

Dabur Nepal Pvt. Limited

Audited Balance Sheet and Profit & Loss Accounts for the year ended

31st March, 2007

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DIRECTORS' REPORT

To

The Members of Dabur Nepal Pvt. Limited,

This report presented by your Directors in respect of Financial year ended on 31.03.2007 has been made out for the limited purpose in terms of section 212 (2) (b) of Indian Companies Act,1956. Pursuant to section 212(2)(a) and section 212(2) (b) of Indian Companies Act, the Balance Sheet of Dabur Nepal Pvt. Limited as on 31st March ,2007 and the Profit & loss Account for the year ended on that date dealt with by this report have also been made out in accordance with the requirement of Indian Companies Act 1956,which have been certified by an Indian firm of Chartered Accountants thereby making out the audit report thereof in accordance with the requirements of Indian Companies Act,1956.

FINANCIAL RESULTS

The Financial results of drawn in accordance with Indian Companies Act are as follows:

(Rs in lacs)

Particulars	2006-07	2005-06
Sales (incl. Other income)	22105.69	19481.78
Profit before Tax	678.90	590.23
Less: Provision for Tax-current	145.96	105.54
Net profit after tax	532.94	484.69
Balance brought forward	4596.38	4090.08
Provision for Bonus		
Provision for Taxation for earlier year written back	-	-159.99
Provision for Taxation for earlier year	90.21	40.56
Profit available for appropriation	5039.10	4694.21
Appropriation/allocation:		
Interim Dividend	0	0
Transferred to employees housing reserve fund	0	35.33
Transferred to general reserve		62.50
Balance carried over to balance sheet	5039.10	4596.38

DIVIDEND

In view of future business plans under considerations, your directors do not propose any dividend for the year.

OPERATIONS AND ACTIVITY

The sales for the year was Rs.22105.69 lacs as compared to Rs.19481.78 lacs for the previous year. The net profit for the year was Rs.532.94 lacs as compared to Rs 484.69 lacs for the previous year. Continuing its thrust on the domestic market, your company has started manufacturing Vatika Root strengthening shampoo and Vatika Soap during the year.

EXPANSION/MODERNIZATION

During the year your Company has installed 3 MVA transformers to have constant voltage resulting in reduction of Energy cost. New Finished Goods Godown of 40000 sq.ft. has been constructed with easy truck loading / unloading facilities. Further, XLPE cables have been laid underground inside the factory to replace overhead lines.

MEDICINAL PLANTS PROJECT

Nursery project after achieving total self sufficiency in Akarkara production, now it's on the verge of achieving the same with Chiraita. The project has achieved a major breakthrough in designing a simple postharvest technology for Shatavari which is otherwise very cumbersome. Commercial harvesting of Shatavari is in the process, further extension of Shatavari to newer areas like Kailali zone has taken place.

Nursery greenhouse produced record number of herbal saplings (4.8 millions -no's) despite of all odds. Further project has initiated contract farming of commercial herbal crops like Sutho & Mint in different agro-climatic zones.

FIXED DEPOSITS

No fixed deposit has been accepted during the year.

DIRECTORS' RESPONSIBILITY STATEMENT.

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) That they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That they had prepared the annual accounts on a going concern basis.

AUDITORS REPORT

The observations of Auditors in their report read with the relevant notes to accounts in schedule O are self-explanatory and do not require further explanation.

PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Section 217(2A) of the Indian Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 as amended are given in Annexure 1 to the Directors Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

- A. Conservation of Energy
Following energy conservation measures taken;
 - Maximum Utilization of NEA power with the installation of 3MVA transformer at voltage input range of 7.5 KV to 11.5 KV for constant output of 400-440V and savings of 8-10 lacs per month.
 - Water wastage and energy control by construction of centralized overhead water tank at fruit juice section.
 - Losses in Over Head Lines (OHL) minimized by installation of underground XLPE cables.
 - Replacement of 36" shifters with 48" shifters to minimize the electrical load at LDM.
 - Improvement in Energy Generation from 3.2 units per liters to 3.5 units per liter diesel.
 - Energy saving by shortening the length of conveyer in Hajmola 120 tablet section-10 HP to 2 HP
 - Lighting loads and power loads are separated to minimize the energy consumption.
- a. Total energy consumption and energy consumption per unit is as per Form A attached herewith as Annexure 2
- B. Technology Absorption
Efforts made in technology absorption as per form B is attached herewith as Annexure 3
- C. Foreign Exchange Earnings and Outgo
Total Foreign Exchange used during 2006-07: Rs. 7980.70 lacs.
Total Foreign Exchange Earned during 2006-07 Rs. 313.80 lacs.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support and co-operation extended by Dabur India Limited, Shareholders, Dealers, Customers and all the employees of the Company. They also wish to place on record their sincere appreciation for the co-operation, assistance and guidance received from various officers of the Government of Nepal and Government of India.

On behalf of the Board of Directors
Pradip Burman Chairman
New Delhi
April 12, 2007.

Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2006

Name	Designation/ Nature of Duties	Qualifications	Expe- rience (in yrs)	Remu- neration	Date of Appoint- ment	Age (in yrs)	Particulars of Last employment
1 Burman Chetan (*)	Executive Director	BBA	11	4,236,250	5/1/05	35	Dy. General Manager Sales & Mktg., Dabur India Limited
2 Ganguly Udayan	Chief Executive Officer	B.A (Econ.) PGDBM (Mktg, Systems, Personnel)	18	3,700,000	8/1/06	42	General Manager - Sales, Glaxo SmithKline Consumer Helathcare Ltd.
3 Malhotra S P	Sr. General Manager	Mechanical Engg.	38	3,718,290	2/1/97	58	Sr. Maintenance Manager, Dabur India Limited

Notes:

- 1 Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, provident fund, superannuation fund & gratuity under LIC scheme in terms of actual expenditure incurred by the Company and commission.
- 2 All the employees have adequate experience to discharge the responsibilities assigned to them.
- 3 None of the employees mentioned above is a relative of any director except Mr Chetan Burman who is the son of Mr Pradip Burman.
- 4 Asterisk against a name indicates that the employee was in service for part of the year.
- 5 The nature of employment is on contractual basis except in the case of directors whose terms have been approved by shareholders and relatives of directors whose terms have been approved by the Central Govern-
ment.

On behalf of the Board of Directors
Pradip Burman Chairman
 New Delhi
 April 12, 2007.

FORM - A

(See Rule 2)

Form of Disclosure of particulars with respect to Conservation of Energy

A. Power and Fuel Consumption	2005-06	2006-07
1. Electricity		
a) Purchased		
Units	6901542	5690808
Total amount(Rs.)	24765595	21060207
Rate per unit	3.6	3.6
b) Own Generation:		
i) Through diesel generator		
Units	2299709	3010955
Unit per litre of diesel oil	3.2	3.5
Cost per unit	7.9	8.21
Total cost (Rs.)	18097843	24728358
ii) Through Steam Turbine/Generator		
Units	Nil	Nil
Unit per litre of Fuel Oil		
Cost/Unit		
2. Coal (specify quality and where used)		
Quantity (tonnes)	Nil	Nil
Total cost Average rate per tonne		
3. Furnace Oil		
Quantity (tonnes)	780	904
Total cost (Rs.)	14066194	14107786
Average rate per tonne (Rs.)	18034	15606
4. Others/internal generation		
H S D		
Quantity (Kilo ltr)	718.7	859.7
Total cost(Rs)	18097843	24728358
Average rate per Kilo ltr (Rs)	25181	28764
L D O		
Quantity (Kilo ltr)	Nil	Nil
Total cost		
Average rate per Kilo ltr		

B. Consumption per unit of production

The Company is engaged in production of variety of products, hence the figures of consumption per unit of production are not ascertainable.

Annexure 3

FORM B

(See Rule 2)

Form of Disclosure of particulars with respect to Technology Absorption

Technology Up-gradation

- Installation of 3 MVA transformers to have constant output voltage from low range of input voltage to reduce Energy cost.
- Installation of 6 Head ROPP Capping machine in Hajmola 120 tab section to reduce manpower and increase machine capacity.
- Installation of 2 numbers of sachet packaging machines at Vatika Shampoo section to meet the production plan.
- Laying of underground XLPE cable to replace overhead lines inside the factory.
- Replacement of AHU in Hajmola tablet and Glucose Packing section.
- Up gradation of Vacuum Circuit Breaker at DG house.
- Replacement of Asbestos Sheet with color coated metal sheet.
- New Finished Goods Go down with easy truck loading / unloading facility.
- Installation of four numbers of Attendance Recording Machine for workers to track the attendance.
- Construction of 340 KL capacity centralized water storage tank at Fruit Juice Section.
- Installation of New Straw Applicator in TBA-9 machine.
- Installation of Refractometer at Micro Biology Lab to measure sugar concentration (Brix).
- Installation of Water Analyzer Instrument at Micro Biology lab.

AUDITORS' REPORT

We have verified the attached Balance Sheet of Dabur Nepal Private Limited, (incorporated at Nepal) as at 31st March, 2007 and its Profit & Loss Account and the Cash Flow Statement for the year ended on that date, all being made out in accordance with the requirement of Indian Companies Act, 1956, from the audited accounts of the body corporate under the statute of the country of its incorporation and additional certified returns which have been relied upon by us (refer note no. B(1), Schedule "N" of Notes to Accounts). These financial statements are the responsibility of the body corporate's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. We have relied upon the figures of opening balances as certified by the management in respect of accounts of the body corporate made out in terms of exigency of Indian Companies Act, 1956.

- i. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of section 227 (4A) of the Indian Companies Act, 1956, we enclose herewith in the annexure a statement of the matter specified therein.
- ii. We hereby report that
 - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956, were received by us.
 - b) We have obtained the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
 - c) Proper books of accounts, have been kept by the body corporate.
 - d) The Balance Sheet and Profit & Loss Account dealt with by this report have been made out from the figures which are in agreement with the books of accounts.
 - e) Subject to Note No.10 & 11 of Notes to Accounts, Balance Sheet and Profit & Loss Account have been prepared in due compliances of accounting standards referred to in sub-section (3C) of section 211 of Companies Act 1956.
 - f) In our opinion and according to the information and explanations given to us, the accounts as made out herein read with other notes appearing in Schedule "N" give the information required by the Companies Act 1956, in the manner so required to the extent possible and practicable and give a true and fair view in conformity with the accounting principles generally accepted in India ;
 - (i) In the case of Balance Sheet, of the State of Affairs of the body corporate as at 31st March 2006 and
 - (ii) In case of Profit & Loss Account of the profit of the body corporate for the year ended on that date; and
 - (iii) In the case of Cash Flow statement, of the cash flows of the body corporate for the year ended on that date.

For **G. Basu & Co.**
Chartered Accountants
Jeeban Kumar Ganguly
Partner
(Membership No.: 051291)
New Delhi
12th April 2007

ANNEXURE TO THE AUDITORS' REPORT AS REFERRED TO IN PARA I OF THE SAID REPORT OF EVEN DATE.

- 1 a. The body corporate has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The fixed assets have been physically verified by the Management at reasonable intervals. No material discrepancies between book records and the physical inventories have been noticed on such verification.
- c. Fixed assets disposed of during the year were not material enough to affect the going concern identity of the body corporate.
- 2 a. The inventories have been physically verified at reasonable intervals by the management.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the body corporate and the nature of its business.
- c. On the basis of our examination of the records of inventory, we are of the opinion that the body corporate is maintaining proper records of inventory.

The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- 3 a. The body corporate has not granted any loan or advance of the nature of loan (secured or unsecured) to any director, body corporate, company, firm or parties in which directors are interested.
4. The body corporate has not taken any fresh unsecured loan during the year. The body corporate had accepted unsecured loan of Rs. 48.13 lacs in the previous year, which remains outstanding at the year end. The body corporate is regular in payment of interest dues. Since the repayment of the loans has still not been demanded, the question of payment of principle due does not arise. Terms & condition of the loans are not prima-facie prejudicial to the interest of the body corporate. Maximum amount due during the year from the two parties aggregated Rs.2053.85.
5. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the body corporate and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the body corporate to correct major weakness in internal control system.
6. According to information and explanation given to us, the transactions of purchases and sales with the directors or companies, firms or parties were the directors are interested, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. The body corporate has not accepted deposit from any sources within the meaning of "Acceptance of Deposit Rule" under Indian Companies Act, 1956.
8. The body corporate has reasonably an adequate internal audit system commensurate with its size and nature of business.
9. Section 209 (i) (d) of the Companies Act, 1956, is not applicable to the body corporate.
- 10 a) According to information and explanations given to us, the body corporate is depositing with appropriate authorities undisputed statutory dues to the extent applicable to it.
- b) We have been informed that there is no undisputed statutory dues as at the year end which is outstanding for a period of six months from the date the same became payable.
- c) According to information and explanations given to us, there has been no disputed statutory dues which has not been deposited.
11. Based on the audit procedures and on the information and explanations available to us, the body corporate has not availed any facility from any financial institution or debenture holder. As such the question of default does not arise. Regarding loans from the banks, the same is default free.
12. The body corporate has not granted any loan or advance secured by pledge of share, debenture or other security.
13. Based on our examination of the records and evaluations of the related internal controls and information given to us we are of the opinion that the body corporate is not dealing in securities, debentures and other investments. It has one long term investment which is strategically held in its own name.

14. The body corporate has not given guarantees for loans taken by others from banks or financial institutions.
15. No term loan has been availed by the body corporate from any quarter.
16. According to the information and explanations given to us and on the basis of analysis of financial statement of the body corporate, we are of the opinion that no fund has been raised on short term basis which has been used by the body corporate for long term application.
17. The Body corporate has not issued any secured debenture during the year.
18. The Body corporate has not raised any fund through public issue or preferential allotment during the year.
19. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the body corporate has been noticed or reported during the course of our audit.
20. Other clauses of the order are not applicable to the Body corporate.

For **G. Basu & Co.**
Chartered Accountants
Jeeban Kumar Ganguly
Partner
(Membership No.: 051291)
New Delhi
12th April 2007

BALANCE SHEET AS AT MARCH 31, 2007

Particulars	Schedule	As at March 31, 2007 (Rs. in lacs)	As at March 31, 2006 (Rs. in lacs)
Sources of Funds :			
Shareholders' Funds:			
(A) Share Capital	A	499.08	499.08
(B) Reserves And Surplus	B	6,198.80	5,694.74
		6,697.89	6,193.82
Loan Funds:			
(A) Secured Loans	C	6,193.83	2,157.26
(B) Unsecured Loans	D	48.13	2,053.84
		6,241.96	4,211.11
Total		12,939.85	10,404.93
Application Of Funds :			
Fixed Assets :			
(A) Gross Block	F	11,421.80	10,931.13
(B) Less : Depreciation		5,416.99	4,592.58
(C) Net Block		6,004.81	6,338.55
Long Term Investment (In Govt. Securities)		-	12.49
Current Assets, Loans And Advances:			
(A) Inventories	G	4,361.17	4,414.10
(B) Sundry Debtors		3,029.58	1,341.08
(C) Cash & Bank Balances		21.76	66.88
(D) Loans & Advances		4,362.54	3,502.36
		11,775.06	9,324.41
Less: Current Liabilities And Provisions			
(A) Liabilities	E	4,345.04	4,604.96
(B) Provisions		507.18	665.56
		4,852.22	5,270.52
Net Current Assets		6,922.84	4,053.89
Miscellaneous Expenditure (to the extent not written of or Adjusted)		12.21	
Notes To Accounts	N		
Total		12,939.85	10,404.93

As per our report of even date attached
For **G.Basu & Co.**
Chartered Accountants
Jeeban Kumar Ganguly
Partner
(Membership No.: 051291)
New Delhi
12th April 2007

For Dabur Nepal Pvt. Limited

Pradip Burman
R S Rana

Chairman
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

Particulars	Schedule	For the year ended 31 March 2007 (Rs. in lacs)	For the year ended 31 March 2006 (Rs. in lacs)
Income :			
Sales Less Returns	H	21,988.33	19,400.29
Other Income		117.36	81.49
Total Income		22,105.69	19,481.78
Expenditure :			
Cost Of Materials	I	16,107.24	13,862.82
Excise Duty		17.75	34.60
Manufacturing Expenses	J	1,058.31	996.82
Payments To And Provisions For Employees	K	1,193.43	879.95
Selling And Administrative Expenses	L	1,836.15	1,963.25
Financial Expenses	M	380.98	405.55
Depreciation		832.93	748.56
Provision For Housing			
Total Expenditure		21,426.79	18,891.55
Balance Being Net Operating Profit Before Tax		678.90	590.23
Provision For Taxation Current		145.96	105.54
Net Profit After Taxation		532.94	484.69
Balance Brought Forward		4,596.38	4,090.08
Provision For Bonus			
Provision For Taxation For Earlier Year Written Back		-	-159.99
Provision For Taxation For Earlier Year		90.21	40.56
Profit Available For Appropriation		5,039.10	4,694.21
Appropriation/Allocation			
Interim Dividend		-	-
Transferred To Employees Housing Reserve Fund		-	35.33
Transferred To General Reserve		-	62.50
Balance Carried Over To Balance Sheet		5,039.10	4,596.38

As per our report of even date attached
For **G.Basu & Co.**
Chartered Accountants
Jeeban Kumar Ganguly
Partner
(Membership No.: 051291)
New Delhi
12th April 2007

For Dabur Nepal Pvt. Limited

Pradip Burman
R S Rana

Chairman
Director

Schedules attached to and forming part of the balance sheet as at March 31, 2007

Particulars	As at 31st March 2007 (Rs. in lacs)	As at 31st March 2006 (Rs. in lacs)
SCHEDULE A - SHARE CAPITAL		
1400000 Equity Shares Of Nrs 100 Each (Previous Year 1400000 Equity Shares Of Nrs 100)	875.00	875.00
	875.00	875.00
Issued, Subscribed: And Paid Up 798520 Equity Shares Of Nrs 100 Each Fully Paid Up In Cash) 778520 Held By Dabur International Ltd, Holding Company Incorporated In Isle Of Man & Its Nominees (Previous Year- 798520 Equity Shares Of Nrs 100)	499.08	499.08
	499.08	499.08
SCHEDULE B - RESERVES AND SURPLUS		
Share Premium Account As Per Last Account	375.00	375.00
Employees Housing Reserve Fund As Per Last Account	456.04	420.71
Add : Transferred From Profit & Loss Account	39.69	35.33
	495.73	456.04
General Reserve : As Per Last Account	267.32	204.82
Add : Transferred From Profit & Loss Account	21.65	62.50
	288.97	267.32
Profit And Loss Account	5,039.10	4,596.38
Total	6,198.80	5,694.74
Schedule C - Secured Loans		
Banks And Financial Institution Term Loans : Deferred Payment (Secured By Hypothecation over Machinies Imported Under The Said Facility)	163.79	253.41
Short Term Loans - From Banks : Secured By : Execution Of Registered Mortgage By Deposit Of Title Deeds Of Company's Entire Land Situated At Rampur Tokani, Bara District And The Entire Immivable Properties, Present & Future, Built Thereon And Hypothecation & Assignment Of Entire Current Assets, Present And Future, Ranking Pari-Passu Amongst Nabil Bank Ltd, Std. Chartered Bank Nepal Ltd And Nepal Sbi Bank Ltd. Sub- ject To The Priorities That Banks Extending Term Loans (Except That Which Is Covered By Guarantees Of Indian Banks) Shall Have First Charge On The Fixed Assets And Second Charge On Current Assets While The Participating Banks Extending Working Capital, Overdraft And Cash Credit Shall Have Pari- Passu First Charge On The Current Assets And Second Charge On Fixed As- sets; And Are Further Secured By A Corporate Guarantee By The Company's Parent Company Dabur India Ltd; New Delhi And By Personal Guarantee By A Director Of The Company.	6,030.04	1,903.86
	6,193.83	2,157.26

Schedules attached to and forming part of the balance sheet as at March 31, 2007

Particulars	As at 31st March 2007 (Rs. in lacs)	As at 31st March 2006 (Rs. in lacs)
Schedule D - Unsecured Loans		
From Directors	48.13	48.13
From Holding Company	0.00	2005.72
Total	48.13	2053.84
Schedule E - Current Liabilities And Provisions		
A. Current Liabilities :		
Acceptance	1,723.01	3,117.29
Creditors For Goods	2,191.78	1,197.48
Creditors For Expenses And Other Liabilities"	411.59	252.74
Dividend Payable		
Interest Accrued But Not Due On Loans	18.66	37.45
	4,345.04	4,604.96
B. Provisions :		
For Leave Salary	17.30	12.86
For Housing, Bonus & Gratuity & Other Welfares	93.22	67.11
For Taxation :		
Brought Forward	833.96	
Provision For The Year	146.11	
Adjusted During Year	396.66	585.59
	507.18	665.56
	4,852.22	5,270.52

Schedule F - Fixed Assets

(Rs. in lacs)

NAME OF ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.06	Additions	Adjustment	As on 31.03.2007	As on 31.03.06	For the Year	Adjustment	As on 31.03.2007	As on 31.03.2007	As on 31.03.06
Freehold Land	304.95	-	-	304.95	-	-	-	-	304.95	304.95
Building, Roads & Bridges	2,130.14	187.82	-	2,317.96	900.49	85.87	-	986.36	1,331.60	1,229.65
Plant & Machinery	7,075.67	176.29	-	7,251.96	2,967.95	616.34	-	3,584.29	3,667.68	4107.72
Furniture & Fixture	861.97	72.69	28.89	905.78	478.06	69.91	2.94	545.03	360.75	383.91
Vehicles	280.40	28.49	-	308.89	142.95	36.37	-	179.32	129.57	137.45
Computer	195.83	3.58	-	199.41	103.18	24.44	5.58	121.99	77.41	92.70
Cwip	82.17	420.91	370.23	132.85	-	-	-	-	132.85	82.17
Total	10,931.13	889.78	399.12	11,421.80	4,592.58	832.93	8.53	5,416.99	6,004.81	6,338.55
Previous Year	9,257.56	1,764.43	90.85	10,931.14	3,826.36	748.56	(17.66)	4,592.58	6,338.56	

Schedules attached to and forming part of the balance sheet as at March 31, 2007

Particulars	As at 31st March 2007 (Rs. in lacs)	As at 31st March 2006 (Rs. in lacs)
Schedule G - Current Assets, Loans And Advances		
Current Assets :		
Inventories		
- Raw Materials	1,576.39	2,656.68
- Goods In Transit	-	-
- Packing Materials, Stores And Spares	1,252.04	1,403.29
- Stock In Process	55.76	56.80
- Finished Goods	1,476.98	297.33
	4,361.17	4,414.10
Sundry Debtors (Unsecured & Considered Good)		
- Debts Outstanding For A Period Exceeding Six Months :		
Considered Good	243.56	243.14
Other Debts	2,786.03	1,097.93
	3,029.58	1,341.08
Cash And Bank Balances :		
'Cash In Hand	3.02	8.56
- Balance With Non Scheduled Banks		
In Current Accounts	13.86	19.64
In Fixed Deposit Accounts	4.88	38.67
	21.76	66.88
	7,412.51	5,822.05
Loans And Advances (Unsecured, Considered Good)		
Security Deposit With Various Authorities	363.56	391.91
Advance Payment Of Tax	220.02	535.46
Advances To Suppliers	1480.68	657.48
Advances To Employees	130.96	102.39
Other Advances Recoverable In Cash Or In Kind Or For Value To Be Received	2,167.33	1,815.12
	4,362.54	3,502.36
Total (A+B)	11,775.06	9,324.41

Schedules annexed to and forming part of the Profit and Loss account for the year ended 31st March 2007

Particulars	For the year ended 31st March 2007 (Rs.in lacs)	For the year ended 31st March 2006 (Rs.in lacs)
Schedule H - Sales and Other Income		
A. Sales :		
Domestic Sales Less Returns	4,416.78	3,772.63
Export Sales	17,571.55	15,627.66
	21,988.33	19,400.29
B. Other Income :		
Rent Realised	0.43	1.96
Sale Of Scrap	106.07	68.53
Miscellaneous Receipts	4.86	7.39
Profit on Sale of Fixed Assets	2.16	-
Interest Received	3.86	3.61
	117.36	81.49

Schedules annexed to and forming part of the Profit and Loss account for the year ended 31st March 2007

Particulars	For the year ended 31st March 2007 (Rs.in lacs)	For the year ended 31st March 2006 (Rs.in lacs)
Schedule I - Cost Of Materials		
Raw Materials Consumed :		
I) Opening Stock	2156.70	2,058.79
ii) Add : Purchases	9566.24	8,323.31
	11,722.94	10,382.11
iii) Less : Closing Stock	1,576.39	2,156.70
	10,146.54	8,225.42
Packing Materials Consumed :		
I) Opening Stock	1,191.16	908.03
ii) Add : Purchases	5,579.63	5,653.84
	6,770.79	6,561.87
iii) Less : Closing Stock	977.23	1,191.16
	5,793.56	5,370.71
Purchase of Finished Products	51.83	-
Adjustment Of Stocks In Process And Finished Goods		
Opening Stock :		
Stock In Process	56.80	101.17
Finished Products	297.33	519.65
	354.13	620.82
Closing Stock :		
Stock-In-Process	55.76	56.80
Finished Products	183.06	297.33
	238.83	354.13
Increase(-)/Decrease In Stock In Process And Finished Goods	115.31	266.69
	16107.24	13,862.82
Schedule J - Manufacturing And Operating Expenses		
Power And Fuel	620.92	586.11
Stores & Spares Consumed	286.01	267.77
Repairs & Maintenance		
- Building	93.18	80.71
- Plant & Machinery	38.93	38.50
- Others	19.27	23.74
	1,058.31	996.82
Schedule K - Payments To And Provisions For Employees		
Salaries, Wages And Bonus	720.53	709.48
Contribution To Provident And Other Funds	55.23	42.05
Workmen And Staff Welfare	374.58	93.55
Directors' Remuneration	43.09	34.88
	1193.43	879.95

Schedules annexed to and forming part of the Profit and Loss account for the year ended 31st March 2007

Particulars	For the year ended 31st March 2007 (Rs.in lacs)	For the year ended ended 31st March 2006 (Rs.in lacs)
Schedule L - Selling And Administrative Expenses		
Rent	52.74	91.96
Rates And Taxes	11.69	13.23
Insurance	63.87	71.74
Freight and Forwarding Charges	668.58	-
Cartage And Coolie	32.94	33.93
Commission, Discount And Rebate	-	-
Advertising And Publicity	368.39	320.79
Travel & Conveyance	150.78	125.97
Legal & Professional	16.67	31.48
Telephone , Fax Expenses	69.40	-
Security Expenses	43.66	31.27
General Expenses	177.79	1,215.73
Auditors' Remuneration:	2.13	2.97
Donation	16.11	10.49
Provision For Doubtful Debts	160.14	4.39
Loss On Sale Of Investments (Other Than Trade)	1.28	9.14
Loss On Sale Of Fixed Assets	-	0.16
	1,836.15	1,963.25
Schedule M- Financial Expenses		
Interest (Other than fixed period Loan)	307.23	302.26
Bank Charges	73.76	103.29
	380.98	405.55

ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2007

SCHEDULE -N ACCOUNTING POLICIES & NOTES TO ACCOUNTS

(Rs. In Lacs)

A. ACCOUNTING POLICIES

The accounts have been prepared in accordance with the historical cost convention.

b. Fixed Assets and Depreciation:

- Fixed assets are stated at cost less impairment loss, if any.
- Cost includes inward freight and expenses incidental to acquisition and installation.
- Depreciation on Fixed Assets have been provided for on straight line method at rates specified in schedule XIV of the Indian Companies Act 1956.

c. Impairment of Assets:

The body corporate identifies impairable assets at the year-end in term of cash generating unit (CGU) concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss on fixed assets and capital work-in-progress (as required under para -34, AS-28) being the difference between the book value and recoverable value of relevant assets. Impairment loss if any when crystallizes is charged against revenue of the year. Entire plant constitute as single CGU.

d. Inventories:

Stocks are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

- Raw materials, Packing materials, On FIFO Basis Stores & Spares
- Work-in-process At cost of input plus overhead upto the stage of completion.
- Finished goods At cost of input plus appropriate

Overhead.

e. Retirement Benefits:

Provision is made for gratuity and leave salary payable to the staff in accordance with local labour laws as per management estimate on the assumption of all employees retiring on year end.

f. Recognition of Income and expenses:

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- All items of incomes and expenses have been accounted for on accrual basis.

g. Contingent Liabilities:

Disputed liabilities and claims including claims raised by fiscal authorities, pending in appeal/court, for which no reliable estimate can be made of the amount of obligation or which are remotely poised for crystallization are not provided in accounts but disclosed in notes on accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

h. Translation of accounts of the body corporate from the currency of country of it's incorporation NRS to INR :

Currency of Nepal not being fluctuable vis-à-vis reporting currency, the same has been translated at flat rate determined in the ratio of Nepalese and Indian currency.

i. Translation of Foreign Currency:

- Receivables/payables (excluding for fixed assets) in foreign currencies are translated at the exchange rate ruling at the year end and resultant gain or loss, is accounted for in the profit & Loss Account.
- Capital as well as revenue implication of exchange fluctuation charged or credited to revenue, are disclosed in notes to accounts.

B. NOTES TO ACCOUNTS

1. Accounts of the body corporate (a wholly owned subsidiary of Dabur India Ltd., a company incorporated in India), incorporated in Nepal, originally audited by overseas auditors pursuant to law of the country of its incorporation, have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the balance sheet, profit & loss account (including auditor's report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act, 1956, for the purpose of annexing the particulars of the body corporate with its holding company under section 212 (1) of the Companies Act, 1956.

Modification of accounts warranted under the exercise predominantly related to

- (a) Translation of treatment of various heads of accounts in terms of accounting standards referred to in section 211(3c) of the Companies Act, 1956.

- (b) Presentation of accounts in terms of schedule VI of Companies Act, 1956, including disclosure of necessary information as laid down under section 211(1) and 211(2) of Companies Act 1956.
2. Test of impairment in terms of A (C), schedule O did not prima facie provide any exigency of impairment thereby ruling out the cause of providing for any impairment loss.
3. Income and Expenditure in Foreign Currency This being a body corporate incorporated in Nepal., information relating to import, export, expenditure in foreign currency & CIF value of import are superfluous herein.
4. Managerial Remuneration (paid or payable during the year, to the Directors) :
Payments made to the Directors amount to Rs. 34.88 (previous year Rs. 4.46) on account of salary.
5. Segment Report.
The primary segment identified for body corporate being lone FMCG segment, all the products fall in within its purview, no segment report has been provided herein.
6. Contingent Liabilities:
- a) Claims against the company not acknowledged as debts:
In respect of Income Tax under appeal Rs. 50.90 (previous year Rs. 75.03).
- b. In respect of bank guarantees executed Rs.1178.06 (previous year Rs.1126.50).
- c. In respect of Letter of Credits Rs. 1789.08 (previous year Rs.1308.90).
- d. Estimated amount of contract remaining to be executed on capital account Rs. NIL (previous year Rs. 37.24).

7. CIF value of Imports

Raw Material	8866.17	6721.64
Packing Material	4300.84	4246.46
Stores & Spares	219.33	232.42
Capital Goods	342.18	1131.62
	13728.52	12332.14

8. Value of Raw Materials, Stores & Spares consumed

	Raw Material				Stores & Spares			
	31.03.2007		31.03.2006		31.03.2007		31.03.2006	
	Value	%	Value	%	Value	%	Value	%
Imported	8941.03	88.12	8205	99.75	5867.00	96.50	5498.93	97.53
Indigenous	1205.51	11.88	20.42	0.25	212.56	3.50	139.55	2.47
Total	10,146.54	100.00	8,225.42	100.00	6079.56	100.00	5,638.48	100.00

9. Particulars in respect of goods Manufactured :

Class of	Unit	Licenced Capacity	Installed Capacity	Production Qty	Opening Stock		Closing Stock		Sales	
					Qty	Value	Qty	Value	Qty	Value
Lal Dant Manjan	MT	8,000.00	7,200.00	4,171.60	17.93	10.51	7.96	5.91	4,181.57	3,538.82
		(8,000.00)	(7,200.00)	(4,136.81)	(23.60)	(15.79)	(17.93)	(10.51)	(4,142.48)	(3,272.78)
Real Fruit Juices	KL	80,744.00	87,597.00	38,194.72	946.45	232.82	114.55	44.98	39,026.62	11,068.99
		(80,744.00)	(87,597.00)	(35,345.56)	(254.74)	(59.74)	(946.45)	(232.82)	(34,653.85)	(9,668.79)
Others		-	-	-	-	105.91	-	132.17	-	7,380.39
		-	-	-	-	(545.30)	-	(110.81)	-	(6,458.73)
Total		-	-	-	-	349.24	-	183.06	-	21,988.19
						(620.82)		(354.13)		(19,400.29)

(Previous year figures in brackets)

10. Revenue and capital implication of exchange fluctuation to the extent realized have not been determined. However, this has no implication on Profit and Loss Account and Balance Sheet.
11. Cash Flow for previous year could not be drawn being the first year of conversion of accounts of subsidiary body corporate under section 212 of the Companies Act, 1956.

12. All the figures have been expressed in Rs. Lacs unless stated otherwise.
 13. Figures of previous year are based on accounts un-audited for the purpose of Section 212 of the Companies Act, 1956.
 14. Dues to units registered with Directorate of Cottage & Small Scale Industries in India – NIL (previous year –NIL).
 15. Additional Information as required under Part IV of Schedule VI of the

1. Registration details	
Registration No.	Not Available
Balance Sheet Date	31/03/2007.
2. Capital Raised during the year (Rs. '000)	
Public issue	nil
Bonus issue	nil
Right issue	nil
Other Issue	nil
3. Position of Mobilisation & deployment of fund (Rs. '000)	
Total Liabilities	17,77,987
Total Assets	17,77,987
Sources of Funds :	
Paid up capital	49,908
Unsecured Loan	4,813
Application of funds	
Net Fixed Assets	6,00,481
Net current Assets	6,92,281
Accumulated Profit	5,03,910
4. Performance of the Company (Rs. '000)	
Turnover	22,10,569
Profit before tax	67,890
Profit After tax	53,294
5. Generic Name of three principal products/ services of the company	
Item Code	
Product Description	
Juices	
Hair Oil	
Toothpowder	
(Item codes not available)	

Signatures to the Schedules "A" to "N" Annexed to and forming part of the Accounts.

As per our report of even date attached
 For **G.Basu & Co.**
 Chartered Accountants
Jeeban Kumar Ganguly
 Partner
 (Membership No.: 051291)
 New Delhi
 12th April 2007

For Dabur Nepal Pvt. Limited

Pradip Burman
R S Rana

Chairman
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

Particulars	For the year ended 31 March 2007 (Rs.in lacs)	For the year ended 31 March 2006 (Rs.in lacs)
A. Cash Flow From Operating Activities		
Net Profit Before Tax And Extraordinary Items	678.90	590.24
Add:		
Depreciation	832.93	748.56
Loss On Sale Of Fixed Assets	(2.16)	0.16
Loss On Sale Of Investment	1.28	0.00
Interest*	380.98	405.55
	1,213.03	1,154.27
Operating Profit Before Working Capital Changes	1,891.93	1,744.51
Working Capital Changes		
Increase/(Decrease) In Inventories	(52.93)	15.86
Increase/(Decrease) In Debtors	1,688.50	300.67
Decrease/(Increase) In Trade Payables	259.92	(433.37)
Increase/(Decrease) In Working Capital	1,895.49	(116.84)
Cash Generated From Operating Activities	(3.56)	1,861.35
Interest Paid	380.98	405.55
Tax Paid	232.68	
	380.98	638.23
Cash Used(-)/(+)Generated For Operating Activities (A)	(384.54)	1,223.12
B. Cash Flow From Investing Activities		
Purchase Of Fixed Assets	(90416)	(1,751.96)
Sale Of Fixed Assets	18.21	95.89
Purchases Of Investment Including Investment In Subsidiaries	11.22	(0.43)
Cash Used(-)/(+)Generated For Investing Activities (B)	(874.75)	(1,656.51)
C. Cash Flow From Financing Activities		
Repayment(-)/Proceeds (+) Of Long Term Secured Liabilities	(89.61)	171.25
Repayment(-)/Proceeds(+) From Short Term Loans	4126.18	(1,617.68)
Repayment (-)/Proceeds(+) From Deposits	(2005.72)	2,005.72
Payment Of Other Advances	(860.19)	(93.28)
Payment Of Dividend		
Cash Used(-)/(+)Generated In Financing Activities (C)	1,170.65	466.00
Net Increase(+)/Decrease (-) In Cash And Cash Equivalents (A+B+C)	(88.64)	32.61
Cash And Cash Equivalents Opening Balance	66.88	34.27
Cash And Cash Equivalents Closing Balance	21.76	66.88

As per our report of even date attached
For **G.Basu & Co.**
Chartered Accountants
Jeeban Kumar Ganguly
Partner
(Membership No.: 051291)
New Delhi
12th April 2007

For Dabur Nepal Pvt. Limited

Pradip Burman
R S Rana

Chairman
Director