

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

The Zandu Pharmaceutical Works Limited ('ZPWL' / 'Target Company')

(REGD. OFFICE: 70, Gokhale Road South, Dadar , Mumbai 400025, Tel no.: 022-24307021, Fax no.: 022-24375491)

CASH OFFER OF RS. 7,315/- (Rs. Seven Thousand Three Hundred Fifteen Only) PER SHARE FOR ACQUISITION OF UP TO 1,61,280 (One Lac Sixty One Thousand Two Hundred Eighty) EQUITY SHARES FROM PUBLIC SHAREHOLDERS OF TARGET COMPANY

This Public Announcement ("PA") is being issued by Anand Rathfi Financial Services Limited (Formerly known as Anand Rathfi Securities Limited), ("ARFSL" or "Manager to the Offer") on behalf of Emami Limited (hereinafter referred to as the " Emami or "Acquirer") and Bhanu Vyapaar Private Limited ("BVPL", Suraj Vininyog Private Ltd ("SVPL"), Diwakar Vininyog Private Limited ("DVPL") and Suntrack Commerce Private Limited ("SCPL") (hereinafter collectively referred to as the 'Persons Acting in concert/ PACs ') pursuant to and in compliance with Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "Regulations").

The Offer

1.1 Emami Limited a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at Emami Tower 687, Anandapur, EM Bypass, Kolkata 700107 (West Bengal) is making this Offer pursuant to Regulations 10 & 12 of the SEBI (SAST) Regulations as aforesaid, to the public shareholders of the Target Company to acquire up to 1,61,280 fully paid-up equity shares of Rs. 100 each representing 20% of the paid up equity share capital of Target Company at a price of Rs. 7,315 (Rupees Seven Thousand Three Hundred Fifteen) only per Share ("Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter.

1.2 Pursuant to entering into Share Purchase Agreement (1.1) "SPA-(1.1)", Share Purchase Agreement (1.2) "SPA-(1.2)", Share Purchase Agreement (1.3) "SPA-(1.3)", Share Purchase Agreement (1.4) "SPA-(1.4)", Share Purchase Agreement (1.5) "SPA-(1.5)" dated May 29, 2008 the Acquirer along with its existing holding and existing holding of PACs shall be holding 2,21,860 (Two Lac Twenty One Thousand Eight Hundred Sixty Only) Equity Shares representing 27.51% of the total equity and voting share capital of the Target Company which exceeds 15% of the voting capital of the Target Company and provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted.

1.3 The Details of Share Purchase Agreement (1.1), dated May 29, 2008 to acquire in aggregate 35,508 (Thirty Five Thousand Five Hundred Eighty only) fully paid-up equity shares of Rs. 100/- each representing 4.40% of the total fully paid-up equity and voting share capital of Target Company (" Transaction shares ") with Mr. Devkumar Vaidya, Ms. Anita Vaidya and Mrs. Neena Vaidya, and Apsara Leasing and Finance Private Limited (hereinafter collectively referred to as "Sellers") at a fixed price of Rs. 6,900/- (Six Thousand Nine Hundred only) per share (" Negotiated price ") payable in cash (inclusive of Rs. 100/- Per Share as Non-Complete). The total consideration for the shares acquired as mentioned above is Rs. 24,50,05,000/- (Rupees Twenty Four Crore Fifty Lac Five Thousand Two Hundred Only). Though The Sellers are the part of the promoter group of the Target Company but they neither have any representation on the board of the Target Company nor exercising any management control.

(B) The Acquirer has entered into SPA-(1.2), dated May 29, 2008 to acquire in aggregate 18,000 (Eighteen Thousand) fully paid-up equity shares of Rs. 100/- each representing 2.23% of the total fully paid-up equity and voting share capital of Target Company (" Transaction shares ") with Mr. Devkumar Vaidya and Mrs. Neena Vaidya, and Apsara Leasing and Finance Private Limited (hereinafter collectively referred to as "Sellers") at a fixed price of Rs. 6,900/- (Rs. Six Thousand Nine Hundred only) per share (" Negotiated price ") payable in cash (inclusive of Rs. 100/- Per Share as Non-Complete). The total consideration for the shares acquired as mentioned above is Rs. 12,42,00,000/- (Rupees Twelve Crore Forty Two Lac Only).

(C) The Acquirer has entered into SPA-(1.3), dated May 29, 2008 to acquire in aggregate 16,476 (Sixteen Thousand Four Hundred Seventy Six) fully paid-up equity shares of Rs. 100/- each representing 2.04% of the total fully paid-up equity and voting share capital of Target Company (" Transaction shares ") with Mr. Devkumar Vaidya and Mrs. Anita Vaidya (hereinafter collectively referred to as "Sellers") at a fixed price of Rs. 6,900/- (Rs. Six Thousand Nine Hundred only) per share (" Negotiated price ") payable in cash (inclusive of Rs. 100/- Per Share as Non-Complete). The total consideration for the shares acquired as mentioned above is Rs. 11,36,84,400/- (Rupees Eleven Crore Thirty Six Lac Eighty Four Thousand Four Hundred Only).

(D) The Acquirer has entered into SPA-(1.4), dated May 29, 2008 ("SPA" or "Agreement") to acquire in aggregate 28,307 (Twenty Eight Thousand Three Hundred Seven) fully paid-up equity shares of Rs. 100/- each representing 3.51% of the total fully paid-up equity and voting share capital of Target Company (" Transaction shares ") with Mr. Devkumar Vaidya, Ms. Anita Vaidya and Hareesh J. Vaidya HUF (hereinafter collectively referred to as "Sellers") at a fixed price of Rs. 6,900/- (Six Thousand Nine Hundred) per share (" Negotiated price ") payable in cash (inclusive of Rs. 100/- Per Share as Non-Complete). The total consideration for the shares acquired as mentioned above is Rs. 19,53,18,300/- (Rupees Nineteen Crore Fifty Three Lac Eighteen Thousand Three Hundred Only).

(E) The Acquirer has entered into SPA-(1.5), dated May 29, 2008 ("SPA" or "Agreement") to acquire in aggregate 4,118 (Four Thousand One Hundred Eighteen) fully paid-up equity shares of Rs. 100/- each representing 0.51% of the total fully paid-up equity and voting share capital of Target Company (" Transaction shares ") with Mr. Devkumar Vaidya and Ms. Anita Vaidya (hereinafter collectively referred to as "Sellers") at a fixed price of Rs. 6,900/- (Rs. Six Thousand Nine Hundred) per share (" Negotiated price ") payable in cash (inclusive of Rs. 100/- Per Share as Non-Complete). The total consideration for the shares acquired as mentioned above is Rs. 2,84,14,200 /- (Rupees Two Crore Eighty Four Lac Fourteen Thousand Two Hundred Only).

Simultaneously with the execution of the SPA-(1.2), SPA-(1.3), "SPA" (1.4) and SPA-(1.5), the Acquirer, Mr. Devkumar Vaidya and Ms. Anita Vaidya, Hareesh J. Vaidya HUF, Soraya Investments and Trading Company Private Limited have executed an Escrow Agreement with Kanga & Company, a partnership firm and having its registered office at Ready Money Mansion, 43, Veer Nariman Road, Fort, Mumbai - 400 001, dated May 29, 2008 for holding being as Escrow agent of Rs. 6,900/- (Rs. 6,900/-) (Sixty Six Thousand Nine Hundred One) and a sum of Rs. 46,16,90,000 (Forty Six Crore Sixteen Lac Sixteen Thousand Nine Hundred Only) being the amount of the Sale Price or Consideration.

1.4 Pursuant to the above agreements the Acquirer is making this Open Offer to the shareholders of Target Company (other than the parties to the Agreements) to acquire from them 1,61,280 (One Lac Sixty One Thousand Two Hundred Eighty) fully paid-up Equity Shares of Rs. 100/- each, representing 20 % of the fully paid-up equity and voting share capital at a price of Rs. 7,315/- per share ("Offer Price") payable in cash.

1.5 Based on the trading volume of the Target Company for the six months period ended May 31, 2008, the shares are frequently traded within the meaning of explanation (i) to Regulation 20(b) of SEBI (SAST) Regulations on both BSE and NSE as per the data available with BSE as on May 30, 2008. (Sources: www.bseindia.com and www.nseindia.com)

| Stock Exchanges | Shares Traded (December 01, 2007 to May 31, 2008) | Total Shares Listed | Trading Turnover (annualised (% of total shares listed) |
|-----------------|---|------------------------|---|
| BSE | 30,573 | 8,06,400 | 7.58 |
| NSE | 22,471 | 8,06,400 | 5.57 |

1.6 The Acquirer is presently holding 88,032 equity shares representing 10.91 % of the fully paid up equity and voting share capital of the Target Company and PACs are presently holding 31,419 Equity shares representing 3.90% of the fully paid up equity and voting share capital of the Target Company. The Acquirer and PACs together have acquired 1,19,451 equity shares of the Target Company during the twelve months preceding the date of this public announcement in the following manner: average price paid per share of Rs. 7,313/- and Rs. 6,320.20/- respectively.

1.7 This is not a competitive bid.

1.8 The Shareholding pattern of Target Company as available at BSE:-

| Category | No. of Shares | % Shareholding |
|--------------|---------------|----------------|
| Promoter | 3,38,618 | 41.99 |
| Non-Promoter | 4,67,782 | 58.01 |
| Total | 8,06,400 | 100.00 |

1.9 This offer (the "Offer") is being made by the Acquirer to the equity shareholders of Target Company. Other than BVPL, SVPL, DVPL and SCPL who are acting in concert with each other for the purpose of this Offer, no other person is acting in concert with the Acquirer and PACs for the Offer. Due to the operation of Regulation 21(Ve2) of the Regulations, there could be persons who could be deemed to be acting in concert with the Acquirer and PACs. However, such persons are not acting in concert for the purpose of this Offer.

1.10 As on the date of PA, the Manager to the Offer holds 1 Equity Share of the Target Company on behalf of its client due to outstanding payment of client against the purchase order for Zandu Pharmaceutical Works Limited scrip as on the date of this public announcement. They declare and undertake not to deal in the shares of Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.

1.11 The Offer is not subject to any minimum level of acceptances from shareholders and is not a conditional Offer.

1.12 The Acquirer has undertaken to comply with the Regulations and complete the Offer formalities irrespective of the compliance or fulfillment or outcome of the Agreements and its related conditions.

1.13 Neither the Acquirer, PACs nor the Target Company has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

1.14 The Offer is not as a result of global acquisition resulting in indirect acquisition of Target Company.

1.15 The Share Purchase Agreements contains condition of Non-Complete of the Sellers. The Negotiated Price of Rs. 6,900/- per share is inclusive of Rs. 100/- per share as Non-Complete. The acquired paid the Non-Complete to Sellers under SPA-(1.1), SPA-(1.2), SPA-(1.3), SPA-(1.4) and SPA-(1.5).

1.16 None of the Directors of the Acquirer and PACs are on the Board of Directors of the Target Company.

1.17 Upon completion of the Offer, assuming full acceptances, the Acquirer and PACs will together hold 47.51% of the Voting Capital in the Target Company.

1.19 The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that would be sent to the shareholders of the Target Company.

1.20 The Acquirer undertakes that they will not exercise the voting rights, which have been vested by virtue of acquisition of Shares under SPA- (1.1), SPA-(1.2), SPA- (1.3), SPA- (1.4) and SPA- (1.5) till the completion of all the formalities under the Regulations.

1.21 There are no outstanding partly paid up equity shares or any other instrument convertible into equity shares at a future date, in the books of the Target Company.

2. The Offer Price

2.1 The equity shares of Target Company are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). As per data available with BSE and NSE the equity shares of Target Company are frequently traded in the market. The price of the Regulations and therefore the Offer Price has been determined taking into account the following parameters: -

| S.no. | Particulars | Price (in Rs. Per Share) |
|-------|---|--------------------------|
| (a) | Negotiated Price under the Agreements | Rs. 6,900/- |
| (b) | Highest Price paid by the Acquirer/PACs for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement | Rs. 7,313/- |
| (c) | Average of high / low of the closing price for every week for the last 26 weeks | Rs. 6,807.07/- |
| (d) | The average high/low for the last two weeks | Rs. 7,136.91/- |
| (e) | Other Parameters | NA |

(Sources: www.bseindia.com and www.nseindia.com)

* Inclusive of Rs. 100/- per share as Non-Complete.

Based on the information available, the equity shares of ZPWL are most frequently traded on the BSE within the meaning of Regulation 20 (4) of the Regulations. In view of the above, the Offer price of Rs. 7315/- per fully paid up equity share is justified as per the Regulation 20 of the Regulations. Weekly prices have been derived considering that the week ended on June 01, 2008 which is week preceding the date of P.A. i.e. June 02, 2008.

2.2 If the Acquirer acquires the Equity Shares of the Target Company after the date of this PA and up to 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the Offer.

Information about the Acquirer and Persons acting in concert

Acquirer: Emami Limited

Emami Limited a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at Emami Tower 687, Anandapur, EM Bypass, Kolkata 700 107 (West Bengal).

Emami is the flagship company of the Emami Group promoted by Kolkata based industrialists Mr. Radheshyam Agarwal and Mr. Radheshyam Goenka jointly. Emami group is in the personal, beauty and healthcare business for over 30 years and has diversified business interest in the field like paper, reality, tips, biotech, cement etc. Emami has extensive research and development cell, well-trained human resources, adequate infrastructure and a robust and a visible brand. Emami's product basket comprises of over 20 products, the major being Boroplus Antiseptic Cream, Navratna Oil, Boroplus Prickly Heat Powder, Sona Chandl Chyavanprash and Amritprash, Menthro Plus Balm, Fast Relief, Navratna Cool Talc, Fair and Handsome Fairness Cream for men range of Products and others. Boroplus Antiseptic Cream and Loton and Navratna Oil are market leaders in the antiseptic cream and cool oil category respectively.

3.3 The present Board of Directors of Emami comprises Mr. Radheshyam Agarwal Executive Chairman, Mr. Radheshyam Goenka Non-executive Director, Mr. Viren J. Shah - Non-executive Director, Mr. Kashi Nath Memani - Non-executive Director, Mr. Shrawan Kumar Todi - Non-executive Director, Mr. Shyama Nand Jalan - Non-executive Director, Mr. Krishna Kumar Khemka - Non-executive Director, Vaideya Suresh Chaturvedi - Non-executive Director, Mr. Sushil Kumar Goenka Managing Director, Mr. Mohan Goenka Executive Director, Mr. Aditya Vardhan Agarwal - Executive Director and Mr. Harsh Vardhan Agarwal - Executive Director.

3.4 The shares of Emami are listed on The National Stock Exchange of India Limited (NSE), The Bombay Stock Exchange Limited (BSE) and the Calcutta Stock Exchange Association Limited (CSE).

3.5 Brief particulars of the audited financial information of the Emami for the previous three financial years ended

(Rs. In lacs)

| Particulars | Financial Year 2007-2008 | Financial Year 2006-2007 | Financial Year 2005-2006 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Total Income | 62,141 | 52,039 | 30,263 |
| Profit After Tax | 9,019 | 6,620 | 4,926 |
| Paid up share capital | 1,243 | 1,243 | 1,223 |
| Reserves and Surplus (excluding revaluation reserves) | 27,393 | 21,693 | 16,920 |
| Networth (excluding revaluation reserves) | 28,636 | 22,936 | 18,143 |
| Basic & Diluted Earnings per share (Rs.) | 14.51 | 10.65 | 8.06 |
| Return on Net Worth (%) | 31.49 | 28.86 | 27.15 |
| Book Value per Share (Rs.) | 46.08 | 36.91 | 29.67 |

PE Multiple as on May 30, 2008 based on the closing price of Rs.320.10 at BSE is 22.06.

Persons acting in concert (PACs)

(A) BVPL was incorporated on 29th August, 1988 and its registered office is situated at Emami Tower, 687, Anandapur, EM Bypass, Kolkata 700 107 (West Bengal). Tel No. +91-33-40113214, Fax No +91-33-40113243. BVPL is presently engaged into the activities of NBFC with Regn. No. B-05.06633 dated 20th September, 2006 with RBI. BVPL belongs to the Emami group. The present paid-up share capital is Rs. 125.01 lacs. The Directors of BVPL are Mr. Radheshyam Goenka, Mr. Raj Kumar Goenka, Mr. Mohan Goenka, Mr. Manish Goenka, All the Directors are non-executive. The shares of BVPL are not listed on any Stock Exchanges.

(B) SVPL was incorporated on 20th December 1971 and its registered office is situated at Emami Tower, 687, Anandapur, EM Bypass, Kolkata 700 107 (West Bengal). Tel No +91-33-40113214, Fax No +91-33-40113243. SVPL is presently engaged into the activities of NBFC with Regn. No. B-05.06633 dated 20th September, 2006 with RBI. SVPL belongs to the Emami group. The present paid-up share capital is Rs. 141.54 lacs. The Directors of DVPL are Mr. Radheshyam Agarwal, Mr. Sushil Kumar Goenka and Mr. Harsh Vardhan Agarwal. The shares of DVPL are not listed on any Stock Exchanges.

(C) DVPL was incorporated on 1st January, 1984 and its registered office is situated at Emami Tower 687, Anandapur, EM Bypass, Kolkata 700 107 (West Bengal). Tel No +91-33-40113214, Fax No +91-33-40113243. DVPL is presently engaged into the activities of NBFC with Regn. No. B-05.06636 dated 20th September, 2006 with RBI. DVPL belongs to the Emami group. The present paid-up share capital is Rs. 141.54 lacs. The Directors of DVPL are Mr. Radheshyam Agarwal, Mr. Sushil Kumar Goenka and Mr. Harsh Vardhan Agarwal. The shares of DVPL are not listed on any Stock Exchanges.

(D) SCPL was incorporated on 29th August, 1988 and its registered office is situated at Emami Tower 687, Anandapur, EM Bypass, Kolkata 700 107 (West Bengal). Tel No +91-33-40113214, Fax No +91-33-40113243. SCPL is presently engaged into the activities of NBFC with Regn. No. B-05.06635 dated 20th September, 2006 with RBI. SCPL belongs to the Emami group. The present paid-up share capital is Rs. 124.09 lacs. The Directors of SCPL are Mr. Radheshyam Agarwal, Mr. Radheshyam Goenka and Mr. Aditya Vardhan Agarwal. The shares of SCPL are not listed on any Stock Exchanges.

Information about the Target Company :

(The disclosure mentioned under this section have been sourced from publicly available sources and as website of The Zandu Pharmaceutical Works Limited (www.zanduyurveda.com).

4.1 The Zandu Pharmaceutical Works Limited having its Registered Office at 70, Gokhale Road South, Dadar, Mumbai-400025 (Maharashtra), Tel No +91-22-24307021, Fax No +91-22-24375491 was incorporated in October 1910 under the Indian Companies Act VI of 1913 in the State of Maharashtra. Target Company went public in 1919 with the issuance of stocks. Target Company is presently engaged in the business of manufacturing and sale of pharmaceutical preparations like Churna, Ointment, Aaleha, Asavas, Alishas, tablets, pills etc. The famous brands of Target Company are Zandu balm, Chyavanprash, Kesari-Nagar, Sudarshan and many others. The Target Company is using as many as 200 medicinal plants and their extracts; the Target Company produces a range of over 300 health promoting products.

4.2 The total paid up equity capital of Target Company is Rs. 806.40 lacs.

| Paid up Equity shares of the Target company of Rs. 100/- each | No. of Equity Shares/Voting Rights | % of Equity Shares/Voting Rights |
|---|---------------------------------------|-------------------------------------|
| Fully paid up equity shares | 806400 | 100% |
| Partly paid up equity shares | - | - |
| Total issued and paid up equity shares | 806400 | 100% |

4.3 The Equity Shares of Target Company are listed at BSE and NSE only. The Equity shares of the Target Company are not admitted as permitted security in any other Stock Exchange.

4.4 As on the date of PA, there are no partly paid up shares issued by the Target Company.

4.5 The present Board of Directors comprises Mr. V.P. Trivedi Chairman, Mr. P.P. Vora- Non-executive Director, Mr. K. Natrajn- Non-executive Director, Prof. (Dr.) S.S. Handa Non-executive Director, Mr. A.V. Shahn- Non-executive Director, Mr. Girish G Parikh- Managing Director and Mr. D.M. Parikh- Executive Director.

4.6 Brief particulars of the audited financial information of the Target Company for the previous three financial years is as follows:-

(Rs. In lacs)

| Particulars | Financial Year 2006-2007 | Financial Year 2005-2006 | Financial Year 2004-2005 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Total Income | 15,281.37 | 11696.45 | 10366.27 |
| Profit After Tax | 1,625.95 | 1229.92 | 910.46 |
| Paid up share capital (in Rs.) | 806.40 | 604.80 | 604.80 |
| Reserves and Surplus (excluding revaluation reserves) | 6341.20 | 5614.08 | 4901.38 |
| Networth (excluding revaluation reserves) | 7147.60 | 6218.88 | 5506.18 |
| Diluted Earnings per share (Rs) | 201.63 | 203.36 | 150.54 |
| Return on Net Worth (%) | 22.75 | 19.50 | 16.53 |
| Book Value per Share | 886.36 | 1028.25 | 910.41 |

(Source: Annual Reports of Target Company)

Reasons for the Acquisition and Offer

5.1 The Offer is being made in accordance with the regulations and other applicable provisions of the regulations and consequent to the Share Purchase Agreements (SPAs) entered into resulting the substantial acquisition of shares and voting rights in the Target Company as a strategic investment and with an objective to be part of management control along with the existing promoters.

5.2 Emami is in the personal, beauty and healthcare business for over three decades and can have tremendous business synergy with Target Company's business as both complete in the same market for various similar nature of products.

5.3 The Emami undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

Statutory Approvals/ Other Approvals Required for the Offer:

6.1 The Offer is subject to the receipt of approval from Reserve Bank of India ("RBI") for acquiring Equity Shares from non-resident Indians who validly tender their Equity Shares under this Offer. The Acquirer will make the necessary application to and filings with the various authorities to obtain the statutory approval described above. Further the Company has to take approval from the Shareholders u/s 372A of the Companies Act 1956 in this respect.

6.2 To the best of the Acquirer's knowledge as of the date of the Public

Announcement, there are no other statutory approvals required to implement the Offer other than the one specified above, if any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to other statutory approvals. Acquirer will have the right not to proceed with the Offer in the event any of the statutory approvals that are required are refused in terms of Regulation 27 of the SEBI (SAST) Regulations.

6.3 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirer for payment of consideration to shareholders of the Target Company, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 20(2) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

6.4 To the best of its knowledge, the Acquirer does not require any approvals from financial institutions or banks for the Offer.

7. Disclosure in terms Regulation 21(2) of Regulations Assuming full acceptance, the offer would not reduce the public shareholding of the Target Company below the minimum limit specified in the listing agreement with the Stock Exchange for the purpose of listing on a continuous basis. As per the listing agreement, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis. Hence, Regulation 21(2) of the Regulations is not applicable.

Financial Arrangements

8.1 The Total fund requirement or the maximum consideration for the Offer assuming full acceptance of the Offer would be Rs. 1,17,97,63,200/- (Rupees One Hundred Seventy Eight Crore Ninety Seven Lac Sixty Three Thousand Two Hundred Only) i.e. consideration payable for acquisition of 1,61,280 fully paid equity shares of Target Company at an Offer Price of Rs. 7,315/- (Rupees Seven Thousand Three Hundred Fifteen Only) per equity share.

8.2 The Acquirer has adequate resources to meet the financial requirement of the offer in terms of Regulation 16(xiv) of regulations. The Acquirer has made firm arrangements for the resources required to complete the offer in accordance with SEBI (SAST) Regulations. The Acquisition will be financed through own resources through the Escrow Account.

8.3 The Acquirer, ARFSL, and HDFC Bank Limited ("HDFC"), a banking corporation incorporated under the laws of India and having one of its branch offices at Maneckji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort Mumbai 400001 India have entered into an Open Offer Agreement ("Escrow Agreement") in accordance with Regulation 28 of the SEBI (SAST) Regulations. The Manager to the Offer has been duly authorised by the Acquirer to operate and realize the value of Escrow Account in terms of the Regulations.

8.4 The PACs have pledged in favour of the Manager to the offer, 14,28,580 (Fourteen Lac Twenty Eight Thousand Five Hundred Eighty Only) fully paid equity shares of Emami Limited of the face value of Rs 2/- each having a closing market price of Rs. 320.10/- per Equity Share on May 30, 2008 at BSE. The total value of Equity Shares pledged is Rs. 45,72,88,458/- (Rupees Forty Five Crore Seventy Two Lacs Eighty Eight Thousand Eight Hundred Forty Five Only) on May 30, 2008, exceeds the Escrow amount stipulated under regulation 28(2). The Acquirer/PACs have undertaken to maintain a margin of 25% at all times during the Offer Period over the minimum requisite Escrow requirement as stipulated under Regulation 28(2). The Manager to the Offer is empowered to realize the value of the shares by sale or otherwise, provided if there is any deficit on realization of the value of shares, such deficit if any shall be made good by the Manager to the Offer. The Acquirer has authorised the Manager to the Offer to realize the value of the Escrow Account as required.

8.5 The Acquirer has also made a cash deposit ("Security Deposit") of Rs. 1,18,00,000/- (Rs. One Crore Eighteen Lacs only) (being not less than 1% of the Maximum Consideration) in Escrow Account with HDFC Bank (Maneckji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort Mumbai 400001 India) as collateral. The Acquirer has been duly authorized to realize the value of the aforesaid Escrow Account in terms of the SEBI (SAST) Regulations.

8.6 The above mentioned securities held in the name of PACs, pledged for the Escrow amount are free from any lien/encumbrances and carry no other charge.

8.7 Mr. Radhakrishnan Tondon, Partner (Membership no. 060534) of S.K. Agrawal & Company, Chartered Accountant, 4A Council House Street, Kolkata - 700001 has certified dated May 29, 2008 that the acquirers have adequate resources to meet the financial requirements of the Open Offer.

8.8 Based on the above, ARFSL is satisfied with the ability of Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

Terms and Conditions of the Offer:

9.1 Letter of Offer relating to the Offer (the "Letter of Offer") together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of the Target Company (except the Acquirer & PACs) whose names appear on the Register of Members of the Target Company and eligible warrant holders or convertible debenture holders if any, as per Regulation 22(1) of SEBI (SAST) Regulations and to the beneficial owners of the Shares in dematerialized form whose names appear on the beneficial record of the respective Depositories, in either case, at the closure of business on Friday, June 13, 2008- ("Specified Date").

9.2 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialized is complete in time for the receipt in the special depository account to count to be received on or before the closing date of the Offer, i.e., no later than Tuesday, August 12, 2008 or else their application will be rejected.

9.3 While tendering the shares under the Offer, NRI/ OCB/ Non-domestic companies/ Other persons who are not resident in India will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered. While tendering shares under the Offer, NRI/ OCB/ Non-domestic companies/ Other persons who are not resident in India will be required to submit a No Objection Certificate / Tax Clearance Certificate from the Income Tax authorities, under the Income Tax Act, 1961 (the "Income Tax Act"), indicating the rate at which the tax has to be deducted by the Acquirer before remitting the consideration. In case the aforesaid No Objection Certificate / Tax Clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

9.4 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source will be available to the Acquirer in respect of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ("FI") as defined in Section 115AD of the Income Tax Act.

9.5 The securities transaction tax will not be applicable to the shares accepted in the Offer.

PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

10.1 Shareholders of the Target Company who are holding Shares in physical form and who wish to tender their shares will be required to send the Form of Acceptance cum Acknowledgement, in case the aforesaid No Objection Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer Intime Spectrum Registry Limited, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078 ("Registrar"), after by hand delivery or by Registered post, so as to reach on or before the closure of the Offer, i.e., no later than Tuesday, August 12, 2008 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

10.2 The Registrar to the Offer on behalf of the Acquirer has opened a special depository account as detailed below:

| | |
|------------------------|---|
| Depository | National Securities Depositories Limited ("NSDL") |
| Account Name | ZPWL ESCROW ACCOUNT OPEN OFFER |
| Depository Participant | Anand Rathfi Share & Stock Brokers Limited (Formerly known as Navratn Capital and Securities Limited) |
| DPID | IN301803 |
| Client ID | 10026697 |