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

Only numbers.

EMAMI LIMITED • ANNUAL REPORT 2012-13

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Forward looking statement

In this annual report, we have disclosed the Company's objectives, expectations and forecasts to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make may be forward-looking within the meaning of applicable securities laws and regulations. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

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

Corporate information

Chairman
R.S. Agarwal

Managing Director
Sushil K. Goenka

Directors
R.S. Goenka
K.N. Memani
Y.P. Trivedi
P.K. Khaitan (with effect from 24.06.13)
Sajjan Bhajanka
Amit Kiran Deb
S.B. Ganguly
Padmashree Vaidya S. Chaturvedi
Mohan Goenka
Aditya V. Agarwal
Harsha V. Agarwal
Priti A Sureka

Company Secretary & AVP-Legal
A.K. Joshi

Auditors
M/s S.K. Agrawal & Co
Chartered Accountants

BOARD COMMITTEES

Audit committee
S.B. Ganguly, *Chairman*
R.S. Goenka
Amit Kiran Deb
Sajjan Bhajanka

Remuneration committee
Amit Kiran Deb, *Chairman*
S.B. Ganguly
Sajjan Bhajanka

Share transfer committee
Mohan Goenka, *Chairman*
Aditya V. Agarwal
Harsha V. Agarwal
Priti A Sureka

Investors' grievance committee
Sajjan Bhajanka, *Chairman*
S.B. Ganguly
Mohan Goenka
Harsha V. Agarwal

Finance committee
R.S. Goenka, *Chairman*
Sushil K. Goenka
Mohan Goenka
Aditya V. Agarwal
Harsha V. Agarwal
Priti A Sureka

Corporate governance committee
S.B. Ganguly, *Chairman*
R.S. Goenka
Y.P. Trivedi
Amit Kiran Deb

Bankers
Canara Bank
ICICI Bank Ltd.
State Bank of India
HDFC Bank
HSBC

Registrar & share transfer agent
Maheswari Datamatics Private Limited
6, Mangoe Lane, Kolkata 700 001
West Bengal, India
Tel: +91-33-2248 2248
Fax: +91-33-2248 4787
Email: mdpl@cal.vsnl.net.in

Registered office
Emami Tower
687, Anandapur, EM Bypass
Kolkata 700 107, West Bengal
Tel : +91-33-6613 6264
Fax: +91-33-6613 6600
Email: contact@emamigroup.com

Our presence
7 factories
1 overseas unit
4 regional offices
32 depots
5 overseas subsidiaries
60 countries

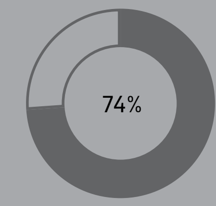
Online
www.emamiltd.in

Performance Highlights, 2012-13

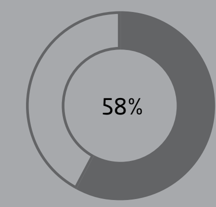
Brands

#1

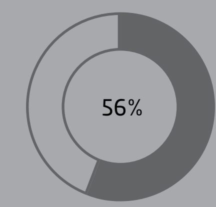
brands of India across categories



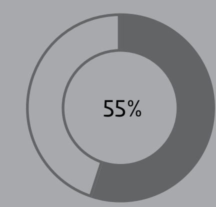
Boroplus Antiseptic Cream



Zandu Balm & Mentho Plus Balm



Fair and Handsome fairness cream for men



Navratna Cool Oil

Corporate

Net sales grew 16.9% to ₹ 1699 crore

EPS grew 21.6% to ₹ 20.8

International business at ₹ 180 crore

Market capitalisation grew around 50% to over ₹ 9000 crore (as on 31 March 2013)

EBIDTA grew 17% to ₹ 347 crore

Bangladesh manufacturing unit commenced operations

PAT grew 21.6% to ₹ 315 crore

ROCE grew by 521 basis points to 34.5%

Marketing & distribution

Geographical presence increased to 40 lakh outlets in India

Direct reach increased by 20% to 6 lakh outlets

40% revenue growth in modern trade

31% revenue growth in direct rural sales

₹ 279 crore spent on advertising and promotions

Presence in over 60 countries

CORPORATE IDENTITY

250 products | 60 countries

28 states and 7 Union Territories

100 Emami products sold per second

2500 employees | 17255 shareholders

3000 distributors | 5600 sub-distributors

40 lakh retailers | 1 company | Emami

Vision

Making people healthy and beautiful, naturally

Mission

- To contribute wholeheartedly towards the environment and society, integrating all our stakeholders into the Emami family
- To make Emami synonymous with natural beauty and health in the consumers' mind
- To effectively manage talent by building a learning organisation
- To strengthen and foster strong feelings of oneness within the Company's employees
- To drive growth through quality and innovation in products and services
- To uphold Corporate Governance principles
- To encourage decision making abilities at all organisational levels

Values

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

Our business

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

Where we operate

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

COMPLETE HEALTH AND PERSONAL CARE SOLUTION

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

Brands above ₹1 billion

Our brands

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

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

Certifications

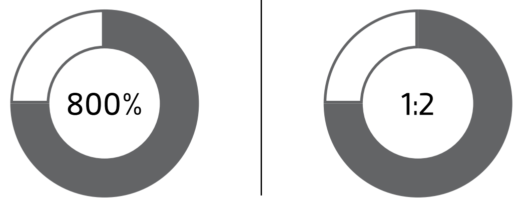
- All manufacturing units are ISO 9001 : 2008 certified and cGMP compliant. BT Road unit, Kolkata is WHO GMP certified for five Ayurvedic products. All units other than BT Road unit, Kolkata are accredited with ISO 14001 : 2004 and ISO 18001 : 2007.
- ISO 9001 : 2008 certified Management Services Division.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

Business model

FOUNDERS' MESSAGE

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

Dividend | Bonus issue



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

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

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

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

Foundation for sustainable growth

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

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

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

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

At Emami, the marketing of superior customised products that address diverse consumer needs (reconciling the best of Ayurveda and modern science) is key to our success. We improvised existing brands through upgraded formulations, packaging and delivery systems. We invested in market-leading power brands, strengthening their revenues to 72% of our turnover. We invested in the Zandu health care division with the conviction that revenues were incompatible with the brand's deep strengths; the result was that Zandu revenues grew 27 % in 2012- 13, higher than our corporate average for the year under review.

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

> At Emami, we outperform sectoral growth through a growing pipeline of unique and affordable products

Positive outlook

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

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

RS Agarwal | RS Goenka

Quick numbers

01 Strong and steady portfolio

74%
Boroplus Antiseptic Cream's all-India market share

56%
Fair and Handsome's all-India market share

55%
Navratna Cool Oil's all-India market share

58%
Zandu & Mentho Plus Balm's all-India market share

72%
Proportion of turnover derived from Emami power brands

250
Emami product portfolio

100
Number of Emami products sold every second in India or across the world

#1
Navratna is the highest selling brand in Bangladesh, the UAE and Kingdom of Saudi Arabia in its respective category

#1
Fair and Handsome is the largest brand in Nepal and UAE in the men's fairness and men's face whitening segments respectively

#1
Boroplus Antiseptic Cream is a leading brand in Russian antiseptic and wound healing space

02 Driving greater efficiencies

16.4%
Advertisement expenses as a percentage of turnover, one of the highest Indian FMCG brand spends

16.9%
One of the highest annual sales growth of Emami among FMCG companies

₹1,699 crore
Consolidated net sales in 2012-13

58%
Gross margins in 2012-13

20.4%
EBIDTA margin in 2012-13, one of the highest in the industry

18.5%
Net profit margin in 2012-13, one of the highest in the industry

25 days
Inventory in terms of sales equivalent, one of the lowest in the industry

₹51.4
Book value of Emami

1.9
Current ratio, signifying high level of liquidity

0.15
Debt-equity ratio of Emami, one of the lowest in the industry

52.9 times
Interest coverage ratio, one of the highest in the industry

03 Enhanced shareholder value

₹ 9,000 crore
Market capitalisation as on 31st March'13

₹ 20.8
Earning per share, one of the highest in the industry

40.5%
Return on Equity, one of the highest among Indian FMCG players

34.5%
Return on Capital Employed, one of the highest among Indian FMCG players

45%
Dividend Pay out Ratio of Emami, one of the highest among Indian FMCG players

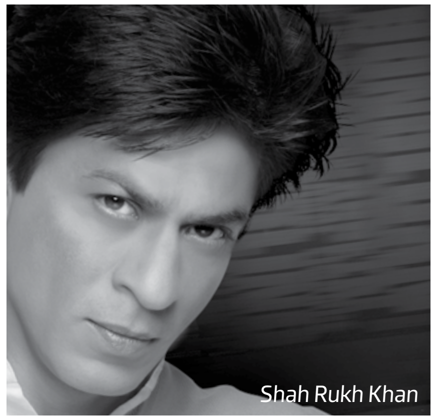
288%
Return to QIP investors who were offered shares at ₹ 310 in July 2009

04 Growing brand Emami

600,000
Emami's direct retail reach

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

We have had over 60 celebrities since the early 1970s


Shah Rukh Khan


Pt. Birju Maharaj


Bipasha Basu


M. S. Dhoni


Kareena Kapoor


Gautam Gambhir


Jr. NTR


Madhuri Dixit


Suriya


Govinda

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

16.4%

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


Amitabh Bachchan

Catalyst for brand recall and preference

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

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

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

The Company has made brand investments of over ₹ 1000 crore in the last five years. The Company's brand investment of ₹ 279 crore which is 16.4 % of revenues in 2012-13, was greater than the sectoral FMCG players spending by nearly 300-400 bps.

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

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

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

72% Proportion of turnover derived from power brands

Successful creator of growing brands

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

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

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

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

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

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

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

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

BOROPLUS
- Antiseptic cream
- Winter lotion
- Prickly heat powder

NAVRATNA
- Cooling talc
- Cooling oil
  - Navratna oil
  - Extra thanda

40,00,000 Number of retailers stocking Emami products across India

Serving consumers today and tomorrow

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

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

- Coverage expansion was the key thrust area in 2012-13. The Company today has nearly 3000 pan-Indian distributors, 5600 sub distributors and a strong sales force of over 2000
- Direct reach to 6 lakh Indian retailers, tapping huge mass segment with indirect reach to 40 lakh outlets
- The global network distributes the products across 60 countries
- 'Project Swadesh' drilled Emami's distribution down to rural and isolated population clusters of up to 10,000
- Hub-and-spoke distribution hierarchy comprises 5 mother warehouses across the country for product storage to counter demand spikes
- The Company also made significant investments in IT infrastructure to ascertain dealer stock positions for coordinated delivery. It provides capability for supply chain optimization across a large and complex manufacturing and distribution network. Additionally, it supports a comprehensive data with real-time information across all operations
- Commissioned an international manufacturing unit in Bangladesh to further explore the potential in the region.

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

Products sold per second	Distributor base across the country	Sub-distributors pan India	Direct retail presence	International presence in countries
100	3000	5600	6 lakh	Across 60
Across the world	As on 31st March 2013	As on 31st March 2013	As on 31st March 2013	As on 31st March 2013

1600% Increase in shareholder value since public issue in 2005

Strength in the marketplace, demonstrated in numbers

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

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

- Rationalised its debt-equity ratio from 1.49 in 2008-09 to 0.15 in 2012-13 leading to a comfortable interest cover of 52.9 times
- Domestic business on a cash-and-carry basis, resulting in a strong overall receivables cycle of 24 days of turnover equivalent; working capital as a proportion of total capital employed was 38% (as on 31st March 2013)
- Recorded an EPS of ₹ 20.8 compared to the peer average of ₹ 12.1
- Achieved a book value per share of ₹ 51.4 compared to the peer average of ₹ 21.9
- Created a robust business model leading to ROE of 40.5% and ROCE of 34.5% one of the highest among Indian FMCG players
- Dividend Payout ratio of 45%, one of the highest among Indian FMCG players
- Reported an EVA of ₹ 220 crore in 2012-13, with EVA as a percentage of capital employed improving to 24% against 19% in previous year

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

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

Debt-equity ratio	ROE	ROCE	Receivables cycle	Payable cycle
0.15	40.5%	34.5%	24 days	22 days
As on 31st March 2013	2012-13	2012-13	2012-13	2012-13

58% Gross margin of the Company, 2012-13

Strong foundation, healthy future

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

Raw material management

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

Operational competence

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

Enhanced logistics efficiency

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

Quality

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

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

Cost of Goods Sold
42.1%
One of the lowest in the industry

EBIDTA Margin
20.4%
One of the highest in the industry

Net Profit Margin
18.5%
One of the highest in the industry

Inventory turnover
25 days
One of the lowest in the industry

On time delivery
91%
2012-13

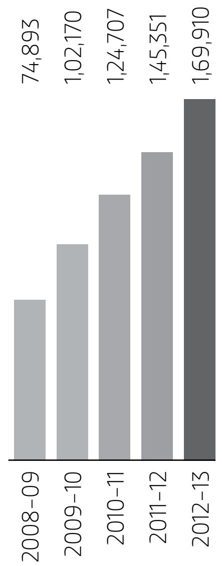
10 years' numbers

(₹ in lakh)

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

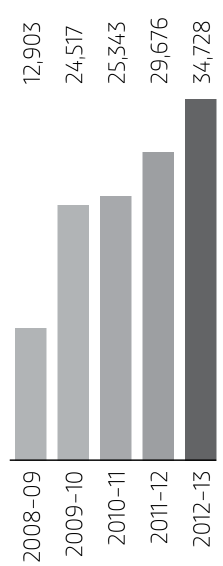
Note: Previous years' EPS, DPS and Book Value has been adjusted as per the present face value of ₹1 per share

Revenue (₹ lakh)



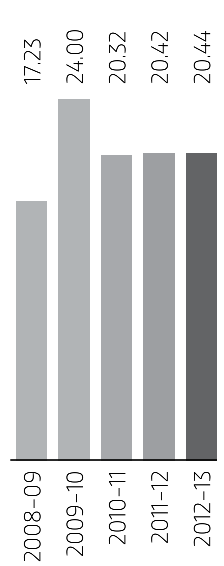
Revenue growth
16.9%
over 2011-12
23.7 %
five year CAGR

EBIDTA (₹ lakh)



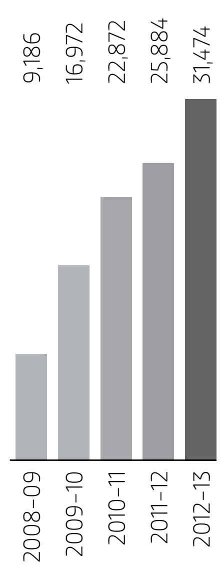
EBIDTA growth
17.0%
over 2011-12
29.5 %
five year CAGR

EBIDTA margin (%)



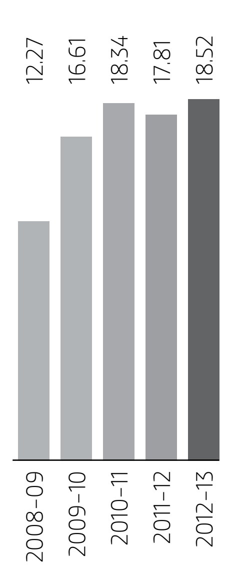
EBIDTA margin growth
2 basis points
over 2011-12
419 basis points
over 5 years

Net profit (₹ lakh)



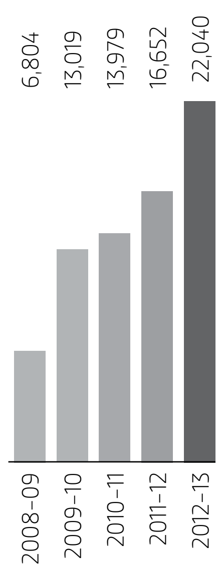
Net profit growth
21.6%
over 2011-12
28.4%
five year CAGR

Net profit margin (%)



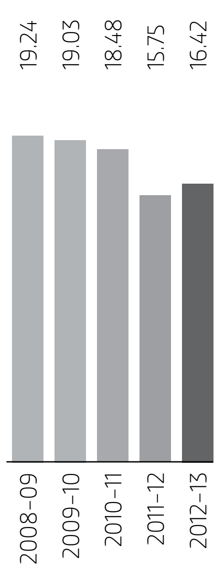
Net profit margin growth
71basis points
over 2011-12
313 basis points
over 5 years

Economic value added (₹ lakh)



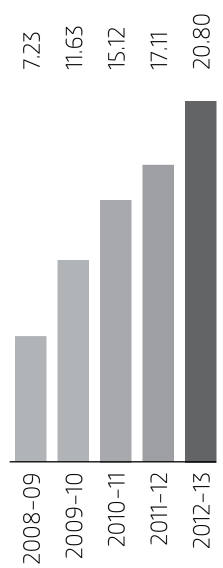
Growth
32.4%
over 2011-12
30.59%
five year CAGR

A&P (as % of sales)



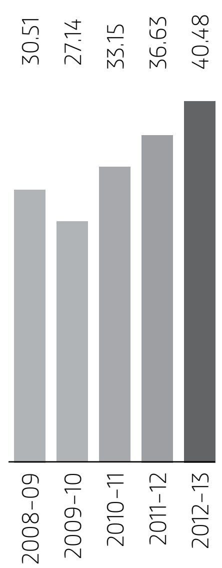
Growth in A&P
21.8 %
over 2011-12
17.4 %
five year CAGR

EPS (₹)



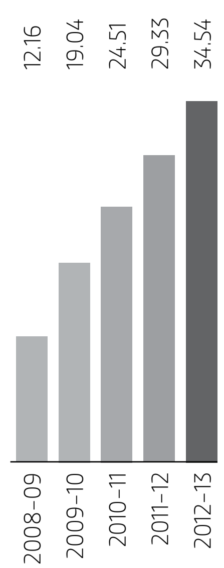
EPS growth
21.6%
over 2011-12
23.4%
five year CAGR

ROE (%)



ROE growth
385 basis points
over 2011-12
852 basis points
over 5 years

ROCE (%)



ROCE growth
521 basis points
over 2011-12
1258 basis points
over 5 years

MD STATEMENT

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

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

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

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

Can you briefly narrate the performance of 2012-13?

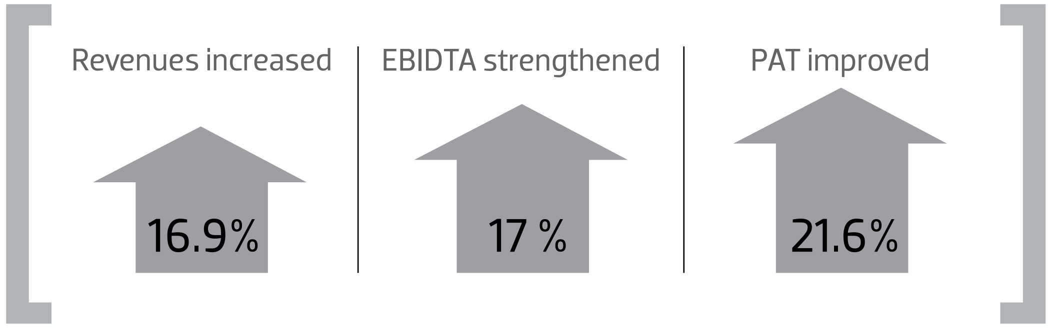
We know we must focus sharply on leveraging all the drivers of consumer demand — positioning, product, placement, promotion and price to achieve our long term growth plans. In fiscal 2012-2013, we balanced these drivers in a manner tailored to each individual brand and category, to optimise the growth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

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

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

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

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



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

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

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

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

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

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

What could be the key revenue drivers?

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

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

Can you elaborate on the inorganic growth possibilities?

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

What are the reasons behind your optimism?

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

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