Tax impact	-	(3)	175	(1)	(233)	(25)
Net Profit, as restated	940	2,168	2,013	1,697	1,832	1,680

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
Rupees in Lacs

PARTICULARS	30th Sept 2004	31st March 2004	31st March 2003	31st March 2002	31st March 2001	31st March 2000
ASSETS						
GROSS FIXED ASSETS (incl. Capital WIP)	32,455	32,050	30,424	30,110	29,354	28,832
Less: Depreciation	9,102	8,062	6,065	4,121	2,204	656
Net Fixed Assets	23,353	23,988	24,359	25,989	27,150	28,176
Less : Brands	18,559	19,442	21,209	22,976	24,743	26,510
Net Fixed Assets (A)	4,794	4,546	3,150	3,013	2,407	1,666
INVESTMENTS (B)	690	690	812	806	214	214
CURRENT ASSETS, LOANS & ADVANCES						
Sundry Debtors	4,247	4,406	3,101	4,211	4,151	1,205
Loans & Advances	2,311	2,178	1,609	2,404	2,331	2,034
Inventories	4,875	3,097	3,977	3,038	4,426	2,723
Cash & Bank Balances	88	46	141	130	93	39
TOTAL - (C)	11,521	9,727	8,828	9,783	11,001	6,001
CURRENT LIABILITIES & PROVISIONS						
Current Liabilities	1,325	964	486	663	654	570
Provisions	-	190	158	112	36	112
TOTAL - (D)	1,325	1,154	644	775	690	682
Net Current Assets - (C-D)	10,196	8,573	8,184	9,008	10,311	5,319
TOTAL - (A+B+C-D)	15,680	13,809	12,146	12,827	12,932	7,199
Secured Loans	5,002	4,104	4,505	6,716	6,769	3,197
Unsecured Loans	115	117	123	525	1,968	1,533
Deferred Tax Liability	476	440	347	273	202	144
TOTAL (E)	5,593	4,661	4,975	7,514	8,939	4,874
NET WORTH (A+B+C-D-E)	10,087	9,148	7,171	5,313	3,993	2,325
Share Capital						
Equity (F)	1,123	1,123	562	562	562	562
Preference (G)	-	-	-	-	250	250
Reserves and Surplus (H)	27,523	27,467	27,818	27,727	27,924	28,023
Less : Revaluation Reserve (I)	18,559	19,442	21,209	22,976	24,743	26,510
Reserves (Net of Revaluation Reserves) (J) =(H-I)	8,964	8,025	6,609	4,751	3,181	1,513
NET WORTH - (F+G+J)	10,087	9,148	7,171	5,313	3,993	2,325



ACCOUNTING RATIOS FOR THE FOLLOWING YEARS / 6 MONTHS PERIOD ENDED

PARTICULARS	30 th Sep. 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
Earnings Per Share (Rs.)	1.67 *	3.86	3.59	3.02	3.19	2.93
NAV per share (Rs.)	17.98	16.29	12.77	9.46	7.11	4.14
Return on Net worth (%)	12%	27%	34%	48%	70%	86%
No.of Equity shares of Rs. 2/- each	56150000	56150000	56150000	56150000	56150000	56150000

Note : The number of shares for the years 1999-2000 to 2002-3 has been adjusted for split and bonus issue for comparison purpose.

* For six months

EPS = Net Profit After Tax / No. of Shares Outstanding at the end of the respective year / period

NAV per share = Share Capital + Reserves & Surplus - Miscellaneous Expenditure Not yet written off/No. of shares outstanding at the end of respective year/period.

Return on Net worth = Earnings before Interest & Tax during the year/Net worth at the end of respective year / period.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for six months period ended September 30, 2004 and each of financial years 2004, 2003 and 2002, including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

The following discussion is based on our audited unconsolidated financial statements for six months period ended September 30, 2004 and each of financial years 2004, 2003 and 2002, which have been prepared in accordance with Indian GAAP. These data have been reclassified in certain respects for purposes of presentation. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.

Overview

Emami is one of India's most famous and respected business houses. The Company develops and manufactures modern-day personal, beauty and health care products through an effective leverage of Ayurveda, the ancient Indian science of well-being and healing. Emami's portfolio comprises over 20 products, made from herbs, natural extracts and essential oils. The major being Boroplus Antiseptic Cream, Navratna Oil, Boroplus Prickly Heat Powder, Sona Chandi Chyawanprash and Amritprash, Mentho Plus Pain Balm, Fast Relief, Golden Beauty Talc, Madhuri Range of Products and others. They are sold across all states in India and in countries like Nepal, Sri Lanka, the Gulf countries, Europe, Africa and the Middle East, among others. Boroplus is the market leader in Antiseptic Creams with 60% market share while Navratna oil is the leader in the cool oil category with 46% market share

Even as India's FMCG industry turned sluggish and competition increased, Emami's topline increased from Rs 197.94 crores in 2002-03 to Rs. 216.10 crores in 2003-04 posting a 9% growth. The profit before tax increased from Rs. 21.21 crores to Rs. 24.83 crores, a growth of 17%.

In Financial year 2003-04, CARE assigned 'AA' rating to the Company's Non convertible debenture / long-term instruments and 'PR1+' to its commercial paper/short-term instruments, indicating the highest safety.

The Company's Competitive strengths include a robust and visible brand, innovative packaging, strong research and development team and cost efficiency. The Company is a focused manufacturing Company having established business with a strong management team and motivated work force.

The Strategy adopted by the Company comprises of growth through innovation and entry into new categories, increase exports and widen the international reach, foray into OTC herbal medicines, and backward integration in addition to taking advantage of backward area benefits and achieving cost efficiency.

Significant accounting policies

Our financial statements are prepared on historical cost basis and on going concern basis in accordance with generally accepted accounting principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of assumptions and estimates of our management. For further details see "Financial Statements –Significant Accounting Policies and Notes to accounts" on page 125 of this Red Herring Prospectus Some of the important accounting policies are as under.

Fixed Assets :

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

Depreciation :

- Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.



b. Lease hold land is amortised over the period of lease.

c. Brands are depreciated over a period of fifteen years.

Investments :

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

Inventories :

The inventories are valued at cost or net realisable value whichever is lower except for advertising material which are valued at cost. Cost is computed on First In First Out basis and is net of modvat except for Trading Goods and Advertising Materials which are valued on weighted average basis.

Research & Development :

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

Retirement Benefits :

a. Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.

b. Provision for Leave encashment is made on accrual basis.

c. Liability in respect of Gratuity is covered by appropriate scheme with Life Insurance Corporation of India.

Sales :

Sales includes Sales Tax and Insurance Claims and are recorded net of Trade discounts and other rebates.

Contingent Liabilities :

Contingent Liabilities are not provided for in the accounts but are disclosed by way of notes.

Government Grants :

Government grants are credited to Capital Reserve.

Revenue Recognition :

Income & expenditure are recognised on accrual basis.

Foreign Currency Transactions :

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date.

Excise Duty :

Excise duty on manufactured goods at factory pending clearance is accounted for at the time of manufacture.

Borrowing Cost :

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.

Taxation :

Income Tax Expense is accounted for in accordance with AS-22 "Accounting for Taxes on Income" which includes current tax and deferred taxes. 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.

Impairment of Assets :

The company identifies impairable assets at every Balance Sheet date for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallises is charged against the revenue of the year .

Results of Operations**Financials of FY2004 vis-à-vis FY2003****Income****Sales (net)**

The net sales of the Company for the year ended March 31, 2004 was Rs. 21610 lacs representing an increase of 9.17% from Rs. 19794 lacs for the year ended March 31, 2003.

The Company's prudent pricing to satisfy consumers' increasing demand for value-for-money packs, viz. sachets, tubes and dibbies priced at Re.0.50 and Re.1, contributed to the growth. The pioneering offer of 'Mentho Plus Balm' in affordable dibbies accelerated the sale of dibbies by 67 per cent in 2003-04. Madhuri range of Shampoos, Navratna Oil, Himani Fast Relief, and Boroplus Antiseptic Cream packaged in smaller sizes and affordable prices helped trigger a demand at all pricing points, helping these respective brands grow considerably in an otherwise flat market in 2003-04. The reinforcement of Boroplus Antiseptic Cream with the launch of Advanced Herbal Formula and a value-for-money 8gm tube, helped it maintain its leading position with an increased market share of 59 per cent. Navratna Oil maintained its number one status in the cool oil category with an increased market share of 47 per cent.

With its robust distribution network of over 1,700 distributors, complemented with 2,100 sub-stockists, 150 super-stockists and 3.5 lakh retail outlets, the Company's rural sales increased substantially in 2003-04 compared to the previous year.

Exports and institutional sales have also grown considerably. Emami products, available across 48 countries, generated a turnover of Rs. 21 crores in 2003-04.

Other income

Other income increased to Rs. 71 lacs in FY 2004 from Rs. 41 lacs in FY 2003 mainly due to profit on sale of investments (J.B. Marketing and Finance Ltd.) of Rs. 36 lacs in FY 2004.

Expenditure**Cost of Goods Sold/Consumed**

Cost of Goods Sold/Consumed as a percentage of net sales increased by 3.11% from 60.32% in FY 2003 to 63.43% in FY 2004. The Cost of goods sold includes the cost of raw materials, packaging etc.

Manufacturing, Administrative & Selling Expenses

The manufacturing, administrative & selling expenses as a percentage to net sales was 24.45% in FY2004 as against 26.60% in FY2003. This reduction in expenses was mainly due to lower advertisement expenses as compared to previous year which included Madhuri Range launch expenses.

Interest

The interest outgo declined from Rs. 313 lacs in 2002-03 to a net interest income of Rs. 45 lacs in 2003-04. CARE assigned 'AA' rating to the Company's NCD/long-term instruments and 'PR1+' to its commercial paper/short-term instruments, indicating the highest safety.

Profits after Tax (PAT)

Profits after tax rose to Rs. 2168 lacs from Rs. 2013 lacs in FY 2003 showing a year on year growth of 8%. The PAT margin was at 10% in FY2004.



Financials of FY 2003 vis-à-vis FY 2002

Income

Sales (net)

The Company's net sales grew to Rs. 19794 lacs in FY2003 from Rs. 18196 lacs in FY2002 showing an year on year growth of 8.78%

Navratna Oil marked a sales growth of over 40 per cent with a 45 per cent market share. The Madhuri Range of Products was launched and significant revenues were generated within a few months. Golden Beauty Talc was re-launched with an unique French formula and the goodness of six ancient herbs with the range available in three exotic French perfumes. The offtake of Fast Relief and Mentho Plus Balm increased by over 160 and 50 per cent over the previous year respectively.

Exports increased by 64 per cent to around Rs.19 crores with growth in existing markets as well as new markets like Africa, Europe and the Middle East. The institutional sales including sales to Canteen Stores Department (defence supply) grew by 54 per cent

Other income

The other income increased to Rs. 41 lacs in FY 2003 compared to Rs. 36 lacs in FY 2002.

Expenditure

Cost of Goods Sold/Consumed

Cost of Goods Sold/Consumed as a percentage of net sales decreased by 1.29% from 61.61% in FY 2002 to 60.32% in FY 2003.

Manufacturing, Administrative & Selling Expenses

Manufacturing, Administrative & Selling Expenses as a percentage of net sales rose by 2.82%, from 23.78% in FY 2002 to 26.60% in FY 2003. The Advertisement and Sales Promotion expenses increased to almost four times from Rs. 255 lacs for the year ended March 31, 2002 to Rs. 983 lacs for the year ended March 31, 2003 due to the launch of the Madhuri range of products.

Interest

Interest outgo declined from Rs. 757 lacs in 2001-02 to Rs.313 lacs as debts were reduced from Rs. 7241 lacs in 2001-02 to Rs. 4628 lacs in 2002-03.

Profits after Tax

Profits after tax increased from Rs. 1697 lacs to Rs. 2013 lacs in FY 2003 representing 18.62% growth. The PAT margin also increased by 0.84% to 10.17%

Financials of FY 2002 vis-à-vis FY 2001

Income

Sales (net)

The Company's net sales dropped from Rs. 20785 lacs to Rs. 18196 lacs in FY 2002. In the financial year 2002, there was a general slowdown in India's FMCG sector. As a result, most categories within the sector reported from negative to flat to low single-digit growth during the year. For instance, the fairness cream segment reported a marginal growth rate of two per cent compared to 12 per cent in the financial year 2001. The antiseptic cream segment actually de-grew by three per cent, the chyawanprash market de-grew by three per cent, the thick oil category grew at a marginal four per cent and the prickly heat powder segment grew at seven per cent. Besides, with effect from September 1, Emami started selling to JBM, a group Company with a view to concentrate its main focus on R&D and manufacturing. Accordingly JBM started all marketing, promotional and selling activities. In consideration of JBM taking up all the marketing, promotional and selling activities for domestic market, Emami had to sell to JBM at mutually agreed prices which was lower than the price to dealers and so this led to apparent reduction in sales.

However, export earnings increased by 25 per cent to Rs. 1125 lacs. There was an increase in coverage from 22 countries in 2000-01 to 27 countries in 2001-02, especially those with a high proportion of the Indian expatriate population. The Company generated nearly 40 per cent of the export earnings from the SAARC countries and 100 per cent growth in sales in the Middle East.

Other income

Other income increased to Rs. 36 lacs in FY 2002 as compared to Rs. 12 lacs in FY 2001.

Expenditure

Cost of Goods Sold/Consumed

Cost of Goods Sold/Consumed as a percentage of net sales increased by 8.45% during the FY 2002 vis-à-vis FY 2001.

Manufacturing, Administrative & Selling Expenses

Manufacturing, Administrative & Selling Expenses as a percentage of net sales was 23.78% against 33.04% in FY2001. Selling expenses at Rs. 2376 lacs reduced by Rs. 2877 lacs in FY2002 as compared to previous year.

Interest

The finance cost increased from Rs. 716 lacs in FY 2001 to Rs. 757 lacs in FY 2002.

Profits after Tax

The Company posted a PAT of Rs. 1697 lacs in the FY 2002 vis-à-vis Rs. 1832 lacs in the FY 2001, i.e., it reduced by 7.37%. This was mainly due to a fall in the sales of the Company in FY2002. PAT as a percentage of net sales at 9.33%, however, increased by 0.51% as compared to previous year.

Financials of FY 2001 vis-à-vis FY 2000

The company's net sales increased from Rs 14353 lacs to Rs 20785 lacs in FY 2001, against the economy growth of 5%, the company recorded a 44.81% growth over the previous year. The PBDIT increased from Rs 2018 lacs to Rs 2881 lacs, an increase of 36.67 % but due to higher incidence of interest at Rs 716 lacs against Rs 217 lacs in the previous year , the PAT increased by 21.11%, from Rs 1705 lacs in FY 2000 to Rs 2065 lacs in FY 2001.

General Information

Liquidity

Our primary liquidity needs have been to finance our working capital requirements and our capital expenditures. To fund these costs, we have relied principally on cash flows from operations and short-term and long-term borrowings. As at September 30, 2004 Cash & Bank balances amounted to Rs. 88 lacs.

Net Working Capital

As on March 31, 2004 and September 30, 2004, our net working capital defined as the difference between current assets and current liabilities, was Rs. 8,573 lacs and Rs. 10,196 lacs respectively.

Debts

Total debt as on March 31, 2004 was Rs. 4,221 lacs as compared to Rs. 4,628 lacs as on March 31, 2003. The total outstanding secured loans as on September 30, 2004 of Rs.5,002 lacs can be divided in the following groups.

Cash credits of Rs. 1881 lacs secured by hypothecation of stocks, book debts and second charge on specific fixed assets.

Term Loans of Rs. 3120 lacs secured by charge/mortgage of specific movable/immovable, tangible / intangible assets etc.

Capital Expenditures

In fiscal 2002, the Company made additions to Fixed Assets amounting to Rs. 818 lacs, primarily for plant & machinery, buildings, computers and equipments.

In fiscal 2003, the Company made additions to Fixed Assets amounting to Rs. 375 lacs, primarily for plant & machinery, buildings, computers and equipments.



In fiscal 2004, the Company made additions to Fixed Assets amounting to Rs. 1721 lacs, primarily for plant & machinery, buildings, computers and equipments.

Quantitative and Qualitative disclosure about Market Risk

Interest Rate Risk

The Company's interest rate risk results from changes in interest rates, which may affect the financial expenses. The interest rates on working capital finance are linked to PLR of the lending banks. Hence, the interest rate risk is limited only to the extent of changes in PLR. In respect of foreign currency loans, interest rates are linked to LIBOR and outgo may also effect with fluctuations on foreign exchange rates.

Exchange Rate Risk

The Company is exposed to foreign exchange risk with respect to import and export transaction. For the financial year ending March 31, 2004 the earnings in foreign exchange for exporting goods calculated on FOB basis was Rs. 1150 lacs. Besides, there was a gain of Rs 265 lacs on account of interest payment in foreign currency. Thus the Company is subject to limited exchange rate risk.

Effect of Inflation

The Company sets the price of its products based on various factors, including inflation. In line with changing inflations, the Company will alter its margins to absorb the inflationary impact. Inflation has not had a significant effect on the result of the Company's operations to date and the management does not expect that inflation rates in India will have a significant impact on the Company's results of operations for the foreseeable future.

Information required as per Clause 6.8 of the SEBI Guidelines:

Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Red Herring Prospectus, which may be called "unusual" or "infrequent".

Significant economic or regulatory changes

There have been no significant changes in the law governing the FMCG Industry.

Known trends or uncertainties

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.

Future relationship between costs and income

Other than as described in this Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

Total turnover of each major industry segment

The Company's primary business segment is personal & healthcare. It consists of medical products, cosmetics & toiletries which mainly have similar risks and returns. Please refer to chapter on Present Business of the Company for further details.

New products or business segments

Emami is well established in categories such as antiseptic creams, oils, chyawanprash, balms, etc. These bring in 70% of revenue. At present, in existing categories growth comes from low unit packs and deeper penetration of rural markets. To grow further, it plans brand extensions in existing segments and breaking into fresh segments. Brand extensions would not only ensure growth in the existing segment but would also lead to entry into new segments, which in itself would become large categories some years down the line.

Seasonality of business

Sixty percent of Emami's products are sold in the second and the third quarters. To avoid seasonal ups and downs, the Company will be launching round-the-year products such as ayurvedic OTC products, etc.

Dependence of single or few suppliers / customers

The Company sources its raw materials from a number of suppliers and are not under any threat from excessive dependence from any single supplier. The customer base of the Company is diversified and no single customer has contributed significantly in all the years. Hence, the threat from excessive dependence on a single customer/product is not significant as the customer base and the product base is diversified.

Competitive conditions

The Company may face competition from other established players in the FMCG industry and also from the unorganized players. For further details, please refer to the discussions of competition in the sections titled "Risk Factors" and "Present Business of the Company" on pages viii and 56, respectively of this Red Herring Prospectus.

Significant development after September 30, 2004 that may affect the result of operations of the Company

Except as stated elsewhere in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading or profitability of the Company or the value of its assets or its ability to pay material liabilities within the next twelve months.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders upon their discretion and will depend on a number of factors, including but not limited to, our earnings, capital requirements and overall financial condition. Dividends paid by our Company during the last five years are presented below:

Equity Shares

	FY 2004	FY 2003	FY 2002	FY 2001	FY 2000
Face value of Equity shares (Rs. per share)	2	10	10	10	10
Dividend (Rs. in Lakhs)	168.45	140.37	112.30	112.30	112.30
Dividend rate	15%	25%	20%	20%	20%
Dividend Tax (Rs. in Lakhs)	21.58	17.99	-	12.36	13.01

Preference Shares

	FY 2002	FY 2001	FY 2000
Face value of Preference shares (Rs. per share)	100	100	100
Dividend (Rs. in Lakhs)	15.32	32.50	32.50
Dividend rate	13%	13%	13%
Dividend Tax (Rs. in Lakhs)	1.56	3.31	3.76

However the dividend paid in the past are not necessarily indicative of our dividend amounts , if any, or our dividend policy, in the future.



SECTION VI : LEGAL AND REGULATORY INFORMATION

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake our current business activities and besides those mentioned in this section, no further approvals are required from any Government authority or the RBI to continue such activities:

The Company has received the following approvals:

PONDICHERRY PLANT I

(viz. the plant situated at CS 46 and 47, PIPDIC Industrial Estate, Mettupalayam, Pondicherry – 9)

1. Licence no. 6160/ 5136 to work the factory from the premises under the Factories Act, 1948 and valid upto 31st December 2004. An application for renewal for the year 2005 has been made.
2. Licence no. ISM/158/PP/94 dated 11th October 1994 (and further modified by endorsements on 10/05/96, 15/10/99 and 21/01/2000) by the Directorate of Health and Family Welfare Services Food and Drugs Administration to manufacture specified Ayurvedic drugs valid upto 31st December 2005 under the Drugs and Cosmetics Act, 1940.
3. Certificate from the Government of Pondicherry Food and Drugs Administration dated 3rd November 2003 certifying compliance with the requirements of Good manufacturing practices of Ayurveda-Siddha-Unani drugs laid down in Schedule T of the Drugs and Cosmetics Rules, 1945. The certificate is valid for a period of 2 years.
4. IEM Acknowledgement No. 989/SIA/IMO/1999 dated 17th May 1999 from the GOI, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneur Assistance Unit).
5. Consent dated 5th May 2003 under the Water (Prevention and Control of Pollution) Act, 1974 from the Government of Pondicherry, Department of Science and Technology and Environment until 31st December 2004. An application for renewal of the aforesaid consent has been made.
6. Licence dated 22nd December 1993 from the Commissionerate Oulgaret Municipality, Pondicherry under section 121 of the Pondicherry Village and Commune Panchayats Act, 1973. The renewed consent is valid until 31st March 2005.
7. Certificate dated 27th October 1999 has been issued by the Director of Industries, Government of Pondicherry to the Company to enable the unit to avail of the sales tax exemption.

PONDICHERRY PLANT II (viz. the plant situated at A-83, PIPDIC Industrial Estate, Mettupalayam, Pondicherry – 9)

1. Licence no. FA 7899/ 5955 to work the factory under the provisions of the Factories Act, 1948 and the rules made thereunder. The licence was granted until 31st December 2004. Application for renewal of licence has been made.
2. Licence no. ISM/194P dated 6th February 1998 by the Directorate of Health and Family Welfare Services Food and Drugs Administration, Pondicherry to manufacture specified Ayurvedic drugs valid upto 31st December 2005 and subject to the conditions specified in the rules framed under the Drugs and Cosmetics Act, 1940.
3. Certificate from the Government of Pondicherry Food and Drugs Administration dated 3rd November 2003 certifying compliance with the requirements of Good manufacturing practices of Ayurveda-Siddha-Unani drugs laid down in Schedule T of the Drugs and Cosmetics Rules, 1945. The certificate is valid for a period of 2 years.
4. IEM Acknowledgement No. 1990/SIA/IMO/2000 dated 17th August 2000 from the Government of India, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneur Assistance Unit).
5. Consent dated 11th March 1998 and 8th March 1999 were issued by the Government of Pondicherry, Department of Science and Technology and Environment, Pondicherry Pollution Control Committee. The Consent were valid till 2 years and 31st December 2001 respectively. Applications have been made for renewal.
6. Licence dated 19th March 1998 granted to the Company by the Commissionerate Oulgaret Municipality, Pondicherry valid until 31st March 1999. The Company has applied for renewal of the license for the year 2004-2005.
7. Certificate dated 23rd June 2003 has been issued by the Commercial Tax Officer, Pondicherry to the Company to enable the unit to avail of sales tax exemption.

PONDICHERRY PLANT III

(viz. the plant situated at A-24 and A-25, PIPDIC Industrial Estate, Mettupalayam, Pondicherry – 9)

1. Licence no. 9006/ 6826 to work the factory from the premises subject to the provisions of the Factories Act, 1948 and the rules made thereunder. The licence was granted on 4th July 2004, upto 31st December 2004. An application for renewal for the year 2005 has been made.
2. Licence no. 00170096 dated 6th July 2000 from the Directorate of Health and Family Welfare Services Food and Drugs Administration to manufacture specified Ayurvedic drugs valid upto 31st December 2005 and subject to the conditions specified in the rules framed under the Drugs and Cosmetics Act, 1940.
3. Certificate from the Government of Pondicherry Food and Drugs Administration dated 3rd November 2003 certifying compliance with the requirements of Good manufacturing practices of Ayurveda-Siddha-Unani drugs laid down in Schedule T of the Drugs and Cosmetics Rules, 1945. The certificate is valid for a period of 2 years.
4. IEM Acknowledgement No. 1348/SIA/IMO/2000 dated 25th May 2000 from the GoI, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneur Assistance Unit).
5. Consent dated 5th May 2003 under the Water (Prevention and Control of Pollution) Act, 1974 from the Government of Pondicherry, Department of Science and Technology and Environment valid until 31st December 2004. Application for renewal of Licence for 2005 has been made.
6. Licence dated 29th December 2000 from the Commissionerate Oulgaret Municipality, Pondicherry under section 355 of the Pondicherry Village and Commune Panchayats Act, 1973, authorizing the Company to manufacture Ayurvedic medicine, cream/ ointment, medicated oil/ powder at the factory premises. The renewed consent is valid until 31st March 2005.
7. Certificate dated 8th February 2001 has been issued by the Director of Industries, Government of Pondicherry to the Company to enable the unit to avail of the sales tax exemption.

PONDICHERRY PLANT IV (viz. the plant situated at A-129, PIPDIC Industrial Estate, Mettupalayam, Pondicherry – 9)

1. Licence no. 9005/ 6982 to work the factory under the provisions of the Factories Act, 1948 and the rules made thereunder. The licence was granted until 31st December 2004. An application for renewal for the year 2005 has been made.
2. Licence no. 01170246 dated 12th January 2001 from the Directorate of Health and Family Welfare Services Food and Drugs Administration to manufacture specified Ayurvedic drugs which will expired on 31st December, 2004. Application for renewal has been made.
3. Certificate from the Government of Pondicherry Food and Drugs Administration dated 3rd November 2003 certifying compliance with the requirements of Good manufacturing practices of Ayurveda-Siddha-Unani drugs laid down in Schedule T of the Drugs and Cosmetics Rules, 1945. The certificate is valid for a period of 2 years.
4. IEM Acknowledgement No. 1689/SIA/IMO/2001 dated 31st July 2001 from the GOI, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneurial Assistance Unit).
5. Consent dated 6th June 2003 under the Air (Prevention and Control of Pollution) Act, 1981 from the Government of Pondicherry, Department of Science and Technology and Environment for the manufacture of Ayurvedic medicine powder. The consent is valid until 31st March 2005.
6. Consent dated 6th June 2003 under the Water (Prevention and Control of Pollution) Act, 1974 from the Government of Pondicherry, Department of Science and Technology and Environment. The consent is valid until 31st March 2005.
7. Licence dated 9th April 2001 from the Company by the Commissionerate Oulgaret Municipality, Pondicherry under section 121 of the Pondicherry Municipalities Act, 1973, authorizing the Company to manufacture Ayurvedic medicine powder at the factory premises. The renewed consent is valid until 31st March 2005.
8. Certificate dated 20th September 2001 from the Dept. of Industries and Commerce, Pondicherry to the Company to enable the unit to avail of Sales tax exemption in respect of payment of CST/ PGST.



9. Certificate of registration dated 19th March 2001 issued by the Deputy Commercial Tax Officer to the Company under section 22 of the Pondicherry General Sales Tax Act, 1967, valid from 09/01/01 to 31/03/01 The Company has applied for renewal of the registration certificate for the period 2004-2005.

PLANT AT B. T. ROAD (viz. the plant situated at 13, B.T. Road, Kolkata - 56)

1. Licence no. 3278, registration no. 460/ TP/ x to work the factory under to the provisions of the Factories Act, 1948 and the rules made thereunder. The licence was renewed on 24th March 2004, upto 31st December 2004. The Company has applied for renewal for the year 2005.
2. Licence no. A4-511-M dated 1st September 1998 from the Director of the Dept. of Health and Family Welfare, Govt. of West Bengal to manufacture specified Ayurvedic/ Siddha or Unani drugs. The renewed licence will be in force until 31st December 2005 and is subject to the conditions specified in the Drugs and Cosmetics Rules, 1945.
3. IEM Acknowledgement No. 833/SIA/IMO/99 dated 20th April 1999 from the GoI, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneurial Assistance Unit).
4. Consent dated 5th November 2002 bearing No. 11535 under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 from the West Bengal Pollution Control Board for the manufacture of ayurvedic products, oils, powders, creams and lotions. The renewed consent is valid until 25th July 2005.
5. Provisional Certificate of enlistment for profession, trade and calling bearing License no. 100344 dated 22nd April 2004 from the Kamarhati Municipality to the Company, certifying that the trade of ayurvedic medicine, soaps, cosmetics, etc. is being carried out from the premises. The certificate is valid until 31st March 2005.
6. License no. 20 dated 22nd April 2004 granted by the Kamarhati Municipality, permitting the Company to sell, store, distribute, exhibit for sale, ayurvedic medicine, soap, cosmetics, etc. at the premises under section 24(2)(b) of the Prevention of Food Adulteration Act, 1954. The licence is valid until 31st March 2005.
7. Licence no. 100311 dated 22nd April 2004 granted to the Company by the Kamarhati Municipality under section 201 of the Bengal Municipal Act, 1993, authorizing the Company to use the premises for Ayurvedic medicine, soap and cosmetics, etc. The licence is valid until 31st March 2005.
8. Licence No. WBFL/D-708 dated 30th November 2004 granted by the Government of West Bengal, Fire Licence section under the West Bengal Fire Services Act, 1950 to the Company to use the premises to store certain inflammable goods. The licence is valid until 31st March 2005.
9. Certificate of Registration under Rule 9D of the Bengal Electricity Duty Act and Rules, 1935, issued by the Govt. of West Bengal to the Company in respect of generating plants. The renewed licence is valid until 27th April 2007.

PLANT AT AMINGAON, GUWAHATI, ASSAM

(viz. the plant situated at EPIP Complex, Amingaon, Guwahati - 31)

1. Licence no. 737, registration no. KHM/737 to work the factory under the provisions of the Factories Act, 1948 and the rules made thereunder. The licence was renewed on 6th April 2004, upto 31st December 2004.
2. Licence no. KMP/Ayu-M/081 dated 26th September 2003 for Form No. 25-D from the Director of the Dept. of Health Services, Assam, Hengrabari, Guwahati valid upto 31st December 2004. A renewal application for the same has been made by the Company.
3. Licence no. C-11M/2004 dated 10th March 2004 for Form No. 32 from the Director of the Dept. of Health Services, Assam, Hengrabari, Guwahati. The licence will be in force until 31st December 2008.
4. IEM Acknowledgement No. 1815/SIA/IMO/2003 dated 7th July 2003 from the GoI, Ministry of Industry, Dept. of Industrial Policy and Promotion, Secretariat of Industrial Assistance (Entrepreneurial Assistance Unit).
5. Consents, both dated 7th February 2004 bearing Nos. APCB/ROG/T-2238/03-04/76 and 77 respectively under the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 from the Regional office, Guwahati Pollution Control Board, Assam for the consent to operate the factory from the premises. The consents are valid until 31st March 2005

6. License no. 128/Adm/2004/L/1031 dated 21st July 2004 granted by the office of the Chief Inspector of Boilers, Assam, permitting the Company to continue to use the steam generating equipment at the factory premises. The licence is valid until 26th June 2005.
7. NOC No. SFSO/FPW/GG-142/2833 dated 1st June 2004 granted by the office of the Director of Fire Service SFSO, Assam, Guwahati certifying that the Company's premises have inbuilt firefighting, fire prevention and means of escape measures. The NOC is valid until 31st March 2005.
8. Certificate of Registration under section 33 of the Standards of Weights and Measures (Enforcement) Act, 1985, issued by the office of the Controller of Legal Metrology to the Company in respect of the Ayurvedic cream and medicated oil at its manufacturing/ packing unit at Amingaon.

FACTORY AT MUKTARAM BABU STREET:

(viz. the unit situated at 48B, Mukhtar Babu Street, Burra Bazar, Bara Bazar, Kolkata, West Bengal 700 007):

1. Factory licence no 9151 under the West Bengal Factories Rules, 1958 and the West Bengal Payment of Wages Rules and Form No. 2 under the Factories Act, 1948. Application for renewal for 2005 has been made.
2. Renewal of C.E. for the year 2004-05 by the Kolkata Municipal Corporation under the K.M.C. Act, 1980 in respect of assessee no. 11-041-17-0046-0.
3. Renewal of C.E. for the year 2004-05 by the Kolkata Municipal Corporation under the K.M.C. Act, 1980 for assessee no. 11-006-16-0010-3.
4. Certificate dated February 17, 2003 for renewal of licence no. CL-210-M dated October 10, 1998 granted to the Company by the Director of Drugs Control, West Bengal under the Drugs and Cosmetics Rules, 1945 for manufacture of cosmetics for sale at the premises for the period January 1, 2002 to December 31, 2006
5. Certificate dated June 6, 2000 for the renewal of licence no. AL-776-M dated September 1, 1998 granted by the Director of Drugs Control, West Bengal under the Drugs and Cosmetics Rules, 1945 to the Company for manufacture of Ayurvedic/ Siddha/ Unani drugs for sale at the premises for the period January 1, 2002 to December 31, 2001. An application for renewal of the same has been made.
6. Licence KM-III no.K/8008 of 2004-05 dated April 8, 2004 granted by the Special Officer and Deputy Secretary under the West Bengal Fire Services Act, 1940 to the Company to use the premises as a warehouse for storing or pressing or keeping certain inflammable goods. The licence is valid until April 5, 2005.
7. Certificate of Registration dated April 15, 2004 under the Standards of Weights and Measures (Enforcement) Act, 1985, issued by the office of the Controller of Legal Metrology, West Bengal to the Company in respect of portable platform machines, valid until April 14, 2005.
8. Certificate of Registration dated January 1, 2004 under the Standards of Weights and Measures (Enforcement) Act, 1985, issued by the office of the Controller of Legal Metrology, West Bengal to the Company in respect of counter machines, valid until January 8, 2006.
9. Certificate of Registration dated January 12, 2004 under the Standards of Weights and Measures (Enforcement) Act, 1985, issued by the office of the Controller of Legal Metrology, West Bengal to the Company in respect of non-automatic digital electronic weighing instrument and rite made class II accuracy, valid until January 11, 2005.
10. Central Excise Registration Certificate no. AAACH7412GXM002 dated August 22, 2003 in Form RC granted by the Assistant Commissioner of Central Excise to the Company in respect of manufacturing of excisable goods at 48B, Mukhtar Babu Street, Burra Bazaar, Bara Bazar, HO, Kolkata, West Bengal - 7.
11. Consent granted by the West Bengal Pollution Control Board to the Company dated May 5, 2001 by letter no. 4069 under Section 25 & 26 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 to operate the factory for a period from October 25, 2004 to October 24, 2005.
12. Certificate no.AW/1338 dated April 6, 1950 issued by the Assistant Commissioner, Commercial Taxes, Corporate



Division, West Bengal under the West Bengal Sales Tax Rules, 1993 to the Company for registration of place of business in West Bengal.

13. Certificate of Registration No.1338 (AW) (Central) granted by the Assistant Commissioner, Commercial Taxes, Corporate Division, West Bengal under the Central Sales Registration Tax (Registration and Turnover) Rules, 1957 to the Company.

FACTORY AT JANKI DAS LANE: (viz. the unit situated at 1, Janki Das Lane, Kolkata, W.Bengal 700 007)

1. Factory licence no. 12136 under the West Bengal Factories Rules, 1958 and the West Bengal Payment of Wages Rules and Form No. 2 under the Factories Act, 1948.
2. Renewal of C.E. for the year 2004-05 by the Kolkata Municipal Corporation under the K.M.C. Act, 1980 in respect of assessee no. 11-041-11-0001-7.
3. Renewal of C.E. for the year 2004-05 by the Kolkata Municipal Corporation under the K.M.C. Act, 1980 for assessee no. 11-006-16-0010-3.
4. Certificate dated 26th October 1988 for renewal of licence no. CL-680M granted by the Director of Drugs Control, West Bengal under the Drugs and Cosmetics Rules, 1945 to the Company for manufacture of cosmetics for sale at the premises for the period December 31, 2001 to December 31, 2006
5. Certificate dated 1st September 1998 for renewal of licence no.AL636M granted by the Director of Drugs Control, West Bengal under the Drugs and Cosmetics Rules, 1945 to the Company for manufacture of Ayurvedic/Siddha/Unani drugs for sale at the premises for the period January 1, 2004 to December 31, 2005
6. Licence CAL-E no.III/8008 of 2003-04 dated September 3, 2003 granted by the Special Officer and Deputy Secretary under the West Bengal Fire Services Act, 1940 to the Company to use the premises as a warehouse for storing or pressing or keeping certain inflammable goods. The licence is valid until July 31, 2004. A renewal application has been made.
7. Licence no. 73 of 1998-99 dated March 16, 1999 granted by the Deputy Commissioner of Excise [Special Section], West Bengal to the Company to manufacture medicinal and toilet preparations. A renewal application has been made.
8. Central Excise Registration Certificate no. AAACH7412GXM001 dated August 11, 2003 in Form RC granted by the Assistant Commissioner of Central Excise to the Company in respect of manufacturing of excisable goods at 1, Janki Das Lane, Kolkata, West Bengal 700 007.
9. Consent granted by the West Bengal Pollution Control Board to the Company dated April 26, 2001 by letter no. 4070 under Section 25 & 26 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 to operate the factory until October 24, 2005.
10. Certificate no.AW/1338 dated April 6, 1950 issued by the Assistant Commissioner, Commercial Taxes, Corporate Division, West Bengal under the West Bengal Sales Tax Rules, 1993 to the Company for registration of place of business in West Bengal.
11. Certificate of Registration No.1338 (AW) (Central) granted by the Assistant Commissioner, Commercial Taxes, Corporate Division, West Bengal under the Central Sales Registration Tax (Registration and Turnover) Rules, 1957 to the Company.

Registration-cum-Membership Certificate No.CHEMEXCIL/ER/E-1-2004-05-2 dated April 1, 2004 issued by the Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council to the Company for the export of cosmetics, toiletries, essential oils and ayurvedic and herbal products. This Certificate is valid until March 31, 2009 with respect to the following factories:

- a. 13, B.T. Road, Kolkata 700 056
- b. 48 B, Muktaram Babu Street, Kolkata 700 007
- c. 1, Janki Das Lane, Kolkata 700 007
- d. CS- 46 &47, Pipdic Industrial estate, Mettupalyam, Pondicherry 605 009
- e. A-83, Pipdic Industrial Estate, Mettupalayam, Pondicherry 605 009

OUTSTANDING LITIGATIONS

Save as stated below, based on records available as on November 30, 2004, there are no outstanding/pending litigation, suits, criminal/civil prosecution, proceedings initiated for offence (including past cases, economic offences etc.) irrespective of whether specified in paragraph (1) of Schedule XIII of the Companies Act and litigation for tax liabilities against the Company, its subsidiaries, the promoter company and group companies and its directors and there are no defaults/non payment/overdue of statutory due, institutional/bank dues and dues towards holders of debentures, bonds and fixed deposit and arrears of preference share etc. other than unclaimed liabilities of the Company and other group companies.

There will be no material effect on the financial position of the Company due to any adverse finding in these litigations.

I Company Litigation

A. Litigation against the Company

Criminal Cases

None

Sales Tax Cases

1. The Deputy Commissioner (CT) Chennai (Central) Division has filed an appeal with the Tribunal AC (Appeals) in a proceeding initiated on 17.8.2000 (STA No. 40 of 2003). The original assessment order of the CTO holding that certain products of the Company were 'cosmetics' was reversed on an appeal preferred by the Company with the AC (Appeals), and the Deputy Commission has appealed against the same. The amount involved is Rs. 1.50 lacs and the matter is currently pending.
2. The Commercial Tax Officer, Chennai, have filed an appeal with the Tribunal AC (Appeals) in a proceeding initiated on 7.6.2001 (OP No. 900/2001 and OMP 1271/2001) in the similar facts and on the same issue as under 1 above. The amount involved is Rs. 9.98 lacs and the matter is currently pending.

Excise Cases

10 Show cause notices have been issued against the Company by the excise authorities. Summary details of the same are provided below:

Sl.no	Amount (Rs. lacs)	Particulars
1.	5.64	1 show cause notice issued by the Deputy Commissioner of Central Excise, Kolkatta, and 4 show cause notices have been issued by the Assistant Commissioner of Central Excise, Kolkatta, disallowing the exemption benefit under notification number 1/93 and 140/83 for the period beginning from 1993-1994 to the period January 1997. The Company has filed its reply to the notice.
2.	0.41	2 show cause notices issued by the Joint Commissioner (Technical), Kolkatta, demanding duty on samples taken for quality testing at laboratory situated within the factories of the Company. The Company has sought clarifications.
3.	155.92	Show cause notice issued by the Commissioner, Central Excise, Kolkatta, demanding excise duty on multi-piece package on the basis of crossed MRP. Order is awaited.
4.	0.50	Show cause notice issued by the Joint Commissioner (Technical), Kolkatta, disallowing CENVAT credit. The Company has filed its reply to the notice.
5.	30.94	Show cause notice issued by Additional Commissioner, Central Excise, Kolkatta, demanding excise duty on package on the basis of crossed MRP. The Company has filed its reply to the notice.



Income-tax Cases

1. The Deputy Commissioner of Income Tax, CC – VII has preferred an appeal (1954/Kol/2004 – ITAT Kolkata) against an order of the CIT (Appeals) which held in favour of the Company that the transfer of accumulated profit from Emami Limited to Pan Emami Cosmed Limited by the way of demerger of investment undertakings of Emami Limited did not amount to distribution of dividend and tax and surcharge under s. 115-O of the Income Tax Act, 1956, was not applicable thereon. The amount involved is Rs. 489.71 lacs and the matter is pending before the Income Tax Appellate Tribunal, Kolkata.

Customs Cases

1. The Commissioner of Customs (Ports), Kolkata has preferred an appeal (Case No 16 of 2004/ GA No. 2932 of 2004 with the Division Bench of the Kolkata High Court) against an order of the CESTAT permitting the Company to avail of the benefit of the DEPB scheme for export of certain products of the Company. The amount involved is not quantifiable and the matter is pending before the High Court, Kolkata.

Civil Cases

1. Athreya Incorporations filed a suit in respect of proceedings initiated on 25.3.2004 before the court of District Judge of Salem (POP 135/2004) for recovery of damages for alleged non-acceptance of certain products by the Company. The amount claimed is Rs. 9.98 lacs. The Company has filed its objection in respect of the same and the matter is currently pending.
2. Dabur India Limited has filed a suit (Suit no. 433/2004 before the Delhi High Court) in respect of proceedings initiated on 28.5.2004 alleging that a certain advertisement of one of the Company's products was objectionable and disparaged their product. The learned judge upheld the petition in favour of Dabur India Limited. The amount involved in this matter is not quantifiable, and the Company has filed an appeal against the said order.
3. Dabur India Limited has filed a suit (CS (OS) 222/2004 before the Delhi High Court) in respect of proceedings initiated on 9.8.2004 alleging that a certain advertisement of one of the Company's products was objectionable and disparaged their product, and also filed a contempt petition against the Company in the same matter. The Court has granted an injunction in favour of Dabur. The Company has subsequently changed the impugned advertisement and also informed the Court and the petitioner of the same. The amount involved in the matter is not quantifiable and the matter is still pending.
4. Goodwill Enterprises has filed a suit in 2001 (352/2001 before Court II, CJSD, Kolhapur) for recovery of alleged secondary claim, viz. return of goods & distribution charges. The suit was originally dismissed, but was reopened on an application made by the petitioner. The amount involved is Rs. 5.10 lacs and the matter is pending.

Consumer Cases

The Company has certain consumer cases currently pending against it, as follows:

1. Proceedings initiated by Mr. Suresh Kumar on 9/8/2001 (53/2002 in the District Consumer Forum, Saharanpur) claiming expenses of Rs. 24,500 for an alleged defect in one of the products of the Company;
2. Proceedings initiated by Mr. Shiv Swarup Gupta on 22.11.2003 (52/2004 in the District Consumer Forum, Farukabad) claiming an amount of Rs. 1.03 lacs as reimbursement of expenses and advocate fees in connection with an alleged defect in one of the products of the Company;
3. Proceedings initiated by Smt. Annapurna Devi Omer on 9.1.2004 (39/2004 in the District Consumer Forum, Kanpur) claiming an amount of Rs. 16 lacs towards monetary, mental and physical suffering due to alleged misrepresentation by the Company about one of its products;
4. Proceedings initiated by Ms. Indira Kohali on 22.2.2001 (2222/2003 in the J&K State Consumer Protection Commission, Srinagar) claiming an aggregate amount of Rs. 6.10 lacs towards damages for y alleged use of the Company's products

5. Proceedings initiated by Mr. Atul Kumar on 15.9.2000 (CC no. 591 of 2000 in the District Consumer Redressal Forum, Faridabad) for claim of a Maruti Standard 800 cc car under consumer scheme on one of our products;

B. Litigation by the Company

Criminal Cases

The Company currently has 1 case pending before the Metropolitan Magistrate 28th Court, Mumbai, against Royal Traders and Paras Daftari for dishonour of cheque under Section 138 of the Negotiable Instruments Act, 1881.

Sales Tax Cases

The Company currently has 31 cases pending before various authorities. Summary details of the same are provided below:

Sl.no	Amount (Rs. lacs)	Particulars
1.	70.43	Writ petition no. 521 of 1998 in respect of proceedings initiated on 12.11.1998 relating to classification of the Company's product. This amount is not provided for in the books of the Company.
2.	9.88	A – 358 / AW / 1997-98 in respect of proceedings initiated on 30.6.1997 before Deputy Commissioner (Appeals) relating to classification of the Company's product. This amount is not provided for in the books of the Company.
3.	13.16	A – 722 / AW / 1998-99 in respect of proceedings initiated on 23.5.2001 before the WB Com. Tax Appellate and Revisional Board relating to classification of the Company's product. This amount is not provided for in the books of the Company.
4.	13.37	A – 521 / 1999-00 in respect of proceedings initiated on 29.6.1999 before the DC (Appeals) relating to classification of the Company's product. This amount is not provided for in the books of the Company.
5.	9.84	A – 276 / AX / 2000-01 in respect of proceedings initiated on 28.6.2000 before the Deputy Commissioner of Commercial Tax. (Appeals) relating to classification of the Company's product. This amount is not provided for in the books of the Company.
6.	37.10	A – 116 / AW / 2001-02 in respect of proceedings initiated on 23.5.2001 before the Deputy Commissioner of Commercial Tax. (Appeals) relating to classification of the Company's product. This amount is not provided for in the books of the Company.
7.	6.56	A – 117 / AW / 2001-02 in respect of proceedings initiated on 28.8.2000 before the Deputy Commissioner of Commercial Tax. (Appeals) relating to classification of the Company's product. This amount is not provided for in the books of the Company.
8.	2.25	A – 181 / AW / 2004-05 in respect of proceedings initiated on 30.6.2004 before the Deputy Commissioner of Commercial Tax. (Appeals) against additional tax on non-submission of 'C' forms in relation to inter state sales effected during the year 2001-02. The appeal is currently pending, and this amount is not provided for in the books of the Company.
9.	15.55	An appeal filed before the Sales Tax Tribunal on 24.12.1999 against an order of the DC (Appeals) relating to classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
10.	3.89	A revision petition (No. 195 of 2004) filed in respect of proceedings initiated on 29.2.2000 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.

11.	7.39	A revision petition (No. 188 of 2004) filed in respect of proceedings initiated on 22.3.2001 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
12.	9.38	A revision petition (No. 182 of 2004) filed in respect of proceedings initiated on 22.2.2002 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
13.	2.66	A revision petition (No. 187 of 2004) filed in respect of proceedings initiated on 22.2.2002 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
14.	16.58	A revision petition (No. 183 of 2004) filed in respect of proceedings initiated on 11.3.2002 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
15.	41.38	A revision petition (No. 192 of 2004) filed in respect of proceedings initiated on 13.3.2002 against an order of the Sales tax Appellate Tribunal, before the AP High Court relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
16.	45.78	An appeal (No. C/167/2002-03) filed on 14.2.2003 before the Appellate Deputy Commissioner of Commercial Taxes, Punjagutta Division, Andhra Pradesh, relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
17.	43.53	An appeal (No. C/72/2004-05) filed on 20.08.2004 before the Appellate Deputy Commissioner of Commercial Taxes, Punjagutta Division, Andhra Pradesh, relating to classification of the Company's product. The petition is currently pending, and this amount is not provided for in the books of the Company.
18.	7.13	An appeal (No. 230 of 2004) in respect of a proceeding initiated on 17.8.2000, before the Assistant Commissioner of Sales Tax (Appeals) relating to classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
19.	8.57	An appeal (No. 221 of 2004) in respect of a proceeding initiated on 7.6.2001, before the Assistant Commissioner of Sales Tax (Appeals) relating to classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
20.	15.12	An appeal (AP – 144 / 03) in respect of a proceeding initiated on 19.2.2003, before the Tamil Nadu Sales Tax (Appellate) Tribunal, Chennai, relating to classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
21.	1.40	An appeal (CST-41/03) in respect of a proceeding initiated on 19.2.2003, before the Tamil Nadu Sales Tax (Appellate) Tribunal, Chennai, relating to levy of additional tax for non-submission 'C/F' Form for the year 2000-01. The appeal is currently pending, and this amount is not provided for in the books of the Company.
22.	44.11	An appeal (No. 206 of 2004) in respect of a proceeding initiated on 19.2.03, before the Assistant Commissioner of Sales Tax (Appeals), relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.

23.	21.84	An appeal (No. 194 of 2004) in respect of a proceeding initiated on 12.3.2004, before the Assistant Commissioner of Sales Tax (Appeals), relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
24.	3.33	An appeal (No. 69 of 2004) in respect of a proceeding initiated on 31.3.2004, before the Assistant Commissioner of Sales Tax (Appeals), relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
25.	112.64	An appeal (No 361/2004) in respect of a proceeding initiated on 30.7.2004, before the Appellate Assistant Commissioner (CT) III Chennai, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
26.	1.40	An appeal (No 89/2004) in respect of a proceeding initiated on 30.7.2004, before the Appellate Assistant Commissioner (CT) III Chennai, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
27.	15.35	An appeal (No 87/2004) in respect of a proceeding initiated on 12.5.2004, before the Appellate Deputy Commissioner of Commercial Tax, relating to classification of the Company's product and non-submission of C/F forms. The appeal is currently pending, and this amount is not provided for in the books of the Company.
28.	45.38	An appeal in respect of a proceeding initiated on 28.1.2004, before the Appellate Deputy Commissioner of Commercial Tax, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
29.	56.43	An appeal (No. 352 of 2003-04) in respect of proceedings initiated on 11.2.2004, before the Joint Commissioner of Commercial Tax (Appeal) Central Division, Patna, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
30.	25.87	An appeal (No. SL-114 of 2004) in respect of proceedings initiated on 20.7.2004, before the Joint Commissioner of Commercial Tax (Appeal) Central Division, Patna, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.
31.	73.68	An appeal (No. 161 of 2004) in respect of proceedings initiated on 18.9.2004 , before the Joint Commissioner of Commercial Tax (Appeal) Central Division, Patna, relating classification of the Company's product. The appeal is currently pending, and this amount is not provided for in the books of the Company.

Excise Cases

The Company currently has 3 cases pending before various authorities. Summary details of the same are provided below:

Sl.no	Amount (Rs. lacs)	Particulars
1.	1.13	An appeal was filed on 17.05.2002 before the Commissioner (Appeals), Central Excise, relating to availability of CENVAT credit. The appeal is currently pending, and this amount is not provided for in the books of the Company.
2.	11.30	An appeal was filed on 21.10.2003 (No. EDM – 433 of 2003) before the Customs, Excise & Service Tax Appellate Tribunal, Kolkata, relating to alleged chargeability of duty on a product under the Central Excise Act, even when duty was paid under the appropriate Act. The appeal is currently pending, and this amount is not provided for in the books of the Company.
3.	1.85	This petition was filed in respect of proceedings initiated on 11.8.04 before the High Court, Guwahati, relating to refund of education cess paid by the Company's unit at Amingaon. The petition is currently pending, and this amount is not provided for in the books of the Company.



Income-tax Cases

None

Civil Cases

Besides the above cases, the Company has also filed 8 other civil cases at various courts in Chennai, Kolkata, Delhi and Mumbai for pursuing various claims against the relevant parties. As regards the amount quantifiable in such cases, the total aggregate amount claimed by the Company is Rs. 1022.75 lacs.

II. Group Companies and Promoter Group Companies Litigation

A. Litigation against the Group Companies and Promoter Group Companies:

Criminal Cases

Two Criminal cases are pending against group companies/Promoter Group companies of the Company

1. Dr. Bikash Ranjan has initiated proceedings in the 9th Metropolitan Magistrate's Court, Kolkata (C/1870/2002) against Advance Medicare Research Institute Limited under the Pre- Natal Diagnostic Techniques (Regulation and Prevention) Act, 1994. The proceedings are currently pending.
2. Sri L.B.Roy, Provident Fund Inspector has initiated proceedings on 23.04.1983 in the court of the CJM (No. C / 1236 / 83) against Frank Ross Limited on the grounds that a monthly Provident Fund contribution amount of Rs. 14939.72 which was due to the Board of Trustees was not transferred by Frank Ross Limited. The proceedings are currently pending.

Sales Tax Cases

The group companies/Promoter Group companies of the Company have 2 proceedings pending against them in sales tax matters in various tribunals/courts. The total amount involved in these proceedings is approximately Rs. 15.40 lacs. These proceedings do not have any material effect on the affairs of the Company.

Excise Cases

The group companies/Promoter Group companies of the Company have 5 proceedings pending against them in sales tax matters in various tribunals/courts. The total amount involved in these proceedings is approximately Rs. 841 lacs. These proceedings do not have any material effect on the affairs of the Company.

Income tax cases

The group companies/Promoter Group companies of the Company have 2 proceedings pending against them in income tax matters in various tribunals, courts. The total amount involved in these proceedings is approximately Rs.140 lacs. These proceedings do not have any material effect on the affairs of the Company.

Civil cases

The group companies/Promoter Group companies of the Company have one civil case pending against them.

Consumer cases

There is one pending consumer case (medical negligence) against Advanced Medical and Research Institute Limited. This proceeding has no material effect on the affairs of the Company.

B. Litigation by the Group Companies and Promoter Group Companies

A brief summary of the litigation filed by the group companies/Promoter Group companies of the Company are as follows:

1. **Criminal Cases** – Currently, 11 criminal cases filed by various group companies/Promoter Group companies of the Company are pending in various courts. These proceedings do not have any material effect on the affairs of the Company.
2. **Income tax Cases** – Currently, there are 5 income tax cases filed by group companies/Promoter Group companies of the Company, aggregating a claim of Rs. 18.62 lacs. These matters have no material effect on the Company.

3. **Sales tax Cases** – Currently, there are 22 sales tax cases filed by various group companies/Promoter Group companies of the Company, with the total claims aggregating to Rs. 127.63 lacs. These matters have no material effect on the Company.
4. **Excise Cases** – Currently, there are 3 excise cases filed by various group companies/Promoter Group companies of the Company, with the total claims aggregating to Rs. 59.84 lacs. These matters have no material effect on the Company.
5. **Civil Cases** – Currently, there are 19 civil cases filed by various group companies/Promoter Group companies, with the total claims aggregating to Rs. 29 lacs. These matters have no material effect on the Company.

III. Promoter Litigation

A. Litigation against the Promoters

None

B. Litigation by the Promoters

Civil cases

There are currently two civil cases filed by the Promoters that are pending.

1. Mr Radhe Shyam Agarwal has filed a civil suit at the City Civil Court at Calcutta against Mr Rabindra Kumar Mondal for declaration of tenancy right and extension of his lease / tenancy agreement. The matter is pending before the authority. The claims involved are not quantifiable, and these matters do not materially effect the Company.
2. Mr. Raj Kumar Goenka has filed a civil suit at the City Civil Court at Calcutta against Mr. Vijaya Kumar Sharma challenging the order passed by Ld. SCC Judge, 4th Court SCC Suit No.430 of 1994 for a declaration that the plaintiff is a monthly tenant @ Rs.25/- per month in respect of one shop premises No.48E, Moktaram Babu Street, Calcutta. After filing the suit, the plaintiffs got an order of temporary injunction restraining the defendant from executing the order passed by the Ld. 4th Judge SCC Court, Calcutta in SCC Suit No.430 of 1994 and thereby making any attempt to evict the plaintiffs from the said shop room until the disposal of the suit. The matter is pending before the authority. The claims involved are not quantifiable, and these matters do not materially effect the Company.

IV. Director Litigation

A. Litigation against the Directors

Criminal cases:

1. One Uma Devi has filed a criminal proceeding (No. 1090/90 at the CMM's court, Deoria) against Mr. R.S. Goenka and Mr. Hazariwal under ss. 420/120 of the IPC alleging wrongful termination of distributorship. The matter is currently pending, and this matter does not have a material effect on the Company.

B. Litigation by the Directors

None

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.

OTHER REGULATORY DISCLOSURES

Stock Market Data

The Company's shares were listed with The Calcutta Stock Exchange Association Ltd. on December 7, 1983 and The Stock Exchange, Mumbai on October 16, 1995. The shares of the Company are not actively traded at The Calcutta Stock



Exchange Association Ltd. (which is the Regional Stock Exchange). Hence the stock market data recorded at the Stock Exchange, Mumbai, is shown below.

a. High, Low and Average market prices of the share of the Company during the preceding three years:

	31.03.2002	31.03.2003	31.03.2004
	BSE	BSE	BSE
High	No Trading	435.00	720.00
Low	No Trading	259.10	523.00
Average	-	347.05	389.30

The quotations for the year ending 31.03.2004 are of shares with Face value of Rs.10 and it is before split and before bonus issue. The Highest and lowest price for the year ending 31.03.2004 after split and after bonus was Rs.62.15 and Rs. 58.60 respectively.

b. Monthly High and Low prices for the last eight months

Month	High	Low	Avg.
June'04	49.00	38.50	43.75
July'04	41.90	36.50	39.20
August'04	42.25	39.90	41.08
September'04	44.25	41.30	42.78
October'04	46.55	42.60	44.58
November'04	79.00	43.55	61.28
December'04	97.65	67.50	82.57
January'05	99.10	78.40	88.75

c. Number of shares traded on the days when the High and Low prices are recorded

BSE	HIGH				LOW			
	Date	Volume (No. of shares)	% of total shares	Value (Rs. In Lacs)	Date	Volume (No. of shares)	% of total shares	Value (Rs. In Lacs)
2001 – 2002	-	-	-	-	-	-	-	-
2002 – 2003	28/06/02	13	-	0.60	03/10/02	1	-	0.001
2003 – 2004	13/02/04	21	-	3.03	03/02/04	60	-	0.31
June 2004	02/06/04	115039	0.20	104.70	28/06/04	120340	0.21	67.58
July 2004	07/07/04	65452	0.11	71.65	09/07/04	24803	0.04	22.68
August 2004	12/08/04	35261	0.06	38.76	13/08/04	3463	-	3.47
September 2004	24/09/04	15102	0.02	17.20	03/09/04	7475	0.01	7.80
October 2004	09/10/04	16500	0.03	13.62	25/10/04	8415	0.01	6.08
November 2004	10/11/04	43883	0.07	35.58	01/11/04	450	-	0.20
December 2004	31/12/04	38728	0.06	37.35	02/12/04	850	-	0.59
January 2005	04/01/05	14130	0.02	14.07	17/01/05	2450	-	1.93

The closing market price immediately after the date on which the resolution of the Board of Directors approving the issue was approved i.e. on 5th January 2004 and the share price as on 7th January 2004 was Rs.45.62 on BSE

d The volume of securities traded on BSE in the last eight months

Volume (No. of shares traded)	Month
4307	June 2004
10511	July 2004
18930	August 2004
38572	September 2004
31291	October 2004
141242	November 2004
165070	December 2004
94649	January 2005

Particulars regarding Public Issues during the last five years

Neither the Company, the companies promoted by the promoters /promoter group nor the group companies have made any public issues of Equity Shares in the last five years.

Companies under the same management

Except for the companies mentioned in the section entitled “ Promoters and their Background” on page 76 of this Red Herring Prospectus, there are no companies under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, Datamatics Financial Software and Services Ltd. and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

There are no complaints and/or grievances from the investors which are pending. All the complaints and/or grievances have been satisfactorily replied.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Shri A. K. Joshi as the Compliance Officer and he may be contacted in case of any pre issue or post-issue related problems. He can be contacted at 6A, R.N. Mukherjee Road, Stephen House, Kolkata 700001. Tel: +91-33-2248 7651 Fax: 91-33-2210 0879



SECTION VII : FINANCIAL INFORMATION

The financial statements of the company are in conformity with the accounting provisions laid down in the Listing Agreement.

In the consolidated financial statements the financials of the following subsidiaries have been taken in to account:

- a. J.B.Marketing &Finance Limited (for FY 1999-00 and 2000-01)
- b. Emami U.K. Limited.(2000-01, 2001-02, 2002-03 and 2003-04)

UNCONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS
AND LOSSES, AS RESTATED, (INCLUDING SUBSIDIARIES) FOR THE YEARS
ENDED MARCH 31, 2000, 2001, 2002, 2003 AND 2004 AND FOR THE SIX MONTHS
PERIOD ENDED SEPTEMBER 30, 2004

AND

CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES AND PROFITS
AND LOSSES, AS RESTATED, FOR THE YEARS ENDED MARCH 31, 2004 AND
FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2004

To

The Board of Directors

Emami Limited

Stephen House

6A, R.N. Mukherjee Road

Kolkata – 700 001

Dear Sirs,

1. We have examined the financial information of Emami Limited (the Company) annexed to this report which have been prepared in accordance with the requirements of:
 - a. paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
 - c. the terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (hereinafter referred to as "Offer Document") of the Company in connection with its proposed Public Issue (referred to as 'the Issue').
2. The Issue will be for a fresh issue by the Company of 50,00,000 Equity shares of Rs.2/- each at such premium, by way of book building process, as may be decided by the Board of Directors. The Issue is being made through the 100 per cent book-building scheme.

Financial information as per audited financial statements

3. We have examined the attached restated summary statement of assets and liabilities of the Company as at September 30, 2004, March 31, 2004, 2003, 2002, 2001 and 2000 and the attached restated summary statement of profit and loss for each of the period/years ended on those dates ('summary statements') (see Annexure I and II) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure III to this report. Based on our examination of these summary statements, we confirm that:
 - The impact of changes in accounting policies adopted by the Company as at and for the six months period ended September 30, 2004 have been adjusted with retrospective effect in the attached summary statements;

- The prior period items have been adjusted in the summary statements in the years to which they relate;
 - The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
4. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the six months period ended September 30, 2004 are enclosed as Annexure IV to this report.
 5. The restated summary financial statements of Company's subsidiary Emami UK Limited, U.K., for the six months period ended September 30, 2004 and for the years ended March 31, 2004, 2003, 2002 and 2001 are enclosed in Annexure V to this report. These restated summary financial statements have not been audited by us. Emami UK Limited, U.K. is entitled to exemption from audit under Section 249A (1) of the Companies Act, 1985 of U.K. and the members of the Company have not required to obtain an audit of its financial statements in accordance with Section 249B (2) of the Companies Act, 1985 of U.K. These financial statements of Emami UK Limited, U.K., have been certified by the management and have been furnished to us, and our opinion in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the certified financial statements.
 6. The restated summary financial statements of J. B. Marketing & Finance Limited (JBMF) for the year ended March 31, 2001 and 2000 is enclosed in Annexure VI to this report. JBMF was a subsidiary only for the financial year ended on March 31, 2001 and 2000.
 7. Consolidated financial statement for the six months period ended September 30, 2004 and year ended March 31, 2004 of Emami Limited with its subsidiary Emami UK Limited, U.K. is given in Annexure VII.

Other financial information

8. We have examined the following unconsolidated financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report:
 - i. Details of secured and unsecured loans as appearing in Annexure VIII to the report
 - ii. Details of sundry debtors as appearing in Annexure IX to the report
 - iii. Details of loans and advances as appearing in Annexure X to the report
 - iv. The Company has declared dividends as shown in Annexure XI
 - v. Accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth is enclosed in Annexure XII
 - vi. Capitalisation statement as at September 30, 2004 is enclosed in Annexure XIII
 - vii. Statement of tax shelters is enclosed in Annexure XIV; and
 - viii. Statement of possible tax benefits available to the Company and shareholders is enclosed in Annexure XV.
9. In our view, the 'financial information as per audited financial statements' and 'other financial information' mentioned above have been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
10. This report is intended solely for your information and for inclusion in the Offer Document in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Saxena & Company
Chartered Accountants

S. K. Agrawal
Partner
Membership No. 9067
Kolkata
Dated : December 13, 2004



EMAMI LIMITED

ANNEXURE-I

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Rupees in Lacs

PARTICULARS	30 th Sept 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
INCOME						
Sales	8,559	21,610	19,794	18,196	20,785	14,353
Other Income	12	71	41	36	12	122
TOTAL	8,571	21,681	19,835	18,232	20,797	14,475
EXPENDITURE						
Cost of Goods Sold/ Consumed	4,591	13,708	11,939	11,210	11,048	6,323
Personnel Expenses	617	1,138	949	878	770	542
Selling Expenses	1,376	2,939	3,272	2,376	5,253	4,914
Administrative Expenses	656	1,207	1,044	1,073	845	588
TOTAL	7,240	18,992	17,204	15,537	17,916	12,367
Profit before Depreciation, Interest & Tax	1,331	2,689	2,631	2,695	2,881	2,108
Depreciation	1,021	1,955	1,901	1,868	2,753	106
Add : Transfer from Reserves	852	1,704	1,704	1,704	2,651	-
Profit before Interest & Tax	1,162	2,438	2,434	2,531	2,779	2,002
Interest	175	(45)	313	757	716	217
Profit before Tax	987	2,483	2,121	1,774	2,063	1,785
Income Tax						
- Current	11	222	34	6	-	80
- Deffered	36	93	74	71	-	-
- Short / (Excess) Provision for tax for earlier years	-	(3)	175	(1)	-	-
Investment Allowance Reserves	-	-	-	-	(2)	-
Written back	-	-	-	-	-	-
Profit after Tax	940	2,171	1,838	1,698	2,065	1,705
Increase / (Decrease) in net profits due to Impact of changes in Accounting policy						
Brand Depreciation	(32)	(63)	(63)	(63)	884	-
Transfer from Revaluation Reserve	-	-	-	-	(2,651)	-
Transfer from General Reserve	32	63	63	63	1,767	-
Short / (Excess) Provision for tax for earlier years	-	(3)	175	(1)	(175)	-
Deferred Tax	-	-	-	-	(58)	(25)
Total of adjustments	-	(3)	175	(1)	(233)	(25)
Tax impacts of Adjustments	-	-	-	-	-	-
Total of adjustments after Tax impact	-	(3)	175	(1)	(233)	(25)
Net Profit, as restated	940	2,168	2,013	1,697	1,832	1,680

EMAMI LIMITED
ANNEXURE-II
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
Rupees in Lacs

PARTICULARS	30th Sept 2004	31st March 2004	31st March 2003	31st March 2002	31st March 2001	31st March 2000
ASSETS						
GROSS FIXED ASSETS (incl. Capital WIP)	32,455	32,050	30,424	30,110	29,354	28,832
Less: Depreciation	9,102	8,062	6,065	4,121	2,204	656
Net Fixed Assets	23,353	23,988	24,359	25,989	27,150	28,176
Less : Brands	18,559	19,442	21,209	22,976	24,743	26,510
Net Fixed Assets (A)	4,794	4,546	3,150	3,013	2,407	1,666
INVESTMENTS (B)	690	690	812	806	214	214
CURRENT ASSETS, LOANS & ADVANCES						
Sundry Debtors	4,247	4,406	3,101	4,211	4,151	1,205
Loans & Advances	2,311	2,178	1,609	2,404	2,331	2,034
Inventories	4,875	3,097	3,977	3,038	4,426	2,723
Cash & Bank Balances	88	46	141	130	93	39
TOTAL - (C)	11,521	9,727	8,828	9,783	11,001	6,001
CURRENT LIABILITIES & PROVISIONS						
Current Liabilities	1,325	964	486	663	654	570
Provisions	-	190	158	112	36	112
TOTAL - (D)	1,325	1,154	644	775	690	682
Net Current Assets - (C-D)	10,196	8,573	8,184	9,008	10,311	5,319
TOTAL - (A+B+C-D)	15,680	13,809	12,146	12,827	12,932	7,199
Secured Loans	5,002	4,104	4,505	6,716	6,769	3,197
Unsecured Loans	115	117	123	525	1,968	1,533
Deferred Tax Liability	476	440	347	273	202	144
TOTAL (E)	5,593	4,661	4,975	7,514	8,939	4,874
NET WORTH (A+B+C-D-E)	10,087	9,148	7,171	5,313	3,993	2,325
Share Capital						
Equity (F)	1,123	1,123	562	562	562	562
Preference (G)	-	-	-	-	250	250
Reserves and Surplus (H)	27,523	27,467	27,818	27,727	27,924	28,023
Less : Revaluation Reserve (I)	18,559	19,442	21,209	22,976	24,743	26,510
Reserves (Net of Revaluation Reserves) (J) =(H-I)	8,964	8,025	6,609	4,751	3,181	1,513
NET WORTH - (F+G+J)	10,087	9,148	7,171	5,313	3,993	2,325

**CHANGES IN SIGNIFICANT ACCOUNTING POLICIES DURING THE YEARS ENDED MARCH 31, 2000 TO MARCH 31, 2004****1. Depreciation on Brands**

For and upto the year ended March' 2001, the Brands were depreciated over a period of ten years. Effective April 1, 2001, the Company revised its policy to depreciate Brands over a period of fifteen years prospectively. Accordingly, for the purpose of this statement, the brands have been depreciated from the year ended March, 2001 over a period of fifteen years. The summary statement of profit and loss has been accordingly restated.

2. Deferred Tax

The Company adopted Accounting Standard 22, Accounting for Taxes on Income (AS 22) issued by ICAI for the first time in preparing its financial statements for the year ended March 31, 2002. Accordingly, for the purpose of this statement, the deferred tax assets / liability has been recognized in the respective years of origination with a corresponding effect to the summary statement of profit and loss, as restated.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**A. SIGNIFICANT ACCOUNTING POLICIES****1. General :**

These accounts have been prepared on historical cost basis and on the accounting principles of a going concern to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Fixed Assets :

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

3. Depreciation :

- a. Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b. Lease hold land is amortised over the period of lease.
- c. Brands are depreciated over a period of fifteen years.

4. Investments :

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

5. Inventories :

The inventories are valued at cost or net realisable value whichever is lower except for advertising material which are valued at cost. Cost is computed on First In First Out basis and is net of modvat except for Trading Goods and Advertising Materials which are valued on weighted average basis.

6. Research & Development :

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

7. Retirement Benefits :

- a. Contribution to Provident Fund is made at a predetermined rate and charged to revenue on accrual basis.
- b. Provision for Leave encashment is made on accrual basis.
- c. Liability in respect of Gratuity is covered by appropriate scheme with Life Insurance Corporation of India.

8. Sales :

Sales includes Sales Tax and Insurance Claims and are recorded net of Trade discounts and other rebates.

9. Contingent Liabilities :

Contingent Liabilities are not provided for in the accounts but are disclosed by way of notes.

10. Government Grants :

Government grants are credited to Capital Reserve.

11. Revenue Recognition :

Income & expenditure are recognised on accrual basis.



12. Foreign Currency Transactions :

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate ruling on that date.

13. Excise Duty :

Excise duty on manufactured goods at factory pending clearance is accounted for at the time of manufacture.

14. Borrowing Cost :

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.

15. Taxation :

Income Tax Expense is accounted for in accordance with AS-22 "Accounting for Taxes on Income" which includes current tax and deferred taxes. 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.

16. Impairment of Assets :

The company identifies impairable assets at every Balance Sheet date for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallises is charged against the revenue of the year.

B. NOTES ON ACCOUNTS :

1. Contingent Liabilities :

Rs. in Lacs

	As at 30 th Sep' 2004	As at 31 st March, 2004	As at 31 st March, 2003	As at 31 st March, 2002	As at 31 st March, 2001	As at 31 st March, 2000
a Excise Duty Demands	86	86	82	273	74	74
b Sales Tax Demands under appeal (net of advances)	538	761	441	309	253	262
c Income Tax (net of advances)	9	-	-	-	-	1
d Guarantees and counter guarantees given	9	9	199	611	267	66

2. Estimated amount of commitments (net of advances) on capital account not provided for :

Rs. in Lacs

As at 30 th Sep' 2004	As at 31 st March 2004	As at 31 st March 2003	As at 31 st March 2002	As at 31 st March 2001	As at 31 st March 2000
69	40	12	20	126	36

- Against relief allowed by CIT (A), the department has preferred appeal before Income Tax Appellate Tribunal for the A.Y. 2000-2001 for a demand of Rs. 490 lacs . However the company has been advised that such demand is likely to be deleted.
- Based on guiding principles given in Accounting Standard on "Segment Reporting" (AS 17 - issued by the Institute of Chartered Accountants of India) the Company's primary business segment is Personal and Healthcare. The Personal and Healthcare business incorporates product groups viz. Medicinal products, Food Product, Cosmetics and Toiletries, which mainly have similar risks and returns. As the Company's business activity falls within a single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.

5. Related Party Transactions :

APRIL 1, 2004 to SEPTEMBER 30, 2004

Parties where control exists

Subsidiary

Emami UK limited

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd.

2003-04

Parties where control exists

Subsidiary

Emami UK limited

Associates

J. B. Marketing & Finance Ltd. (upto 14.03.04)

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Suraj Viniyog (P) Ltd Bhanu Vyapaar (P) Ltd. Emami Paper Mills Ltd.

2002-03

Parties where control exists

Subsidiary

Emami UK limited

Associates

J. B. Marketing & Finance Ltd.

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka Shri Jayant Goenka Shri Sachin Goenka	Diwakar Viniyog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd. DPS Technologies India (P) Ltd



2001-02

Parties where control exists

Subsidiary

Emami UK limited

J. B. Marketing & Finance Ltd. (upto 25.03.2002)

Other Related Parties with whom transactions have taken place during the year

Key Management Personnel	Relatives	Other Associates
Shri R. S. Agarwal Shri R. S. Goenka Shri Sushil Kr. Goenka	Shri R. K. Goenka Shri Suresh Kr. Goenka Smt. Usha Agarwal Shri A. V. Agarwal Shri H. V. Agarwal Smt. Indu Goenka Shri Jayant Goenka Shri Sachin Goenka	Diwakar Vinayog (P) Ltd. Suntrack Commerce (P) Ltd Emami Paper Mills Ltd.

Transactions

Particulars	Subsidiaries				Key Management Personnel & Relatives				Other Associates				Total			
	30.09.04	31.03.04	31.03.03	31.03.02	30.09.04	31.03.04	31.03.03	31.03.02	30.09.04	31.03.04	31.03.03	31.03.02	30.09.04	31.03.04	31.03.03	31.03.02
Salary	-	-	-	-	48	97	34	47	-	-	-	-	48	97	34	47
Directors Sitting Fees	-	-	-	-	0.04	0.16	0.08	0.03	-	-	-	-	0.04	0.16	0.08	0.03
Rent & Manintenance Chgs Paid	-	-	-	2	3	6	9	9	1	6	4	2	4	12	13	13
Commission Paid	-	-	-	2	-	-	-	-	-	3	3	-	-	3	3	2
Professional Fee Paid	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-
Sales	-	-	-	15243	-	-	-	-	-	15490	15704	-	-	15490	15704	15243
Investment	-	23	-	-	-	-	-	-	-	-	-	-	-	23	-	-
Rent Received	-	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1
Sale of Fixed Assets	-	-	-	10	-	-	-	-	-	5	5	-	-	5	5	10
Sale of Investments	-	-	-	-	-	2	-	4	-	137	-	-	-	139	-	4
Interest Received	-	-	-	255	-	-	-	-	-	102	139	-	-	102	139	255
Loan Paid	21	-	-	-	-	-	-	-	-	-	-	-	21	-	-	-
Miscellaneous Receipts	-	-	-	-	-	-	-	-	-	-	1	-	-	-	1	-
Receivables	21	-	-	3525	13	13	23	23	7	7	2082	7	41	20	2106	3555

EMAMI UK LIMITED

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

In £

PARTICULARS	30 th Sept 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001
INCOME					
Sales	30,380	25,000	-	-	-
Other Income	246	177	-	-	-
TOTAL	30,626	25,177	-	-	-
EXPENDITURE					
Purchases	13,458	-	-	-	-
Administrative Expenses	42,277	37,067	220	223	200
TOTAL	55,735	37,067	220	223	200
Profit before Tax	(25,109)	(11,890)	(220)	(223)	(200)
Income Tax	-	-			
Profit after Tax	(25,109)	(11,890)	(220)	(223)	(200)

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

In £

PARTICULARS	30 th Sept 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001
Fixed Assets					
Tangible Assets	838	843	-	-	-
Current Assets					
Debtors	20,781	26,025	-	-	-
Cash at Bank	8,211	1,775	8,661	8,681	8,704
	28,992	27,800	8,661	8,681	8,704
Less : Creditors	3,768	2,472	600	9,102	8,902
Net Current Assets	25,224	25,328	8,061	(421)	(198)
Total Assets less Current Liabilities	26,062	26,171	8,061	(421)	(198)

EMAMI UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of materials and services, excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office furniture – 25% on reducing balance.

Deferred taxation

Deferred Tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date.



ANNEXURE - VI

J. B. MARKETING & FINANCE LIMITED

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Rupees in Lacs

PARTICULARS	31 st March 2001	31 st March 2000
INCOME		
Sales	13,726	-
Commission and Service Charges	263	445
Other Income	70	53
TOTAL	14,059	498
EXPENDITURE		
Purchase	11,139	-
(Increase) / Decrease in Stock	(955)	-
Personnel Expenses	274	192
Selling Expenses	3,253	73
Administrative Expenses	322	212
TOTAL	14,033	477
Profit before Depreciation, Interest & Tax	26	21
Depreciation	12	9
Profit before Tax	14	12
Income Tax		
- Current	9	4
- Deferred	-	-
Profit after Tax	5	8
Increase / (Decrease) in net profits due to Impact of changes in Accounting policy		
Deferred Tax	1	1
Total of adjustments	1	1
Tax impacts of Adjustments	-	-
Total of adjustments after Tax impact	1	1
Net Profit, as restated	4	7

J. B. MARKETING & FINANCE LIMITED

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in Lacs

PARTICULARS	31st March 2001	31st March 2000
ASSETS		
GROSS FIXED ASSETS - Tangible	209	156
Less: Depreciation	63	53
Net Fixed Assets - (A)	146	103
INVESTMENTS (B)	620	445
CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors	1,511	31
Loans & Advances	1,050	447
Inventories	1,149	13
Cash & Bank Balances	70	42
TOTAL - (C)	3,780	533
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	3,500	69
TOTAL - (D)	3,500	69
Net Current Assets - (C-D)	280	464
TOTAL - (A+B+C-D)	1,046	1,012
Secured Loans	-	-
Unsecured Loans	75	46
Deferred Tax Liability	25	24
TOTAL - (E)	100	70
NET WORTH (A+B+C+D-E)	946	942
Share Capital		
Equity (F)	350	350
Reserves and Surplus (G)	596	592
NET WORTH - (F+G)	946	942



J. B. MARKETING & FINANCE LIMITED**NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES****A. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES****Deferred Tax :**

The Company adopted Accounting Standard 22, Accounting for Taxes on Income (AS 22) issued by ICAI for the first time in preparing its financial statements for the year ended March 31, 2002. Accordingly, for the purpose of this statement, the deferred tax assets / liability has been recognized in the respective years of origination with a corresponding effect to the summary statement of profit and loss, as restated.

B. SIGNIFICANT ACCOUNTING POLICIES**1. Fixed Assets**

Fixed Assets are valued at cost less depreciation.

2. Depreciation

Depreciation has been provided at the rates Specified in Schedule-XIV of the Companies Act, 1956 in respect of assets acquired after April 1, 1987 on straight line basis and on other assets on written down value basis. Depreciation on Leased Fixed Assets are provided at rates which are different from but not lower than the rates prescribed under Schedule XIV of the Companies Act, 1956. The Depreciation rates applied by the Company ensure that depreciation is provided over the period of the primary leased assets of the Company.

3. Investments

Long Term Investments are valued at Cost. Diminution in value of Investments other than temporary in nature is provided for in Accounts.

4. Inventories

Inventories of Property and Publicity Stocks are valued at cost.

Inventory of Trading goods are valued at Cost or Net Realisable Value whichever is lower.

5. Retirement Benefit

Gratuity liability has been covered with L.I.C under Group Gratuity Scheme , and the same is being regularly provided in the books. Contribution to Provident Fund & ESI is made at predetermined rate and charged to revenue on accrual basis. Leave encashment is provided on the basis of actuarial valuation.

6. Sales

Sales includes sales tax and are recorded net of trade discount and other rebates.

7. Contingent Liabilities :-

Contingent Liabilities are not provided for in the accounts but are disclosed by way of notes.

8. Revenue Recognition :

Income and Expenditure are recognised on accrual basis.

9. Borrowing Cost :

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.

C. NOTES ON ACCOUNTS :-

1. Contingent Liabilities is as under :

	<i>Rs. in Lacs</i>	
	2000-2001	1999-2000
Income Tax demands under Appeal	2.61	2.71
2. Other Contingencies :		
Guarantees and counter guarantees given in favour of a Company - Rs.50 lacs.		
Guarantees and counter guarantees given in favour of Banks - Rs.1.30 lacs.		
3. Liability on account of partly paid shares - Rs.0.90 lac.		



ANNEXURE - VII

EMAMI LIMITED - CONSOLIDATED

STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Rupees in Lacs

PARTICULARS	30th September 2004	31st March 2004
INCOME		
Sales	8,584	21,610
Other Income	12	90
TOTAL	8,596	21,700
EXPENDITURE		
Cost of Goods Sold/ Consumed	4,603	13,708
Personnel Expenses	631	1,150
Selling Expenses	1,380	2,939
Administrative Expenses	671	1,223
TOTAL	7,285	19,020
Profit before Depreciation, Interest & Tax	1,311	2,680
Depreciation - Net of Transfer from Reserves	170	251
Profit before Interest & Tax	1,141	2,429
Interest	174	(45)
Profit before Tax	967	2,474
Income Tax		
- Current	11	222
- Deffered	36	93
- Short / (Excess) Provision for tax for earlier years		(3)
Profit after Tax	920	2,162
Increase / (Decrease) in net profits due to Impact of changes in Accounting policy		
Brand Depreciation	(32)	(63)
Transfer from General Reserve	32	63
Total of adjustments	-	-
Tax impacts of Adjustments	-	-
Total of adjustments after Tax impact	-	-
Net Profit, as restated	920	2,162

EMAMI LIMITED - CONSOLIDATED

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rupees in Lacs

PARTICULARS	30th September 2004	31st March 2004
ASSETS		
GROSS FIXED ASSETS (incl. Capital WIP)	32,456	32,051
Less: Depreciation	9,102	8,062
Net Fixed Assets	23,354	23,989
Less : Brands	18,559	19,442
Net Fixed Assets - (A)	4,795	4,547
INVESTMENTS (B)	662	662
CURRENT ASSETS, LOANS & ADVANCES:		
Sundry Debtors	4,264	4,426
Loans & Advances	2,290	2,178
Inventories	4,875	3,097
Cash & Bank Balance	95	47
TOTAL - (C)	11,524	9,748
CURRENT LIABILITIES & PROVISIONS:		
Current Liabilities	1,328	966
Provisions	-	190
TOTAL - (D)	1,328	1,156
Net Current Assets - (C-D)	10,196	8,592
TOTAL - (A+B+C-D)	15,653	13,801
Secured Loans	5,002	4,104
Unsecured Loans	115	117
Deferred Tax Liability	476	440
TOTAL - (E)	5,593	4,661
NET WORTH (A+B+C-D-E)	10,060	9,140
Share Capital		
Equity (F)	1,123	1,123
Reserves and Surplus (G)	27,496	27,459
Less : Revaluation Reserve (H)	18,559	19,442
Reserves (Net of Revaluation Reserves) (I) =(G-H)	8,937	8,017
NET WORTH - (F+I)	10,060	9,140



EMAMI LIMITED (CONSOLIDATED)**SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements, as restated represents consolidation of accounts of Emami Limited with its 100% subsidiary, Emami UK Limited.

Significant Accounting Policies are as set out in the Annexure – IV and V of the Financial Statements of “Emami Limited” and “Emami UK Limited”.

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 separate financial statements.

ANNEXURE - VIII

SECURED LOANS

Rupees in Lacs

PARTICULARS	30 th Sep 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000	Details
Cash Credits	1881	273	1714	2754	2239	1223	Working Capital loans from Banks
<i>Secured by hypothecation of stocks, book debts and second charge on specific fixed assets.</i>							
Term Loans	3120	3831	2791	3962	4530	1974	From Banks / FIs for Fixed Assets / Long term Working Capital purpose
<i>Secured by charge/mortgage of specific movable/immovable, tangible / intangible assets etc.</i>							
<i>The above loans are further secured by personal guarantees of some of the Directors.</i>							
Total	5001	4104	4505	6716	6769	3197	

UNSECURED LOANS

Rupees in Lacs

PARTICULARS	30 th Sep 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000	Details
Loans from Banks / FIs	-	-	-	375	1841	1371	From Banks / FIs
Loans from Others	10	10	10	27	-	-	Inter Corporate Deposits (other than Promoters)
Trade Deposits	78	78	72	74	74	103	From Dealers
Interest Free Sales Tax Loan	3	4	14	23	32	34	West Bengal Sales Tax Deferment
Interest accrued & due	24	25	27	27	21	24	Interest payable on Trade deposits
Total	115	117	123	526	1968	1532	



ANNEXURE - IX

SUNDRY DEBTORS

Rupees in Lacs

PARTICULARS	30 th Sep 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
<i>Unsecured, Considered Good</i>						
Due over six months	234	54	75	70	91	31
Other Debts	4,013	4,352	3,026	4,141	4,061	1,174
Total	4,247	4,406	3,101	4,211	4,152	1,205

LOANS & ADVANCES

Rupees in Lacs

PARTICULARS	30 th Sep 2004	31 st March 2004	31 st March 2003	31 st March 2002	31 st March 2001	31 st March 2000
<i>Unsecured, Considered Good</i>						
Loans & Advances recoverable in cash or in kind	2,081	2,037	1,410	2,346	1,683	1,243
Deposits	183	181	191	212	798	785
Income Tax Net of Provisions	47	(40)	8	(154)	(150)	6
Total	2,311	2,178	1,609	2,404	2,331	2,034

STATEMENT OF DIVIDEND FOR IMMEDIATELY PRECEEDING FIVE FINANCIAL YEARS
A. EQUITY SHARES

Financial Year Ended	No. of shares on which dividend is paid (nos)	Rate of dividend %	Amount of dividend (Rs. in Lacs)
31 st March, 2000	5615000	20%	112
31 st March, 2001	5615000	20%	112
31 st March, 2002	5615000	20%	112
31 st March, 2003	5615000	25%	140
31 st March, 2004	*56150000	15%	168

* Shares of Rs. 2/- each

B. PREFERENCE SHARES

Financial Year Ended	No. of shares on which dividend is paid (nos)	Rate of dividend %	Amount of dividend (Rs. in Lacs)
31 st March, 2000	250000	13%	33
31 st March, 2001	250000	13%	33
31 st March, 2002	250000	13%	15

SUMMARY OF ACCOUNTING RATIOS

RATIO ANALYSIS

PARTICULARS	30th Sep 2004	31st March 2004	31st March 2003	31st March 2002	31st March 2001	31st March 2000
Earnings Per Share (Rs.)	1.67*	3.86	3.59	3.02	3.19	2.93
NAV per share (Rs.)	17.98	16.29	12.77	9.46	7.11	4.14
Return on Net worth (%)	12%	27%	34%	48%	70%	86%
No.of Equity shares of Rs. 2/- each	56150000	56150000	56150000	56150000	56150000	56150000

Note : The number of shares for the years 1999-2000 to 2002-3 has been adjusted for split and bonus issue for comparison purpose.

* For six months

EPS = Net Profit After Tax / No. of Shares Outstanding at the end of the respective year / period

NAV per share = Share Capital + Reserves & Surplus - Miscellaneous Expenditure Not yet written off/No. of shares outstanding at the end of respective year/period.

Return on Net worth = Earnings before Interest & Tax during the year/Net worth at the end of respective year / period.

CAPITALISATION STATEMENT
Rupees in Lacs

	Pre-Issue at 30-09-04	Post-Issue *
DEBT		
Short Term Debt	1996	
Long Term Debt	3120	
SHAREHOLDERS FUNDS		
Share Capital	1123	
Reserves & Surplus(excluding revaluation reserve), as restated	8964	
TOTAL	10087	
Long Term Debt/Equity	0.31	

* Share capital and reserves and surplus post issue can be calculated only on the conclusion of the book building process.

EMAMI LIMITED
STATEMENT OF TAX SHELTERS
Rs. in Lacs

Particulars		For the period ended 30.09.2004	Year ended 31st March 2004	Year ended 31st March 2003	Year ended 31st March 2002	Year ended 31st March 2001	Year ended 31st March 2000
Profit before tax as per books		987	2483	2121	1774	2063	1785
Long term Capital gain		-	17	-	-	-	-
Profit before tax excluding capital gain		987	2466	2121	1774	2063	1785
Tax rate		36.59%	35.875%	36.75%	35.70%	39.55%	38.50%
Tax on actual rate on profit		361	885	780	633	816	687
Tax on capital gain		-	3	-	-	-	-
Total tax	A	361	888	780	633	816	687
Adjustments							
<u>Permanent Differences</u>							
Deduction under Chapter VI - A		967	1,535	1,941	1,606	1,927	1,520
Deductions u/s 35AC & 35(1)(iii)		-	7	2	-	15	-
Dividend u/s 10(33)		-	-	-	-	-	5
Long term capital (gain) / loss charged at	-	-	-	-	-	-	-
lower rate of tax		-	(17)	-	-	-	-
Bought forward capital loss set off		-	-	-	-	-	15
Donations etc added		(78)	(22)	(21)	(17)	(15)	(3)
Total of Permanent Differences	B	889	1503	1922	1589	1927	1537
<u>Timing Difference</u>							
Difference between tax depreciation and book depreciation		99	358	200	205	148	65
Profit / (loss) on sale of fixed assets		(2)	9	(4)	(3)	(10)	(5)
Profit / (loss) on sale of Investments / Properties		-	36	-	-	-	1
Tax, duty & other sums u/s 43B		-	(20)	4	(17)	(1)	-
Total of Timing Difference	C	97	383	200	185	137	61
Net Adjustment	D=B+C	986	1886	2122	1774	2064	1598
Tax Saving thereon	E	361	677	780	633	816	615
Net impact	F=A-E	-	211	-	-	-	72
Taxable Income as per Return filed/ assessment completed		-	595	-	-	-	186
Tax thereon		-	218	-	-	-	74
Taxable Income as per MAT		135	-	417	69	2064	-
Tax as per MAT		11	-	33	5	175	-

TAX BENEFITS

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 (hereinafter referred to as “the Act”) the Company will be entitled to a deduction for depreciation: -
 - a) In respect of tangible assets;
 - b) In respect of intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998 at the rates prescribed under Income Tax Rules, 1962;
 - c) In respect of machinery or plant which has been acquired and installed after 31st March, 2002 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which results in increasing the installed capacity by not less than ten percent, a further sum of 15% of the actual cost of such machinery or plant
2. Subject to compliance of certain conditions laid down in section 80IB/IC of the Act various manufacturing units of the company situated at Pondicherry and Guwahati will be entitled to the benefit of deductions from the total income of such units chargeable to income tax of the amount equal to following percentage of their respective profits calculated in accordance with the provisions of the said sections.

Name of Unit	100% exemption upto financial year	30% exemption upto financial year
Pondicherry-II	-	2007-08
Pondicherry-III	2004-05	2009-10
Pondicherry-IV	2005-06	2010-11
Guwahati	2012-13	

(B) BENEFITS AVAILABLE TO THE COMPANY UNDER INDIRECT TAX LAWS

FOR ITS UNIT AT AMINGAON, GUWAHATI, ASSAM

1. Central Excise Exemption:

The Company is availing 100% Central Excise benefit under Excise Notification No. 32/99 CE dated 8.7.99 as amended for the period of 10 years from commencement of commercial production at its unit at Amingaon, Guwahati, Assam.

2. Sales Tax Exemption

The Company is availing Sales Tax benefit for 7 years i.e. from 27.9.2003 to 26.9.2010 ,subject to maximum of 100% of fixed capital investment i.e. Rs 12 Crores.

FOR ITS UNITS AT PONDICHERRY

Sales Tax Exemption

The Company is availing 100% Sales Tax benefit as mentioned below :

Name of Unit	Date of commencement of Production	Initial Exemption Period (5 years)	Subsequent Exemption Period (4 years)
Unit - II	15.04.1998	1998-99 to 2002-03	2003-2004 to 2006-07
Unit - III	21.10.2000	2000-01 to 2004-05	2005-2006 to 2008-09
Unit - IV	09.04.2001	2001-02 to 2005-06	2006-2007 to 2009-10

(B) TO THE SHAREHOLDERS OF THE COMPANY - UNDER THE INCOME TAX ACT, 1961

Resident Shareholders

- In terms of section 10(34) of the Act, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - The transaction of sale of such equity share is entered into on or after 10th September, 2004.
 - The transaction is chargeable to such securities transaction tax as explained below.
- In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
- In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
- In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
- Under section 48 of the Act, if the company's shares are sold after being held for not less than twelve months, the gains [in cases not covered under section 10(38) of the Act], if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
- Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;

- b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
 - d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
8. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
- a) the issue is made by a public company formed and registered in India;
 - b) the shares forming part of the issue are offered for subscription to the public;
9. Under section 54F of the Act, long term capital gains [in cases not covered under section 10(38) of the Act arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
10. Under section 112 of the Act and other relevant provisions of the Act, Long term capital gains, (i.e., if shares are held for a period exceeding 12 months) [in cases not covered under section 10(38) of the Act], arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10%(plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
11. Under section 111A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognised stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Non-Resident Indians/ Non Residents Shareholders [Other than FIIs and Foreign venture capital investors]

12. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received by a non-resident Indian shareholder (i.e. an individual being a citizen of India or person of Indian origin who is not a ‘resident’) on the shares of the company is exempted from the tax.
13. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
- a. The transaction of sale of such equity share is entered into on or after 10th September, 2004.
 - b. The transaction is chargeable to such securities transaction tax.
14. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
15. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for

purchase and sale of the securities in the recognised stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.

16. Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - a. National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - c. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
17. Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
 - a. the issue is made by a public company formed and registered in India;
 - b. the shares forming part of the issue are offered for subscription to the public;
18. Under Section 54F of the Act, long term capital gains [in cases not covered under section 10(38) of the Act arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
19. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (i.e. if shares are held for a period exceeding 12 months) [in cases not covered under section 10(38) of the Act, arising on transfer of shares in the Company, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.
20. Under section 115-I of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. “Special Provisions Relating To Certain Incomes of Non-Residents” which are as follows: -
 - a. Under section 115E of the Act, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months on a recognised stock exchange, shall (in cases not covered under section 10(38) of the Act) be concessional tax at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38)

of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

- c. Under provisions of section 115G of the Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.
21. Under the first proviso to section 48 of the Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by section 115E of the Act), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Foreign Institutional Investors (FIIs)

22. In terms of section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
23. In terms of section 10(38) of the Act, any long term capital gains arising to an investor from transfer of long term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th September, 2004.
 - b. The transaction is chargeable to such securities transaction tax.
24. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No. 2) Act, 2004, transactions for purchase and sale of the securities in the recognised stock exchange by the investor, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a company through the recognised stock exchange is liable to securities transaction tax @ 0.075% of the value payable by both buyer and seller. The non-delivery based sale transactions are liable to tax @ 0.015 % of the value payable by the seller.
25. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
26. The income by way of short term capital gains or long term capital gains [in cases not covered under section section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed @ 10% as per section 115AD of the Act. However in case of such long term capital gains, the tax is levied on the capital gains computed without considering the cost indexation and protection against foreign exchange fluctuation)
27. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain [in cases not covered under section 10(38) of the Act] arising on the transfer of share of the company will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond issued by: -

- a. National Bank for agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988
 - c. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
28. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] on the transfer of shares of the company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
- a. the issue is made by a public company formed and registered in India;
 - b. the shares forming part of the issue are offered for subscription to the public;

Venture Capital Companies/Funds

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

(C) Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence shares are not liable to Wealth Tax Act, 1957.

(D) Benefits to Members of the Company under the Gift Tax Act, 1958.

Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the company would not be liable for any gift tax.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance (No. 2) Act, 2004.
2. The stated benefits will be available only to the sole/first named holder in case joint holders hold the shares.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
5. The contents of this annexure is based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.



SECTION VIII: OTHER INFORMATION

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, Bankers to the Company, BRLMs to the Issue, Syndicate Members and Registrars to the Issue to act in their respective capacities, have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC. The Company will obtain and duly file consents of the Escrow Collection Bank and the Bankers to the Issue, prior to filing the Prospectus for registration with the RoC.

M/s. Saxena & Co., Chartered Accountants and Statutory Auditors of the Company, have given their written consent to the inclusion of their report including the tax benefits accruing to the Company and its members, in the form and context in which it appears in this Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of Syndicate Members within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

Expert Opinion

Save as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinion.

Changes in Auditors

There has been no change in the Auditors of the Company in the last three years.

Basis of Allotment or Allocation

A. For Employees of Emami

Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

If the aggregate demand in this category is less than or equal to 5,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.

If the aggregate demand in this category is greater than 5,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis with a minimum of 100 Equity Shares. For the method of proportionate basis of allocation, refer below.

Only Employees of Emami in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Bid/Issue Closing Date are eligible to apply.

B. For Retail Bidders

Bids received from the Retail Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Bidders will be made at the Issue Price.

The Net issue size less allocation to Non-Institutional Bidders and QIBs shall be available for allocation to Retail Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 11,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Bidders to the extent of their demand.

If the aggregate demand in this category is greater than 11,25,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allotment, refer below.

Any under subscription in the reservation of Equity Shares for Employees of the Company would be added to this category.

C. For Non Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non-Institutional Bidders will be made at the Issue Price.

The Net Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 11,25,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non-Institutional Bidders to the extent of their demand

In case the aggregate demand in this category is greater than 11,25,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. For the method of proportionate basis of allotment refer below

The aggregate allocation to Retail Bidders and Non-Institutional Bidders shall not be less than 22,50,000 Equity Shares

D. For QIBs

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Issue price.

The Net Issue size less allocation to Non-Institutional portion and Retail Portion shall be available for allocation to QIBs who have bid in the Issue at a price, which is equal to or greater than the Issue Price.

The allocation would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.

The aggregate allocation to QIB Bidders shall not be more than 22,50,000 Equity Shares.

The unsubscribed portion, if any, out of the Equity Shares in the Employee Reservation Portion will be added back to the categories of Non Institutional Bidders and Retail Individual Bidders in the ratio of 50:50. Undersubscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.

Any under-subscription in any of the above categories would be allowed to be met with the spill over from any of the other categories, at the discretion of the Company/ BRLMs.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the Company, in consultation with the The Stock Exchange, Mumbai designated stock exchange, shall finalize the basis of allotment to Employees, Retail Bidders and Non-Institutional Bidders. The Executive Director or Managing Director (or any other senior official nominated by them) of the The Stock Exchange, Mumbai designated stock exchange (along with the BRLMs) and the Registrars to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders will be categorized according to the number of Equity Shares applied for
- b. The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares, applied for in that category (number of Bidders in the category multiplied by the number of Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c. Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares, applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d. In all Bids where the proportionate allotment is less than 100 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 100 Equity Shares and



- The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e. If the proportionate allotment to a Bidder works out to a number that is more than 100 but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that decimal is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of the Issue payable include underwriting/selling commission, fees payable to the BRLMs to the Issue, fees to Legal Advisors, Auditors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, fees payable to the Registrars to the Issue, listing fees and other miscellaneous expenses. All the expenses with respect to the Issue would be borne by the Company.

(Rs. in Lacs)

Activity	Approximate Amount	% of total expenses	% of total issue size*
Lead Management, underwriting and selling commission*	120	48.98	
Advertisement and Marketing expenses	30	12.25	
Printing and stationery	45	18.37	
Others (Registrars fee, legal fee, listing fee, etc)	50	20.40	
Total estimated Issue expenses	245	100.00	

*Will be incorporated after finalisation of Issue Price

Fees Payable to the Book Running Lead Managers

The total fees payable to the BRLMs will be as per the letter of appointment dated December 1, 2004 for ARS and letter dated December 15, 2004 for I-Sec issued by the Company, a copy of which is available for inspection at the Registered office of the Company.

Fees Payable to the Registrars to the Issue

The total fees payable to the Registrars to the Issue will be as the Memorandum of Understanding between the Registrars and the Company dated December 20, 2004 copies of which are available for inspection at the Registered office of the Company.

Adequate funds will be provided to the Registrars to the Issue to enable them to send refund orders or allotment/advice by registered post.

Previous Rights and Public Issues and Commission and Brokerage on Previous Issues

The company has not made any public or rights issue in the last 10 years.

Underwriting commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst the Company, the BRLMs and the Syndicate Members

The underwriting Commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned elsewhere in this Red Herring Prospectus.

Outstanding Debenture/Bond Issues or Preference Shares

There are no outstanding debentures/bonds or Preference Shares.

Capitalization of Reserves or Profits

Save for the below mentioned capitalisation, the Company has not capitalised its reserves or profits at any time.

Pursuant to a resolution passed by the members of the Company at Extraordinary General Meeting held on January 30, 2004 the Company has capitalised a sum of Rs.5,61,50,000/- out of the Capital Redemption Reserve and General Reserve, for the issue and allotment of 2,80,75,000 fully paid Bonus Shares of Rs.2/- each to the holders of the then existing Equity Shares of the Company on March 31, 2004 in accordance with the then existing applicable laws.

ISSUES OTHERWISE THAN FOR CASH

The Company has not issued any Shares for consideration other than cash since its inception, except as given below:

1. 2,80,75,000 Equity Shares of Rs 2/- each have been issued as bonus shares.
2. 44,80,000 Equity Shares of Rs.10/- each were allotted on Merger of Himani Limited. with AMP Udyog Vinayog Limited. at a consideration of 7 Equity Shares of AMP Udyog Vinayog Limited issued for 1 share of Himani Limited as per the scheme of amalgamation sanctioned by the Hon'ble Calcutta High Court
3. 8,86,000 Equity Shares of Rs.10/- each were allotted on Merger of Emami with Himani Ltd. at a consideration of 1:1 as per the scheme of amalgamation sanctioned by the Hon'ble Calcutta High Court.

Application in Issue / Option to Subscribe

The Equity Shares being offered through this Red Herring Prospectus can be applied for in the dematerialized form only.

Remuneration and terms of Executive Directors:**1. Managing Director's Agreement with Shri Sushil Kumar Goenka**

Shri Sushil Kumar Goenka was appointed as the Managing Director of the Company for a period of five years with effect from June 1, 2000 pursuant to a resolution passed by the Board of Directors of the Company at its meeting held on June 1, 2000. In the Board meeting held on January 15, 2005 he was re-appointed for a period of 3 years with effect from June 01, 2005.

The term of appointment of Shri Sushil Kumar Goenka was for a period of five years on and from June 1, 2000 and his remuneration was revised as under, from April 1, 2003 till the remainder of his tenure i.e. May 31, 2005.

The Managing Director shall be entitled to the following remuneration, perquisite and benefits (as revised w.e.f from April 01,2003 till the remainder of his tenure i.e.May 31, 2005).

1. Salary :- Rs. 1,25,000/- (Rupees One Lac Twenty Five Thousand) per month.
2. Perquisite & Allowance :
 - i Medical Expenses actually incurred by him and his family.
 - ii Club membership fees subject to maximum of two clubs.
 - iii Provision for use of cars for official business – personal use of car will be billed to the Managing Director.
 - iv Provision for telephone at residence – personal long distance calls will be billed to the Managing Director.
3. The Company will make suitable contribution towards Provident Fund, Super Annuation Fund and Annuity Fund.
4. Gratuity will be payable as per Rules of the Company.
5. Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure

Such remuneration shall not exceeds at any time beyond the time limit prescribed and applicable to the Companies under section II of Part II of the Schedule XIII of the Companies Act, 1956.

The Managing Director shall not however, be entitled to exercise the powers (1) to make calls upon the members of the company in respect of the money unpaid on the shares held by them (2) to issue debentures (3) to borrow any sum or



sums of money for the purpose of the company or to make loans out of the funds of the company or (4) to invest any of the money of the company except within such limits as may from time to time be fixed by the Directors.

As per the terms of the reappointment from June 01, 2005 the Managing Director shall be entitled to the following remuneration, perquisite and benefits:

- a) Salary: Rs. 2,00,000/- (Rupees Two Lacs) per month.
- b) Perquisites & Allowance:
 - i) Leave Travel Allowance for self and family once in a year as per Rules of the Company.
 - ii) Medical expenses actually incurred by him and his family subject to maximum of one month salary i.e. Rs. 2,00,000/-.
 - iii) Provision for use of car for official business-personal use of car will be billed to the Managing Director.
 - iv) Provision for telephone at residence - personal long distance calls will be billed to the Managing Director.
- c) The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
- d) Gratuity will be payable as per Rules of the Company.
- e) Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.
- f) Such remuneration shall not exceed at any time beyond the limit prescribed and applicable to the Company under Section II of part II of the Schedule XIII of the Companies Act, 1956 [hereinafter called the said Act] and the Remuneration Committee is authorised to make such changes in remuneration if such changes are required to be made as per the said Act .

The Managing Director shall not be paid any sitting fee for attending the meeting of the Board of Directors or committee thereof from the date of his reappointment.

The Managing Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or to any trade secrets, or secret processes of the company and the Managing Director shall during the continuance of his employment, also use his best endeavors to prevent any other person from doing so.

Unless otherwise agreed by the Board, the Managing Director's appointment may be terminated by six months prior notice in writing either by the Company or the Managing Director.

2. Executive Chairman's Agreement dated February 13, 2003 with Shri R.S. Agarwal

Terms and conditions of the Agreement are as follows:

- The Company hereby re-appoints Shri R.S.Agarwal as Wholetime Director designated as Executive Chairman and Shri R.S.Agarwal agrees to act as Executive Chairman of the Company for the term of three years on and from April 1, 2003.
- The Chairman shall be entitled to the following remuneration, perquisites and benefits:
 1. Salary : Rs 2,50,000/- (Rupees Two lacs and fifty thousand) per month.
 2. Perquisites & allowance :
 - i. Leave Travel Allowance for self and family once in a year as per Rules of the Company.
 - ii. Medical expenses actually incurred by him and his family.
 - iii. Club Membership fees subject to the maximum of two clubs.
 - iv. Provision for use of car for official business-personal use of car will be billed to the Chairman.
 - v. Provision for telephone at residence - personal long distance calls will be billed to the Chairman.
 3. The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
 4. Gratuity will be payable as per Rules of the Company.
 5. Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.

6. Such remuneration shall not exceed at any time beyond the limit prescribed and applicable to the Company under Section II of part II of the Schedule XIII of the Companies Act, 1956 [hereinafter called the said Act] and the Remuneration Committee is authorised to make such changes in remuneration if such changes are required to be made as per the said Act .
 - The Chairman shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or to any trade secrets, secret processes of the company and the Chairman shall during the continuance of his employment, also use his best endeavors to present any other person from doing so.
 - Either party may terminate the agreement by giving to the other party six months notice of such termination.

3. Wholetime Director Agreement dated January 25, 2005 with Shri Aditya Vardhan Agarwal

Terms and conditions of the Agreement are as follows:

- **Shri Aditya Vardhan Agarwal** is appointed as whole time director for a term of three years on and from January 15, 2005.
- The Whole-time Director shall not however, be entitled to exercise the powers (1) to make calls upon the members of the company in respect of the money unpaid on the shares held by them (2) to issue debentures (3) to borrow any sum or sums of money for the purpose of the company or to make loans out of the funds of the company or (4) to invest any of the money of the company except within such limits as may from time to time be fixed by the Directors.
- The Whole-time Director shall be entitled to the following remuneration, perquisites and benefits :
 1. Salary : Rs 1,25,000/- per month.
 2. Perquisites :
 - i Leave Travel Allowance for self and family once in a year as per Rules of the Company.
 - ii Medical expenses actually incurred by him and his family, subject to a maximum of one month's salary i.e. Rs 1,25,000 /=
 - iii Provision for use of car for official business-personal use of car will be billed to the Whole-time Director.
 - iv. Provision for telephone at residence - personal long distance calls will be billed to the Whole-time Director.
 3. The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
 4. The Company will provide Rent Free Accomodation to Whole-time Director
 5. Gratuity will be payable as per Rules of the Company.
 6. Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.
 7. Such remuneration shall not exceed at any time beyond the limit prescribed under Section II of Part II of the Schedule XIII of the Companies Act 1956 and the Remuneration Committee is authorised to make such changes in remuneration if such changes are required to be made as per the said Act
- The Whole-time Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or to any trade secrets, secret processes of the company and the Whole-time Director shall during the continuance of his employment, also use his best endeavors to prevent any other person from doing so.
- Either party may terminate the agreement by giving to the other party six months notice of such termination.

4. Wholetime Director Agreement dated January 25, 2005 with Shri Harsh Vardhan Agarwal

The Company hereby appoints Shri Harsh Vardhan Agarwal as Wholetime Director and he agrees to act as Wholetime Director of the Company for the term of 3 years on and from January 15, 2005.

The Whole-time Director shall not however, be entitled to exercise the powers (1) to make calls upon the members of the company in respect of the money unpaid on the shares held by them (2) to issue debentures (3) to borrow any sum or sums of money for the purpose of the company or to make loans out of the funds of the company or (4) to invest any of the money of the company except within such limits as may from time to time be fixed by the Directors.

1. Salary : Rs 1,25,000/- per month.
2. Perquisites :
 - i. Leave Travel Allowance for self and family once in a year as per Rules of the Company.
 - ii. Medical expenses actually incurred by him and his family. subject to a maximum of one month's salary i.e. Rs 1,25,000/-
 - iv. Provision for use of car for official business-personal use of car will be billed to the Whole-time Director.
 - v. Provision for telephone at residence - personal long distance calls will be billed to the Whole-time Director.
3. The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
4. The Company will provide Rent Free Accomodation to Whole-time Director
5. Gratuity will be payable as per Rules of the Company.
6. Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.
7. Such remuneration shall not exceed at any time beyond the limit prescribed under Section II of Part II of the Schedule XIII of the Companies Act 1956 and the Remuneration Committee is authorised to make such changes in remuneration if such changes are required to be made as per the said Act
 - The Whole-time Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or to any trade secrets, secret processes of the company and the Whole-time Director shall during the continuance of his employment, also use his best endeavors to prevent any other person from doing so.
 - Either party may terminate the agreement by giving to the other party six months notice of such termination.

5. Whole time Directors agreement dated January 25, 2005 with Shri Mohan Goenka

- Shri Mohan Goenka is appointed as whole time director for a term of three years on and from January 15, 2005
- The Whole-time Director shall not however, be entitled to exercise the powers (1) to make calls upon the members of the company in respect of the money unpaid on the shares held by them (2) to issue debentures (3) to borrow any sum or sums of money for the purpose of the company or to make loans out of the funds of the company or (4) to invest any of the money of the company except within such limits as may from time to time be fixed by the Directors.
- The Whole-time Director shall be entitled to the following remuneration, perquisites and benefits :
 1. Salary : Rs 1,25,000/- per month.
 2. Perquisites :
 - i. Leave Travel Allowance for self and family once in a year as per Rules of the Company.
 - ii. Medical expenses actually incurred by him and his family. subject to a maximum of one month's salary i.e. Rs 1,25,000 /=-
 - iii. Provision for use of car for official business-personal use of car will be billed to the Whole-time Director.

- iv. Provision for telephone at residence - personal long distance calls will be billed to the Whole-time Director.
3. The Company will make suitable contribution towards Provident Fund, Superannuation fund and Annuity fund.
4. The Company will provide Rent Free Accommodation to Whole-time Director
5. Gratuity will be payable as per Rules of the Company.
6. Leave as per Rules of the Company including encashment of unavailed leave at the end of the tenure.
7. Such remuneration shall not exceed at any time beyond the limit prescribed under Section II of Part II of the Schedule XIII of the Companies Act 1956 and the Remuneration Committee is authorised to make such changes in remuneration if such changes are required to be made as per the said Act
 - The Whole-time Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to the business or affairs of the company or to any trade secrets, secret processes of the company and the Whole-time Director shall during the continuance of his employment, also use his best endeavors to prevent any other person from doing so.
 - Either party may terminate the agreement by giving to the other party six months notice of such termination.

Revaluation of Assets

The Company had revalued its brands in the financial year 1999-2000, which resulted in an increase in its reserves to the extent of Rs.26510 lacs, thereby creating a revaluation reserve of Rs.26510 lacs in accordance with the then existing applicable laws. Messrs Ernst & Young did the brand valuation.

Classes of Shares

The authorised capital of the Company is Rs.1500 Lacs, which is divided into 7,50,00,000 Equity Shares of Rs. 2/- each.

Interest of Promoters, Directors or Officers of the Company

Directors of the Company and the promoters may not be deemed to be interested/ concerned under the provisions of Section 301 and section 299 (1) of the Companies Act except to the extent of and in the matters/contracts/arrangements or agreement for which specific reference is made in this Red Herring Prospectus.

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or any committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable under the Articles / as per resolutions approved by the Board. No Director is interested or concerned in the present issue of Equity Shares except so far as he may be issued equity Shares out of the issue in case he decides to subscribe as public or except in case of issue of Shares to such companies in which they are interested as Directors and/or members and/or by their relatives or to any firm/ association or Company in which they or their relatives are partners.

Save as otherwise stated in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given within the two preceding years to the Promoters, Directors or officers of the Company except for services rendered as Directors, officers or employees of the Company.

All the Directors, except the Whole-time Directors are interested to the extent of fees, if any, payable to them for attending the meetings of the Board. The non-executive Directors may be concerned or interested to the extent of any commission payable to them.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

- 4 The Authorised Share capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crore) divided into 7,50,00,000 Equity Shares of Rs. 2/- (Rupees Two) each.

Redeemable Preference Shares.

5. Subject to the provisions of these Articles, the Company shall have power to issue preference Shares carrying a right to redemption out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of Shares made for the purposes of such redemption or liable to be redeemed at the option of the Company, and the Board may subject to the provisions of Section 80 of the Act, exercise such power in such manner as it thinks fit.

Shares at the Disposal of the Directors.

6. Subject to the provisions of Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Further Issue of Shares.

- 6A (1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares whether out of the unissued capital or out of the increased share capital then :
- (a) Such further shares shall be offered to persons who at the date of the Issue, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - (b) Such Offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the Issue and the Issue if not accepted, will be deemed to have been declined.
 - (c) The Offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors, may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.
- (2) Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (a) If a special resolution to that effect is passed by the Company in General Meeting, or

- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (c) of clause (11) hereof shall be deemed;
 - (a) To extend the time within which the Issue should be accepted; or
 - (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company :
 - (i) To convert such debentures or loans into shares in Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

Power to issue shares at discount.

- 7. Subject to the provisions of the Act, it shall be lawful for the Company to issue at a discount shares of a class already issued.

Commission brokerage.

- 8. The Company may exercise the powers of paying commission conferred by Section 76 of the Act and in such case shall comply with the requirement of the Section. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of the shares or debentures pay such brokerage as may be lawful.

Instalment on shares to be duly paid.

- 9. If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall, when due be paid to the Company by the person who for the time being shall be the registered holder of the share or by his executor or administrator.

Liability of joint holders of shares.

- 10. The joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

Trusts not recognised.

- 11. Except as require by law, no persons shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof), any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these regulations by law otherwise provided) any other rights in respect of any share except an absolute right to the entirely thereof in the registered holder.



12. Shares may be registered in the name of any persons, Company or other body corporate. Not more than four persons shall be registered as joint-holders of any share.

Term of Issue of Debenture.

- 12A. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

CERTIFICATES

Limitation of time for Issue of Certificates.

13. (a) Every member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case maybe. Every Certificate of shares shall be under the seal of the Company and shall specify the numbers and distinctive numbers of shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.

Issue of New Certificate in place of one defaced, lost or destroyed.

- (b) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each Certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, decrepit or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or Rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

- (c) Notwithstanding anything contained in any other Articles hereof the Board may refuse any application for subdivision of any Share Certificate into certificates of the denominations of less than marketable lot except where such sub-division is required to be made for compliance with any law or order or a decree of a competent court or on the direction of a Stock Exchange on which the Company's shares are or may be listed. Provided nevertheless, that the Board at its own discretion and in exceptional circumstances and for avoiding any hardship or for any just and sufficient cause (on each of which the Board's decision shall be final and conclusive) accept any application for sub-division of Share Certificate into certificates of denomination of less than marketable lot.

Calls.

14. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all

moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by installment and shall be deemed to have been made when the resolution of the Board authorising such call was passed.

Notice of call.

15. No less than fourteen days, notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

When interest on call of installment payable.

16. (1) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the shares in respect of which the call shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 per cent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Amount payable at fixed times or payable by installments as calls.

17. If by the terms of issue on any share or otherwise any amount is made payable at any fixed time or the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

Evidence in action by Company against Members.

18. On the trial or hearing of any action or suit brought by the Company against any member or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the same of the defendant is, or was, when the claim arose on the register as holder, or one of the holders, of the member of shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, not that a quorum was present at the board meeting at which any call was convened or constituted, not any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence the debt.

Payment in anticipation of call may carry interest.

19. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls or debentures of the Company.

Revocation of call.

20. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

If call or installment not paid notice may be given.

21. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter, during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice.

22. The notice shall name a further day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of nonpayment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

If notice not complied with shares may be forfeited.

23. If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice after forfeiture.

24. When any share shall have been so forfeited, notice of the resolution shall be give to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited Shares to become property of the Company.

25. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

Power to annual forfeiture.

26. The Board may, at any time before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeited thereof upon such conditions as it thinks fit.

Liability on forfeiture.

27. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding such forfeiture remain liable to pay, and shall forthwith pay to the Company, all calls, installments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 12 per cent per annum and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value of the share at the time of forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture.

28. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the shares except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture.

29. A duly certified declaration in writing that the declarant is a director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom the shares sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

Forfeiture provisions to apply to non-payment in terms of issue.

30. The provisions of Articles 21 to 29 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or byway of premium, as if the same had been payable by virtue of a call duly made and notified.

Company's lien on Shares/Debentures.

31. The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with other) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article with have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

As to enforcing lien by sale.

32. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall, have arrived, and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other legal curator, and default shall have been made by him or them in the payment of moneys called or payable at a fixed time in respect of such shares for seven days after the date of such notice.

Application of proceeds of sale.

33. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale.

Validity of sales in exercise of lien and after forfeiture.

34. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Board may issue new certificates.

35. Where any shares under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION**Registration of transfer of shares.**

36. (1) Subject to the provisions of Section 108 of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf on the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the shares. The transferor shall be deemed to remain the member in respect of such share until the name of the transferee is entered in the register in respect thereof.

Instrument of transfer.

- (2) The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Application by transferor.

37. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall in the case of partly paid share be effected unless the company given notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

Directors may refuse to Register Transfer.

38. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

Transfer to minor, etc.

39. Shares may also, at the discretion of the Directors be registered in the name of minor provided the said shares are fully paid up.

Transfer to be left at office and when to be retained.

40. Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the shares to be transferred or if no such certificate is in existence by the letter on allotment of the shares and such other evidence as the Board may require to provide the title of the transferor or his right to transfer the shares. Every instrument of transfer which shall be registered, shall be retained by the company but any instrument of transfer which the Board may refuse to register shall be returned to the persons depositing the same.

Notice of refusal to register, transfer.

41. If the Board refuses whether in pursuance of Articles 38 or otherwise to register the transfer of, or the transmission by operation of law of the right to, any share, the Company shall give notice of the refusal in accordance with the provisions of Section 111(2) of the Act.

No Fee on Transfer or Transmission.

42. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letter of Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Transmission of registered shares.

43. The executors or administrators of a deceased member (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered shares, to survivor or survivors shall alone be recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any legal representative of their or executor or administrator the board may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation, as the case may be, from a competent court in India and having effect in Calcutta. Provided nevertheless that in any case where the Board, in its absolute discretion, thinks fit, it shall be lawful for the Board to dispense

with the production of probate of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider necessary.

Nomination

- 43A (1) Every shareholder or debenture holder of the Company, may at any time, nominate a person to whom his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the shares or debentures of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the shares or debentures, as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the shares or debentures, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint any person to become entitled to shares in, or debentures of the Company in the manner prescribed under the Act, in the event of his death, during the minority.

Transmission

- 43B (1) A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect either—
- (a) to register himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the deceased shareholder or debenture holder, as the case may be, could have made.
- (2) If the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.
- (3) A nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the share or debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

As to transfer of share of insane, minor deceased or bankrupt members Transmission Article.

44. Any Committee or guardian of a lunatic (which term shall include one who is an (idiot or non compos mentis) or any person becoming entitled to or to transfer shares, in consequence of the death or bankruptcy or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he propose to act under this Article or of his title as the Board thinks sufficient, may with the consent of the board (which the board shall not be bound to give), be registered as member in respect of such shares, or any subject to the regulations as to transfer hereinbefore contained, transfer such shares, this Article is hereinafter referred to as the "Transmission Article".

Election under the Transmission Article.

45. (1) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the

shares himself he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

- (2) If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instrument of transfer of the shares.
- (3) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Rights of persons entitled the Transmission Articles.

46. A person so becoming entitled under the Transmission Article to share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 77 and of Section 206 of the Act, be entitled to the same dividends and other advantage to which he would be entitled if he were the registered holder of the shares except that no such person (other than a person becoming entitled under the Transmission Article to the share of a lunatic) shall before being registered as a member in respect thereof any right conferred by membership in relation to meetings of the Company.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or transfer the shares, and if the notice is not complied with in ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares, until the requirements of the notice have been complied with.

DEMATERIALISATION OF SECURITIES

Definitions

- 46A.(1) For the purpose of this Article :—

“Beneficial Owner” means a person whose name is recorded as such with a Depository.

“SEBI” means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

“Depositories Act” means the Depositories Act, 1996, including any statutory modification or re-enactment thereof for the time being in force.

“Bye-Laws” means bye-laws made by a Depository under Section 26 of the Depositories Act.

“Depository” means a company formed and registered under Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“Member” means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

“Debenture holder” means the duly registered holders from time to time of the debentures of Company.

“Participant” means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992.

“Record” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

“Regulations” means the regulations made by the SEBI.

“Security” means such security as may be specified by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in the Act.

Company to recognise interest in dematerialised securities under Depositories Act.

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

Dematerialisation of Securities

- (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or Issue its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

Options to receive security certificates or hold securities with Depository.

- (4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

Securities in Depositories to be in fungible form.

- (5) All securities held by a Depository shall be dematerialised and be in fungible form.
Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

Rights of Depositories and Beneficial Owners.

- (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.
(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Beneficial Owner deemed as absolute owner.

- (7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Depository to Furnish information.

- (8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Cancellation of certificates upon surrender by a person.

- (9) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Option to opt out in respect of any security.

- (10) If a Beneficial Owner seeks to opt out a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Service of Documents.

- (11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Provisions of Articles to apply to shares held in Depository.

- (12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of Depository Act.

Allotment of Securities dealt with in a Depository.

- (13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

Distinctive number of Securities held in a Depository.

- (14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Register and Index of Beneficial Owners.

- (15) The Company shall cause to be kept a Register and Index of Members and a Register and Index of debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depository Act, with details of shares and debentures held in material and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in the state or country.

Register of Transfer.

- (16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

INCREASE AND REDUCTION OF CAPITAL

On what conditions new shares may be issued.

47. The Company may from time to time, by Ordinary Resolution increase its capital by the creation of new shares of such amount as may be deemed expedient.

Provisions relating to the issue.

48. Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued, upon such terms and conditions, and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given, as the board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

How far new share to rank with existing shares.

49. Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or subject to the provisions of Section 79 of the Act, at discount, in default of any such provisions or so far as the same shall not extend, the new shares may be issued in conformity with the provisions of Article 6.
50. Except so far otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new shares shall be considered part of the existing capital of the Company and shall be subject to the provisions herein contained with reference to the payment of dividends, calls and installments, transfer and transmission, forfeiture, lien, surrender and otherwise.

Inequality in number of new shares.

51. If owing to any in-equality in the number of new shares to be issued and the number of shares held by members entitled to have the Issue of such new shares, any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting be determined by the board.

Reduction of capital, etc.

52. The Company may from time to time by Special Resolution, reduce its capital and any capital redemption reserve account of share premium account in any manner and with any subject to any incident authorised and consent required by law.

ALTERATION OF CAPITAL

Power to sub-divide and consolidate shares.

53. The Company in general meeting may :—
- Consolidate and divide all or any of its shares capital into like shares of larger amount than its existing share.
 - Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so however that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
 - Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any amount of the share is so cancelled.
 - Reduce its capital in any manner authorised by law.

Power of Sub-division.

54. The resolution whereby any share is sub-divide may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards

dividend, capital voting, or otherwise over or as compared with the other or others, subject, nevertheless, to the provisions of Sections 85, 87, 88, 93 and 106 of the Act.

Surrender of shares.

55. Subject to the provisions of Sections 100 to 104 inclusive of the Act the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of these shares.

MODIFICATION OF RIGHTS

Power to modify rights.

56. If at any time the share capital is divided into different classes of shares the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate meeting the provisions of these Articles relating to General Meetings shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-fifth issued shares of that class but so that if at any adjourned meeting of such holder a quorum as above defined is not present, those member who are present shall be a quorum and that any holder of shares of that class present in person or by proxy may demand a poll and on a poll, shall have one vote for each share of the class of which he is the holder. This Article is not by implication to curtail the power of modification which the Company hold if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy or any such agreement or resolution to the registrar.

BORROWING POWERS

Power to borrow

57. The Board may, from time to time, at its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company.

Conditions on which money may be borrowed

58. The board may raise or secure the repayment of such sum or sums or in such manner and upon such terms and condition or all respect as it thinks fit and in particular, by the issue of bonds notes convertible redeemable or otherwise perpetual or redeemable, debenture or debenture-stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Issue at discount etc of with special privileges

59. Any debenture, debenture-stock, bonds or other securities may be issued at a discount, premium and otherwise and with any special privileges as to redemption, surrender, conversion, drawings, allotment of shares, appointment of Director and otherwise debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debenture with the right to allotment of or conversion into shares shall not be issued except in conformity with the provision of section 81(3) of the Act.

Instrument of transfer

60. Save as provided in section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

Notice of refusal to register transfer

61. If the board refuses to register the transfer of any debentures the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

GENERAL MEETING

When Annual General Meetings to be held.

62. In addition to any other meetings, general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of section 166(2) of the Act, at such times and places as may be determined by the board. Each such general meeting shall be called an “Annual General Meeting” and shall be specified as such in the notice convening the meeting. Any other meeting of the company shall be called an “Extra-ordinary General Meeting”.

When Extra-Ordinary General Meeting to be held.

63. The board may whenever it thinks fit, and it shall on the requisition of the members in accordance with Section 169 of the Act proceed to call an Extra-ordinary General Meeting. The requisitionist may in default of the Board convening the same, convene the Extraordinary General Meeting as provided by Section 169 of the Act, provided that unless the board shall refuse in writing to permit the requisitionists to hold the said meeting at the office, it shall be held at the office.

Circulation of members’ resolutions.

64. The Company shall comply with the provisions of Section 188 of the Act as to giving notice or resolutions and circulating statements on the requisition of members.

65. Subject to the provisions of Section 171 and 176(2) of the Act notice of every meeting of the Company shall be given to such persons and in such manner as provided by section 172 of the Act. Where any business consists of “special business” as hereinafter defined in Article 66 there shall be annexed to the notice a statement complying with section 193(2) and (3) of the Act.

Notice of Meetings.

The accidental omission to give any such notice to or its non-receipt by any member or other person to whom it should be given shall not invalid at the proceedings of the meeting.

PROCEEDING AT GENERAL MEETINGS

Business of Meetings

66. The ordinary business of an Annual General Meeting shall to be receive and consider the profit and loss account, the balance sheet and the Reports of the Directors and the Auditors, to elect Directors in place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an Extra-ordinary General Meeting shall be deemed special business.

Quorum to be present when business commenced.

67. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business, Save as herein otherwise provided five members personally present shall be a quorum.

When if quorum to be present when business commenced.

68. If within half-an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon the requisition of members, as aforesaid, shall be dissolved, but in any other case it shall stand adjourned in accordance with the provisions of Sub-section, (3), (4) and (5) of Section 174 of the Act.

Resolution to be passed by Company in General Meeting

69. Any act of resolution which, under the provisions of the Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189 (2) of the Act.

Chairman of General Meeting

70. The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be no such Chairman,

or if at any meeting, shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall on a show of hands or on a poll if properly demanded, elect one of their member, being a member entitled to vote, to be Chairman.

How questions to be decided at meetings Casting vote.

71. Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of equality of votes both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

What is to be evidence to the passing of a resolution where poll not demanded.

72. At any general meeting unless a poll is (before or no the declaration of the result on the show of hands) demanded in accordance with the provisions of Section 179 of the Act, a declaration by the Chairman that the resolution has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the book containing the minutes of the proceeding of the Company shall be conclusive evidence of the fact without proof of the number of proportion of the votes cast in favour of, or against the resolution.

Poll.

73. 1) If a poll demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs and subject, as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
- 2) The demand of a poll may be withdrawn at any time.
- 3) Where poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed, to scrutinize the votes given on the poll and to report to him thereon.
- 4) On a poll a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
- 5) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Power to adjourn General Meeting.

74. 1) The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 2) When a meeting is adjourned for thirty days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid and as provided in Article 68 it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

75. a) Subject to any special conditions or restrictions as to voting upon which any shares may be issued or may, for the time being, be held on a show of hands every member person shall have one vote and on a poll every member present on person or by proxy shall have one vote for every share held by him in respect of which he is entitled to vote.
- b) On a poll the voting rights of a holder of equity shares shall be as specified in Section 87 of the Act.
- c) No company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

Procedure where a company or the President of India or the Governor of a State is a member of the Company.

76. 1) Where a company or a body corporate (hereinafter called “member company”) is a member of the Company a person duly appointed by resolution in accordance with the provisions of Section 187 of the Act, to represent such member company at a meeting of the Company shall not, by reason of such appointment, be deemed to be proxy, and the production at the meeting of a copy of such resolution duly signed by one Director of such member of company and certified by him as being a true copy of the resolution shall, be accepted by the Company as sufficient evidence of the validity of his appointment. Such person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the “member company” which he represents, as that member company could exercise if it were an individual member.
- 2) Where the President of India or the Governor of a State is a member of the company, the president or as the case may be the governor may appoint such person as he thinks fit to act as his representative at any meeting of the company or at any meeting of any class of members of the Company and such a person shall be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers, including the rights to vote by proxy, as the President or, as the case may be, the Governor could exercise as a member of the Company.

Vote in respect of insane member.

77. If any member be a lunatic idiot or non-composmentis, he may vote whether on a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned persons may give their votes by proxy provided that the forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which any such person proposes to vote, he shall satisfy the board of his right under the transmission article to the shares in respect of which he proposes to exercise his right under this Article, unless the board shall have previously admitted his right to vote at such meeting in respect thereof.

Joint holders.

78. Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stands first in the register in respect of such share, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands, shall, for the purpose of this Article, be deemed joint-holders thereof.

Instrument appointing proxy to be in writing Proxies may be General or Special.

79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a body corporate be under its common seal or the hand of its officer or attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a special proxy. Any other proxy shall be called a general proxy.

A person may be appointed proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself.

Instrument appointing a proxy to be deposited at the office

80. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked.

81. A vote given in accordance with the terms of an instrument appointing proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, insanity, revocation or transfer of the share shall



have been received by the Company at the office before the vote is given, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form or instrument appointing a special proxy

82. Every instrument appointing a special proxy shall be retained by the company and shall, as nearly as circumstances will admit, be in any forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.

Restrictions on voting

83. No member shall be entitled to exercise in voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

Admission or rejection of votes.

84. 1) Any objection as to the admission or rejection of a vote either on a show of hands or on poll, made in due time shall be referred to the Chairman who shall forthwith determine the same and such determination made in good faith shall be final and conclusive.
- 2) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

DIRECTORS

Number of Directors.

85. The number of Directors of the Company shall not be less than three and not more than twelve.
86. The following persons are Directors of the Company as on the date of adoption of these articles.
1. SRI AJIT KUMAR DAY
 2. SRI M. K. SULTANIA
 3. SRI P. L. SULTANIA

Qualifying share.

87. The Directors shall not be required to hold in their own names any share as qualifying share.

Remuneration of Directors.

88. a) Each Director shall be entitled to be paid out of the funds of the Company such sum as may from time to time be fixed by Board of Directors for every meeting of the Board of Director or Committee thereof attended by him but not exceeding the sum as may from time to time be prescribed under the Act. All other remuneration, if any payable by the Company to each Director whether in respect of his services as a Managing Director or Deputy Managing Director or a Director in whole or part-time employment of the Company, shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable traveling, hotel and other expenses incurred in consequence of their attending at board and committee meetings or otherwise incurred in the execution of their duties as Directors.
- b) If any Director, being willing, is appointed as an executive officer whole time or part-time or be called upon to perform extra services or to make any special exertions in going or residing away from Calcutta for any of the purposes of the Company or in giving special attention to the business of the Company or member of the Committee on the Board then, subject to sections 198, 309, 310 & 314 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise in any of the ways as provided in Section 309 of the Act, and such remuneration may be either in addition to or substitution for any other remuneration to which he may be entitled.

Provided that any Directors including Managing Directors (if any) holding an office of profit under the Company with the meaning of Section 314 of the Act shall not be entitled to sitting fee as aforesaid for their attendance at meeting of the Board of Directors or committee hereof.

Where Director of this Company is appointed Director of a Company in which this Company interested.

89. A Director of this Company may be or become a Director of any company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a Director or a member of such Company.

Board may Act notwithstanding vacancy.

90. The continuing Directors may act, notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the continuing Directors or continuing Director, as the case may be, shall not, except for the purposes of filling vacancies, or for summoning a general meeting of the Company, act so long as the number is below the minimum.

Vacation of office of Director.

91. The office of a Director shall ipso facto become vacant if at any time he commits any of the acts set out in Section 283 of the Act.

Holding of office or place of profit under the Company or its subsidiary.

92. Any Director or other person referred to in Section 314 of the Act may be appointed to or hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

Conditions under which Directors may contract with the Company.

93. Subject to the provisions of Section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or service or for underwriting the subscription of any shares in or debentures of the Company, nor shall any such contract or arrangement entered into by or on behalf of the Company with relative of such Director or a firm in which such Director or relative is a partner or with such Director is a member or Director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Disclosure of Director's interest.

94. Every Directors shall comply with the provisions of Section 299 of the Act, in regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the Company.

Discussion and voting by Director interested.

95. Save as permitted by Section 300 of the Act, or any other applicable provisions of the Act no Director shall, as a Director, take part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly, interested or concerned, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Board may fill up casual vacancies.

96. Any casual vacancy occurring among the Directors may be filled up by the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same, if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing there to any person who has been removed from the office of Director under Article 102.

Power of Board to add to its number.

97. The Board shall have power at any time and from time to time, to appoint any person as a Director as an addition to



the Board but so that the total number of Directors shall not, at any time, exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

Power to appoint Alternate Director.

98. The Board may appoint any person to act as alternate Director or a Director during the latter's absence for a period of not less than three months from the date in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, while he holds office as an alternate Director shall be entitled of notice of meetings of the Board and to attend and vote there at accordingly, but he shall not require any qualification and shall ipso facto vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director, whichever is earlier.

Rotation and retirement of Directors.

99. Subject to Section 255 of the Act, at each Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number to one-third shall retire from office.

Proportion to retire by rotation.

100. Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors, by rotation.

Which Directors to retire.

101. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

Power to remove Director by Ordinary Resolution on Special Notice.

102. The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which special notice has been given, remove any Director before the expiration of his period of office and may, by Ordinary Resolution of which special notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the board under Article 96. The person so appointed shall hold office until the date up to which his predecessor would have held office, if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed, the Board may at any time thereafter fill such vacancy under the provisions of Article 96.

PROCEEDINGS OF DIRECTORS

Meeting of Board.

103. The Board shall meet together at least once in every three months for the despatch of business and may adjourn and otherwise regulate its meeting and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India, and at his usual address in India to every other Director. Unless otherwise determined from time to time and at any time by the Directors for the time being in India, meetings of the Board shall take place at the office.

Director may summon Meeting.

104. A Director may, at any time, and the Secretary, if any, shall upon the request of a Director made at any time, convene a meeting of the Board.

Chairman.

105. The Board may appoint a Chairman of its meeting and determine the period for which he is to hold office. If no such Chairman is appointed or if at any meeting of the Board, the Chairman be not present within fifteen minutes after time appointed for holding the same, the Directors present shall choose same one of their number to be Chairman of such meeting.

Quorum.

106. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

Power of Quorum.

107. A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles or the Articles or the Act for the time being vested in or exercisable by the Board.

How Questions to be decided.

108. Subject to the provisions of Sections 316, 372(5) and 386 of the Act, question arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Power to appoint Committee and to delegate.

109. The Board may, subject to the provisions of the Act, from time to time, and at any time delegate any of its powers to a Committee consisting of such Director or Directors, as it thinks fit, and may from time to time, revoke such delegation. Any Committee shall, in exercise of the power so delegated conform to any regulations that may, from time to time, be imposed upon it by the Board.

Proceedings of Committee.

110. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Board so far as the same are applicable there to and are not superseded by any regulations made by the Board under the last preceding Article.

When Acts of a Director are valid notwithstanding defective appointment etc.

111. Acts done by person as a Director shall be valid notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles provided that nothing in these Articles shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Resolution without Board Meeting.

112. Save in those cases where a resolution is required by Sections 262, 292, 297, 372(5) and 386 of the Act or any other provisions of the Act to be passed at a meeting of the Board, resolution shall be as valid and effectual as if it had been passed at meeting of the Board or committee of the Board, as the case may be, duly called and constituted, if it is passed by circulation in the manner provided in Section 289 of the Act.

MANAGING DIRECTORS**Power to appoint Managing Director.**

116. Subject to the provisions of Sections 316 and 317 of the Act, the Board may from time to time appoint one or more Directors or wholetime Director/Directors to be Managing Director or Managing Directors of the Company, either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places.

To what provisions he shall be subject.

117. (1) Subject to the provisions of the Section 255 of the Act, a Managing Director or Wholetime Director shall not while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, and (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall ipso facto and immediately, cease to be a Managing Director if he ceases to hold the office of Director from any cause.



Seniorities of Managing Directors.

- (2) If at any time the total number of Managing Directors or Wholetime Directors is more than one-third of the total number of Directors, the Managing Directors or Wholetime Directors who shall not retire shall be determined by and in accordance with their respective seniorities. For the purpose of this Article the seniorities of the Managing Directors and Wholetime Directors shall be determined by the date of their respective appointments as Managing Directors by the Board.

Remuneration of Managing Directors.

118. Subject to the provisions of Section 309, 310 & 311 of the Act, a Managing Director or Wholetime Director shall, receive cash remuneration as may from time to time be sanctioned by the Company.

Powers of Managing Directors.

119. Subject to the provisions of the Act, and in particular to the prohibitions and restrictions contained in Section 292 thereof, the Board may, from time to time, entrust to and confer upon a Managing Director or a Wholetime Director for the time being such of the powers exercisable under these presents by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as it thinks fit, and it may confer such powers, either, collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

DIVIDENDS

How profit shall be divisible.

127. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which shall from time to time be determined to divide in respect of and years or other period shall be applied in the payment of a dividend on the equity shares of Company but so that a partly paid-up share shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls such capital shall not rank for dividend or confer a right to participate in profits.

Declaration of dividends.

128. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Restrictions on amount of dividends.

129. No larger dividend shall be declared than is recommended by the board, but the company in General Meeting may declare a smaller dividend.

Dividend out of profits only and not to carry interest.

130. Subject to the provisions of Section 205 of the Act no dividend shall be payable except out of the profits of the Company or of money's provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

What to be deemed net profits.

- 131 Subject to the provisions of the Act, the declaration of the board as to the amount of the net profits of the Company shall be conclusive.

Interim dividends.

132. The Board may from time to time pay to the members such interim dividends as in its judgment the position of the Company justifies.

Debts may be deducted.

133. The board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the share of the company.

Dividend and calls together.

134. Subject to the provisions of Article 15, any General Meeting declaring a dividend may adjust a call made on the members of such amount as the meeting fixes.

Dividend in cash.

135. No dividend shall be payable except in cash. Provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits of reserves of the company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the company.

Effect of transfer.

136. A transfer of shares shall not pass the rights any dividend declared thereon before the registration of the transfer by the company.

Payment of interest on capital.

137. The Company may pay interest in capital raised for the construction of works or building when and so far as it shall be authorised to do by Section 208 of the Act.

To whom dividend payable.

138. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers, but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the company for payment of the dividend. Nothing in this Article shall be deemed to affect in any manner the operation of Article 136.

Dividend to joint-holder.

139. Any one of several person who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses, and other payments in respects of such share.

Payment by post.

140. Unless otherwise directed in accordance with Section 206 of the Act any dividend, interest or other moneys payable in cash in respect of shares may be paid by the cheque or warrant sent through the post of the registered address of the holders, or in the case of jointholders who is first named on the register in respect of the jointholding or to such person and such address as the holder or jointholders, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Unpaid or Unclaimed Dividend.

141. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any schedule bank called "Unpaid Dividend of HIMANI LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years prior to the date of this Red Herring Prospectus) which are or may be deemed to be material have been entered into by the Company. Copies of these contracts, together with the copies of the documents referred to below, all of which will be attached to a copy of the Red Herring Prospectus, which would be delivered to RoC, may be inspected at the registered office of the Company between 10.00 A.M. and 12.00 Noon on any working day of the Company from the date of the Red Herring Prospectus until the date of closing of the subscription list.

Material Contracts

1. Copy of letter from the Company dated December 1, 2004 appointing Anand Rathi Securities Private Ltd. as BRLM to the Issue and their acceptance thereto.
2. Copy of letter from the Company dated December 15, 2004 appointing ICICI Securities Ltd as BRLM to the Issue and their acceptance thereto.
3. Copy of the Company's Memorandum of Understanding dated December 24, 2004 entered into among the BRLMs and the Company
4. Copy of the Memorandum of Understanding dated December 20, 2004 between Datamatics Financial Software and Services Ltd, the Registrars to the Issue, and the Company.
5. Syndicate Agreement
6. Underwriting Agreement
7. Escrow Agreement

Material Documents

1. Memorandum and Articles of Association of the Company.
2. Certificate of Incorporation dated March 11, 1983 and Certificate of Commencement of Business dated March 26, 1983.
3. Copy of the resolution dated January 30, 2004 passed under Section 81(1A) of the Companies Act.
4. Copies of the resolutions passed by the Board dated October 28, 2004, approving the appointment of BRLMs, Registrars and other agencies related to the Issue and other related matters.
5. Consents of the Directors, Company Secretary & Compliance Officer, Auditors, Legal Advisors, Registrars to the Issue, Bankers to the Issue and Bankers to the Company referred to in this Red Herring Prospectus to act in their respective capacities.
6. Auditors' Report dated December 13, 2004 referred to in this Red Herring Prospectus.
7. Annual Report of the Company for the last five Financial Years and six-months ended September 30, 2004.
8. Powers of Attorney executed by the Directors authorizing Shri N.H.Bhansali or Shri A.K. Joshi or Shri Rajesh Sharma as constituted attorneys to make necessary corrections to this Red Herring Prospectus and to sign this Red Herring Prospectus.
9. Application for consent from the BSE dated December 28, 2004.
10. Application for consent from the CSE dated December 28, 2004.
11. In-principle approval dated February 01, 2005 for listing from the BSE.

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12. In-principle approval dated February 16, 2005 for listing from the CSE.
 13. Memorandum of understanding dated December 20, 2004 between Datamatics Financial Software & Services Ltd, the Registrars and the Company.
 14. Certificates of change of name of the Company since inception.
 15. Indenture dated September 19, 2003 between Emami Limited and Kolkatta Metropolitan Development Authority.
 16. SEBI observation letter No CFD/DIL/ISSUES/PR/33715/2005 dated February 15, 2005. The observation letter is without prejudice to the right of SEBI to modify the requirements for continuous listing in the listing agreement.
 17. Due diligence certificate dated December 28, 2004 from Anand Rathi Securities Private Limited.
 18. Letter received from BSE dated June 24, 2002 requesting the Company to increase the non-promoter shareholding to atleast 10%
 19. Reply to the above BSE letter dated July 19, 2002 given by the Company.



SECTION IX: DECLARATION

All relevant provisions of the Companies Act and the guidelines issued by the GoI or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the said Acts and rules framed there under. We further certify that all the statements in this Red Herring Prospectus are true and fair.

Signed by all the Directors of Emami Limited

Shri R. S. Agarwal	(Chairman)
Shri R. S. Goenka	(Director)
Shri Sushil Kumar Goenka	(Managing Director)
Shri Viren J. Shah	(Director)
Shri Shrawan Kumar Todi	(Director)
Shri S. N. Jalan	(Director)
Shri K. K. Khemka	(Director)
Shri Mohan Goenka	(Director)
Shri Aditya Vardhan Agarwal	(Director)
Shri Harsh Vardhan Agarwal	(Director)
Shri S. Chaturvedi	(Director)
Shri S. N. Bihani	(Director)

(Through their constituted attorney Shri N. H. Bhansali)

Signed

Sr. Vice President Finance

N. H. Bhansali

Place : Mumbai
Date : February 23, 2005