

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an Equity Shareholder(s) of The Zandu Pharmaceutical Works Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer or Registrar to the Offer. In case you have recently sold your Equity Shares in The Zandu Pharmaceutical Works Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the sale was effected.

CASH OFFER

by
Emami Limited
"The Acquirer"

Registered Office: Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No. +91-33- 66136264, Fax No. +91-33-66136600.

Along with

Bhanu Vyapaar Private Limited ("BVPL")

Registered Office: Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No. +91-33- 40113214, Fax No. +91-33-40113243.

Suraj Viniyog Private Limited ("SVPL")

Registered Office: Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No. +91-33- 40113214, Fax No. +91-33-40113243.

Diwakar Viniyog Private Limited ("DVPL")

Registered Office: Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No. +91-33- 40113214, Fax No. +91-33-40113243.

Suntrack Commerce Private Limited ("SCPL")

Registered Office: Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No. +91-33- 40113214, Fax No. +91-33-40113243.

acting in concert with the Acquirer (hereinafter collectively referred to as "Persons Acting in Concert" or "PACs"), pursuant to Regulation 10 and 12 of, and in compliance with, Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "SEBI (SAST) Regulations," or Regulations).

To the existing shareholders of
The Zandu Pharmaceutical Works Limited
"Target Company"
hereinafter referred to as "ZPWL"

Registered Office: 70, Gokhale Road South, Dadar, Mumbai – 400025 (Maharashtra) (Tel No: +91-22-24307021, Fax: +91-22-24375491),

To Acquire

upto 1,61,280 (One Lac Sixty One Thousand Two Hundred Eighty) fully paid up equity shares of the face value of Rs. 100/- (Rupees Hundred Only) each representing 20% fully paid-up equity shares / voting capital at a Offer Price of Rs. 15,000/- (Rupees Fifteen Thousand only) per fully paid-up Equity Share. (Being the Offer Price revised from Rs. 7,315/- per equity share Rs. 15,000/- per equity share)

- The offer is made by the Acquirer pursuant to Regulation 10 and 12 of, and in compliance with SEBI (SAST) Regulations).
- The Offer is not subject to minimum level of acceptance.
- "If there is competitive bid :**
 - The public offers under all the subsisting bids shall close on the same date.**
 - As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly".**

No Competitive Bid has been announced as on the date of this Letter of Offer.
- The Acquirer has obtained the approval from the shareholders by way of special resolution for acquiring Equity Shares of The Zandu Pharmaceutical Works Limited under section 372A of Companies Act, 1956 through Postal Ballot under section 192A of Companies Act, 1956 dated July 28, 2008.
- Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/ Corrigendum to Public Announcement/ Letter of Offer, can withdraw the same upto three working days (i.e. Friday, October 10, 2008) prior to the date of the closure of the Offer (i.e. Wednesday, October 15, 2008).
- The Acquirer is permitted to revise the Offer Price of Equity Shares upward any time up to seven working days prior to the date of the closing of the Offer. If there is any upward revision in the Offer Price of Equity Shares by the Acquirer till the last date of revision viz., Friday, October 03, 2008 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers mentioned in Clause 2.2.1 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.
- Summary of orders given by Company Law Board and Bombay High Court:**
By an Order dated 28th July, 2008 the Hon'ble Company Law Board after hearing the submissions of the Counsels of the Parties passed an order to the following effect: "Both companies are public listed companies. SEBI is the right authority to look into any acquisition disputes. Let SEBI do the needful." Being aggrieved by the Order dated 28th July, 2008 of the Hon'ble Board, Zandu had preferred an appeal before the Hon'ble High Court at Bombay being Appeal No. 19 of 2008.
The Hon'ble Bombay High Court heard the said Appeal on 7th August, 2008. After hearing the submissions of the Counsels of all Parties, The Hon'ble High Court passed the following order with consent of both the parties:
 - "The impugned order of the Company dated 28.7.2008 is hereby set aside.
 - The Company Law Board shall decide the Appellants application for interim relief and shall pass a reasoned order thereon after hearing all concerned, within a period of 15 days from today.
 - The Appellants shall postpone the Annual General Meeting due on 9th August 2008 to a future date in accordance with law.
 - Appeal disposed of"

Pursuant to the above consent order, the Hon'ble Company Law Board heard the Petition on 20th August 2008. After hearing the Counsels of Zandu and Emami the Hon'ble Company Law Board by an Order dated 26th August 2008 dismissed the petition filed by Zandu against Emami and Others under Section 111A of the Act, summoning up the reasoned order as under:
"In view of Sec. 15-Y and 20-A of the SEBI Act, 1992 and Section 55A of the Companies Act, 1956, I hold this Bench has no jurisdiction to issue the orders prayed for in the present petition."
- The procedure for acceptance is set out in Clause 8 of this Letter of Offer.
- A form of acceptance and form of withdrawal are enclosed with this Letter of Offer.
- The Public Announcement, Corrigendum to the Public announcement and Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are also be available on SEBI's website (www.sebi.gov.in)

MANAGER TO THE OFFER



Anand Rath Financial Services Limited
(Formerly known as Anand Rath Securities Limited)
11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.
Tel: +91 -22-4047 7000, Fax: +91 -22-4047 7070
Email: zpwloffer@rathi.com
Website: www.rathi.com
SEBI Registration No.: MB /INM000010478
Contact Person: Mr. Jitendra Verma

ADVISOR TO THE OFFER



VC Corporate Advisors Private Limited
31 Ganesh Chandra Avenue , 2nd Floor,
Suite No -2C, Kolkata - 700 013.
Tel: +91-33-22253940/ 3941,
Fax: +33- 2225-3941
E-mail: mail@vccorporate.com
Website :www.vccorporate.com
Contact Person : Mr. Vijay Chandak

REGISTRAR TO THE OFFER



**INTIME SPECTRUM
REGISTRY LIMITED**

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078.
Tel : +91 22 2596 0320 Fax : +91 22 2596 0329
Email : zpwloffer@intimespectrum.com
Website : www.intimespectrum.com
Contact Person : Ms. Awani Thakkar

Offer Opens On: Friday, September 26, 2008

Offer Closes On: Wednesday, October 15, 2008

(For Schedule of Major Activities of the Offer please refer to the next page)

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

| Activities | Original Schedule | Revised Schedule |
|---|----------------------------|------------------------------|
| Date of Publication of Public Announcement | Monday, June 02, 2008 | Monday, June 02, 2008 |
| Date of corrigendum to Public Announcement | N/A | Friday, September 19, 2008 |
| Specified date * | Friday, June 13, 2008 | Friday, June 13, 2008 |
| Last date for announcement of a competitive bid | Monday, June 23, 2008 | Monday, June 23, 2008 |
| Date by which Letter of Offer will be posted to shareholders | Monday, July 14, 2008 | Saturday, September 20, 2008 |
| Date of Opening of the Offer | Thursday, July 24, 2008 | Friday, September 26, 2008 |
| Last date for revising the offer price / number of Shares | Friday, August 01, 2008 | Friday, October 03, 2008 |
| Last date for withdrawing acceptance from the Offer | Thursday, August 07, 2008 | Friday, October 10, 2008 |
| Date of Closure of the Offer | Tuesday, August 12, 2008 | Wednesday, October 15, 2008 |
| Date of communicating rejection / acceptance and payment of consideration for applications accepted | Wednesday, August 27, 2008 | Wednesday, October 29, 2008 |

** Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the shares of the Target Company (except PACs and parties to the Share Purchase Agreements) are eligible to participate in the Offer anytime before the closing of the Offer.*

RISK FACTORS

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

Relating to the transactions

1. The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

Risks Related to the Proposed Offer

1. The Acquirer / PACs and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by, or at the instance of the Acquirer / PACs and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.
2. The Share Purchase Agreements (SPAs) contains a clause that it is subject to the provisions of the Regulations and in case of non-compliance with any of the provisions of the Regulations; the Agreement(s) for such sale shall not be acted upon.
3. In case of delay in the receipt of any statutory approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
4. The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of ZPWL or the Acquirer or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of The Zandu Pharmaceutical Works Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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DEFINITIONS

| | |
|-------------------------------|---|
| Acquirer or EMAMI | Emami Limited |
| ZPWL or Target Company | The Zandu Pharmaceutical Works Limited |
| Act | The Companies Act, 1956 |
| Advisor to the Offer or VCCPL | VC Corporate Advisors Private Limited |
| Business Hours | Collection Timings for all the locations mentioned above will be 10.00 A.M. to 1.00 P.M. & 2.00 P.M. to 4.30 P.M. during Monday to Friday only and on Saturday 10.00 A.M. to 1.00 P.M. |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services (India) Limited |
| CSE | The Calcutta Stock Exchange Association Limited |
| DP | Depository Participant |
| Eligible Shareholders | All existing shareholders (other than the PACs and parties to the Share Purchase Agreements) of ZPWL whose names appear in the register of members of ZPWL as of , Friday, June 13, 2008 and also persons who acquire any Equity Shares of ZPWL at any time prior to the closure of the Offer. |
| EPS | Earning Per Share |
| Escrow Account | Escrow account opened in the name and style of "ZANDU PHARMACEUTICAL WORKS LIMITED ESCROW ACCOUNT OPEN OFFER" with the Escrow Bank, established in accordance with Regulation 28 of the SEBI SAST Regulations by the Acquirer. |
| Escrow Bank | HDFC Bank Limited, Maneckji Wadia Building, Ground Floor ,Nanik Motwani Marg, Fort Mumbai – 400001 |
| F.Y. | Financial Year |
| FEMA | Foreign Exchange Management Act, 1999 |
| FOA or Form of Acceptance | Form of Acceptance cum Acknowledgement |
| FOW or Form of Withdrawal | Form of Withdrawal cum Acknowledgement |
| LOO | Letter of Offer |
| Manager to the Offer or ARFSL | Anand Rathi Financial Services Limited (Formerly known as Anand Rathi Securities Limited) |
| N/A or NA | Not Applicable |
| Negotiated Price | Rs. 6,900/- (inclusive of Rs. 100/- Per Share as Non-Compete) |
| NRI(s) | Non-Resident Indians |
| Non-Resident Shareholders | NRIs, OCB and FIIs holding the equity shares of The Zandu Pharmaceutical works Limited |
| NSE | National Stock Exchange of India Limited |
| NSDL | National Securities Depository Limited |
| NT | Not Traded |
| OCB | Overseas Corporate Bodies |
| Offer or The Offer | The offer for acquisition of upto 1,61,280 fully paid up equity shares of the face value of Rs.100/- each representing 20% of the paid up equity and voting share capital of the Target Company at a price of Rs. 15,000/- (Rupees Fifteen Thousand only) per Equity Share payable in cash (being the Offer Price revised from Rs. 7,315/- per share to Rs. 15,000/- per share) |
| Offer Period | From Thursday, May 29, 2008 to Wednesday, October 29, 2008 |
| PACs | Bhanu Vyapaar Private Limited, Suraj Viniyog Private Limited, Diwakar Viniyog Private Limited and Suntrack Commerce Private Limited |
| Offer Price | Rs. 15,000/- (Rupees Fifteen Thousand only) per fully paid-up Equity Share (Being the Offer Price revised from Rs. 7,315/- per equity share to Rs. 15,000/- per equity share) |
| Public Announcement/PA | Announcement of the Offer by the Acquirer, made by the Manager to the Offer on behalf of the Acquirer along with PACs dated Monday, June 02, 2008. |
| RBI | Reserve Bank of India |
| Revised Offer Price | Rs. 15,000/- per fully paid –up Equity Share |
| RONW | Return on Net worth |
| Registrar to the Offer | Intime Spectrum Registry Limited |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SPAs or Agreements | Share Purchase Agreements dated Thursday, May 29, 2008 |
| Specified Date | Friday, June 13, 2008 |

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DARFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DARFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ZPWL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DARFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DARFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, ANAND RATHI FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 14, 2008 TO SEBI IN ACCORDANCE WITH SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE DARFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the offer

2.1.1 The offer is made by the Acquirer under Regulation 10 and 12 of SEBI (SAST) Regulations for 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.

2.1.2 The Acquirer is holding 88032 equity shares representing 10.91% of the fully paid up equity and voting share capital of the Target Company, and PACs are holding 31419 Equity Shares representing 3.90% of the fully paid up equity and voting share capital of the Target Company prior to entering into SPAs. The Acquirer and PACs together have acquired 119451 equity shares representing 14.81 % of the Target Company during the twelve months preceding the date of this public announcement at the highest Price and average price paid per share of Rs. 7,313/- and Rs. 6,638.88/- respectively other than those acquired through SPAs. Subsequent to entering into SPAs the Acquirer alongwith PACs shall be holding 221860 Equity Shares representing 27.51% of the total equity and voting share capital of the Target Company and that resulted the triggering of the Regulations.

2.1.3 The offer is not as a result of global acquisition resulting in indirect acquisition of ZPWL.

2.1.4 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 The 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.

2.1.5 Emami Limited a company incorporated under the provisions of the Companies Act, 1956, and having its registered office at Emami Tower 687, Anandapur, E.M. bypass, Kolkata 700107 (West Bengal) is making this Offer pursuant to Regulations 10 & 12 of the SEBI (SAST) Regulations as aforesaid, to the existing 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. 15,000/- (Rupees Fifteen Thousand only) per equity share (being the Offer Price revised from Rs. 7,315/- per equity share to Rs. 15,000/- per equity share) ("Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter.

2.1.6 Agreements and its important features

The Acquirer has entered 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)" on May 29, 2008 at negotiable price of Rs. 6,900/- per share payable in cash (inclusive of Rs. 100/- Per Share as Non-compete).

Emami Limited has entered into Share Purchase Agreement - (1.1) , dated May 29, 2008 to acquire in aggregate 35,508 (Thirty Five Thousand Five Hundred Eight 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 with Mr. Devkumar Vaidya, Ms. Anita Vaidya and Mrs. Neena Vaidya, and Apsara Leasing and Finance Private Limited at a fixed price of Rs. 6,900/- (Six Thousand Nine Hundred only) (inclusive of Rs. 100/- Per Share as Non-compete).

Out of 35,508 (Thirty Five Thousand Five Hundred Eight 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. Mr. Devkumar Vaidya and Apasara Leasing and Finance had transferred 9,476 and 20,400 respectively of the target company to Emami Limited on May 29, 2008 representing 3.70% (29,876 Shares) voting share capital of Target Company.

| Share Purchase Agreements | Name and Contact details of Sellers | Number and % of paid up capital | Number and % of paid up capital in total | Price Per share (Rs.) | Consideration (Rs.) |
|---------------------------|--|---|--|-----------------------|--|
| SPA – (1.1) | 1. Mr. Devkumar Vaidya, 2. Ms. Anita Vaidya, 3. Mrs. Neena Vaidya all Residing at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400006 Telefax No – 022-2368539 and 4. Apsara Leasing and Finance Private Limited, registered office at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400006 Telefax No – 022-2368539 | 9,476 & 1.175% 5,532 & 0.686% 100 & 0.01% 20,400 & 2.53% | 35,508 & 4.40% | 6900* | 6,53,84,400/- 3,81,70,800/- 6,90,000/- 14,07,60,000/- |
| SPA-(1.2) | Soraya Investments and Tradings Company Private Limited registered office at 13 A, Maheswari Mansion, 34, Nepeansea Road, Mumbai 400006 Telefax No – 022-2368539 | 18,000 & 2.23% | 18,000 & 2.23% | 6900* | 12,42,00,000/- |
| SPA-(1.3) | Mr. Devkumar Vaidya and Ms. Anita Vaidya All residing at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400 006 Telefax No – 022-2368539 | 16,476 & 2.04% | 16,476 & 2.04% | 6900* | 11,36,84,400/- |
| SPA-(1.4) | 1. Mr. Devkumar Vaidya Ms. Anita Vaidya All residing at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400 006 Telefax No – 022-2368539 | 19,318 & 2.40% 8,989 & 1.11% | 28,307 & 3.51% | 6900* | 13,32,94,200/- 6,20,24,100/- |

| | | | | | |
|------------|---|-----------------|-----------------|-------|---------------|
| | 2. Mr. Devkumar Vaidya as Karta and Manager of Hareesh J. Vaidya HUF having its office at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400 006 Telefax No – 022-2368539 | | | | |
| SPA- (1.5) | Mr. Devkumar Vaidya and Ms. Anita Vaidya all residing at 13 A, Maheswari Mansions, 34, Nepeansea Road, Mumbai 400 006 Telefax No – 022-2368539 | 4,118 and 0.51% | 4,118 & 0.51% | 6900* | 2,84,14,200/- |
| Total | | 102409 & 12.70% | 102409 & 12.70% | | 70,66,22,100 |

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

2.1.7 Important Features of the SPAs

- (i) The Acquirer shall, within 4 (four) Working Days of the entering into Share Purchase agreements make a public announcement in terms of the SEBI (SAST) Regulations.
- (ii) If the provisions of the SEBI (SAST) Regulations are not complied with, this Agreement shall not be acted upon, either by the Sellers or Acquirer.
- (iii) The Sellers shall not offer any objection to the Open Offer and shall in accordance with applicable Law render all assistance to the Acquirer in respect thereof.
- (iv) The Sellers shall render all co-operation and assistance to the Acquirer to enable the Acquirer to comply with the provisions of the SEBI (SAST) Regulations.

2.1.8 Simultaneously with the execution of the SPA-(1.2), SPA-(1.3), SPA-(1.4) and SPA-(1.5), the Acquirer, the sellers Mr. Devkumar Vaidya, Ms. Anita Vaidya, Hareesh J. Vaidya HUF, and Soraya Investments and Trading Company Private Limited have executed an Escrow Agreement with Kanga & Company, a partnership firm and having its office at Ready Money Mansion, 43, Veer Nariman Road, Fort, Mumbai - 400 001, dated May 29, 2008 for holding as Escrow Agent the Escrow Shares - 66,901 (Sixty Six Thousand Nine Hundred One Only) and a sum of Rs. 46,16,16,900 (Rupees Forty Six Crore Sixteen Lac Sixteen Thousand Nine Hundred Only) being the amount of the Sale Price or Consideration.

2.1.9 Neither the Acquirer, PACs and nor the Sellers have 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.

2.1.10 Upon completion of Open Offer formalities, the Acquirer will make suitable representation to the Board of Directors of the Target Company to appoint their nominees/representatives on their Board.

2.1.11 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.

2.2 Background of the proposed offer

2.2.1 The Acquirer has made a Public Announcement, which was published on Monday, June 02, 2008 and corrigendum to the PA on Friday, September 19, 2008 in the following newspapers in accordance with the Regulation 15 of the Regulations.

| S. No. | Newspapers | Language | Editions |
|--------|-------------------|----------|------------------------|
| 1 | Business Standard | English | All Editions (English) |
| 2 | Prathakal | Hindi | All Editions |
| 3 | Mumbai-Lakshdeep | Marathi | Mumbai |

The public Announcement and corrigendum to Public Announcement are also available on SEBI's website at www.sebi.gov.in

2.2.2 The Acquirer is making this Offer pursuant to Regulations 10 & 12 of the SEBI (SAST) Regulations as aforesaid, to the existing shareholders (Other than PACs and parties to the agreements) 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 & voting share capital of Target Company at a price of Rs. 15,000/- (Rupees Fifteen Thousand only) per Share (being the Offer Price revised from Rs. 7,315/- per share to Rs. 15,000/- per share) ("Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter.

2.2.3 As on the date of PA 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.

2.2.4 The shares shall be acquired by the acquirer free from all liens, charges and encumbrances and together with rights attached thereto, including the rights to all dividends, bonus and rights declared hereafter.

2.2.5 This is not a competitive bid.

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

2.2.7 Since the date of PA to the date of this letter of offer, the Acquirer and PACs have not acquired any shares of ZPWL.

2.2.8 The Acquirer and PACs have revised the Offer Price under regulation 26 of the Regulations from Rs. 7,315/- (Rupees Seven Thousand Three Hundred Fifteen only) per equity share to Rs. 15,000/- (Rupees Fifteen Thousand only) per equity share and corrigendum to that effect is published on Friday, September 19, 2008.

2.2.9 Due to the operation of Regulation 2(1)(e)(2) 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.

2.3 Object of the acquisition/ offer

2.3.1 This offer has been made pursuant to Regulation 10 and 12 and other provisions of chapter III and in compliance with 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.

2.3.2 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 are in the similar nature of business.

2.3.3 Zandu is an age old ayurvedic brand and has tremendous business potential which can be tapped through effective marketing, distribution, R&D and operating efficiencies. Emami with its strong marketing acumen, deeper distribution and cost effective operational efficiency intends to exploit this potential and derive synergetic benefits.

3 BACKGROUND OF THE ACQUIRER (INCLUDING PACs)

3.1 Details about Acquirer

3.1.1 Emami Limited is a company incorporated under the provisions of the Companies Act, 1956, having its registered cum corporate office at Emami Tower 687, Anandapur, E.M. bypass, Kolkata 700 107 (West Bengal), Tel no. +91-33-6613-6264, Fax no. +91-33-66136600.

3.1.2 Emami was incorporated on March 11, 1983 in the name of A.M.P. Udyog Viniyog Limited. It came out with the public issue of 1,50,000 Equity Shares of 10/- each in the month of August, 1983. In the year 1994, Himani Limited was merged with A.M.P. Udyog Viniyog Limited by Hon'ble Calcutta High Court Order dated February 08, 1994 and the name of the Company was changed to "Himani Limited". In the year 1998, Emami Limited (which was earlier a partnership firm known as Kemco Chemicals set up in the year 1974 and then converted into a public limited company in April 1995), was merged with Himani Limited vide Hon'ble Calcutta High Court Order dated July 21, 1998 and the name of the company was changed to "Emami Limited" and fresh certificate of incorporation was obtained from Registrar of Companies, West Bengal dated September 01, 1998. In the year 2000, with a view to concentrate on its core FMCG business, investment undertaking of the Company was de-merged to Pan Emami Cosmed Limited through Scheme of Arrangement as per Order of Hon'ble Calcutta High Court dated September 04, 2000. During March, 2005, Emami came out with follow on

public issue of 50,00,000 (Fifty Lakhs) Equity Shares of 2/- each at a premium of Rs.68/- per share. J.B. Marketing & Finance Limited a company engaged in marketing and selling of the products of the Company was merged with Emami Limited w.e.f. April 01, 2006 as per Order of the Hon'ble Calcutta High Court dated 23rd February 2007.

3.1.3 Emami is the flagship company of the Emami Group jointly promoted by Kolkata based industrialists Mr. Radheshyam Agarwal and Mr. Radheshyam Goenka. Emami group is in the personal, beauty and healthcare business for over 30 years and has diversified business interest in the field like paper, realty, tips, biofuel, 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 Chandi Chyawanprash and Amritprash, Mentho Plus Balm, Fast Relief, Navratna Cool Talc, Fair and Handsome Fairness Cream for men and others. Boroplus Antiseptic Cream and Lotion and Navratna Oil are market leaders in the antiseptic cream and cool oil category respectively.

3.1.4 Share holding pattern of Emami as on the date of PA:

| Sr. No. | Shareholder's Category | No. of Shares | Percentage |
|---------|------------------------|---------------|------------|
| 1 | Promoters | 54591253 | 87.84% |
| 2 | (a) FII | 1021528 | 1.65% |
| | (b) Mutual Funds | 1727901 | 2.78% |
| | (c) Banks | | |
| 3 | Public | 4804495 | 7.73% |
| | Total Paid Up Capital | 62145177 | 100.00% |

3.1.5 The details of Board of Directors of Emami as on the date of PA:

| Sr. No. | Name | Title | Residential Address | Date of Appointment | Qualification | Experience |
|---------|------------------------|------------------------|--|---------------------|---|---|
| 1 | Mr. Radheshyam Agarwal | Executive Chairman | 118, Southern Avenue, Kolkata - 700 029. | 03.05.1994 | Chartered Accountant, Company Secretary, and LLB. | Leading Industrialist having experience in strategic planning, corporate affairs and finance. |
| 2 | Mr. Radheshyam Goenka | Non-Executive Director | 110 A, Southern Avenue, Kolkata - 700 029. | 03.05.1994 | Master of Commerce and LLB. | Leading Industrialist having experience in strategic planning, corporate affairs and finance. |
| 3 | Mr. Viren J Shah | Non-Executive Director | 6A, Sunita, B G Kher Marg, Mumbai – 400 006. | 15.01.2005 | A.M.P. – Harvard Business School | Served as a Chairman of Mukund Limited for 27 years. Ex. Governor of West Bengal. |
| 4 | Mr. Kashi Nath Memani | Non-executive Director | 177,C w 7 Western Avenue sainik farm, New Delhi - 110062 | 15.05.2006 | Chartered Accountant | Business & Corporate Advisory services, Foreign Taxation, Financial Consultancy. Former Chairman & Country Managing Partner of Ernst & Young, India |
| 5 | Mr. Shrawan Kumar Todi | Non-Executive Director | 2, Queen Park Kolkata – 700 019 | 15.01.2005 | Master of Commerce | Industrialist- Chairman of Shrachi Group of Companies. |
| 6 | Mr. Shyamanand Jalan | Non-Executive Director | 6/7 A, A.J.C. Bose Road, Kolkata -700017 | 31.01.2002 | Commerce Graduate and LLB | Attorney at Law and Member of Incorporated Law Society, Indian and Bar Council of India. |

| | | | | | | |
|----|----------------------------|------------------------|---|------------|---|--|
| | | | | | | |
| 7 | Mr. Krishna Kumar Khemka | Non-Executive Director | 25, Ballyganj Park, Rajnigandha Apartment (4th floor) Kolkata- 700019 | 31.01.2002 | Science Graduate. | More than 40 years of industrial experience. |
| 8 | Vaidya Suresh Chaturvedi | Non-Executive Director | "Shakti", Charat Singh Colony, M.V. Road, Andheri, (E), Mumbai 400 053. | 31.01.2002 | Kaviraj, BIMS, MAMS, Ayurvedacharya Physician | Eminent physician and recipient of 'Padamshree award. Rich experience in ayurvedic field of medicine. |
| 9 | Mr. Sushil Kumar Goenka | Managing Director | 110A, Southern Avenue Kolkata -700 029. | 17.05.1995 | Commerce Graduate | More than 30 years of business experience and looking after production and operational activities of the Company |
| 10 | Mr. Mohan Goenka | Executive Director | 110A, Southern Avenue Kolkata-700 029. | 15.01.2005 | MBA and Commerce Graduate | More than 10 years experience in FMCG sector with wide specialization in marketing and brand development. |
| 11 | Mr. Aditya Vardhan Agarwal | Executive Director | 118, Southern Avenue Kolkata - 700 029. | 15.01.2005 | Commerce Graduate | More than 10 years of experience in the FMCG Sector specialization in diversification and expansion. |
| 12 | Mr. Harsh Vardhan Agarwal | Executive Director | 118, Southern Avenue Kolkata - 700 029 | 15.01.2005 | Commerce Graduate | More than 10 years of experience in the FMCG Sector with specialization in marketing and brand development |

None of the Directors of the Acquirer or PACs are on the Board of Directors of the Target Company as on the date of PA.

3.1.6 The shares of Emami are listed on NSE, BSE and CSE.

3.1.7 The total paid up capital of Emami is Rs. 1242.90 lac divided into 62145177 fully paid up equity shares of the face value of Rs. 2/- each. The closing market price as on the date of public announcement is Rs. 300/- per share at BSE and Rs. 300/- per share at NSE. There is no trading on the CSE, hence the price of the shares of Emami on CSE as on the date of PA is not available.

3.1.8 Brief particulars of the consolidated audited financial Information of the Emami Limited for the financial year ended on March 31, 2008; March 31, 2007, March 31, 2006 is as follows:

| (Rs. In lac) | | | |
|---|-------------------|-------------------|-------------------|
| Profit & Loss Statement | 31.03.2008 | 31.03.2007 | 31.03.2006 |
| Income from operations | 61,803 | 51,826 | 30,184 |
| Other Income | 338 | 349 | 79 |
| Total Income | 62,141 | 52,175 | 30,263 |
| Total Expenditure | 52,021 | 45,249 | 24,869 |
| Profit Before Depreciation Interest and Tax | 10,120 | 6,926 | 5,394 |
| Depreciation - Net | 740 | 467 | 670 |
| Interest | (1,012) | (1,018) | (297) |
| Profit Before Tax | 10,392 | 7,477 | 5,021 |
| Provision for Tax | 1,374 | 857 | 95 |
| Profit After Tax | 9,018 | 6,620 | 4,926 |
| | | | |
| Balance Sheet Statement | 31.03.2008 | 31.03.2007 | 31.03.2006 |
| Sources of funds | | | |
| Paid up equity share capital | 1,243 | 1,243 | 1,223 |
| Paid up preference share capital | 7 | - | - |
| Reserves and Surplus (excluding revaluation reserves) | 27,393 | 21,693 | 16,920 |
| Total miscellaneous expenditure not written off | (11) | (13) | (16) |
| Networth | 28,625 | 22,923 | 18,127 |
| Secured loans | 4,602 | 3,575 | 3,124 |
| Unsecured loans | 7,978 | 261 | 93 |
| Deferred Tax | 215 | 258 | 261 |
| Minority Interest | 48 | - | - |
| Total | 41,475 | 27,017 | 21,605 |
| Uses of funds | | | |
| Goodwill on Consolidation | 400 | - | - |
| Net fixed assets (Tangible) | 9,229 | 8,137 | 4,909 |
| Investments | 11,405 | 7,770 | 8,662 |
| Net current assets | 20,441 | 11,110 | 8,034 |
| Total | 41,475 | 27,017 | 21,605 |

| | | | |
|-----------------------------|-------------------|-------------------|-------------------|
| Ratios: | | | |
| | | | |
| Other Financial Data | 31.03.2008 | 31.03.2007 | 31.03.2006 |
| Dividend (%) | 225% | 200% | 100% |
| Earning Per Share | 14.51 | 10.65 | 8.06 |
| Return on Networth | 31.51% | 28.88% | 27.17% |
| Book Value Per Share | 46.06 | 36.89 | 29.64 |

3.1.9 Contingent Liabilities as on 31.03.2008:-

| S. No. | Particulars | Amount (Rs. in Lac) |
|--------|--|---------------------|
| 1 | Excise Duty Demands | 73.68 |
| 2 | Entry Tax | 26.09 |
| 3 | Sales Tax demands under Appeal (Net of Advances) | 1204.90 |
| 4 | Income Tax Advances (Net of Advances) | 12.40 |
| 5 | Guarantees and counter guarantees given | 250.74 |
| | Total | 1567.81 |

3.1.10 Reason for fall/rise in total income and PAT in last three years:-

2005-06 over 2004-05

Total income at Rs. 30263 lacs grew by 37.9% over the last year's income at Rs. 21950 lacs. This is mainly due to increase in sales of the existing personal and healthcare range of products and for sales generated from new launches. The PAT for the year at Rs. 4926 lacs grew by 68.6% over the PAT of Rs. 2921 lacs in previous year 2004-5. This is in line with the increase in total income and decrease in interest costs and operating expenses as a percentage of total income.

2006-07 over 2005-06

Total income at Rs. 52175 lacs grew by 72.41% over the last year's income at Rs. 30263 lacs. The PAT for the year at Rs. 6620 lacs grew by 34.4% over the PAT of Rs. 4926 lacs in previous year 2004-5. The total income grew significantly due to merger of marketing company 'J. B. Marketing and Finance Limited' with Emami Limited with effect from April 1, 2006. Hence, these figures are not comparable with previous years' figures.

2007-08 over 2006-07

Total income at Rs. 62141 lacs grew by 19.1% over the last year's income at Rs. 52175 lacs. This is mainly due to increase in sales of the FMCG Business by around 14% and additional revenues of Rs. 2870 lacs from the realty subsidiary. The PAT for the year at Rs. 9018 lacs grew by 36.2% over the PAT of Rs. 6620 lacs in previous year 2005-6. This is in line with the increase in total income and decrease in operating expenses as a percentage of total income.

3.1.11 The Significant Accounting Policies:-

(i) General

The 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.

(ii) Fixed Assets

a. Fixed Assets are stated at cost less Depreciation. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.

b. All pre-operative and trial run expenditure (net of realisation, if any) are capitalised.

c. Projects under commissioning and other Capital Work in Progress are carried at cost, comprising direct cost, related incidental expenses and interest on borrowings there against.

(iii) Depreciation

Depreciation is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 except :

- a. Block, Dies & Moulds are depreciated @ 95% in the year of purchase itself on prorata basis.
- b. Lease hold land is amortised over the period of lease.
- c. Software is depreciated over a period of six years on Straight Line Method.

(iv) 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.

(v) Inventories

The inventories are valued at cost or net realisable value whichever is lower except for advertising materials which are valued at cost. The Cost is calculated on weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity.

(vi) Research and Development

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

(vii) 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 and Gratuity is made on the basis of actuarial valuation as at the year end as per the requirements of Accounting Standard -15 (revised 2005) on "Employee Benefits"
- c. The Company has defined benefit plan comprising of Gratuity fund with Life Insurance Corporation of India.
- d. Actuarial gains and losses comprise experience adjustments and the effect of changes in the actuarial assumptions is recognised immediately in the profit and Loss Account as income or expense.

(viii) Sales

Sales include duty drawback, license premium on exports, Sales Tax and Insurance Claims on stocks and are recorded net of Trade discounts and other rebates.

(ix) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation. Provisions & Contingent Liabilities are revalued at each Balance Sheet date.

(x) Government Grants

Capital Subsidies are credited to Capital Reserve and Revenue Subsidies are credited to Profit & Loss account by adjusting from respective expenses.

(xi) Revenue Recognition

Income & expenditure are recognised on accrual basis.

(xii) Foreign Currency Transactions

- a. Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rates, the difference between the contracted rate and the exchange rate at the date of transaction is recognised in Profit & Loss Account. Difference relating to transactions involving more than one financial year are carried over the period of transaction. Transactions other than those covered by forward contracts are recognised at the exchange rate prevailing on date of transaction. Gains & losses arising on account of realisation are accounted for in Profit & Loss Account.
- b. Assets & Liabilities in foreign currency which are outstanding at the year end and not covered by forward contracts are translated at the year end exchange rates. Gains and losses arising on account of such deviations are accounted for in the Profit & Loss Account.
- c. In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expenses for the period in which settlement or cancellation takes place. The effect of this currency options contracts outstanding at the year end, in the form of unrealised gains/ losses, is not recognised.

(xiii) Excise Duty

Excise duty on manufactured goods at factory pending clearance is accounted for at the time of manufacture.

(xiv) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

(xv) Taxation

Provision for tax is made for both current and deferred taxes. Provision for current tax is made at the current tax rates based on assessable income. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(xvi) Impairment of Assets

The Company identifies impairable assets at the year end in accordance with the guiding principles of Accounting Standard 28, issued by the Institute of Chartered Accountants of India, for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallises, are charged against revenues for the year.

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.

3.1.12 Status of Corporate Governance and Pending Litigation matter**(A) Status of Corporate Governance compliances**

Acquirer has been complying with the provisions relating to the Corporate Governance. Emami Limited has six (6) independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee.

The details are as follows:-

| Board of Directors | Category | Member of Audit Committee | Member of Remuneration Committee | Member of Shareholders Grievance Committee |
|----------------------------|---------------------------------------|---------------------------|----------------------------------|--|
| Mr. Radheshyam Agarwal | Promoter/ Chairman Executive | - | - | - |
| Mr. Radheshyam Goenka | Promoter/ Non- Executive | Yes | - | - |
| Mr. Sushil Kr. Goenka | Promoter Managing Director/ Executive | - | - | - |
| Mr. Viren J Shah | Independent Director/ Non-Executive | - | - | - |
| Mr. Shrawan Kr Todi | Independent Director/ Non-Executive | Yes | Yes | Yes |
| Mr. Shyama Nand Jalan | Independent Director/ Non-Executive | - | Yes | - |
| Mr. Kashi Nath Memani | Independent Director/ Non-Executive | - | - | - |
| Mr. Krishna Kumar Khemka | Independent Director/ Non-Executive | Yes | Yes | - |
| Mr. Vaidya S. Chaturvedi | Independent Director/ Non-Executive | - | - | - |
| Mr. Mohan Goenka | Promoter / Executive Director | - | - | Yes |
| Mr. Harsh Vardhan Agarwal | Promoter / Executive Director | - | - | - |
| Mr. Aditya Vardhan Agarwal | Promoter / Executive Director | - | - | Yes |

Apart from the above committees the Board has constituted two other committees namely Executive Committee & Finance Committee.

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with Certificate on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended on March 31, 2008 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

(B) Pending Litigations

Cases filed against the Company

1. Civil Suits

- i) Seven sales tax cases are pending at Tribunal, Chennai relating to classification of the Company's products. Estimated liability Rs. 191.09 Lacs
- ii) One civil suit relating to recoveries is pending at Court of District Judge Estimated liability - Rs. 9.98 Lacs
- iii) Three civil suits relating to trademarks are pending at various High Courts.

2. Miscellaneous Matters

- i) Five consumer cases relating to compensation, damages for defect in goods etc. are pending at various District Consumer Forums, State Commissions etc. Estimated liability – Rs. 33.13 Lacs

Cases filed by the Company

1. Civil Suits

- i) Five civil cases relating to infringement of Company's trademarks are pending at Tis Hazari Court, City Civil Court, various High Courts.
- ii) Four civil cases relating to recoveries etc. are pending at various City Civil Courts, High Courts. Amount Involved – Rs. 27.82 Lacs.
- iii) One sales tax case is pending before JC (A) relating to classification of the Company's products. Estimated liability Rs. 62.95 Lacs
- iv) Two civil cases relating to drug matter are pending before various High Courts.
- v) Emami Limited and PACs have filed an petition before the Company Law Board, Delhi against The Zandu Pharmaceutical Works Limited and Others under Section 235, 247, 247(1A), 250, 397, 398, 399, 402, 403, 406 of the Companies Act, 1956.

2. Criminal Suits

- i) Three criminal cases relating to recoveries are pending in the Court of Chief Judicial Magistrate, Additional District Judge. Amount Involved – Rs. 4.05 lacs
- ii) One revision petition relating to release of property of Company is pending before High Court.

3.1.13 Name and address of Compliance Officer:

Mr. Arun Kumar Joshi, Emami Tower 687, Anandapur E.M. Bypass, Kolkata 700 107 (West Bengal), Tel No +91-033- 66136264, Fax No +91-033-66136600.

3.1.14 In the year 2006 J B Marketing & Finance Limited was merged with the Company.

3.2 Details about PACs

3.2.1 Bhanu Vyapaar Private Limited ("BVPL") was incorporated on 29th August ,1988 and its registered office is situated at Emami Tower, 687, Anandapur, E.M. bypass, Kolkata 700 107 (West Bengal). Tel no. +91-33-40113214, Fax No +91-33-40113243. BVPL is registered with RBI as Non Banking Financial Company with Regn. No. B-05.06633 dated 20th September, 2006 and is presently engaged into the activities of financing, investment and trading in shares and securities. BVPL belongs to the Emami group. The present paid-up share capital is Rs. 125.01 lac.

3.2.2 The shares of BVPL are not listed on any Stock Exchanges.

3.2.3 The shareholding BVPL as on the date of PA:-

| Sr.No. | Name of Shareholder | No. of Shares |
|--------|------------------------|------------------|
| 1 | Mr. Yogesh Goenka | 44,000 |
| 2 | Mr. Mohan Goenka | 129,380 |
| 3 | Mr. Prashant Goenka | 30,000 |
| 4 | Mr. Manish Goenka | 131,500 |
| 5 | Mrs. Meena Goenka | 35,000 |
| 6 | Mrs. Saroj Goenka | 175,000 |
| 7 | Mr. Raj Kumar Goenka | 55,500 |
| 8 | Mr. Radheshyam Goenka | 193,320 |
| 9 | Mrs. Puja Goenka | 40,000 |
| 10 | Mrs. Rashmi Goenka | 164,400 |
| 11 | Mrs. Jyoti Goenka | 161,000 |
| 12 | R.S. Goenka HUF | 27,000 |
| 13 | K.D.Goenka & Sons HUF | 14,500 |
| 14 | Mrs. Ratni Devi Goenka | 4,000 |
| 15 | R.K.Goenka (HUF) | 45,500 |
| | Total | 1,250,100 |

3.2.4 Details of Directors of BVPL and their addresses as on date of PA are:

| S No | Name | Title | Residential Address | Date of Appointment | Qualification | Experience |
|------|------------------------|----------|---|---------------------|---------------|---|
| 1 | Mr. Radhe Shyam Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | M Com and LLB | Leading industrialist having experience in strategic planning, corporate affairs, and finance |
| 2 | Mr. Raj Kumar Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | B.Com | More than three decades business experience in FMCG Sector |
| 3 | Mr. Mohan Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | B.Com & MBA | More than 10 years experience in FMCG sector with wide specialization in marketing and brand development. |
| 4 | Mr. Manish Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | B.Com & MBA | More than 10 years experience in FMCG sector with wide specialization in marketing and brand development. |

None of the Directors of the BVPL is on the Board of Directors of the Target Company.

3.2.5 Brief particulars of the audited financial Information of the BVPL for the year ended on March 31, 2008; March 31, 2007; March 31, 2006 are as follows:

| | (Rs. in Lacs) | | |
|---|---------------------|---------------------|---------------------|
| Profit & Loss Statement | F.Y. 2005-06 | F.Y. 2006-07 | F.Y. 2007-08 |
| Income from operations | 245.16 | - | - |
| Other Income | 203.61 | 726.13 | 133.48 |
| Total Income | 448.77 | 726.13 | 133.48 |
| Total Expenditure. | 46.85 | 1.80 | 21.35 |
| Profit Before Depreciation, Interest and Tax | 429.54 | 724.33 | 131.01 |
| Depreciation | Nil | Nil | Nil |
| Interest | 27.62 | Nil | 18.88 |
| Profit Before Tax | 401.92 | 724.33 | 112.13 |
| Provision for Tax | 82.00 | 7.00 | 1.00 |
| Profit After Tax | 319.92 | 717.33 | 111.13 |
| <u>Balance Sheet Statement</u> | | | |
| <u>Sources of funds</u> | | | |
| Paid up share capital | 125.01 | 125.01 | 125.01 |
| Reserves and Surplus (excluding revaluation reserves) | 619.32 | 1,150.16 | 1,261.28 |
| Networth | 744.33 | 1,275.17 | 1,386.29 |
| Secured loans | Nil | 2,024.69 | 2,031.43 |
| Unsecured loans | 531.21 | 132.41 | 1,766.18 |
| Total | 1,275.54 | 3,432.26 | 5,183.90 |
| <u>Uses of funds</u> | | | |
| Net fixed assets | Nil | Nil | Nil |
| Investments | 540.65 | 747.45 | 1,535.54 |
| Net current assets | 734.89 | 2,684.81 | 3,648.36 |
| Total miscellaneous expenditure not written off | Nil | Nil | Nil |
| Total | 1,275.54 | 3,432.26 | 5,183.90 |
| <u>Other Financial Data</u> | | | |
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | 25.59 | 57.38 | 8.89 |
| Return on Networth (%) | 54.00 | 56.80 | 8.09 |
| Book Value Per Share (Rs.) | 59.54 | 102.01 | 110.89 |

Notes:

(A) Reasons of “NIL” Income

The Company did not have any transaction in respect of Purchase/Sale. Hence no income was booked under the same. However the total profit before taxation was Rs. 112.13 Lacs and Rs. 724.33 Lacs for the Year ended 31.03.2008 and 31.03.2007 respectively.

(B) Sources of Other Income

The Other Income for the year ended March 31, 2008 was Rs. 133.48 Lacs and consist of Dividend Rs. 123.06 Lacs, Profit from registered partnership firm Rs. 4.70 Lacs, Profit on sale of investment Rs. 4.93 lacs and Share difference Rs. 0. 79 lacs. The Other Income for the year ended March 31, 2007 was Rs. 726.13 Lacs and consist of Dividend Rs. 605.20 Lacs, Profit from registered partnership firm Rs. 58.03 Lacs, Profit on sale of investment Rs. 47.51 Lacs and Interest (net) Rs. 15.39 Lacs. The Other Income for the year ended March 31, 2006 was Rs. 203.61 Lacs and consist of Dividend Rs. 123.31 Lacs, Profit on sale of investment Rs. 80.25 Lacs and Liabilities written back Rs. 0.03 Lacs.

SIGNIFICANT ACCOUNTING POLICIES:

a) Accounting Policies:

The Company adopts the Mercantile System of Accounting and recognizes Income & Expenditure on Accrual Basis in accordance with applicable accounting standards except Dividend on shares which has been accounted for as and when received.

b) Investment:

Investments are stated at Cost/ revalued figure, where ever applicable.

c) Taxation:

Income Tax Expenses is accounted for in accordance with AS-22 “Accounting for Taxes on Income” which includes current tax and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are not recognized in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be adjusted and/or set off.

d) Revenue Recognition:

Revenue from Construction activity is provided on the basis of transfer of property.

e) Borrowing Cost :

Borrowing Cost attributable to the acquisition of a qualifying asset, as defined in AS-16 on borrowing cost are capitalized as part of Cost of acquisition. Other borrowing costs are expensed as incurred.

3.2.6 Suraj Viniyog Private Limited (SVPL) was incorporated on 20th December 1971 and its registered office is situated at Emami Tower, 687, Anandapur, E.M. bypass, Kolkata 700 107 (West Bengal), Tel no. +91-33-40113214, Fax no. +91-33-40113243. SVPL is a Non Banking Financial Company registered with RBI having Regn. No. B05.06637 dated 20th September, 2006 and is presently engaged into the activities of financing, investment and trading in shares and securities. SVPL belongs to the Emami group. The present paid-up Share capital is Rs. 143.45 lac.

3.2.7 The shares of SVPL are not listed on any Stock Exchanges.

3.2.8 The shareholding of SVPL as on the date of PA:-

| S.No. | Name of Shareholder | No. of Shares |
|-------|----------------------|---------------|
| 1 | Mr. R.S. Goenka | 500 |
| 2 | Mr. Suresh Kr Goenka | 22,500 |
| 3 | Mr. Sushil Kr Goenka | 10,000 |
| 4 | Mr. Raj Kumar Goenka | 7,500 |
| 5 | Mr. Amitabh Goenka | 12,281 |
| 6 | Mr. Ashish Goenka | 12,490 |
| 7 | Mr. Sachin Goenka | 15,811 |
| 8 | Mr. Jayant Goenka | 15,682 |

| | | |
|----|----------------------|----------------|
| 9 | Mrs. Meena Goenka | 7,800 |
| 10 | Mrs. Indu Goenka | 13,000 |
| 11 | Mrs. Santosh Goenka | 8,003 |
| 12 | Mrs. Puja Goenka | 13,293 |
| 13 | Sushil Kr Goenka HUF | 2,690 |
| 14 | Goenka Trading Co. | 1,900 |
| | Total | 143,450 |

3.2.9 Details of Directors of SVPL and their addresses as on date of PA are:

| S No | Name | Title | Residential Address | Date of Appointment | Qualification | Experience |
|------|-------------------------|----------|---|---------------------|---------------|--|
| 1 | Mr.Radhe Shyam Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 08.06.1992 | M. Com & LLB | Leading industrialist having experience in strategic planning, corporate affairs, and finance |
| 2 | Mr. Sushil Kumar Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 26.07.1999 | B.Com | More than 30 years of business experience and looking after mainly production and operation functions of the Emami Limited |
| 3 | Mr. Suresh Kumar Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 26.07.1999 | B.Com | More than three decades business experience & expertise in Logistic Operation |

None of the Directors of the SVPL is on the Board of Directors of the Target Company.

3.2.10 Brief particulars of the audited financial Information of the SVPL for financial year ended on March 31, 2008; March 31, 2007; March 31, 2006 are as follows:

| (Rs. In Lacs) | | | |
|--|--------------|--------------|--------------|
| Profit & Loss Statement | F.Y. 2005-06 | F.Y. 2006-07 | F.Y. 2007-08 |
| Income from operations | 417.10 | - | - |
| Other Income | 182.17 | 726.48 | 161.13 |
| Total Income | 599.27 | 726.48 | 161.13 |
| Total Expenditure | 413.09 | 3.09 | 5.45 |
| Profit Before Depreciation, Interest and Tax | 215.42 | 723.43 | 155.74 |
| Depreciation | 0.05 | 0.05 | 0.05 |
| Interest | 29.19 | Nil | Nil |
| Profit Before Tax | 186.19 | 723.39 | 155.69 |
| Provision for Tax | 15.80 | 10.00 | 9.00 |
| Profit After Tax | 170.38 | 713.38 | 146.69 |

| | | | |
|---|--------|----------|----------|
| <u>Balance Sheet Statement</u> | | | |
| <u>Sources of funds</u> | | | |
| Paid up share capital | 143.45 | 143.45 | 143.45 |
| Reserves and Surplus (excluding revaluation reserves) | 614.84 | 1,328.11 | 1,475.14 |
| Networth | 758.29 | 1,471.56 | 1,618.59 |
| Secured loans | Nil | 1,000.51 | 1,012.28 |
| Unsecured loans | 54.98 | 126.71 | 1,260.26 |
| Total | 813.27 | 2,598.78 | 3,891.14 |
| <u>Uses of funds</u> | | | |
| Net fixed assets | 0.96 | 154.31 | 156.89 |
| Investments | 542.55 | 776.72 | 1,467.07 |
| Net current assets | 269.66 | 1,667.66 | 2,267.08 |
| Total miscellaneous expenditure not written off | Nil | Nil | Nil |
| Total | 813.27 | 2,598.78 | 3,891.14 |
| <u>Other Financial Data</u> | | | |
| Dividend (%) | | | |
| Earning Per Share (Rs.) | 118.78 | 497.30 | 102.25 |
| Return on Networth (%) | 24.55 | 49.16 | 9.62 |
| Book Value Per Share (Rs.) | 528.61 | 1,025.83 | 1,128.33 |

Notes:

(A) Reasons of "NIL" Income

The Company did not have any transaction in respect of Purchase/Sale. Hence no income was booked under the same. However the total profit before taxation was Rs. 155.69 Lacs and Rs. 723.39 Lacs for the Year ended 31.03.2008 and 31.03.2007 respectively.

(B) Sources of Other Income

The Other Income for the year ended March 31, 2008 was Rs. 161.13 lacs and consist of Dividend Rs. 131.35, Rent Rs. 0.66 Lacs and Interest (net) Rs. 29.12 Lacs. The Other Income for the year ended March 31, 2007 was Rs. 726.48 Lacs and consist of Dividend Rs. 643.95 Lacs, Rent Rs. 0.66 Lacs, Interest (net) Rs. 11.52 Lacs, Profit on sale of Investment/ Property rights Rs. 70.09 Lacs, Interest on Fixed deposit Rs. 0.13 Lacs and Interest on income tax refund Rs. 0.13 Lacs. The Other Income for the year ended March 31, 2006 was Rs. 182.17 Lacs and consist of Dividend Rs. 132.26 Lacs, Rent Rs. 0.60 Lacs, Profit on sale of Investment/ Property rights Rs. 43.64 Lacs, Interest on Fixed deposit Rs. 0.13 Lacs and Interest on income tax refund Rs. 0.53 Lacs.

SIGNIFICANT ACCOUNTING POLICIES:

a. Accounting Policies :

The Company adopts the Mercantile System of Accounting and recognizes Income & expenditure on Accrual Basis in accordance with applicable accounting standards except Dividend on shares which have been accounted for as and when received.

b. Investment :

Investments are valued at Cost/ revalued figure, wherever applicable.

c. **Fixed Assets** :

Fixed Assets are stated at their original cost less depreciation.

d. **Depreciation** :

Depreciation has been provided on Straight Line Method at the rates specified in Schedule – XIV to the companies Act, 1956 in respect of factory Building and furniture and the book balance in respect of Air Condition.

e. **Taxation** :

Income Tax expenses is accounted for in accordance with AS – 22 “Accounting for Taxes on Income” which includes current tax and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are not recognized in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be adjusted and/or set off.

f. **Borrowing Cost** :

Borrowing Cost attributable to the acquisition of a qualifying asset, as defined in AS-16 on borrowing cost are capitalized as part of Cost of acquisition. Other borrowing costs are expensed as incurred.

3.2.11 Diwakar Viniyog Private Limited (DVPL) was incorporated on 11th January, 1984 and its registered office is situated at Emami Tower 687, Anandapur, E.M. bypass, Kolkata 700 107 (West Bengal), Tel no. +91-33-40113214, Fax no. +91-33-40113243. DVPL is a Non Banking Financial Company registered with RBI having Regn. No. B-05.06636 dated 20th September, 2006 and is presently engaged in activities of financing, investment and trading in shares and securities. DVPL belongs to the Emami group. The present paid-up Share capital is Rs. 141.54 Lac.

3.2.12 The shares of DVPL are not listed on any Stock Exchanges.

3.2.13 The shareholding of DVPL as on the date of PA:-

| S.No. | Name of Shareholder | No. of Shares |
|-------|-----------------------------|------------------|
| 1 | Mr. R.S. Agarwal | 143,000 |
| 2 | Mrs. Usha Agarwal | 562,950 |
| 3 | Mr. Aditya Vardhan Agarwal | 1,078 |
| 4 | Mr. Vibhash Vardhan Agarwal | 8,000 |
| 5 | Mr. Harsh Vardhan Agarwal | 498,142 |
| 6 | R.S. Agarwal HUF | 114,730 |
| 7 | B.L. Agarwal & Sons HUF | 17,500 |
| 8 | Mrs. Mansi Agarwal | 64,000 |
| 9 | Mrs. Priti Sureka | 6,000 |
| | Total | 1,415,400 |

3.2.14 Details of Directors of DVPL and their addresses as on date of PA:

| Sr. No | Name | Title | Residential Address | Date of Appointment | Qualification | Experience |
|--------|-------------------------|----------|---|---------------------|------------------|---|
| 1 | Mr. Radheshyam Agarwal | Director | 118, Southern Avenue, Kolkata - 700 029 | 26.09.1995 | FCA, FCS and LLB | Leading industrialist having experience in strategic planning, corporate affairs, and finance |
| 2 | Mr. Sushil Kumar Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | B. Com | More than 30 years of business experience and looking after production and operational activities of Emami Limited. |

| | | | | | | |
|---|---------------------------|----------|--|------------|--------|--|
| 3 | Mr. Harsh Vardhan Agarwal | Director | 118, Southern Avenue, Kolkata - 700 029 | 06.08.1999 | B. Com | More than 10 years of experience in the FMCG Sector with specialization in marketing and brand development |
|---|---------------------------|----------|--|------------|--------|--|

None of the Directors of the DVPL is on the Board of Directors of the Target Company.

3.2.15 Brief particulars of the audited financial Information of the DVPL for the financial year ended on March 31, 2008; March 31, 2007; March 31, 2006 are as follows:

| (Rs. In Lacs) | | | |
|---|--------------|-------------|-------------|
| Profit & Loss Statement | F.Y. 2005-06 | F.Y.2006-07 | F.Y.2007-08 |
| <u>Income from operations</u> | 21.00 | | |
| Other Income | 207.33 | 719.77 | 149.27 |
| Total Income | 228.33 | 719.77 | 149.27 |
| Total Expenditure. | 40.25 | 2.75 | 8.58 |
| Profit Before Depreciation, Interest & Tax | 212.39 | 717.13 | 140.79 |
| Depreciation | 0.11 | 0.11 | 0.10 |
| Interest | 24.19 | Nil | Nil |
| Profit Before Tax | 188.08 | 717.02 | 140.69 |
| Provision for Tax | 10.70 | 10.50 | 5.00 |
| Profit After Tax | 177.38 | 706.52 | 135.69 |
| <u>Balance Sheet Statement</u> | | | |
| <u>Sources of funds</u> | | | |
| Paid up share capital | 141.54 | 141.54 | 141.54 |
| Reserves and Surplus (excluding revaluation reserves) | 553.43 | 1,260.06 | 1,398.22 |
| Networth | 694.97 | 1,401.60 | 1,539.76 |
| Secured loans | Nil | Nil | Nil |
| Unsecured loans | 58.92 | 126.97 | 881.75 |
| Total | 753.89 | 1,528.58 | 2,421.51 |
| <u>Uses of funds</u> | | | |
| Net fixed assets | 2.11 | 205.52 | 205.42 |
| Investments | 470.11 | 625.95 | 2,026.13 |
| Net current assets | 281.68 | 697.10 | 189.96 |
| Total miscellaneous expenditure not written off | Nil | Nil | Nil |
| Total | 753.89 | 1,528.58 | 2,421.51 |
| <u>Other Financial Data</u> | | | |
| Dividend (%) | | | |
| Earning Per Share (Rs.) | 12.53 | 50.02 | 9.56 |
| Return on Networth (%) | 27.06 | 51.16 | 9.14 |
| Book Value Per Share (Rs.) | 49.10 | 99.03 | 108.79 |

(A) Reason of “NIL” Income

The Company did not have any transaction in respect of Purchase/Sale. Hence no income was booked under the same. However the total profit before taxation was Rs. 140.69 Lacs and Rs. 717.02 Lacs for the Year ended 31.03.2008 and 31.03.2007 respectively.

(B) Sources of Other Income

The Other Income for the year ended March 31, 2008 was Rs. 149.27 Lacs and consist of Dividend Rs. 130.94 Lacs, Interest (net) Rs. 17.25 Lacs and Rent Rs. 1.08 Lacs. The Other Income for the year ended March 31, 2007 was Rs. 719.77 Lacs and consist of Dividend Rs. 639.59 Lacs, Interest (net) Rs. 19.69 Lacs, Rent Rs. 1.08 Lacs and Profit on sale of Investment Rs. 59.41 Lacs. The Other Income for the year ended March 31, 2006 was Rs. 207.33 Lacs and consist of Dividend Rs. 131.35 Lacs, Rent Rs. 1.08 Lacs and Profit on sale of Investment Rs. 74.90 Lacs.

SIGNIFICANT ACCOUNTING POLICIES:**a. Accounting Policies:**

The Company adopts the Mercantile System of Accounting and recognizes Income & Expenditure on Accrual Basis in accordance with applicable accounting standards except Dividend on shares which has been accounted for as and when received.

b. Investment:

Investments are valued at Cost/ revalued figure, wherever applicable.

c. Fixed Assets :

Fixed Assets are stated at their original cost less depreciation.

d. Depreciation :

Depreciation has been provided on WDV method at the rates specified in Schedule – XIV to the Companies Act, 1956.

e. Taxation :

Income Tax Expenses is accounted for in accordance with AS-22 “Accounting for Taxes on Income” which includes current tax and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are not recognized in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be adjusted and/or set off.

f. Revenue Recognition

Revenue from Construction activity is provided on the basis of transfer of property.

g. Borrowing Cost

Borrowing Cost attributable to the acquisition of a qualifying asset, as defined in AS-16 on borrowing cost are capitalized as part of Cost of acquisition. Other borrowing costs are expensed as incurred.

3.2.16 Suntrack Commerce Private Limited (SCPL) was incorporated on 29th August, 1988 and its registered office is situated at Emami Tower 687, Anandapur, E.M. bypass, Kolkata 700 107(West Bengal), Tel no. +91-33-40113214, Fax no. +91-33-40113243. SCPL is a Non banking Financial Company registered with RBI having Regn. No. B-05.06635 dated 20th September, 2006 and is presently engaged in activities of financing, investment and trading in shares and securities. SCPL belongs to the Emami group. The present paid-up Share capital is Rs. 124.09 Lac.

3.2.17 The shares of SCPL are not listed on any stock Exchanges.

| S. No. | Name of Shareholder | No of Shares |
|--------|---------------------|--------------|
| 1 | Mr. R.S. Agarwal | 142,000 |
| 2 | R.S. Agarwal HUF | 58,500 |
| 3 | Mrs. Usha Agarwal | 410,320 |

| | | |
|----|-------------------------------|-----------|
| 4 | Mr. Aditya Vardhan Agarwal | 390,640 |
| 5 | A.V. Agarwal HUF | 50,000 |
| 6 | Mrs. Richa Agarwal | 75,500 |
| 7 | Mr. Harsh Vardhan Agarwal | 4,640 |
| 8 | Mrs. Mansi Agarwal | 12,300 |
| 9 | Master Vivash Vardhan Agarwal | 77,000 |
| 10 | B.L. Agarwal & Sons HUF | 14,000 |
| 11 | Mrs. Priti Sureka | 6,000 |
| | Total | 1,240,900 |

3.2.18 Details of Directors of SCPL and their addresses as on the date of PA:

| S. No. | Name | Title | Residential Address | Date of Appointment | Qualification | Experience |
|--------|----------------------------|----------|---|---------------------|------------------|--|
| 1 | Mr. Radheshyam Agarwal | Director | 118, Southern Avenue, Kolkata - 700 029 | 05.08.1992 | FCA, FCS and LLB | Leading industrialist having experience in strategic planning, corporate affairs, taxation and finance |
| 2 | Mr. Radheshyam Goenka | Director | 110A, Southern Avenue, Kolkata -700 029 | 06.08.1999 | M.Com & LLB | Leading industrialist having experience in strategic planning, corporate affairs, and finance |
| 3 | Mr. Aditya Vardhan Agarwal | Director | 118, Southern Avenue, Kolkata - 700 029 | 06.08.1999 | B Com. | More than 10 years of experience in the FMCG Sector specialization in diversification and expansion |

None of the Directors of the SCPL is on the Board of Directors of the Target Company.

3.2.19 Brief particulars of the audited financial Information of the SCPL for the financial year ended on March 31, 2008; March 31, 2007; March 31, 2006 are as follows:

| (Rs. In Lacs) | | | |
|--|--------------|--------------|--------------|
| Profit & Loss Statement | F.Y. 2005-06 | F.Y. 2006-07 | F.Y. 2007-08 |
| Income from operations | | | |
| Other Income | 124.93 | 704.86 | 166.78 |
| Total Income | 124.93 | 704.86 | 166.78 |
| Total Expenditure. | 1.08 | 3.23 | 3.07 |
| Profit Before Depreciation, Interest & Tax | 124.33 | 702.09 | 164.14 |
| Depreciation | 0.48 | 0.45 | 0.43 |
| Interest | Nil | Nil | Nil |
| Profit Before Tax | 123.85 | 701.64 | 163.71 |
| Provision for Tax | 2.11 | 7.50 | 13.50 |

| | | | |
|---|---------------|-----------------|-----------------|
| Profit After Tax | 121.74 | 694.14 | 150.21 |
| <u>Balance Sheet Statement</u> | | | |
| <u>Sources of funds</u> | | | |
| Paid up share capital | 124.09 | 124.09 | 124.09 |
| Reserves and Surplus (excluding revaluation reserves) | 462.25 | 1,156.39 | 1,306.60 |
| Networth | 586.34 | 1,280.48 | 1,430.69 |
| Secured loans | Nil | Nil | Nil |
| Unsecured loans | Nil | 164.26 | 918.55 |
| Total | 586.34 | 1,444.74 | 2,349.24 |
| <u>Uses of funds</u> | | | |
| Net fixed assets | 17.13 | 16.67 | 16.24 |
| Investments | 502.64 | 638.88 | 1,918.62 |
| Net current assets | 66.62 | 789.24 | 414.43 |
| Total miscellaneous expenditure not written off | Nil | Nil | Nil |
| Total | 586.34 | 1,444.74 | 2,349.24 |
| <u>Other Financial Data</u> | | | |
| Dividend (%) | | | |
| Earning Per Share (Rs.) | 9.81 | 55.94 | 12.10 |
| Return on Networth (%) | 21.12 | 54.79 | 11.44 |
| Book Value Per Share (Rs.) | 47.25 | 103.19 | 115.29 |

The face value is Rs. 10/- per share.

Notes:

(A) Reasons of "NIL" Income

The Company did not have any transaction in respect of Purchase/Sale. Hence no income was booked under the same. However the total profit before taxation was Rs. 163.71 Lacs, Rs. 701.64 Lacs and Rs. 123.85 Lacs for the Year ended 31.03.2008, 31.03.2007 and 31.03.2006 respectively.

(B) Sources of Other Income

The Other Income for the year ended March 31, 2008 was Rs. 166.78 Lacs and consist of Dividend Rs. 118.38 Lacs, Rent Rs. 0.60 Lacs, Interest (net) Rs. 43.09 Lacs and Profit from registered partnership firm Rs. 4.71 Lacs. The Other Income for the year ended March 31, 2007 was Rs. 704.83 Lacs and consist of Dividend Rs. 579.06 Lacs, Rent Rs. 0.60 Lacs, Interest (net) Rs. 7.55 Lacs, Interest on fixed deposit Rs. 6.76 Lacs, Profit on sale of investment Rs. 52.87 Lacs and Profit from registered partnership firm Rs. 58.03 Lacs. The Other Income for the year ended March 31, 2006 was Rs. 124.93 Lacs and consist of Dividend Rs. 117.85 Lacs, Rent Rs. 0.60 Lacs, Interest (net) 6.46 Lacs, and Interest on Income Tax Refund Rs. 0.01 Lacs.

SIGNIFICANT ACCOUNTING POLICIES :

a. Accounting Policies :

The Company adopts the Mercantile System of Accounting and recognizes Income & Expenditure on Accrual Basis in accordance with applicable accounting standards except Dividend on shares and Corporation Tax which had been provided for as and when received and paid.

b. Investment :

Investments are stated at Cost/ revalued figure, wherever applicable.

c. **Fixed Assets :**

Fixed Assets are stated at their original cost less depreciation.

d. **Depreciation :**

Depreciation has been provided on Written down Value Method at the rates specified in Schedule - XIV to the Companies Act 1956.

e. **Taxation :**

Income Tax Expenses is accounted for in accordance with AS-22 "Accounting for Taxes on Income" which includes current tax and deferred taxes. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax assets are not recognized in absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be adjusted and/or set off.

f. **Borrowing Cost :**

Borrowing Cost attributable to the acquisition of a qualifying asset, as defined in AS-16 on borrowing cost are capitalized as part of Cost of acquisition. Other borrowing costs are expensed as incurred.

3.2.20 The salient features of the memorandum of understanding among Acquirer and PACs:

1. The Acquirer and the PACs have agreed to distribute the equity shares to be acquired in the Open Offer in the following manner:
 - a. The Acquirer shall acquire the equity shares in the Open Offer as per permissible limits under Companies Act and other applicable laws, if any of The Zandu Pharmaceutical Works Limited.
 - b. Balance Equity Shares if any, above the permissible limits of the Acquirer shall be acquired in the Open Offer by the PACs and will be distributed equally among all the PACS.
2. The Acquirer and PACs have undertaken to pay the consideration for the shares to be acquired in the open offer as per the above mentioned distribution ratio.

3.3 The following information in respect of all the companies promoted by the Acquirer and PACs:-

3.3.1 Emami Realty Limited

Emami Realty Limited was incorporated on November 23, 2006 as Emami Realty Private Limited and became public limited on October 09, 2007. The main object of the company is to undertake real estate activities. The company is a wholly owned subsidiary of Emami.

Financial Highlights

| Particulars | (Rs. in lacs) | |
|--|----------------------|-------------------------------------|
| | 2006-2007 Audited | 2007-2008 Audited (Consolidated) |
| Equity Capital | 5.00 | 200.00 |
| Reserves (Excluding revaluation reserve) | 216.55 | 993.78 |
| Total Income | 255.39 | 3012.76 |
| Profit after Tax | 217.47 | (2.18) |
| Earning per Share (Rs.) | 434.95 | (0.11) |
| Net Asset Value (Rs.) | 443.10 | 59.69 |

It is not a sick industrial company.

3.3.2 Emami UK Limited

The company was incorporated on September 13, 2000 under the Companies Act, 1985 of United Kingdom. The Company is engaged in dealing health, personal and beauty care products in UK. The company is a wholly owned subsidiary of Emami.

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2005-2006 (Audited) | 2006-2007 (Audited) | 2007-2008 (Audited) |
| Equity Capital | 28.91 | 28.91 | 28.91 |
| Reserves (excluding revaluation reserve) | (39.37) | 2.51 | 2.29 |
| Total Income | 96.42 | 245.02 | 229.37 |
| Profit after Tax | (8.33) | 36.53 | 2.11 |
| Earning Per Share (Rs.) | (21.52) | 94.39 | 5.44 |
| Net Asset Value (Rs.) | (27.03) | 81.18 | 80.60 |

The company is not a sick industrial Company.

3.3.3 Emami International FZE

The company was incorporated on November 12, 2005 in United Arab Emirates with objective to undertake activities of manufacturing and trading of cosmetic toiletries, ayurvedic or herbal products. The company is a wholly owned subsidiary of Emami.

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2005-2006 (Audited) | 2006-2007 (Audited) | 2007-2008 (Audited) |
| Equity Capital | 18.98 | 18.98 | 18.98 |
| Reserves (excluding revaluation reserve) | (16.51) | 8.02 | 23.31 |
| Total Income | - | 395.40 | 979.32 |
| Profit after Tax | - | 20.93 | 10.68 |
| Earning Per Share | - | 20.93 | 10.68 |
| Net Asset Value | 2.47 | 27.00 | 42.29 |

The company is not a sick industrial Company.

3.3.4 Emami Bangladesh Limited

The company was incorporated on 25th November, 2004. The Company is yet to start 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. The paid-up capital of company is Rs. 4021/-The company is a wholly owned subsidiary of Emami.

3.3.5 Emami Paper Mills Limited

Emami Paper Mills Limited is a Public Limited Company incorporated on September 26, 1981 as Gulmohar Constructions Industries Limited The name was changed to Gulmohar Paper Limited 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, which 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) which are manufacturing writing and printing papers and news prints. The Company is listed on The Calcutta Stock Exchange Association Limited and The Uttar Pradesh Stock Exchange Association Limited

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 1209.98 | 1209.98 | 1209.98 |
| Reserves (excluding revaluation reserve) | 3662.69 | 9434.11 | 11332.30 |
| Total Income | 12972.01 | 18862.01 | 17805.19 |
| Profit after Tax | 233.58 | 6389.72 | 2315.69 |
| Earning Per Share (Rs.) | 0.39 | 10.56 | 3.83 |
| Net Asset Value (Rs.) | 8.05 | 17.59 | 20.73 |

The company is not a sick industrial company.

3.3.6 Pan Emami Cosmed Limited

Pan Emami Cosmed Limited was incorporated on January 21, 1994. The company is registered as an NBFC with RBI having Regn No-05.05808. The company 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 Limited.

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|---|-------------------------|-------------------------|-----------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 562.17 | 562.17 | 562.17 |
| Reserves (excluding revaluation reserve) | 3384.84 | 4340.31 | 2683.79 |
| Total Income | 13843.91 | 42361.00 | 37727.73 |
| Profit after Tax | 376.47 | 956.61 | (1822.03) |
| Earning Per Share (Rs.) | 6.70 | 17.02 | (32.41) |
| Net Asset value (Rs.) | 70.21 | 87.21 | 57.74 |

The company is not a sick industrial company.

3.3.7 CRI Limited

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

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 725.03 | 725.03 | 725.03 |
| Reserves (excluding revaluation reserve) | 1266.31 | 1424.34 | 1704.79 |
| Total Income | 3266.17 | 3460.34 | 4952.78 |
| Profit after Tax | 77.51 | 68.72 | 75.27 |
| Earning Per Share (Rs.) | 1.07 | 0.95 | 1.04 |
| Net Asset Value (Rs.) | 27.47 | 29.65 | 33.51 |

The company is not a sick industrial company.

3.3.8 Emami Frank Ross Limited

Frank Ross & Company Limited was incorporated on January 31, 1919. It changed its name to Frank Ross Limited on 22.03.1984. On February 18, 2008 the name of the company was changed to Emami Frank Ross Limited. Presently it is engaged in running chain of retail medicine shops. The Company is listed on The Calcutta Stock Exchange Association Limited

Financial Highlights (Consolidated)

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 132.98 | 132.98 | 132.98 |
| Reserves (excluding revaluation reserve) | 151.11 | 193.52 | 260.08 |
| Total Income | 868.82 | 1441.35 | 2904.67 |
| Profit after Tax | 21.48 | 42.89 | 68.06 |
| Earning Per Share (Rs.) | 1.62 | 3.23 | 5.12 |
| Net Asset Value (Rs.) | 21.36 | 24.55 | 29.56 |

The company is not a sick industrial company.

3.3.9 Emami Biotech Limited

New Age Biotech Private Limited was incorporated on April 18, 2002. On July 17, 2006 the name of the company was changed to Emami Biotech Private Limited. Subsequently on July 13, 2007 it has become public limited company. The main objects of the Company are to carry business of manufacturing of edible oil, bio-diesel and plantation of agricultural products.

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 1.05 | 1.05 | 11.05 |
| Reserves (excluding revaluation reserve) | (3.58) | 0.48 | 9.26 |
| Total Income | - | 10.78 | 4.13 |
| Profit after Tax | (3.26) | 0.42 | 0.42 |
| Earning Per Share (Rs.) | (30.98) | 3.99 | 2.83 |
| Net Asset Value (Rs.) | (24.05) | 14.54 | 18.38 |

The company is not a sick industrial company.

3.3.10 Advanced Medicare & Research Institute Limited (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.

Financial Highlights

| Particulars | (Rs. in lacs) | | |
|--|------------------------|------------------------|------------------------|
| | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
| Equity Capital | 503.00 | 853.00 | 853.00 |
| Reserves (excluding revaluation reserve) | 35.18 | 4.12 | 72.15 |
| Total Income | 2847.85 | 4387.44 | 7958.12 |
| Profit after Tax | 96.11 | (31.10) | 67.98 |
| Earning Per Share (Rs.) | 1.91 | (0.42) | 0.80 |
| NAV (Rs.) | 10.70 | 10.05 | 10.85 |

The company is not a sick industrial company.

3.3.11 Susruta Clinic and Research Institute for Advanced Medicine Private Limited

Susruta Clinic and Research Institute for Advanced Medicine Private Limited was incorporated on April 16, 1986 with the objective of carrying on business of hospitals and nursing homes.

Financial Highlights

(Rs. in lacs)

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|------------------------|------------------------|------------------------|
| Equity Capital | 426.51 | 426.51 | 426.51 |
| Reserves (excluding revaluation reserve) | 685.03 | 383.38 | 354.26 |
| Total Income | 2937.42 | 2263.32 | 2541.79 |
| Profit after Tax | 151.69 | (304.32) | (29.33) |
| Earning Per Share (Rs.) | 3.56 | (7.14) | (0.69) |
| Net Asset Value (Rs.) | 26.06 | 18.99 | 18.31 |

The company is not a sick industrial company.

3.3.12 Emami Chisel Art Private Limited

Emami Chisel Art Private Limited was incorporated on June 21, 2007 with the objective of carrying out business of art gallery, auctioneers in all kinds of arts including visual and performing arts, sculpture, handicrafts, books, paintings including modern, classical and contemporary in physical mode and also in internet related trading. The paid-up capital of the company is Rs. 45 Lacs. The company is yet to complete its first year of commercial operations.

3.3.13 Emami Capital Markets Limited

Emami Capital Markets Limited was incorporated on October 5, 1994. The company is a NBFC engaged in carrying on the business of finance, investments & trading in shares and securities having RBI Regn N0-05.03008

Financial Highlights

(Rs. in lacs)

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|--------------------------|--------------------------|--------------------------|
| Equity Capital | 118.47 | 118.47 | 118.47 |
| Reserves (excluding revaluation reserve) | 3.43 | 16.98 | 27.06 |
| Total Income | 1.66 | 13.74 | 10.30 |
| Profit after Tax | 1.32 | 13.54 | 10.07 |
| Earning Per Share (Rs.) | 0.11 | 1.14 | 0.85 |
| Net Asset value (Rs.) | 10.29 | 11.43 | 12.28 |

The company is not a sick industrial company.

3.3.14 Premier Ferro Alloys and Securities Limited

Premier Ferro Alloys Private Limited was incorporated on August 9, 1977. Its name was changed to Premier Ferro Alloys Limited on January 31, 1984, which was again changed to Premier Ferro Alloys & Securities Limited on July 22, 1996. The company is a NBFC registered with RBI having Regn No is 05.05477. The company 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 Limited and The Delhi Stock Exchange Limited

Financial Highlights**(Rs. in lacs)**

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|--------------------------|--------------------------|--------------------------|
| Equity Capital | 110.56 | 110.56 | 110.56 |
| Reserves (excluding revaluation reserve) | 9.03 | 63.25 | 91.89 |
| Total Income | 6.85 | 76.07 | 34.32 |
| Profit after Tax | 6.14 | 53.38 | 33.65 |
| Earning Per Share (Rs.) | 0.56 | 4.83 | 3.04 |
| Net Asset value (Rs.) | 10.82 | 15.72 | 18.31 |

The company is not a sick industrial company.

3.3.15 M. Bhattacharyya & Company Private Limited

M. Bhattacharyya & Company Private Limited was incorporated on April 16, 1956 with objective of manufacturing and trading in homeopathic medicine.

Financial Highlights**(Rs. in lacs)**

| Particulars | 2004-2005 | 2005-2006 | 2006-2007 |
|--|-----------|-----------|------------|
| | (Audited) | (Audited) | (Audited) |
| Equity Capital | 3.69 | 3.69 | 3.69 |
| Reserves (excluding revaluation reserve) | (58.04) | (61.80) | (109.93) |
| Total Income | 4.08 | 2.23 | 109.73 |
| Profit after Tax | (2.32) | (3.77) | (47.98) |
| Earning Per Share (Rs.) | (313.81) | (510.37) | (6501.86) |
| Net Asset Value (Rs.) | (7363.84) | (7874.20) | (14395.01) |

The company is not a sick industrial company.

3.3.16 TMT Viniyogan Limited

TMT Viniyogan Limited was incorporated on July 8, 1994. It is a NBFC registered under the RBI regulations with registration number 05.03026. The main business of the Company is dealing in shares and securities.

Financial Highlights**(Rs. in lacs)**

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|--------------------------|--------------------------|--------------------------|
| Equity Capital | 110.64 | 110.64 | 110.64 |
| Reserves (excluding revaluation reserve) | 2.98 | (10.74) | (320.52) |
| Total Income | 2.38 | 3.84 | 149.69 |
| Profit after Tax | 1.72 | (13.68) | (309.79) |
| Earning Per Share (Rs.) | (0.16) | (1.24) | (28.00) |
| Net Asset value (Rs.) | 10.27 | 9.03 | (18.97) |

It is not a sick industrial company.

3.3.17 Karan Business Private Limited

Karan Business Private Limited was incorporated on March 28, 1996 and is engaged in the activities of investment in securities.

Financial Highlights**(Rs. In Lacs)**

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|--------------------------|--------------------------|--------------------------|
| Equity Capital | 5.24 | 5.24 | 5.24 |
| Reserves (excluding revaluation reserve) | (0.39) | (0.29) | (0.12) |
| Total Income | 0.28 | 0.31 | 0.45 |
| Profit after Tax | 0.05 | 0.07 | 0.15 |
| Earning Per Share (Rs.) | 0.10 | 0.14 | 0.29 |
| Net Asset value (Rs.) | 9.26 | 9.45 | 9.77 |

The company is not a sick industrial company.

3.3.18 Zen Business Private Limited

Zen Business Private Limited was incorporated on March 28, 1996 and is engaged in the activities of investment in securities.

Financial Highlights**(Rs. in lacs)**

| Particulars | 2004-2005 (Audited) | 2005-2006 (Audited) | 2006-2007 (Audited) |
|--|--------------------------|--------------------------|--------------------------|
| Equity Capital | 5.23 | 5.23 | 5.23 |
| Reserves (excluding revaluation reserve) | (0.44) | (0.35) | (0.23) |
| Total Income | 0.35 | 0.31 | 0.40 |
| Profit after Tax | 0.01 | 0.06 | 0.10 |
| Earning Per Share (Rs.) | 0.01 | 0.12 | 0.19 |
| Net Asset value (Rs.) | 9.16 | 9.33 | 9.56 |

The company is not a sick industrial company.

3.3.19 Emami Cement Limited was incorporated on June 13, 2007 with objective of manufacturing and trading in cement. The company is yet to commence the commercial operations.

3.4 The BVPL, SVPL, DVPL and SCPL are group companies of the Acquirer. All the valid shares tendered under the open offer shall be acquired by the Acquirer and PACs as per the MOU entered among Acquirer and PACs. The BVPL, SVPL, DVPL and SCPL have given their consent to act as PACs with the Acquirer.

3.5 The Acquirer and PACs till date has complied with relevant provisions of chapter II of the SEBI (SAST) Regulations timely wherever applicable.

3.6 Disclosure in terms of Regulation 16(ix):-

The offer has been made pursuant to regulation 10 and 12 and other provisions of the chapter III and in compliance with the Regulations.

The Acquirer does not have any plans to dispose off or otherwise, encumber any assets of ZPWL in the next two years except in the ordinary course of business of ZPWL and / or for the purpose of restructuring, rationalising and / or stream lining various operations, assets, liabilities, investments, businesses or otherwise of ZPWL.

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.

4. 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.

5. BACKGROUND OF THE TARGET COMPANY - ZPWL

(The disclosure mentioned under this section have been sourced from information provided by the Target Company vide its letter dated June 14, 2008 and also from information available from public sources).

5.1 The Registered cum corporate Office of ZPWL is situated at 70, Gokhale Road South, Dadar, Mumbai-400025 (Maharashtra), Tel No +91-22-39800300, Fax No +91-22-24375491. CIN no. L24239MH1919PLC000652.

5.2 ZPWL was incorporated on December 10, 1919 under The Indian Companies Act 1913. Target Company is presently engaged in the business of manufacturing and sale of pharmaceuticals preparations like Churna, Ointment, Avaleha, Asavas, Arishtas, tablets, pills etc. The famous brands of Target Company are Zandu balm, Chyavanprash, Kesari-Jivan, Sudarshan and many others. The Target Company is using as many as 200 medicinal plants and their extracts, minerals, marine; the Target Company produces a range of over 300 health promoting products.

5.3 The Target Company has following manufacturing facilities:-

| Sr. No. | Location |
|---------|--|
| 1 | 70, Gokhale Road (south) Dadar, Mumbai- 400025 |
| 2 | Plot no. 82, G.I.D.C. Vapi, Gujarat – 396195 |
| 3 | Sanjan Village Dongari, Taluka Talasari, Maharashtra- 401601 |
| 4 | Survey no.61/2, plot no. 1, Village Masat, Silvassa, Dadar & Nagar Haveli- 396230. |
| 5 | Under Construction Plot no. 40/41, Sector -5, IIE Pantnagar, Udhamshingh Nagar, Uttarakhand – 263153. |

5.4 Share capital structure of the target company

The total paid up equity capital of Target Company is Rs. 806.40 lac as detailed below:

| 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 | 100.00% |
| Partly paid up equity shares | - | - |
| Total Paid up Equity Shares | 806400 | 100.00% |
| Total issued and paid up equity shares | 806400 | 100.00% |

5.5 The current capital structure of the Target Company since inception:

| Year/Date of Allotment | No. of Equity shares issued having face value of Rs. 100/- each | % of Shares issued | Cumulative Paid up capital (In Rs. Lac) | Mode of allotment | Ratio | Identity of allottees | Status of Compliance |
|------------------------|---|--------------------|---|-------------------|-------|-----------------------|----------------------|
| 1920-21 | Issued Capital | 0.93% | 7.50 | | | * | Complied |
| 1943-44 | 7,500 | 0.93% | 15.00 | Rights | 1:1 | * | Complied |
| 1969-70 | 2,500 | 0.31% | 17.50 | Bonus | 1:6 | * | Complied |
| 1971-72 | 2,500 | 0.31% | 20.00 | Rights | 1:7 | * | Complied |
| 1972-73 | 2,500 | 0.31% | 22.50 | Rights | 1:8 | * | Complied |
| 1974-75 | 2,500 | 0.31% | 25.00 | Rights | 1:9 | * | Complied |
| 1981-82 | 10,000 | 1.24% | 35.00 | Bonus | 2:5 | * | Complied |
| 1985-86 | 21,000 | 2.60% | 56.00 | Bonus | 3:5 | * | Complied |
| 1989-90 | 28,000 | 3.47% | 84.00 | Bonus | 1:2 | * | Complied |
| 1991-92 | 84,000 | 10.42% | 168.00 | Bonus | 1:1 | * | Complied |
| 1994-95 | 1,68,000 | 20.83% | 336.00 | Bonus | 1:1 | * | Complied |
| 1996-97 | 67,200 | 8.33% | 403.20 | Bonus | 1:5 | * | Complied |
| 02/10/04 | 2,01,600 | 25.00% | 604.80 | Bonus | 1:2 | * | Complied |
| 23/01/07 | 2,01,600 | 25.00% | 806.40 | Bonus | 1:3 | * | Complied |
| | | 100.00% | | | | | |

* Issued to all eligible beneficial owners.

5.6 There has been no suspension of trading of the equity shares of Target Company on the BSE and NSE.

5.7 All the issued Equity Shares of Target Company are listed on BSE and NSE.

5.8 There are no outstanding convertible instruments (warrants/FCDs/PCDs) etc. which are convertible into equity at any later date. There are no partly paid-up shares in the Target Company.

For chapter II compliances Target Company have provided the information on June 14, 2008 which is disclosed as annexure.

5.10 There was no non-compliance by the company and no penalties or strictures were imposed on the Target Company by the stock exchanges or SEBI or any statutory authority on any other matter related to the capital markets during the last three years.

5.11 The details present Board of Directors of Target Company as on the date of PA.

| Sr. No. | Name | Title | Residential Address | Date of appointment | Qualification | Experience |
|---------|------------------|------------------------|---|---------------------|--------------------|---|
| 1 | Mr. Y.P. Trivedi | Chairman | 23, Atlanta Nariman Point, Mumbai-400 021 | 25.07.1997 | B.Com,LLB | Senior Advocate of Supreme Court and Member of Rajya Sabha |
| 2 | Mr. P.P. Vora | Non-Executive Director | 503/504, Mount Everest, Wing "A" Bhakti Park, Near Imax Society, Wadala (E), Mumbai-400 037 | 01.09.2006 | B.Com, FCA & CAIIB | Expert in Finance, Corporate restructuring , Merger and Acquisition, Management |

| | | | | | | |
|---|------------------------|------------------------|---|------------|---|--|
| | | | | | | Consulting etc. |
| 3 | Mr. K. Natrajan | Non-Executive Director | Flat No.4 Sreshta Ujjwala, 19 Baliah Avenue Luz Church Road, Chennai, Tamilnadu-600004. | 28.09.1992 | International Marketing from International Marketing Institute, Harvard | Corporate & Commercial planning and Business and especially in the fields of Floriculture, Horticulture etc. |
| 4 | Prof. (Dr.) S.S. Handa | Non-Executive Director | Executive Villa, 522-A, Block C, Sushant Lok-1 Gurgaon, Haryana- 122002 | 01.09.2006 | M. Pharma (Pharmacognosy) & Ph.D (Pharmacognosy) | Wide experience in the field of Research |
| 5 | Mr. A.V. Shah- | Non-Executive Director | A /184 Ocean Gold, Twin Tower Lane Prabhadevi, Mumbai-400 025 | 29.09.2001 | M. A., Ph. D in Economics | Capital Market Analysis and Banking & Finance |
| 6 | Mr. Girish G Parikh | Managing Director | 70, Gokhale Road, South Dadar Mumbai – 400025 | 20.10.2005 | B.Sc (Chemistry), M.Sc (Organic Chemistry) | Wide experience in all fields |
| 7 | Mr. D.M. Parikh | Executive Director | C-801 Minoo Minar Veera Desai Road, Andheri (W), Mumbai -400 058. | 01.03.2003 | B.Com , LLB | Wide experience in all fields |

None of the Person representing the acquirer and PACs is on the Board of Target Company.

5.12 There has not been any merger/de-merger, spin-off during the last three years. There has not been any change in the name of Target Company since incorporation/listing.

5.13 Brief particulars of the audited financial Information of the Target Company for the previous three financial years are as follows:-

| | (Rs. in Lac) | | |
|--|------------------|------------------|------------------|
| Profit & Loss Statement | 2005-2006 | 2006-2007 | 2007-2008 |
| Income from operations | 11403.91 | 14808.71 | 16511.57 |
| Other Income | 421.26 | 472.66 | 431.77 |
| Total Income | 11825.17 | 15281.37 | 16943.34 |
| Total Expenditure. | 9680.52 | 12674.76 | 14059.40 |
| Profit Before Depreciation Interest and Tax | 2144.65 | 2606.61 | 2883.94 |
| Depreciation | 347.36 | 340.67 | 339.29 |
| Interest | 40.75 | 48.66 | 101.31 |
| Profit Before Tax | 1756.54 | 2217.28 | 2443.34 |
| Provision for Tax | 543.89 | 659.68 | 793.43 |
| Share of Profit in Associates/Minority Interest | - | 68.35 | (1.61) |
| Profit After Tax | 1212.65 | 1625.95 | 1648.30 |
| Excess Provision for Tax in respect of earlier years (Net) | 17.27 | - | - |
| | 1229.92 | 1625.95 | 1648.30 |
| Balance Sheet Statement | | | |
| Sources of funds | | | |
| Paid up share capital | 604.80 | 806.40 | 806.40 |
| Reserves and Surplus (excluding revaluation reserves) | 5614.08 | 6341.20 | 7257.36 |
| Networth | 6218.88 | 7147.60 | 8063.76 |
| Minority Interest | | (13.09) | 13.08 |
| Secured loans | - | 567.78 | 2874.70 |
| Unsecured loans | 39.46 | 319.93 | 15.53 |
| Deferred Tax Liability | 104.76 | 93.27 | 82.97 |
| Total | 6363.10 | 8141.67 | 11050.04 |

| Uses of funds | | | |
|---|----------------|----------------|-----------------|
| Net fixed assets | 2378.40 | 4383.93 | 7937.46 |
| Deferred Tax Assets | - | - | 5.44 |
| Investments | 1136.55 | 772.27 | 1306.02 |
| Net current assets | 2848.15 | 2985.47 | 1801.12 |
| Total miscellaneous expenditure not written off | - | - | - |
| Total | 6363.10 | 8141.67 | 11050.04 |

| Other Financial Data | 2005-2006 | 2006-2007 | 2007-2008 |
|----------------------|-----------|-----------|-----------|
| Dividend (%) | 75 | 90 | 75 |
| Earning Per Share | 203.36 | 201.63 | 204.40 |
| Return on Networth | 19.50 | 22.75 | 20.44 |
| Book Value Per Share | 1028.25 | 886.36 | 999.97 |

(Source: Annual Reports of Target Company)

5.14 Total income has gone up marginally as per trend. PAT has improved due to operational efficiency.

5.15 Pre and Post- Offer share holding pattern of the target company as per the following table :-

| Shareholders' category | Shareholding & voting rights prior to the agreement/ acquisition and offer. | | Shares /voting rights agreed to be acquired which triggered off the Regulations. | | Shares/voting rights to be acquired in open offer (Assuming full acceptances) | | Share holding / voting rights after the acquisition and offer. i.e. | |
|---|---|--------------|--|----------------|---|--------------|---|--------------|
| | (A) | | (B) | | (C) | | (A)+(B)+(C)=(D) | |
| | No. | % | No. | % | No. | % | No. | % |
| (1) Promoter Group | | | | | | | | |
| (a) Parties to agreement, if any | 102,409 | 12.70 | (102,409) | (12.70) | | - | - | - |
| (b) Promoters other than (a) above* | 148,177 | 18.38 | | - | | - | 148,177 | 18.38 |
| | | | | | | | | |
| Total 1 (a+b) | 250,586 | 31.07 | (102,409) | (12.70) | - | - | 148,177 | 18.38 |
| | | | | | | | | |
| (2) Acquirer | | | | | | | | |
| (a) Emami Limited | 88,032 | 10.92 | 102,409 | 12.70 | 161,280 | 20.00 | 351,721 | 43.62 |
| (b) PACs | | - | | - | | - | - | - |
| (i) BVPL | 3,337 | 0.41 | | - | | - | 3,337 | 0.41 |
| (ii) SVPL | 4,650 | 0.58 | | - | | - | 4,650 | 0.58 |
| (iii) DVPL | 11,103 | 1.38 | | - | | - | 11,103 | 1.38 |
| (iv) SCPL | 12,329 | 1.53 | | - | | - | 12,329 | 1.53 |
| | | | | | | | | |
| Total 2(a+b) | 119,451 | 14.81 | 102,409 | 12.70 | 161,280 | 20.00 | 383,140 | 47.51 |
| | | | | | | | | |
| (3) Parties to agreement other than(1) (a) & (2) | | | | | | | | |

| | | | | | | | | |
|---|----------------|---------------|----------|----------|------------------|----------------|----------------|---------------|
| <u>(4) Public (other than parties to agreement, acquirer & PACs)</u> | | | | | | | | |
| (a) FIs/MFs/FIIs/Banks, SFIIs (indicate names) | 1,478 | 0.18 | | - | (161,280) | (20.00) | 275,083 | 34.11 |
| (b) Others | 434,885 | 53.93 | | | | | | |
| <u>Total Public Shareholding (4)(a+b)</u> | 436,363 | 54.11 | - | - | (161,280) | (20.00) | 275,083 | 34.11 |
| | | | | | | | | |
| GRAND TOTAL (1+2+3+4) | 806,400 | 100.00 | - | - | - | - | 806,400 | 100.00 |

* also eligible to participate in the Open Offer.

5.16 The changes in shareholding of the Promoters of the Target Company are as per the details mentioned below:

| Year ended | No of Shares held by Promoters | Total no. of Equity Shares having face value of Rs 100/- each |
|-----------------------------|--------------------------------|---|
| 31 st March 2006 | 277,288 | 604,800 |
| 31 st March 2007 | 372,006 | 806,400 |
| 31 st March 2008 | 372,241 | 806,400 |

5.17 In relation to the status of the corporate governance, the Target Company has complied with the provisions of the corporate governance as disclosed in the last audited annual report of the Target Company for the year 2006-2007.

5.18 The contingent liability appearing in the financial statements for the year ended March 31, 2008 are as below:

| S. No | Contingent liabilities in respect of : | Rupees in Lac |
|-------|--|---------------|
| (a) | Excise duty, Sales tax disputed in appeals and pending decisions before higher authorities. The Company expects to succeed in appeal proceedings | 44.02 |
| (b) | Claims against Company not acknowledged as debts. | 62.89 |

5.19 Mr. Anand R. Mundra (CFO & Company Secretary) is compliance officer of Target Company, 70, Gokhale Road South, Dadar, Mumbai-400025 (Maharashtra), Tel No +91-22-39800300, Fax No +91-22-24375491.

6 OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer price

- 6.1 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.
- 6.2 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(5) 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 | 31,003 | 8,06,400 | 7.69 |
| NSE | 22,471 | 8,06,400 | 5.57 |

6.3 As per data available with BSE and NSE the equity shares of Target Company are frequently traded in terms of Regulation 20(4) 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. 6,900.00/-* |
| (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. 6,809.34/- |
| (c) | The average of the weekly high and low of the closing prices of the Shares of the Target Company as quoted on BSE (being the Stock Exchange where the Shares of the Target Company are most frequently traded) during the twenty six weeks preceding the date of Public Announcement | Rs. 6,807.07/- |
| (d) | The average of the daily high and low prices for Shares of the Target Company on BSE (being the Stock Exchange on which the Shares of the Company are most frequently traded) for the two weeks period preceding the date of Public Announcement | Rs. 7,136.91/- |
| (e) | Other Parameters | NA |

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

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

6.4 The shares are most frequently traded on BSE. The weekly high and low of the closing prices of the shares, during the 26-week period ended preceding date of the Public Announcement) on BSE, are given below:

| Sr. No. | Week | High | Low | Average | Volume |
|---------|--|----------|----------|---------|--------|
| 1 | December 03, 2007 to December 09, 2007 | 6,751.25 | 6,700.15 | 6725.70 | 741 |
| 2 | December 10, 2007 to December 16, 2007 | 6,828.60 | 6,700.00 | 6764.30 | 613 |
| 3 | December 17, 2007 to December 23, 2007 | 6,809.10 | 6,800.20 | 6804.65 | 802 |
| 4 | December 24, 2007 to December 30, 2007 | 6,812.00 | 6,801.15 | 6806.58 | 412 |
| 5 | December 31, 2007 to January 06, 2008 | 7,576.60 | 7,152.60 | 7364.60 | 1103 |
| 6 | January 07, 2008 to January 13, 2008 | 7,212.70 | 6,773.00 | 6992.85 | 770 |
| 7 | January 14, 2008 to January 20, 2008 | 7,059.25 | 6,800.00 | 6929.63 | 611 |
| 8 | January 21, 2008 to January 27, 2008 | 6,649.70 | 6,129.70 | 6389.70 | 2085 |
| 9 | January 28, 2008 to February 03, 2008 | 6,590.00 | 6,373.70 | 6481.85 | 1038 |
| 10 | February 04, 2008 to February 10, 2008 | 6,706.70 | 6,700.00 | 6703.35 | 1191 |
| 11 | February 11, 2008 to February 17, 2008 | 6,722.65 | 6,700.00 | 6711.33 | 1322 |
| 12 | February 18, 2008 to February 24, 2008 | 6,709.75 | 6,670.00 | 6689.88 | 256 |
| 13 | February 25, 2008 to March 02, 2008 | 6,715.00 | 6,608.50 | 6661.75 | 604 |
| 14 | March 03, 2008 to March 09, 2008 | 6,700.00 | 6,606.30 | 6653.15 | 666 |
| 15 | March 10, 2008 to March 16, 2008 | 6,704.60 | 6,624.65 | 6664.63 | 2168 |
| 16 | March 17, 2008 to March 23, 2008 | 6,700.10 | 6,500.90 | 6600.50 | 1523 |
| 17 | March 24, 2008 to March 30, 2008 | 6,749.60 | 6,658.45 | 6704.03 | 707 |

| | | | | | |
|----|----------------------------------|----------|-----------------|----------------|-------|
| 18 | March 31, 2008 to April 06, 2008 | 6,760.00 | 6,700.10 | 6730.05 | 196 |
| 19 | April 07, 2008 to April 13, 2008 | 6,978.95 | 6,745.00 | 6861.98 | 336 |
| 20 | April 14, 2008 to April 20, 2008 | 6,950.00 | 6,889.65 | 6919.83 | 257 |
| 21 | April 21, 2008 to April 27, 2008 | 6,965.00 | 6,855.30 | 6910.15 | 272 |
| 22 | April 28, 2008 to May 04, 2008 | 6,890.00 | 6,853.00 | 6871.50 | 279 |
| 23 | May 5, 2008 to May 11, 2008 | 6,871.65 | 6,850.00 | 6860.83 | 352 |
| 24 | May 12, 2008 to May 18, 2008 | 6,861.20 | 6,850.00 | 6855.60 | 251 |
| 25 | May 19, 2008 to May 25, 2008 | 6,858.40 | 6,814.50 | 6836.45 | 337 |
| 26 | May 26, 2008 to June 01, 2008 | 8,127.20 | 6,851.00 | 7489.10 | 12111 |
| | The Average Price | | 26 Weeks | 6807.07 | |

6.5 The shares are most frequently traded on BSE. The daily high and low of the closing prices of the shares, during the 2-week period ended before the Public Announcement) on BSE, are given below:

| S.No. | Day and Date | High | Low | Daily Average | Volume (BSE) |
|-------|--------------------------------|---------|---------|----------------|--------------|
| 1 | Monday, May 19, 2008 | NT | NT | | |
| 2 | Tuesday, May 20, 2008 | 6875.00 | 6850.00 | 6862.50 | 15 |
| 3 | Wednesday, May 21, 2008 | 6900.00 | 6850.00 | 6875.00 | 26 |
| 4 | Thursday, May 22, 2008 | 6913.00 | 6826.00 | 6869.50 | 24 |
| 5 | Friday, May 23, 2008 | 6933.00 | 6790.00 | 6861.50 | 272 |
| 6 | Saturday, May 24, 2008 | NT | NT | | |
| 7 | Sunday, May 25, 2008 | NT | NT | | |
| 8 | Monday, May 26, 2008 | 6851.00 | 6800.00 | 6825.50 | 593 |
| 9 | Tuesday, May 27, 2008 | 8221.20 | 6924.50 | 7572.85 | 4324 |
| 10 | Wednesday, May 28, 2008 | 7992.85 | 7000 | 7496.43 | 1984 |
| 11 | Thursday, May 29, 2008 | 7489.90 | 6850.00 | 7169.95 | 1269 |
| 12 | Friday, May 30, 2008 | 8248.00 | 7150.00 | 7699.00 | 3941 |
| 13 | Saturday, May 31, 2008 | NT | NT | | |
| 14 | Sunday, June 01, 2008 | NT | NT | | |
| | Average of the Averages | | | 7136.91 | |

6.6 Non Compete fee

The Share Purchase Agreements contains condition of Non-Compete of the Sellers. The Negotiated Price of Rs.6,900/- per share is inclusive of Rs. 100/- per share as Non-compete. The acquired paid the Non-Compete to Sellers under SPA-(1.1), SPA-(1.2), SPA-(1.3), SPA-(1.4) and SPA-(1.5). The non-compete fee has been paid to Mr. Devkumar Vaidya, Ms. Anita Vaidya, Mrs. Neena Vaidya, Apsara Leasing and Finance Private Limited, Soraya Investments and Trading Company Private Limited and Haresh J. Vaidya HUF in aggregate of Rs. 1,02,40,900/- (Rupees One Crore Two Lac Fourty Thousand Nine Hundred Only). The Non-compete fee has been paid to the sellers for restricting them not to engage in the similar line of business of the Target Company or to compete with the same line of business with the Acquirer for a period of three years from the date of the SPAs in any part of the world.

The Sellers undertake and covenant that, during the period commencing from the Closing Date and till on the expiry of 3 (three) years thereafter, the Sellers shall not, directly or indirectly:

- (a) participate in as an manager, consultant or in any other capacity in any business which is similar to or competes with the business of the Company anywhere in the world;

- (b) interfere with, tender for, canvass, solicit or endeavor to entice away from the Company the business of any person who was, to their knowledge, a customer, client or agent of or supplier to;
- (c) supply any product, carry out or undertake or provide any service which is the same as or similar to those with which the Company provides, as of the Closing Date, in any territory;
- (d) employ, whether as an employee, consultant, advisor, or otherwise; or make or cause to be made, directly or indirectly, any offer for employment in any capacity; to any person, who is employed with the Company or has been employed with the Company at any time during a period of 12 months from the date of such employment or solicitation for employment, whichever is later.

Non compete fee of Rs. 100/- per share is only 0.67% of Revised Offer Price.

Upward Revision of Offer

The Acquirer and PACs have revised the Offer Price under regulation 26 of the Regulations from Rs. 7,315/- (Rupees Seven Thousand Three Hundred Fifteen Only) per equity share to Rs. 15,000/- (Rupees Fifteen Thousand only) per equity share.

In view of the above, the Offer price of Rs. 15,000/- per fully paid up equity share (being the Offer Price revised from Rs. 7,315/- per equity share to Rs. 15,000/- per equity share) is justified as per the Regulation 20 of the Regulations.

ZPWL does not have any partly paid-up shares as on the date of the PA.

On and after the date of PA till the date of this Letter of Offer, the Acquirer and PACs have not purchased any equity shares of Target Company.

It is ensured that the offer price shall not be less than the highest price paid by the Acquirer for any acquisition of shares of ZPWL from the date of PA up to seven working days prior to the closure of the Offer that is Wednesday, October 15, 2008.

6.7 Financial Arrangements:

- 6.7.1 Consequent to the upward revision in the Offer Price the Total fund requirement or the maximum consideration for the Offer assuming full acceptance of the Offer would be Rs. 241,92,00,000/- (Rupees Two Hundred Forty One Crore Ninety Two Lac Only) i.e. consideration payable for acquisition of 1,61,280 fully paid equity shares of Target Company at an Offer Price of Rs. 15,000/- (Rupees Fifteen Thousand Only) per equity share (being the Offer Price revised from Rs. 7,315/- per equity share to Rs. 15,000/- per equity share).
- 6.7.2 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 Escrow Agreement (the "Escrow Agreement") on Friday, May 30, 2008 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.
- 6.7.3 The Acquirer has also made a cash deposit ("Security Deposit") of Rs. 1,18,00,000/- (Rs. One Crore Eighteen Lac 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 (the "Escrow Account"). ARFSL has been duly authorized to realize the value of the aforesaid Escrow Account in terms of the SEBI (SAST) Regulations. Now, the Offer Price being revised to Rs. 15,000/- per share and as per the requirement under regulation 28(9) of the Regulations, the Acquirer has increased the cash deposit by Rs. 1,23,92,000/- (Rs. One Crore Twenty Three Lac Ninety Two Thousand only) in the said Escrow Account and the balance now is Rs. 241,92,000/- (Rs. Two Crore Forty One Lac Ninety Two Thousand only) which is being not less than 1% of the Maximum Consideration payable under the revised Offer.
- 6.7.4 Suntrack Commerce Private Limited (PAC) have pledged 14,28,580 (Fourteen Lac Twenty Eight Thousand Five Hundred Eighty only) equity shares of Emami Limited of the face value of Rs. 2/- each fully paid up in favour of Anand Rath Financial Services Limited (Manager to the offer) 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 Lac Eighty Eight Thousand Four Hundred Fifty Eight Only) as on May 30, 2008, exceeds the Escrow amount stipulated under regulation 28(2). The Acquirer/PACs have undertaken to maintain adequate margin at all times during the Offer Period over the minimum requisite Escrow requirement as stipulated under Regulation 28(2). After the upward revision of the offer Price to Rs. 15,000/- per share and as per the requirement under regulation 28(9) of the Regulations, Suntrack Commerce Private Limited (PAC) has pledged additional 7,00,000 equity shares of Emami Limited in favour of Anand Rath Financial Services Limited (Manager to the Offer). The total revised value of Equity Shares pledged is Rs. 60,90,93,167/- (Rupees Sixty Crore Ninety Lacs Ninety Three Thousand One Hundred and Sixty seven Only) as on the basis of closing market price of Rs. 286.15 per Equity share on BSE as on September 09, 2008 exceeds the Escrow amount

stipulated, under regulation 28(2). The Acquirer/PACs have undertaken to maintain adequate margin at all times during the Offer Period over the minimum requisite Escrow requirement as stipulated under Regulation 28(2).

- 6.7.5 The above mentioned securities held in the name of PACs, pledged for the Escrow amount are free from any lien/encumbrances and carry voting rights.
- 6.7.6 The Acquirer has authorised the Manager to the Offer to realize the value of the Escrow Account as required under the Regulations.
- 6.7.7 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.
- 6.7.8 The Acquirer and PACs have adequate resources to meet the financial requirement of Rs. 241,92,00,000 (Rupees Two Hundred Forty One Crore Ninety Two Lacs Only) for the offer in terms of Regulation 16(xiv) of regulations. As required under Regulation 16 (xiv) the Acquirer will finance the acquisition of equity shares of Target Company under the Open Offer through Internal Resources and borrowed funds. The sources of funds are: Internal Accruals of Rs. 50 Crore; Refund and fresh Loans of Rs. 75 Crore from Pan Emami Cosmed Limited; Inter Corporate Deposits from South City Projects Limited - Rs. 50 Crore, Bhanu Vyapaar Private Limited - Rs. 10 Crore, Suraj Viniyog Private Limited – Rs. 10 Crore, Diwakar Viniyog Private Limited - Rs. 10 Crore, Suntrack Commerce Private Limited - Rs. 10 Crore and Funds from Emami Realty Limited - Rs. 35 Crore. There are no restrictive clauses in any of the above mentioned financing arrangements.
- 6.7.9 Mr. Radhakrishnan Tondon, Partner (Membership no. 060534) of M/S S.K. Agrawal & Company, Chartered Accountants, 4A Council House Street, Kolkata – 700001 (West Bengal), Tel no. 033-2248-7312, Fax no. 033-2231-6305, has certified vide certificate dated September 09, 2008 that the Acquirer have adequate resources to meet the financial requirements of the Open Offer. M/S R. Kothari & Company, Chartered Accountants 16A, Shakespeare sarani, Kolkata-700071, Tel no. 033-2282-6807, Fax no. 033-2282-0147 has certified vide certificates dated September 09, 2008 that the PACs have adequate resources to meet the financial requirements of the Open Offer.
- 6.7.10 Based on the above, ARFSL is satisfied with the ability of Acquirer and PACs 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.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 Operations terms

1. The LOO together with the form of acceptance and form of withdrawal will be mailed to those equity shareholders of ZPWL other than (PACs, Parties to the share purchase agreements) whose names appear on the register of members of ZPWL and to those beneficial owners of the equity shares of ZPWL, whose names appear as beneficiaries on the records of the respective depository participant, at the close of the business hours on June 13, 2008 (Specified date).
2. All the owners of the shares, registered or unregistered (except PACs and parties to the shares purchase agreements) are eligible to participate in the Offer as per the procedure set out in para 8 below. Eligible persons can participate in the offer by offering their shareholding in whole or in part. No indemnity is required from the unregistered owners.
3. Accidental omissions to dispatch LOO or none receipt or delay receipt of this LOO will not invalidate the offer in any way.
4. Subject to conditions governing this offer as mentioned in LOO, the acceptance of this offer by any shareholder (s) must be absolute and unqualified. Any acceptance to the offer, which is conditional or incomplete, liable to be rejected without assigning any reason whatsoever.

7.2 Locked in Shares

There is no lock-in share in Target Company till the date of Public Announcement.

7.3 Eligibility for accepting the offer

All owners (registered or unregistered) of Shares (except the Acquirer, PACs and parties to the Agreement) are eligible to participate in the Offer anytime before the closing of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

7.4 Statutory Approvals

- 7.4.1 The Acquirer has obtained the approval from the shareholders by way of special resolution of shareholders for acquiring Equity Shares of The Zandu Pharmaceutical Works Limited under section 372A of Companies Act, 1956 through Postal Ballot under section 192A of Companies Act 1956 dated July 28, 2008.
- 7.4.2 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 22(12) 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.
- 7.4.3 To the best of its knowledge, the Acquirer does not require any approvals from financial institutions or banks for the Offer.
- 7.4.4 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 specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such 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.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 8.1 The shareholders of the Target Company who wish to avail themselves of accepting the Offer can also deliver the Form of Acceptance cum Acknowledgement along with all of the relevant documents at any of the collection centers mentioned below in accordance with the procedure as set out in the Letter of Offer. If the Registrar to the Offer does not receive the required documents for acceptance of offer or form of acceptance but receives the original share certificate, valid transfer deed and shares are credited in ZPWL Escrow Account Open Offer from Registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders.

All of the centers mentioned below will be open as follows:-

| City | Contact Person | Address | Tel. No. | Fax No. | E-mail ID | Mode of Delivery |
|------------|-----------------|---|-------------------------|-----------------------------|--|---------------------------------|
| Mumbai | Awani Thakkar | Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai - 400078. | 022-25960320 | 022-25960328 / 29 | awani.puniani@intimespectrum.com | Hand Delivery & Registered Post |
| Mumbai | Vivek Limaye | Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Rd, Fort, Mumbai- 400001 | 022-22694127 | | vivek.limaye@intimespectrum.com | Hand Delivery |
| Ahmedabad | Hitesh Patel | Intime Spectrum Registry Limited, 211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380009 | 079-26465179 | 079-26465179 (Telefax) | ahmedabad@intimespectrum.com | Hand Delivery |
| Bangalore | Arun Kumar | Intime Spectrum Registry Limited, 1st Floor, Mahavir Shopping Complex, Above Kids Kemp No. 8 K.G.Road, Bangalore 560009 | 080-41242623 / 41242624 | 080-41242623 (Telefax) | bangalore@intimespectrum.com | Hand Delivery |
| Baroda | Jaydeep Mehta | Intime Spectrum Registry Limited, 1st Flr, Jaldhara Complex, Nr. Manisha Society, Old Padara Rd, Vadodara - 390015 | 0265-225024 / 3249857 | 0265-2250246 (Telefax) | vadodara@intimespectrum.com | Hand Delivery |
| Coimbatore | S. DhanaLakshmi | Intime Spectrum Registry Limited, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowri palayam Road, Coimbatore 641 028 | 0422-2314792 / 2315792 | 0422-2314792 (Telefax) | coimbatore@intimespectrum.com | Hand Delivery |
| Kolkata | S.P. Guha | Intime Spectrum Registry Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700020 | 033-22890539 / 40 | 033-22890539 / 40 (Telefax) | kolkata@intimespectrum.com | Hand Delivery |
| New Delhi | Bharat Bhushan | Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi 110028 | 011-41410592 / 93 / 94 | 011-41410591 | delhi@intimespectrum.com | Hand Delivery |
| Pune | P. N Albal | Intime Spectrum Registry Limited, Block No 202, 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411001 | 020-26051629 / 0084 | 020-26053503 (Telefax) | pune@intimespectrum.com | Hand Delivery |
| Chennai | Mrs. Solly Soy | C/o SGS Corporate Solutions India Pvt. Limited, Indira Devi Complex, II Floor, No. 20, Gopala krishna Street, Pondy Bazaar, T. Nagar, Chennai- 600017 | 044-28152672 | 044-42070906 (Telefax) | chennai@sgs-cs.com | Hand Delivery |

Collection Timings for all the locations mentioned above will be 10.00 A.M. to 1.00 P.M. & 2.00 P.M. to 4.30 P.M. during Monday to Friday only and on Saturday 10.00 A.M. to 1.00 P.M.

- 8.2 In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI website (<http://www.sebi.gov.in>), (ii) obtain a copy of the same by writing to the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than Wednesday, October 15, 2008 or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP

ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than Wednesday, October 15, 2008.

- 8.3 If the aggregate of the valid responses to the Offer exceeds the Offer size of 1,61,280 equity shares representing 20% fully paid-up equity shares / voting capital, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The equity shares of the Target Company are compulsorily traded in dematerialized form; hence the minimum acceptance will be one equity share.
- 8.4 In case of delay in the receipt of any statutory approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- 8.5 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.
- 8.6 The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the shareholders will not be able to trade such Equity Shares. During such period there may be fluctuations in the market price of the Shares of ZPWL.
- 8.7 Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares of the Target Company will be required to send their Form of Acceptance cum Acknowledgement along with the photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the Depository Participant (“DP”), in favour of the special depository account to Intime Spectrum Registry Limited, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai 400 078, Tel: +91 22 25960329/328, Fax: +91 22 25963838, E-Mail: zpwloffer@intimespectrum.com, Contact person: Ms. Awani Thakkar either by hand delivery on weekdays or by Registered post acknowledgement due, so as to reach on or before the closure of the Offer, i.e., no later than Wednesday, October 15, 2008 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before the closure of the Offer, i.e., no later than Wednesday, October 15, 2008. Shareholders of the Target Company having their beneficiary account in CDSL shall use the inter-depository delivery.
- 8.8 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, equity shareholders of the Target Company desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Friday, October 10, 2008.
- (i) The withdrawal option can be exercised by submitting the Form of Withdrawal, which will be enclosed with the Letter of Offer.
 - (ii) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on a plain paper along with the following details:
 - (a) In case of shares held in physical form: Name, Address, Distinctive numbers, Folio number, Number of shares tendered; and
 - (b) In case of shares held in dematerialised form: Name, Address, Number of shares offered, DP name, DP ID, Beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favor of the special depository account.

8.9 The marketable lot is one share of the Target Company.

8.10 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 Rathi Shares and Stock Brokers Limited (Formerly known as Navratan Capital and Securities Limited) |
| DPID | IN301803 |
| Client ID | 10026697 |

8. 11 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, original Share 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 to the Offer"), either by hand delivery on weekdays or by Registered post, so as to reach on or before the closure of the Offer, i.e., no later than Wednesday, October 15, 2008 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.
- 8.12 The eligible person who successfully tendered the equity shares of Target Company have option to receive payment through ECS, if the required information for ECS has been provided in the Form of acceptance or details provided on plain paper.

9. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Acquirer - Emami Limited at Emami Tower 687, Anandapur, E.M. Bypass, Kolkata (West Bengal) between 10.30 A.M. to 5.00 P.M. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

- 9.1 Certificate of Incorporation and Memorandum and Articles of Association of Emami Limited, Bhanu Vyapaar Private Limited, Suraj Viniyog Private Limited, Diwakar Viniyog Private Limited and Suntrack Commerce Private Limited .
- 9.2 Copy of certificate from Mr. Radhakrishnan Tondon, Partner (Membership no. 060534) of S.K. Agrawal & Company, Chartered Accountant, 4A Council House Street, Kolkata – 700001, Tel no. 033-2248-7312, Fax no. 033-2231-6305, has certified dated September 09, 2008 that the Acquirer has adequate resources to meet the financial requirements of the Open Offer.
- 9.3 Annual Reports of Emami Limited for the financial years ended 2008, 2007 and 2006.
- 9.4 Annual Reports of Bhanu Vyapaar Private Limited, Suraj Viniyog Private Limited, Diwakar Viniyog Private Limited and Suntrack Commerce Private Limited for the financial years ended 2008, 2007 and 2006.
- 9.5 Annual Reports of The Zandu Pharmaceutical Works Limited for the financial years ended 2007, 2006 and Audited Financial Results for the Financial Year 2007-2008.
- 9.6 Confirmation from HDFC Bank, Maneckji Wadia Building Ground Floor Nanik Motwani Marg, Fort Mumbai - 400001 (Maharashtra), India for the cash deposit of ("Security Deposit") of Rs. 2,41,92,000/- (Rs. Two Crore Forty One Lac Ninety Two Thousand only) being not less than 1% of the total Consideration payable in accordance with the Regulations in Escrow Account under the name and title of The Zandu Pharmaceutical Works Limited Escrow Account Open Offer.
- 9.7 Copies of Share Purchase Agreements dated Thursday 29 May, 2008.
- 9.8 Copy of Public Announcement published in the newspapers dated Monday, June 02, 2008 and copy of Corrigendum to the public announcement dated Friday, September 19, 2008.
- 9.9 Copy of SEBI Letter no. CFD/DCR/MM/TO/136958/08 dated September 5, 2008 issued in terms of the Regulation 18(2) of the Regulations and Copy of SEBI Letter no. CFD/DCR/DRK/TO/138281/2008 dated September 18, 2008.
- 9.10 Confirmation from Depository for Shares Pledged in favour of Manager to the Offer Anand Rathi Financial Services Limited.
- 9.11 Copy of MOU dated Thursday, May 30, 2008 between Anand Rathi Financial Services Limited, the Manager to the Offer and the Acquirer.
- 9.12 Copy of MOU dated Thursday May 30, 2008, between VC Corporate Advisors Private Limited, Advisor to the Offer and the Acquirer.
- 9.13 Copy of Escrow Agreement dated Friday, May 30, 2008 between Anand Rathi Financial Services Limited, HDFC Bank Limited and Emami Limited.
- 9.14 Copy of MOU entered among Acquirer and PACs.
- 9.15 M/S R. Kothari & Company, Chartered Accountants 16A, Shakespeare sarani, Kolkata-700071, Tel no. 033-2282-6807, Fax no. 033-22820147 has certified vide certificates dated September 09, 2008 that the PACs have adequate resources to meet the financial requirements of the Open Offer.
- 9.16 Financial Arrangement Letters of Pan Emami Cosmed Limited, South City Projects Limited, Bhanu Vyapaar Private Limited, Suraj Viniyog Private Limited, Diwakar Viniyog Private Limited, Suntrack Commerce Private Limited and Emami Realty Limited .

10. DECLARATION BY THE ACQUIRER (INCLUDING PACs)

The Acquirer and its directors and PACs and their directors accept full responsibility for the information contained in this Letter of Offer and for ensuring compliance with the Regulations. The Acquirer is responsible for their respective obligations in terms of the Regulations and also for their obligations as laid down in Regulations 22(6) of the Regulations.

All information contained in this document is as on the date of the Public Announcement, true unless stated otherwise.

Mr. Arun Kumar Joshi has been authorised by the Acquirer to sign the Letter of Offer on their behalf.

For and on behalf of:

Emami Limited

Sd/

Arun Kumar Joshi

Company Secretary & G M -Legal

Place: Kolkata

Date: Friday, September 19, 2008

Enclosures

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal cum Acknowledgement
3. Transfer Deed for Shareholders holding Equity shares in Physical Form

Annexure

Chapter II of SEBI (SAST) Compliance by Target Company:

| Sr. No. | Regulation/ Sub- regulation | Due Date for compliance as mentioned in the regulation | Actual date of compliance | Delay, if any (in no- of days) Col- 4- Col- 3 | Remarks |
|---------|--------------------------------|---|------------------------------|---|---------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | 6(2) | 20-05-1997 | 31-03-2003 | * | |
| 2 | 6(4) | 20-05-1997 | 31-03-2003 | * | |
| 3 | 8(3) | From 1996-97 to 2001-02 | 31-03-2003 | * | |
| 4 | 8(3) | 30-04-2003 | 30-04-2003 | - | |
| 5 | 8(3) | 12-08-2003 | 12-08-2003 | - | |
| 6 | 8(3) | 12-12-2003 | 10-12-2003 | - | |
| 7 | 8(3) | 30-04-2004 | 30-04-2004 | - | |
| 8 | 8(3) | 30-09-2004 | 24-09-2004 | - | |
| 9 | 8(3) | 30-04-2005 | 29-04-2005 | - | |
| 10 | 8(3) | 12-09-2005 | 06-09-2005 | - | |
| 11 | 8(3) | 19-01-2006 | 18-01-2006 | - | |
| 12 | 8(3) | 15-04-2006 | 13-04-2006 | - | |
| 13 | 8(3) | 30-04-2006 | 26-04-2006 | - | |
| 14 | 8(3) | 04-01-2007 | 04-01-2007 | - | |
| 15 | 8(3) | 20-02-2007 | 20-02-2007 | - | |
| 16 | 8(3) | 16-04-2007 | 16-4-2007 | - | |
| 17 | 8(3) | 30-04-2007 | 28-04-2007 | - | |
| 18 | 8(3) | 12-10-2007 | 29-09-2007 | - | |
| 19 | 8(3) | 28-02-2008 | 28-02-2008 | - | |
| 20 | 8(3) | 30-04-2008 | 29-04-2008 | - | |
| 21 | 8(3) | 06-06-2008 | 04-06-2008 | - | |
| 22 | 8(3) | 07-06-2008 | 04-06-2008 | - | |
| 23 | 8(3) | 08-06-2008 | 04-06-2008 | - | |

* filed under SEBI Regularization Scheme, 2002.

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and conditions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

The Zandu Pharmaceutical Works Limited - Open Offer**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**
(Please send this Form of Acceptance with enclosures to the Registrar to the Offer)**OFFER OPENS ON** : Friday, September 26, 2008
OFFER CLOSSES ON : Wednesday, October 15, 2008

From

FOR OFFICE USE ONLYAcceptance Number
Number of equity shares offered
Number of equity shares accepted
Purchase consideration (Rs.)
Cheque/Demand /Pay Order No.

Tel.:

Fax:

E-mail:

To

Intime Spectrum Registry Limited **A/c - ZPWL Escrow Account Open Offer**
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (west), Mumbai – 400078.

Dear Sir,

Sub: OPEN OFFER TO ACQUIRE UP TO 1,61,280 EQUITY SHARES REPRESENTING UP TO 20% OF THE VOTING RIGHTS OF THE ZANDU PHARMACEUTICAL WORKS LIMITED (ZPWL) (TARGET COMPANY) BY EMAMI LIMITED (EMAMI) (ACQUIRER) AND BHANU VYAPAAR PRIVATE LIMITED (BVPL), SURAJ VINIYOG PRIVATE LTD (SVPL), DIWAKAR VINIYOG PRIVATE LIMITED (DVPL) AND SUNTRACK COMMERCE PRIVATE LIMITED (SCPL) COLLECTIVELY REFERRED TO AS THE 'PERSONS ACTING IN CONCERT/ PACS AT A PRICE OF RS. 15,000/- PER EQUITY SHARE.

I/We refer to the Public Announcement dated Monday, June 02, 2008, Corrigendum to the Public Announcement dated Friday, September 19, 2008 and Letter of Offer dated Friday, September 19, 2008 for acquiring the equity shares held by me/us in The Zandu Pharmaceutical Works Limited. I/We, the undersigned, have read the aforementioned Public Announcement, Corrigendum to the Public Announcement and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

SHARES IN PHYSICAL FORM

I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

| Number of equity shares held in ZPWL | | Number of equity shares offered | |
|--------------------------------------|----------|---------------------------------|----------|
| In figures | In words | In figures | In words |
| | | | |

| Sr. No. | Ledger Folio No(s). | Certificate No(s). | Distinctive No(s). | | No. of Shares |
|----------------------------|---------------------|--------------------|--------------------|----|---------------|
| | | | From | To | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| Total No. of Equity Shares | | | | | |

(In case the space provided is inadequate, please attach a separate sheet with details)

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed(s) in trust for me/us until the time the Acquirer / PACs dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer / PACs will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN DEMATERIALIZED FORM

I/We, holding shares in the dematerialised form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/our shares as detailed below:

| DP Name | DP ID | Client ID | Beneficiary Name | No. of Shares |
|---------|-------|-----------|------------------|---------------|
| | | | | |

I/We have executed an off-market transaction for crediting the shares to the special depository account i.e. **ZPWL Escrow Account Open Offer** as per the details below:

- ☐ via a delivery instruction from my account with NSDL
☐ via an inter-depository delivery instruction from my account with CDSL

| | |
|-------------------------------|---|
| Depository | National Securities Depository Limited |
| Account Name | ZPWL Escrow Account Open Offer |
| Depository Participant | Anand Rathi Share and Stock Brokers Limited (Formerly known as Navratan Capital and Securities Limited) |
| DPID | IN301803 |
| Client ID | 10026697 |

----- TEAR ALONG THIS LINE -----

Acknowledgement Slip**The Zandu Pharmaceutical Works Limited - Open Offer**Received from Mr. /Ms. / Mrs. _____
residing at _____

a Form of Acceptance cum Acknowledgement for _____ shares along with:

- ☐ Copy of depository instruction slip from DP ID _____ Client ID _____
☐ _____ Share certificate(s) _____ transfer deed(s) under folio number(s) _____

_____ for accepting the Offer made by the Acquirer / PACs.

Signature of Official: _____ **Date of Receipt:** _____**STAMP OF
COLLECTION CENTRE**

I/We note and understand that the shares would lie in the special depository account until the time the Acquirer / PACs dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer / PACs will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:

I/We have enclosed the following documents:

- No Objection Certificate / Tax Clearance / Certificate for Deduction of Tax at lower rate from Income Tax Authorities.
- RBI approvals for acquiring shares of The Zandu Pharmaceutical Works Limited hereby tendered in the Offer.

I/We confirm that the equity shares of The Zandu Pharmaceutical Works Limited, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer / PACs to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorize the Acquirer / PACs to return to me/us, share certificate(s)/shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer / PACs, the Registrar to the Offer and the Manager to the Offer to send by Registered Post or Courier as may be applicable at my/our risk, the demand /cheque, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/ first holder at the address mentioned below.

I/we have tendered my shares in dematerialised form, I/we authorize the Acquirer / PACs and the Registrar to the Offer and the Manager to the Offer to use my/our details regarding my/our address and bank account details as obtained from my/our depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer / PACs to accept the shares so offered or such lesser number of shares that it may decide to accept in terms of the Letter of Offer and I/we authorize the Acquirer / PACs to split / consolidate the share certificates comprising the shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer / PACs is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and Delivered

| | Full Name(s) of the shareholders | Signature |
|-------------------|----------------------------------|-----------|
| First/Sole Holder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |
| Joint Holder 3 | | |

Address of First/Sole Shareholder _____

Place: _____ Date: _____

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand will be drawn accordingly. For shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the **cheque / demand** will be issued with the said Bank particulars.

| | |
|------------------|--|
| Name of the Bank | Branch |
| Account Number | Savings/Current/(Others: please specify) |
| IFSC Code | RTGS |

The Form of Acceptance cum Acknowledgement along with all the relevant documents should be submitted at the collection centers as mentioned below and / or at the collection centres mentioned in Letter of offer:-

| Address of collection centre | Contact Person | Telephone Number | Fax Number | Mode of Delivery |
|--|------------------|------------------|-----------------|------------------------------------|
| Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai - 400 078. | Ms. AwaniThakkar | 022-25960320 | 022-25960328/29 | Hand Delivery & Registered Post |

Collection Timings for all the locations mentioned above will be 10.00 A.M. to 1.00 P.M. & 2.00 P.M. to 4.30 P.M. during Monday to Friday only and on Saturday 10.00 A.M. to 1.00 P.M.

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / PACs OR TO THE TARGET COMPANY OR TO THE MANAGER TO THE OFFER

- (1) The Form of Acceptance should be filled-up in English only.
- (2) Signature other than in English and Hindi must be attested by a Notary Public under his Official Seal.
- (3) All queries pertaining to this Offer may be directed to the Registrar to the Offer.
- (4) Shareholders holding registered shares should submit the Form duly completed and signed in accordance by the holders of the shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.
- (5) Shareholders holding shares in dematerialised form should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the shares, as per the records of the Depository Participant ("DP").
- (6) In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (7) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

- (8) Persons who own shares (as on the Specified Date or otherwise) but are not the registered holders of such shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers' details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgement with, or receipt by, the Target Company/ its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar to the Offer at their office as mentioned above.

The sole/first holder may also mention particulars relating to savings / current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to the Offer to print the said details in the cheques after the name of the payee.

- (9) Non-resident Shareholders should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in the Target Company.
- (10) All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate in case the original shareholder has expired.
 - (b) Duly attested power of attorney, if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - (c) No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

----- TEAR ALONG THIS LINE -----

All future correspondence, if any, should be addressed to the Registrar at the following address:

Intime Spectrum Registry Limited
(Unit: ZPWL Escrow Account Open Offer)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (west),
Mumbai - 400 078.

FORM OF WITHDRAWAL

(All terms and conditions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

The Zandu Pharmaceutical Works Limited - Open Offer

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form of Acceptance with enclosures to the Registrar to the Offer)

From

| | |
|-------------------------|-------------------------------|
| OFFER OPENS ON | : Friday, September 26, 2008 |
| LAST DATE OF WITHDRAWAL | : Friday, October 10, 2008 |
| OFFER CLOSES ON | : Wednesday, October 15, 2008 |

FOR OFFICE USE ONLY

Withdrawal Number

Number of equity shares offered

Number of equity shares withdrawn

Tel.:

Fax:

E-mail:

To

Intime Spectrum Registry Limited- A/c ZPWL Escrow Account Open Offer
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (west), Mumbai - 400 078.

Dear Sir,

Sub: OPEN OFFER TO ACQUIRE UP TO 1,61,280 EQUITY SHARES REPRESENTING UP TO 20% OF THE VOTING RIGHTS OF THE ZANDU PHARMACEUTICAL WORKS LIMITED (ZPWL) (TARGET COMPANY) BY EMAMI LIMITED (EMAMI) (ACQUIRER) AND BHANU VYAPAAR PRIVATE LIMITED (BVPL), SURAJ VINIYOG PRIVATE LTD (SVPL), DIWAKAR VINIYOG PRIVATE LIMITED (DVPL) AND SUNTRACK COMMERCE PRIVATE LIMITED (SCPL) COLLECTIVELY REFERRED TO AS THE 'PERSONS ACTING IN CONCERT/ PACS AT A PRICE OF RS. 15,000/- PER EQUITY SHARE.

I/We refer to the Public Announcement dated Monday, June 02, 2008, Corrigendum to the Public Announcement dated Friday, September 19, 2008, and Letter of Offer dated Friday, September 19, 2008 for acquiring the equity shares held by me/us in The Zandu Pharmaceutical Works Limited. I/We, the undersigned, have read the aforementioned Public Announcement, Corrigendum to the Public Announcement and Letter of Offer, and understood their contents including the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/we further authorize the Acquirer / PACs to return to me/us, the tendered Share Certificate(s)/Share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirer / PACs / Manager to the Offer / Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. **Friday, October 10, 2008.**

I/We note that the Acquirer / PACs / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay/loss in transit of the shares held in physical form and also for the non-receipt of shares held in dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer / PACs will return the original share certificate(s), share transfer deed(s) / shares in dematerialised form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance').

| Sr. No. | Ledger Folio No(s). | Certificate No(s). | Distinctive No(s). | | No. of Shares |
|----------------------------|---------------------|--------------------|--------------------|----|---------------|
| 1 | | | From | To | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| Total No. of Equity Shares | | | | | |

(In case the space provided is inadequate, please attach a separate sheet with details)

SHARES HELD IN DEMATERIALISED FORM

I/We hold the following shares in dematerialised form and had executed an off-market transaction for crediting the shares to the special depository account in NSDL styled "ZPWL Escrow Account Open Offer" ("Depository Escrow Account") as per the details given below.
Also find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP.

| | |
|------------------------|---|
| Depository | National Securities Depository Limited |
| Account Name | ZPWL Escrow Account Open Offer |
| Depository Participant | Anand Rathi Share and Stock Brokers Limited (Formerly known as Navratan Capital and Securities Limited) |
| DPID | IN301803 |
| Client ID | 10026697 |

----- TEAR ALONG THIS LINE -----

Acknowledgement Slip

The Zandu Pharmaceutical Works Limited - Open Offer

Received from Mr. /Ms. / Mrs. _____
residing at _____

a Form of Withdrawal for _____ shares along with:

- ☐ Copy of depository instruction slip from DP ID _____ Client ID _____
☐ Copy of acknowledgement slip issued when depositing dematerialised shares
☐ Copy of acknowledgement slip issued when depositing physical shares for withdrawing from the Offer made by the Acquirer / PACs.

Signature of Official: _____ Date of Receipt: _____

STAMP OF
COLLECTION CENTRE

The particulars of the account from which my/our shares have been tendered are as follows:

| DP Name | DP ID | Client ID | Beneficiary Name | No. of Shares |
|---------|-------|-----------|------------------|---------------|
| | | | | |

I/We note that the shares will be credited back only to that depository account from which the shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised shares, I/we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

| | Full Name(s) of the shareholders | Signature |
|-------------------|----------------------------------|-----------|
| First/Sole Holder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |
| Joint Holder 3 | | |

Address of First/Sole Shareholder _____

Place: _____ Date: _____

The Form of Withdrawal along with all the relevant documents should be submitted at the collection centre below:-

| Address of collection centre | Contact Person | Telephone Number | Fax Number | Mode of Delivery |
|--|------------------|------------------|-----------------|-----------------------------------|
| Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai - 400 078. | Ms. AwaniThakkar | 022-25960320 | 022-25960328/29 | Hand Delivery & RegisteredPost |

Collection Timings for all the locations mentioned above will be 10.00 A.M. to 1.00 P.M. & 2.00 P.M. to 4.30 P.M. during Monday to Friday only and on Saturday 10.00 A.M. to 1.00 P.M.

PLEASE NOTE THAT NO WITHDRAWAL FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / PACs OR TO THE TARGET COMPANY OR TO THE MANAGER TO THE OFFER

- (1) All queries pertaining to this Offer may be directed to the Registrar to the Offer.
- (2) Shareholders should enclose the following:
 - a. **For Equity Shares held in physical form:**
Beneficial owners should enclose:
 - i. Duly signed and completed Form of Withdrawal
 - ii. Copy of Form of Acceptance cum Acknowledgement / Plain paper application submitted and the Acknowledgement slip
 - iii. In case of partial withdrawal, Valid Shares Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.
 - b. **For Equity Shares held in demat form :**
Registered shareholders should enclose:
 - i. Duly signed and completed Form of Withdrawal
 - ii. Copy of Form of Acceptance cum Acknowledgement / Plain paper application submitted and the Acknowledgement slip
 - iii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP**Unregistered shareholders should enclose:**
 - i. Duly signed and completed Form of Withdrawal
 - ii. Copy of Form of Acceptance cum Acknowledgement / Plain paper application submitted and the Acknowledgement slip
- (3) The withdrawal of shares will be available only for the share certificates / shares that have been received by the Registrar to the Offer / Depository Escrow Account.
- (4) The intimation of returned shares to the shareholders will be at the address as per the records of the Target Company / Depository, as the case may be.
- (5) Shareholders holding shares in dematerialised form are requested to issue the necessary standing instructions for receipt of the credit in their DP Account.

----- TEAR ALONG THIS LINE -----

All future correspondence, if any, should be addressed to the Registrar at the following address:

Intime Spectrum Registry Limited
(Unit: ZPWL Escrow Account Open Offer)
 C-13, Pannalal Silk Mills Compound,
 LBS Marg, Bhandup (west),
 Mumbai - 400 078.