



# DABUR INDIA LIMITED

## Celebrating



Years of

# Health & Well Being

Half Yearly Financial Report

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# & 125 Years Old Growing Strongly

*“What is that life worth which cannot bring comfort to others.”*



It was this noble thought that led the Kolkata-based Ayurvedic doctor - Dr S. K. Burman - to set up a small Ayurvedic pharmacy in Calcutta a hundred and twenty five years back in 1884. **His mission was** to provide effective and affordable cure for people in cities as well as far-flung villages.

The name Dabur, in fact, derives its existence from a rather curious pronunciation of words. In Eastern India, a doctor is often called ‘daaktaar’. So, Dr. Burman took the first two letters of ‘daaktaar’ and combined it with the first three of his own name to come up with ‘Da-bur’. This marked the birth of what we today know as Dabur India Ltd (DIL).



From its humble beginnings in the bylanes of Calcutta, Dabur India Ltd has come a long way today to become an over \$600 million FMCG company - the largest India-born consumer products maker - with a host of big ticket products and brands in its portfolio.

During its illustrious journey, Dabur India Ltd has carved a niche for itself with the successful introduction of a host of brands and products offering the benefits of nature & the age-old science of Ayurveda in a modern, convenient and ready-to-use formats. Its brands – ranging from Dabur Amla, Vatika, Hajmola, Chyawanprash to Réal – are all household names. Today, Dabur India Ltd is India’s most trusted name in health and personal care and the world’s largest Ayurvedic and Natural Health Care Company.



More than a century after Dr. S. K. Burman set up this company, Dabur is still sworn to the motto of being committed to the health & well being of every household. As it grows at a trail blazing pace, Dabur will continue to cross major milestones along the way aiming to be among the most valuable consumer companies in the country.



## Content

Board of Directors	3
Management Discussion and Analysis	4
Auditor's Report	13
Financial Statements	14
Consolidated Financial Statements	27

# Dabur

A trusted name in natural healthcare, **Dabur** is known for providing a range of efficacious & time-tested healthcare products based on principles of Ayurveda.

# Vatika

A premium personal care brand & a leader in its category, **Vatika** is a popular name in the personal care space offering a whole range of nature-based solutions.

# Hajmola

Tasty fun-filled digestive available in various forms like tablets and candies, **Hajmola** appeals to all age groups.



India's leading brand of packaged fruit juices, **Réal** offers the largest range of refreshing & healthy fruit juices that are 100% natural and free of preservatives.



A new member in the family of Dabur's key brands, **Fem** offers a range of fairness bleaches and hair removing solutions.

## Board of Directors

Dr. Anand Burman	Chairman
Mr. Amit Burman	Vice Chairman
Mr. Pradip Burman	Director
Mr. Mohit Burman	Director
Mr. P D Narang	Director
Mr. Sunil Duggal	Director
Mr. R C Bhargava	Director
Mr. P N Vijay	Director
Dr. S Narayan	Director
Mr. Albert Wiseman Paterson	Director
Mr. Analjit Singh	Director
Dr. Ajay Dua	Director

## GM (Finance) & Company Secretary

Mr Ashok Jain

## Auditors

M/s G. Basu & Co.  
Chartered Accountants

## Internal Auditors

Price Waterhouse Coopers Pvt. Ltd.

## Bankers

Punjab National Bank  
Standard Chartered Bank  
HSBC Ltd.  
State Bank of India  
ABN Amro Bank NV  
Citibank NA  
HDFC Bank Ltd.  
IDBI Bank Ltd.

## Corporate Office

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Dabur Tower,  
Kaushambi, Sahibabad,  
Ghaziabad - 201 010, (U.P.), India  
Tel: 0120 - 3982000, 3001000  
Fax: 0120 - 4374935  
Website: [www.dabur.com](http://www.dabur.com)  
Email: [investors@dabur.com](mailto:investors@dabur.com)

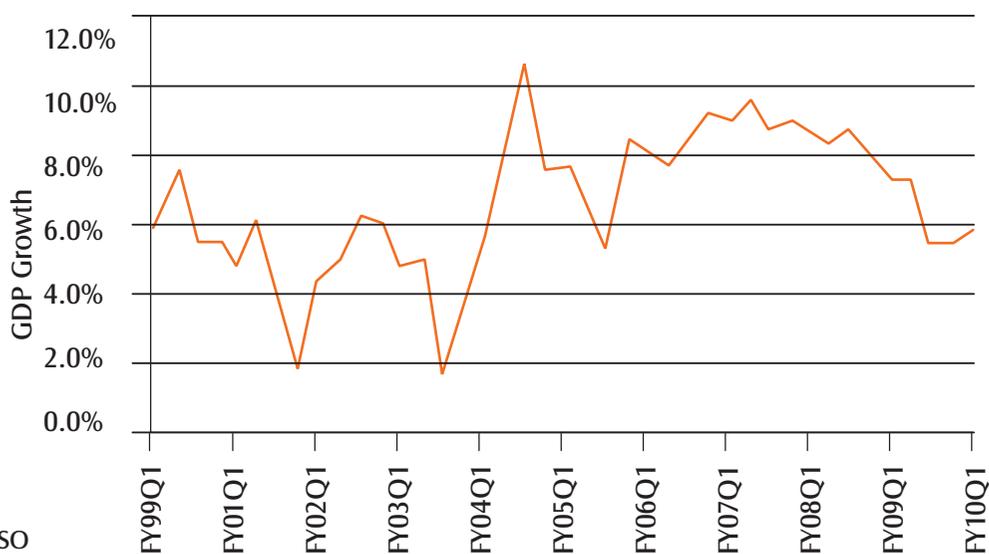
## Registered Office

8/3, Asaf Ali Road,  
New Delhi-110002  
Tel: 011-23253488

# Management Discussion and Analysis

While the year 2008-09 saw one of the worst financial crises in the world history, many developed economies entered into a recessionary phase with stagnation in economic growth, loss of jobs, shrinking incomes and weak demand. The Indian economy however survived the global crisis led by strong domestic demand and relatively quick revival in economic activity across sectors. In fact Indian economy continues to grow despite all odds and the latest estimates by RBI put the 2009-10 GDP growth at 6.5% led by strong revival in construction activities, financials services and manufacturing.

Chart 1: Quarterly Real GDP Growth (%)



Source: CSO

First half of the year 2009-10 has also been witness to a deficient monsoon leading to drought like situation in many states across the country. As per the India Meteorological Department (IMD), 2009 was the third worst monsoon year since 2001 with a rainfall deficiency of 23% across the country. Chart 2 shows the percentage of deficiency in the rainfall over the long term average since 2001. The year FY2009-10 is expected to end at around 85% of long term average.

The apprehension that this would lead to contraction in demand however has been allayed as the FMCG sector

continued to post robust growth and witnessed strong volume growth during the second quarter as well. There have been no visible warning signals as yet of any slowdown in demand.

However the poor rainfall could have an impact on the food/agri input prices as demand for such commodities may outstrip its supplies, which might lead to higher inflation towards the end of the current fiscal.

Agri-production could vary considerably across states depending on extent of rainfall deficiency and availability of irrigation facilities. While rice has been worst affected

in terms of acreage and yields, sugar cane is likely to suffer on account of lower yield and quality. Pulses, coarse cereals, oilseeds & cotton have been relatively less impacted. However, improved rainfall towards the end of the season has considerably improved the outlook for Rabi crop, an important determinant for continued consumer demand in rural areas.

Factors favoring the consumer offtakes

- Government spending through schemes like NREGS, higher minimum support prices (MSP), and investments in infrastructure.
- Diversifications of farm incomes as families engage in other activities, primarily services and also crop diversification. But this may be limited to the better off farmers and not the small ones.
- Land acquisitions for infrastructure projects bringing in money into rural/ small towns.
- Sixth Pay Commission wage arrears paid out in September.
- Late monsoons likely to mitigate concerns on Rabi crop as ground water level rises.

In spite of one of the worst monsoons in the last 2 decades, Dabur witnessed one of the fastest topline growths during the first 2 quarters of 2009-10 (see chart 3).

During the first half of 2009-10, Dabur reported a robust sales growth of 22.3%. What was even more encouraging was the fact that this growth was largely volume driven, and it was across all its established strategic business units (SBUs).

During this period the company also saw an expansion in EBITDA margin from 18.2% to 19.5% an increase of 130 basis points. This was achieved on the back

of lower input costs and stable overheads in spite of increased investments in advertising and promotional costs. The enhanced marketing spends were used in driving volume growth as well as supporting some of the new initiatives across all segments.

The company viewed this as an appropriate opportunity to invest behind its brands and growth drivers since the demand remains strong and the input costs are on a significantly lower trajectory than last year. However the outlook remains cautious as a weak monsoon may impact prices of some of the agri- based commodities in the second half of the year.

Backed by strong margin expansion the Company's Profit After Tax increased by 29.2% during the first half of fiscal 2009-10.

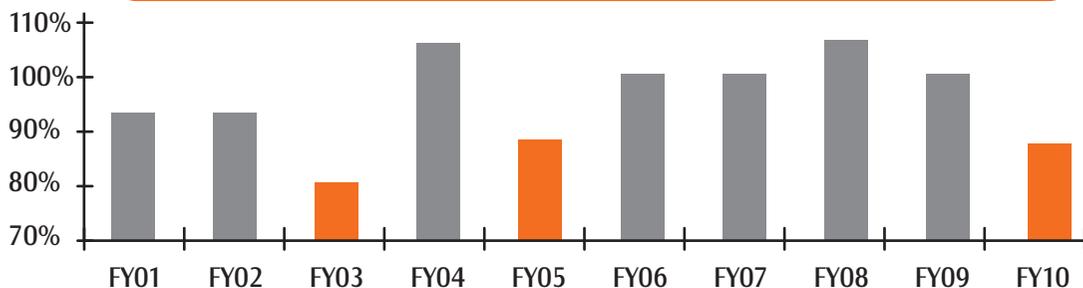
## Fem Care Acquisition

Dabur India Ltd completed the acquisition of Fem Care Pharma Ltd on 25th June 2009 acquiring 92.15% stake in the company for a consideration of Rs.260.2 crore. This acquisition has enabled Dabur to enter the mainstream skin care market with the Fem range of beauty and skin lightening products. The integration process is underway with the back end integration already in place and integration of the sales and distribution being done in a phased manner. The acquisition also brings with it a state of the art manufacturing unit for manufacturing skin care products at Baddi in Himachal Pradesh.

The Company is currently focusing on rejuvenating the Fem brands by investing in the core portfolio of bleaches and hair removal creams and putting them on a robust growth trajectory.

It has been decided to merge Fem Care Pharma with

Chart 2: Actual Rainfall as a % of long term average



Source: Indian Meteorological Department

Dabur India Limited with effect from 1st April 2009. The performance of various SBUs of Dabur India Ltd during the period under review is presented below.

## Strategic Business Units

- Consumer Care Division (CCD), which forms the company's core business platform and deals in a wide range of consumer products, accounts for 68% of the Company's consolidated revenues. Revenues for the CCD business increased by 17.2% in the first half of 2009-10.
- International Business Division (IBD) is the second largest SBU, accounting for 20% of Dabur's consolidated revenues. The division ended the first half of the year with a revenue growth of 38.3%.
- Consumer Health Division (CHD) leverages Dabur's core competence in Ayurveda and offers a range of Ayurveda-based Over-The-Counter (OTC) products, branded ethical and classical products. This division reported a growth of 15.1% and today accounts for 8% of the total consolidated turnover.

The Division Wise contribution to consolidated sales during the half year period is shown in Chart 4.

## Consumer Care Division (CCD)

Dabur India Ltd's continued focus on offering greater choice to consumers and expanding its product offerings by entering new categories & launching newer variants of existing products, coupled with increased focus on improving rural penetration, were

the key drivers of growth for Dabur's Consumer Care Division (CCD) in the first half of 2009-10. The division ended the six-month period with a robust growth of 17.2% supported by strong volume-led momentum across product categories.

Dabur's CCD business is divided into four key portfolios of Healthcare, Personal Care, Home Care & Foods. These cater to a number of consumer products segments like Hair Care, Skin Care, Oral Care, Health Supplements, Digestives, Home Care and Foods. Chart 5 gives the relative share of each of the portfolios in CCD sales.

## Health Care

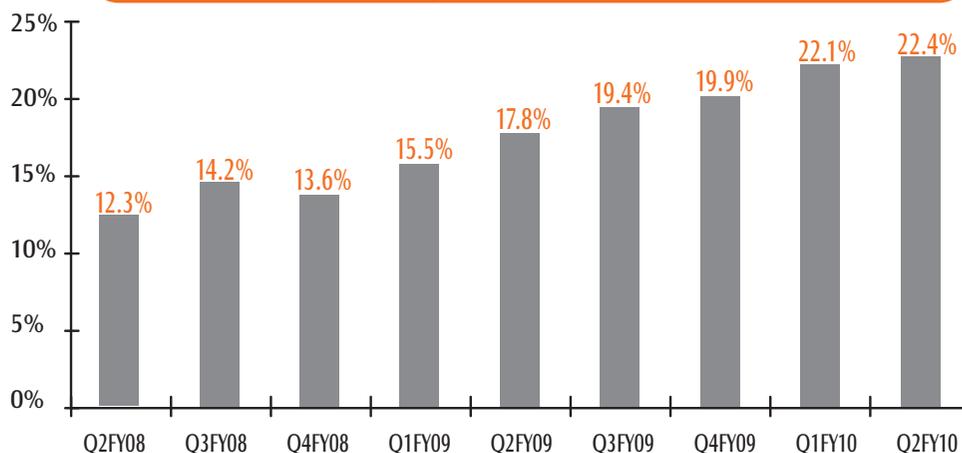
The Health Care segment within CCD comprises 3 key product categories: Health Supplements, Oral Care, and Digestives, Confectionary & Baby Care. With a share of 44%, it was the largest contributor to CCD's sales during the first half of 2009-10 fiscal, reporting impressive growth across the three product categories it operates in.

## Health Supplements

The growing health concerns in India on the back of the recent outbreak of flu and viruses across the country, prolonged summers and key topical initiatives helped the Health Supplements category end the first half of the year with a 20.6% growth in sales.

Dabur Chyawanprash, the flagship brand in this category, reported good growth of 12.4% in the second quarter of 2009-10, despite summers being the traditional lean sales period for the product. In view of the recent outbreak of infections and viruses

Chart 3: Growth in Consolidated Sales of Dabur India Ltd. during the last 9 quarters



taking a toll on India, Dabur Chyawanprash undertook a mega awareness building campaign across India, aimed at underlining the need to boost the body's immune system to fight these new-age diseases. Christened "Immune India", this campaign brought together Ayurveda doctors & experts from across the country to drive home the message of strengthening immunity through Ayurvedic products, particularly Dabur Chyawanprash.

Dabur has also roped in Mahendra Singh Dhoni, captain of the Indian cricket team, to drive this message further with a school contact programme that will reach out to approx 9-10 lakh kids across the country. Besides, Dabur has also introduced a new 2 kg value pack of Dabur Chyawanprash, priced at Rs 360 to cater to loyal consumers of this product. The new variants, Dabur Chyawan Junior and Dabur ChyawanPrakash – continued to perform well, gaining consumer acceptance.

Dabur Honey, the largest selling brand of honey in the country, was relaunched during the period with a new label graphic. The product (now also available in a Rs 10 pack) continued its steady performance on the back of its compelling anti-sugar, high nutrition proposition & ended the first half of the year with a 15% growth. The Company also launched the second edition of its Honey-based Recipe Book, titled Big Bee's Health Secrets.

Dabur Glucose ended the first six months of the year with a strongest-ever growth of 55.6%. The brand roped in Zaheer Khan and launched a new communication. Dabur Glucose rolled out a nationwide bowling talent hunt – Dabur Glucose-D Ace Of Pace - to discover the hidden pace bowling talent in small town India. The contest saw over 68,000 kids from across the country participating, with the eight finalists even spending a day-long bowling clinic with

Zaheer Khan. Needless to say the growths were also bolstered by intense summers.

Introduction of Dabur Glucose in sachets and improved performance of its two variants – Orange and Lemon – continued to drive growth for the brand and helped it increase its market share.

### Oral Care

Dabur Oral Care comprises of two key product categories: Toothpaste and Toothpowders.

Dabur's Toothpaste portfolio grew at 15.1% emerging as the fastest growing toothpaste brands in the country (Source: AC Nielsen Retail Audit) during the first six months of the year. Dabur's toothpaste portfolio registered an impressive volume growth of 15%, well ahead of the category growth of 4.75%. This growth helped Dabur increase its share of toothpaste market to 13.3% during April-September 2009 as against 12.1% in the same period of the previous year. (source: AC Nielsen Retail Audit report).

Dabur Red Toothpaste delivered a strong performance with growth of 16.7%. The brand was re-launched in a more contemporary packaging during this period. To educate children on Oral Hygiene, Dabur took up mega Oral Hygiene awareness program involving 13 lakhs kids across India in partnership with all leading Kids Channels. The Babool franchise continued to ride on its value proposition and ended the first half with a 15% growth garnering 8.6% volume share vis a vis 7.8% in the previous year. This growth was driven by the launch of value SKU's to occupy strategic price points in current environment to deliver better value to consumers. Extending the Babool franchise into the growing Gel segment, Dabur India Ltd launched Babool Mint Fresh Gel, offering the same value proposition as the mother brand with added benefit of freshness.

Chart 4: Division wise contribution to consolidated sales

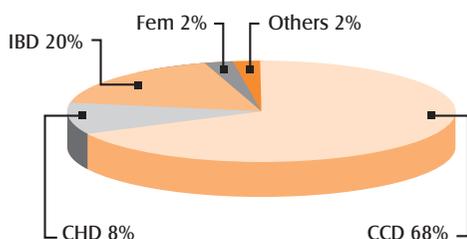
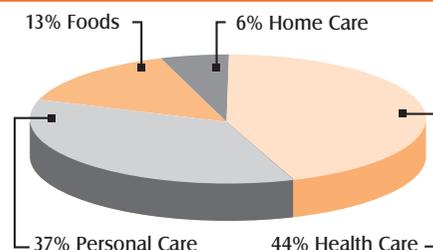


Chart 5: Category wise breakdown of CCD sales



Meswak toothpaste, the premium herbal toothpaste in Dabur's oral care portfolio, continued to report strong performance and ended the period with a 24% growth. The company rolled out new initiatives to enter newer markets and pockets in South India with Meswak and these efforts are already paying rich dividend. The brand, for instance, reported a near 50% growth in Andhra Pradesh alone.

Dabur Lal Dant Manjan (Red Toothpowder) reported a decline of 8.8% during the half-year as the growing affluence in rural India resulted in an overall shift from toothpowders to toothpastes. However in spite of this decline, the brand gained share in Toothpowder category from 28.7% to 29.3% since the decline was lower than the category (source: AC Nielsen audit report). Dabur continues to target conversion of non-dentifrice consumers to toothpowder usage in the rural markets.

### **Digestives, Confectionary & Baby Care**

The Digestives, Confectionary & Baby Care category reported a growth of 12.6% during the period. Hajmola tablets recorded a healthy 14.8% growth, led mainly by consumer connect initiatives, while Hajmola candies ended the period with a 9.7% growth led by a surge of 15% in Q2 alone. Baby Care product – Dabur Lal Tail grew at 10.7% riding on a robust 16.2% growth in Q2. This growth was fuelled by a new campaign based on clinical research findings on growth & building strong consumer connect through a Rural Primary Health Centre activation program.

The company took forward Hajmola's post-meal connect with the launch of a new initiative, christened 'Kahan Maara Chatkara'. Under this radio-driven initiative, Hajmola sought to identify the best street food joints across the country and boost sales through association with these food retail outlets. Through this, Hajmola reached out to over 2.5 crore listeners and identified close to 700 food joints across the country. Alongside, the company also introduced a new 50-paise sachet containing two Hajmola tablets, targeted mainly at rural consumers & consumers of other post meal products priced at 50-paise.

Its new variants, Nimbu & Pudina, continued to add excitement around the brand & drive sales, and increasing their contribution to the overall franchise of the brand.

Hajmola Candy undertook a school activation across 1,750 schools in 24 cities, reaching out to 11.5 lakh students. Another key initiative was the introduction of mega jar of 1,000 candies that enabled Hajmola Candy to stamp an impactful presence on retail shelves.

### **Personal Care**

With a portfolio of products spread across Hair Care and Skin Care, the Personal care category accounts for 38% of CCD sales. During the first six months of the year, this category reported a growth of 22.5%, which a bulk of the growth being driven by volumes – a considerable achievement given the tough economic environment.

#### **Hair Care**

The hair care category -- comprising hair oils and shampoos – recorded an impressive sales growth of 22% in the first half of 2009-10. While hair oils grew by a healthy 15.2%, Dabur's shampoo portfolio increased by an impressive 47%.

Dabur Amla continued to perform well with a 13.5% sales growth, driven largely by strong consumer & trade plans and rural activations in various states. Dabur also unveiled Dabur Amla Hair Oil, its oldest and largest brand, in a new contemporary packaging. The new identity modernizes this over 60-year-old Dabur Amla brand, making it more contemporary and relevant, in consonance with today's lifestyle. In order to further deepen the brand's penetration in these rural pockets, Dabur India Ltd also announced the launch of special low-priced packs of Dabur Amla Hair Oil – a Re 1 sachet & a Rs 10 pack (25ml) – aiming at keeping this preferred beauty brand more accessible and affordable.

The Company announced the expansion of its consumer initiative, a rural beauty pageant christened Dabur Amla 'Banke Dikhao Rani', which recognises & rewards young women for their beauty & talent. The contest was held across 52 districts in 3 states – Uttar Pradesh, Madhya Pradesh & Bihar – covering 2,000 villages.

With its continued initiatives towards establishing superiority over plain coconut oil, Vatika Hair Oil surged ahead and ended the first six months with a 15.7% growth. Anmol coconut oil also registered a strong growth of 34.8% led by increasing acceptance of the brand in its core markets and the value proposition that it offers.

The first half also saw Dabur enter the light hair oil market with the launch of two new products –Dabur Amla Flower Magic hair oil and Vatika Enriched Almond hair oil. Dabur Amla Flower Magic hair oil is a unique offering from Dabur that is packed with the goodness of Amla and fragrance of flowers for healthy and attractive hair. This is a non-sticky hair oil with the nourishing goodness of Amla which makes the hair stronger & longer coupled with the pleasant fragrance from flowers such as Rajnigandha, Mogra & Jasmine.

Vatika Enriched Almond hair oil, on the other hand, is a perfect styling hair oil that's packed with the nourishment of almond and the power of nature's treasured herbs like hibiscus, olive & muskroot. As compared to ordinary almond hair oils, Vatika Enriched Almond hair oil has superior nourishment properties that make the hair stronger and thicker. It fights dandruff with its two active natural ingredients & keeps the hair smooth & silky.

Dabur's shampoo portfolio, driven by its herbal and natural positioning & higher media thrust, recorded an impressive growth during the first half of 2009-10. Its flagship shampoo brand Vatika continued to be the fastest selling shampoo brand for the fourth year in running. Vatika ended the six-month period with another power-packed performance, reporting a 47% growth in sales. Vatika also continued to increase its share of the shampoo market in India and closed the first half with a 7.3% market share, up from 6.3% last year. All Vatika variants continued to perform well with Vatika Smooth & Silky -- its largest variant -- growing at 57.5%.

Dabur's maiden foray into health shampoo market with Dabur Total Protect Ayurvedic shampoo was very well received in the market. The product, that was test launched earlier this year, was nationally rolled out in the second quarter.

Dabur is also working towards expanding its presence in the anti-dandruff shampoo market with its restaged Vatika Dandruff Control range. Its new campaign – focussing on a non-violent route to hair care and featuring cine star Preity Zinta – has been well received in the market.

### **Skin care**

The skin care category continued to post an impressive performance, ending the first half of the year with 29%

sales growth. Skin care has, in fact, been identified as the one of the growth drivers for Dabur. In line with this approach, the Company has put in place a three-pronged strategy to enhance its share in this category. The first pillar of this strategy is the Gulabari franchise, which was last year extended into the mainstream skin care market with the launch of three new products. Gulabari Rose water reported a 33.7% growth during the half year period while Gulabari cold cream & lotion grew by 71.3%, led by increased media spends, Consumer activations like college-level beauty contests and enhanced retail & trade visibility. Dabur Gulabari has been hosting a number of beauty contests in Uttar Pradesh, Hyderabad and North East, and these initiatives have helped in creating greater brand awareness. The new Gulabari face freshener spray has done well and will now leverage the distribution strength of FEM sales to drive volumes further.

The second pillar of Dabur' skin care strategy is the recently acquired Fem portfolio. The Fem acquisition (as detailed in the earlier section) was completed on June 25th, 2009. Higher media spends, signing of a new brand ambassador Preity Zinta and introduction of new products like Fem herbal Bleach and Fem Hair Removing Solution saw the brand register a robust growth in the second quarter of the fiscal, its first full quarter under Dabur management. Dabur's focussed approach saw Fem's bleach portfolio get back on a strong growth trajectory.

The second quarter of the fiscal began with Fem's association with blockbuster television reality show Rakhi Ka Swayamvar. This marked the media intervention in Fem bleaches after a gap of 12 months. This initiative, coupled with the successful launch of Fem Herbal Bleach and relaunch of the hair removing cream in a new avatar with cream and nourishing lotion, helped the core business of bleaches and hair removing creams register a strong 29.6% growth during the quarter.

The third, and the newest, pillar of Dabur's skin care strategy is Uveda, a range of Ayurvedic skin care products. The launch of Uveda in the second quarter of the fiscal marked Dabur's foray into premium skincare market. Dabur Uveda, the skincare expert from Ayurveda, personifies attributes like expert, effective, enduring, dynamic, stylish, mature and Indian. Dabur

has also signed cine star Vidya Balan as the face of Dabur Uveda.

The Dabur Uveda range comprises Complete Fairness Cream, 2-in-1 Moisturizer, Moisturizing Face Wash and Clarifying Face Wash. This also marks Dabur's entry into the fairness cream market. The range has been test-launched in Delhi NCR and 6 cities in Maharashtra. The range has met with encouraging response.

## Home Care

While this is the smallest business category contributing 6% to CCD's total revenues, it has presence in all key segments of household care and is supported by strong brands. In the first half of fiscal 2009-10, Dabur's homecare sales increased by 8.3%.

Sanifresh, the toilet cleaner brand, continued its powerful performance and recorded an impressive growth of 24.7% in the half year period. The focus on winning consumer value equation through selective advertising, improved product and providing a better deal to the consumer boosted the brand's sales.

In the personal application mosquito repellent category, Odomos reported a 22.8% growth during the period under review. The brand was aggressively promoted in the post monsoon mosquito season with stress on efficacy and safety of the product, which has been certified by the Indian Medical Association (IMA).

Following the success of the new variant Odomos Naturals in key markets like Tamil Nadu and Maharashtra, the brand has now been scaled up nationally. Odomos Naturals is India's first range of personal application mosquito repellents packed with the natural goodness of Aloe Vera and Citronella.

Dabur recently launched a hard surface cleaner brand Dazzl which continued to perform well in the floor cleaning market. Our third hard surface cleaning product, Odopic dish cleaner, also registered a strong 23.1% growth during the period under review.

In the air care category, the company provides a range of products under the Odonil brand. The brand has been facing increased competition from other players and private labels, and ended the period with a 3.2% decline in sales. Odonil Blocks have been relaunched with new and attractive easy-to-use packaging, and in improved fragrances of Orchid Dew, Mystic Rose, Lavender Meadows and Jasmine Mist. A new TV

Commercial has also been launched communicating the fact that once your loved ones come back home, Odonil provides them an atmosphere which keeps them in the best of their moods. The aerosol range is also being relaunched shortly.

## Foods

The foods business registered a sales growth of 22.7% during the first half of 2009-10. Growth during the period was driven by both its juices and culinary portfolio. The business, which primarily operates in the packaged fruit juices market with Réal and Réal Activ, marked its entry into the burgeoning fruit drinks segment with the launch of Réal Burrst. A light and refreshing fruit beverage, Real Burrst is available in 4 exciting flavours -- Mixed Fruit, Crispy Apple, Orange Bytez and Mango Mania. Real Burrst promises refreshment through lightness of fresh fruits, and comes in an attractive tetrapack. The range was test launched in modern trade outlets and is gradually being expanded to general trade as well.

The Réal fruit juices franchise maintained its growth momentum, ending the period with a growth of 19.5%. The Réal franchise has been growing at a healthy rate, aided by the launch of new variants and a brand new ad campaign establishing its superiority over competition. During the six-month period, Dabur introduced three new Réal variants – Réal Apple Nectar, Réal Peach Nectar and Réal Blackcurrant Nectar.

The Réal Activ brand continued to focus on the 'No added Sugar' campaign with aggressive branding and activation activities.

Although on a small base, the culinary range of products under the Hommade brand grew very impressively at 40.2%. The entire Hommade portfolio was relaunched in an all-new contemporary packaging with an aim to spur growth for its range of culinary products. The product categories extend across interesting paste combinations to suit the tastes of Indian consumers with variants available in garlic, ginger, ginger-garlic and tamarind paste. The range also includes tomato puree and coconut milk.

The new look complies with premium, international standards of packaging breaking the clutter with an enhanced positioning on the retail shelves. The product benefits, usage & instructions are clearly communicated on the new packs.

## International Business Division (IBD)

The International Business Division (IBD) registered a topline growth of 38.3% in the first half of fiscal 2009-10, and now accounts for 20% of Dabur's total consolidated revenues. The Company continues to focus on understanding the specific needs of different global markets and customising its offerings to best cater to a specific demand patterns. The division's performance was driven by strong growth from key markets of GCC, Egypt, South Asia and Levant region.

Sales in the GCC region rose 40.2% driven by increased demand for natural hair care products, particularly the newly-launched Amla Hair Cream. Dabur's Egypt business grew by a robust 47.9%, while sales in Bangladesh grew by 40.3%. Nepal sales were robust, growing by 44% whereas sales in Nigeria showed a decline due to the impact of currency depreciation.

The key categories accelerating the division's growth are hair creams, toothpastes, hair oils and conditioners. The company also continued to expand to new geographies like Uzbekistan, Guinea and Belarus.

## Consumer Health Division (CHD)

The Consumer Health Division (CHD) offers a range of healthcare products that provide Ayurveda-based solutions for health-related issues. The portfolio, comprising both Over-The-Counter (OTC) products and classical ethical range, registered a growth of 15.1% in the first half of the fiscal. While the OTC portfolio reported a 14.8% growth, the Ethicals range ended the period with a strong 15.6% growth.

During the fiscal 2008-09, some erstwhile CCD brands like Pudín Hara, Janam Ghunti, Hingoli, Sat Isabgol & Gripe Water were transferred to CHD for greater focus. The move paid off and these brands have posted a robust growth of 22.5%. A new campaign for Pudín Hara with the theme 'Jaante Ho Par Lete Kyo Nahin' was rolled out and the franchise ended with a 30% growth in the brand.

In the OTC portfolio, Dabur revamped the women's health tonic brand Dashmoolarishta. The new identity, which now has brand ambassador Juhi Chawla on the front label, gives this age-old remedy a new, younger, modern look. This, coupled with a new campaign and innovative consumer activation, helped the brand register an over 20% growth during the period under review.

The six-month period also marked the repackaging of Badam Tel and Sat Isabgol, and both the brands registered an over 20% growth. Launch of new variants helped the Honitus Lozenges range report a strong double digit growth. The division has also undertaken several equity building initiatives. These include the first-ever TVC for its rejuvenator brand Shilajit Gold and Badam Tel. The campaign for Badam Tel features cine star Juhi Chawla. The division is also developing a new campaign for Hingoli, marking the brand's re-entry into television screens after a gap of seven years.

Going forward, the division is now introducing a mega packaging change for its classical range, giving it a modern contemporary look with standardisation of range identity. The launch of the new identity will be accompanied by a merchandising package for key Ayurvedic outlets. Besides, the company will continue to focus on Dispensing Vaid, Dabur Ayurvedic Centres, Health Camps and Vaid Meets.

## The Retail Business-New U

During 2008-09 the company had launched its own chain of health and beauty stores under the brand "New U". However with the retail industry facing a lot of turmoil during the last few months the pace of roll out of stores was slowed down and some mid course corrections were made in the business model. The business has 11 stores which are currently operational in Delhi NCR, Bangalore and Hyderabad.

The business objective is to expand at a calibrated pace evaluating each store closely for a quick break even. Some of the new stores are being leased on revenue sharing basis instead of fixed rentals which has improved the viability of the model. Due to this and other cost control measures the loss in the business was reduced to Rs.4.7 crore in the half year period as compared to Rs.10.1 crore in the same period last year.

This business is managed by a team of retail experts who have relevant experience and the team is focusing on giving the stores a distinct identity with a select range of health and beauty merchandise not easily available anywhere else. The business operates under the wholly owned subsidiary - H&B Stores Ltd.

## Operations

The Company is in the process of setting up new units

for capacity expansion projects at Baddi and Uttranchal. The projects are being implemented as per plans and should be operational before end of this fiscal. Additional expansion at existing facilities at Baddi and Jammu have also been initiated which is expected to be completed by year end as well.

All Dabur facilities contributed to strong volume growth in various categories and ran to optimum capacities. Production efficiency was enhanced in many units through energy saving initiatives and improved productivity.

The fruit juice facilities at Newai, Rajasthan and Nepal both ran to full capacity as the demand for fruit beverages remained strong both in India as well as Nepal.

The skin care unit acquired as part of Fem Care acquisition was useful for manufacturing products from the Gulabari range and the Uveda skin care range newly launched by Dabur. Dabur's manufacturing unit at Ras Al Kheima near Dubai saw the highest volumes during the half year. Power cost at the unit came down substantially post receipt of the electrical connection thus reducing the usage of gensets. The plant at Egypt is being refurbished and expanded and the same is slated for completion by end of this fiscal. Additional land has been acquired at the same industrial area for capacity expansion plans in the future.

## Environmental Initiatives

At Dabur, environment and nature is the lifeline of our business. We have not merely incorporated the concept of sustainability into the core of our business but have, in fact, expanded it to encompass our aspirations and responsibilities to the society and to the environment. It is this concept that inspires us to optimize our business performance to tackle the new and growing challenges of environment and technology.

The company has initiated several new "green projects" under which alternate sources of energy are proposed to be utilized as substitute for boiler fuel. One such project in which briquettes will be made out of herbal waste is expected to be implemented in the third quarter. A project to use wet herbal waste as fuel directly in the boiler is being initiated at Pantnagar, Uttranchal in collaboration with a Belgian company. A new husk based gasifier is being installed at the Nepal unit for reducing dependence on conventional fuels.

## Financial Performance

The Company reported 22.3% growth in consolidated sales during the period under review with 29.2% increase in Profit After Tax. This was led by expansion in operating margins (EBIDTA margin) from 18.2% to 19.5% which was a result of lower input costs and stable indirect expenses. The company increased its advertising and promotional spends to 14.6% from 12.2% in the same period of previous year.

The company's total capital employed increased from Rs.994 crore to Rs.1217 crore mainly on account of the acquisition of Fem Care. The net working capital of the company came down to 25 days of sales as compared to 36 days in the same period previous year. Keeping in view the good performance, Dabur announced an interim dividend of 75% on par value i.e.Rs.0.75 per share.

## Corporate Governance

Dabur India Ltd announced the induction of another independent director into its Board of Directors. Dr. Ajay Dua, Former Secretary - Industry, Govt of India joined the Board on 3rd September 2009.

High standards of corporate governance and transparency are of high priority for Dabur and the new board-level inductions are in line with this philosophy. With this, the number of members on the Dabur India board has been expanded to 12 including six independent Directors.

## Cautionary Statement

Statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a downward trend in the domestic FMCG industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labour relations.

# AUDITORS' REPORT

To the Board of Directors,  
Dabur India Limited,

We have audited the attached condensed Balance Sheet of Dabur India Limited as at 30th September, 2009 and its Profit & Loss Account and the Cash Flow Statement for the half year ended on that date attached thereto. These financial statements are the responsibility of the company'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 hereby report that :

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii. In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of books of accounts.
- iii. The Condensed Balance Sheet and Condensed Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- iv. Condensed Balance Sheet, Condensed Profit & Loss Account and Cash Flow Statement have been prepared in due compliances of accounting standards referred to in sub section 3 (c) of Section 211 of Companies Act, 1956.
- v. In our opinion and according to the information and explanations given to us, the said accounts read with selected explanatory notes appearing in Schedule "A" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of Condensed Balance Sheet, of the State of Affairs of the company as at 30th September, 2009;
  - b) In the case of Condensed Profit and Loss Account, of the Profit for the half year ended on that date; and
  - c) In the case of cash flow statement, of the cash flows for the half year ended on that date.

For **G Basu & Co.**  
Chartered Accountants

**ANIL KUMAR**

Partner

Membership No. 9390

**New Delhi**  
26th October, 2009

# Condensed Balance Sheet

as at 30th September, 2009

Rupees in lacs

Sr. No	Particulars	Schedule	As at 30.09.2009	As at 31.03.2009
<b>I.</b>	<b>Sources of Funds</b>			
1.	Share Capital		8,658	8,651
2.	Reserves and surplus		77,929	65,169
3.	Loan funds			
	(a) Secured loans		3,264	825
	(b) Unsecured loans		4,051	13,072
4.	Deferred tax liability		3,249	3,048
	<b>Total</b>		<b>97,151</b>	<b>90,765</b>
<b>II.</b>	<b>Application of Funds</b>			
1.	Fixed Assets	A-2.19		
	(a) Tangible fixed assets		60,290	54,941
	(b) Intangible fixed assets		2,107	2,107
	Gross Block (a+b)		62,397	57,048
	Less: Depreciation		22,402	21,045
	<b>Net Block</b>		<b>39,995</b>	<b>36,003</b>
2.	Investments		42,503	43,690
3.	Deferred Tax Assets		2,353	2,353
4.	Currents assets, loans and advances	A-2.20		
	(a) Inventories		32,467	26,172
	(b) Sundry debtors		12,872	11,236
	(c) Cash and bank balances		10,955	14,368
	(d) Loans and advances		28,755	22,728
	<b>Sub Total (4)</b>		<b>85,049</b>	<b>74,504</b>
5.	Less: Current liabilities and provisions	A-2.21		
	(a) Liabilities		40,325	35,138
	(b) Provisions		33,216	31,510
	<b>Sub Total (5)</b>		<b>73,541</b>	<b>66,649</b>
	<b>Net current assets (4-5)</b>		<b>11,508</b>	<b>7,855</b>
6.	Miscellaneous expenditure to the extent not written off or adjusted		792	864
	<b>Total</b>		<b>97,151</b>	<b>90,765</b>

Accounting policies & notes to accounts

A

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi

26th October, 2009

As per our report of even date attached

for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

# Condensed Statement of Profit and Loss Account

for the six months period ended 30th September, 2009

Rupees in lacs

Sr. No	Particulars	Schedule	For the Quarter ended 30.09.2009	For the Quarter ended 30.09.2008	For the six months ended 30.09.2009	For the six months ended 30.09.2008
1	Sales	A-2.22	67,860	58,849	129,304	112,078
	Less: Excise Duty		639	701	1,123	1,513
	<b>Net Sales</b>		<b>67,221</b>	<b>58,148</b>	<b>128,181</b>	<b>110,565</b>
2	Other Income		585	1,264	1,236	2,376
	<b>Total</b>		<b>67,806</b>	<b>59,412</b>	<b>129,417</b>	<b>112,941</b>
3	(Increase)/Decrease in Stock in Trade	A-2.23	(2,302)	(1,676)	(4,303)	(5,983)
4	Consumption of Materials	A-2.24	24,576	23,933	46,599	45,566
5	Purchase of Finished Goods		10,156	7,053	19,826	16,859
	Sub-total (3 to 5)		32,429	29,310	62,122	56,441
6	Salaries, wages and other staff costs		4,813	4,205	9,257	8,084
7	Advertising & Sales Promotions		8,010	5,841	16,955	12,637
8	Other expenditure	A-2.25	7,155	6,875	14,815	13,346
9	Operating cash profit before interest & Tax		15,399	13,181	26,269	22,432
10	Interest		119	133	245	338
11	Depreciation		698	682	1,417	1,335
12	Miscellaneous expenditure written off		133	159	253	315
13	Profit from ordinary activities before tax		14,449	12,207	24,354	20,444
<b>14</b>	<b>Net Profit before Tax</b>		<b>14,449</b>	<b>12,207</b>	<b>24,354</b>	<b>20,444</b>
15	Provision for Taxation:					
	- Current		2,465	1,367	4,162	2,276
	- Fringe Benefit		0	144	0	357
	- Deferred		75	0	200	100
<b>16</b>	<b>Net Profit after Tax for the period</b>		<b>11,909</b>	<b>10,696</b>	<b>19,992</b>	<b>17,711</b>
<b>17</b>	<b>Extraordinary item</b>		<b>0</b>		<b>0</b>	
<b>18</b>	<b>Net Profit after Tax and Extraordinary item</b>		<b>11,909</b>	<b>10,696</b>	<b>19,992</b>	<b>17,711</b>
19	Earning per share:					
	1. Basic earning per share (in Rs.) Before Extraordinary item		1.38	1.24	2.31	2.05
	2. Diluted earning per share (in Rs.) Before Extraordinary item		1.37	1.23	2.30	2.04
	3. Basic earning per share (in Rs.) After Extraordinary item		1.38	1.24	2.31	2.05
	4. Diluted earning per share (in Rs.) After Extraordinary item		1.37	1.23	2.30	2.04
	No. of Shares (Basic)		865,648,877	865,030,474	865,456,685	864,739,956
	No. of Shares (Diluted)		869,309,249	869,429,711	869,231,616	869,284,318

## Accounting policies & notes to accounts

A

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi

26th October, 2009

As per our report of even date attached

for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

## Statement of Cash Flow ( PURSUANT TO AS-3 ISSUED BY ICAI)

Rupees in lacs

Particulars	For the period ended 30th September 2009	For the period ended 30th September 2008
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	24354	20444
Add:		
Depreciation	1417	1335
Loss on Sale of Fixed Assets	19	23
Miscellaneous Exp. Written off	273	315
Miscellaneous Exp. Written off (Included In Director Remuneration)	165	165
Interest	245	338
	2119	2176
	26473	22620
Less:		
Profit on Sale of Investment	548	1111
Profit on Sale of Assets	24	4
	572	1115
Operating Profit Before Working Capital Changes	25901	21505
Working Capital Changes		
Increase/(Decrease) in Inventories	6297	7869
Increase/(Decrease) in Debtors	1566	3022
Decrease/(Increase) in Trade Payables	(3400)	(1035)
Increase/(Decrease) in Working Capital	4463	9856
Cash Generated From Operating Activities	21438	11649
Interest Paid	229	345
Tax Paid	4260	2584
Corporate Tax on Dividend	1470	0
	5959	2929
<b>Cash Used(-)/(+)Generated For Operating Activities (A)</b>	<b>15479</b>	<b>8720</b>

# Statement of Cash Flow Contd. ....

Rupees in lacs

Particulars	For the period ended 30th September 2009	For the period ended 30th September 2008
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(5461)	(4701)
Sale of Fixed Assets	57	43
Purchases of Investment Including Investment in Subsidiaries	(196403)	(138947)
Sale of Investments	198140	141050
<b>Cash Used(-)/(+)Generated For Investing Activities (B)</b>	<b>(3667)</b>	<b>(2555)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds From Share Capital & Premium	7	11
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	(109)	(219)
Repayment(-)/Proceeds(+) from Short Term Loans	2548	1551
Repayment(-)/Proceeds(+) from Other Unsecured Loans	(9020)	(38)
Payment of other advances of the Nature of Loan	0	0
Payment of Dividend	(8651)	(7556)
<b>Cash Used(-)/(Generated) in Financing Activities (C)</b>	<b>(15225)</b>	<b>(6250)</b>
<b>Net Increase(+)/Decrease (-) in Cash and Cash Equivalents (A+B+C)</b>	<b>(3413)</b>	<b>(85)</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>14368</b>	<b>6826</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>10955</b>	<b>6741</b>

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman  
**P.D. Narang**, Whole time Director  
**Sunil Duggal**, Whole time Director  
**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi  
 26th October, 2009

As per our report of even date attached  
 for **G. Basu & Co.**  
 Chartered Accountants  
**Anil Kumar**  
 Partner

# Schedule A: Selected Explanatory Notes

(Rupees in lacs, except share data)

## 1. POLICIES

### 1.1 Basis of Preparation of Financial Statements

Accompanying financial statements are prepared in terms of Generally Accepted Accounting Principles ("GAAP") as practiced in India which includes, inter alia, due adherence of mandatory accounting standards issued by the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

### 1.2 Significant Accounting Policies

- a) The Company has applied the same accounting policies in this half yearly financial statements as have been applied in its annual financial statements for the year ended 31st March 2009 except for recognition of deferred tax on estimated basis as against actual basis.
- b) Preparation of Balance Sheet, Profit & Loss Account, Cash Flow Statement including disclosures made there for in notes to accounts and condensed Balance Sheet and Profit and Loss Account have been made in terms of AS 25 issued by ICAI.

### 2.1 Contingent Liabilities (Not provided for) :

- i. In respect of claims against the company not acknowledged as debts towards:
  - a) civil suits filed against the company Rs.655 (previous year Rs.655).
  - b) claims by employees Rs 13 (previous year Rs. 13).
- ii. In respect of bank guarantees executed Rs. 365 (previous year Rs. 1850).
- iii. In respect of sales tax under appeal Rs. 1244 (previous year Rs. 760).
- iv. In respect of excise duty disputes pending with various judicial authorities Rs.1892 (previous year Rs.1731).
- v. In respect of corporate guarantees given by the company Rs.9353 (previous year Rs. 6595).
- vi. In respect of income tax under appeal Rs.54 (previous year Rs.68).
- vii. Estimated amount of contract remaining to be executed on capital account Rs.5766 (previous year Rs. 3065).
- viii. In respect of letters of credit Rs.24 (previous year Rs.42).
- ix. Bill Discounted Rs.1762 (previous year Rs.2312).

### 2.2 Information pursuant to AS 29 issued by ICAI

- i) Existing provision relates to disputed liability of Rs. 63, Rs. 81, Rs.1 and Rs. 47 towards liabilities on account of VAT, Sales Tax, Entry Tax and Excise duty respectively carried forward from previous year in view of absence of any additional provision therefor during the period.
- ii) Resulting outflows against above disputed liabilities, if mature, are expected to be in succeeding financial year.
- iii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.
- iv) Brief particulars of provision under AS 29.

## Schedule A (Contd....)

(Rupees in lacs, except share data)

<u>Nature of liabilities</u>	<u>Particulars of dispute</u>	<u>Amount</u>	<u>Forum under which the dispute is pending</u>
VAT	Short Payment of VAT	63	Second appeal Filed
Sales Tax	Classification of Lal Dant Manjan	24	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	Appeal Filed before the D.C. Appeal
Sales Tax	Exemption Forms from Dealers	1	Second Appeal filed before D C Appeal
Entry Tax	Entry Tax on Car	1	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	27	Pending before High Court
Excise	Classification of Saunf ka Ark	17	Pending before Commissioner (Appeals)
Excise	Capital Goods removal	30	DC appeal
2.3.	Related Party Disclosures and Transactions		
2.3.1	Related parties where control exists:		
	a) Subsidiaries:		
	H&B Stores Ltd		(Domestic Subsidiary)
	Fem Care Pharma Ltd		(Domestic Subsidiary)
	Dabur (UK) Ltd.		(Foreign Subsidiary)
	Dabur Egypt Ltd.		(Foreign Subsidiary)
	Dabur International Limited		(Foreign Subsidiary)
	Weikfield International (UAE) LLC		(Foreign Subsidiary)
	Asian Consumer care Private Limited		(Foreign Subsidiary)
	Dabur Nepal Private Limited		(Foreign Subsidiary)
	Asian Consumer care Pakistan Pvt. Limited		(Foreign Subsidiary)
	African Consumer care Limited		(Foreign Subsidiary)
	Naturelle LLC		(Foreign Subsidiary)
	Jaquiline INC		(Foreign Subsidiary)
	b) Joint Ventures:		
	Forum 1 Aviation Limited		
	Dabon International Pvt. Ltd		
	c ) Partnership firm where the company is a 99% partner:		
	Balsara International		
2.3.2	Key Management Personnel and relatives of such personnel:		
	Director	Relatives	
	Pradip Burman	-	
	P D Narang	-	
	Sunil Duggal	-	
2.3.2.1	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence:		
	1. Chowdry Associates		
	2. Ratna Commercial Enterprises Pvt Ltd.		
	3. Narang Management Consultancy Pvt Ltd.		
	4. Sahiwal Investment & Trading Co.		
	5. Sanat Products Limited		

## Schedule A (Contd....)

(Rupees in lacs, except share data)

2.3.2.2 An Enterprise owned by any Director (KMP) of Dabur India Limited:

1. Ratna Commercial Enterprises Pvt Ltd.
2. Sanat Products Limited

2.4 RELATED PARTY TRANSACTIONS :

Related Party Transactions as on 30.09.2009

PARTICULARS	A	B	C	D	E	F	G	H
	PARTNERSHIP	SUBSIDIARY	JOINT VENTURES	ASSOCIATES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL	OUTSTANDING AS ON 30.09.2009
Purchases of Goods	0	7980	0	84	0	0	8064	1143
	-	(7362)	-	-	-	-	(7362)	-
Sale of Goods	0	1242	0	0	0	0	1243	500
	-	(1806)	-	-	-	-	(1806)	-
Equity Contribution	0	26600	0	0	0	0	26600	100
	-	(1950)	(456)	-	-	-	(2406)	-
Capital Contribution	49	0	0	0	0	0	49	0
	-	-	-	-	-	-	-	-
General Expenses	0	0	235	0	0	0	235	0
	-	-	(69)	-	-	-	(69)	-
Processing Charges	0	3	4	0	0	0	8	0
	-	-	-	-	-	-	-	-
Rent Paid	0	0	1	0	33	0	34	0
	-	-	-	-	(28)	-	(28)	-
Remuneration /Exg./Pension	0	0	0	0	213	0	213	0
	-	-	-	-	(270)	-	(270)	-
Guarantees & collaterals given	0	8618	714	0	0	0	9332	9332
	-	(5860)	(714)	-	-	-	(6574)	-
Employee Stock Option Scheme	0	22	0	0	165	0	187	0
	-	(21)	-	-	(144)	-	(165)	-

(Figures in brackets from column A to F relates to previous corresponding period and that of " H " relate to year ended on 31.03.2009.)

- 2.5 Outcome of test of impairment undertaken for cash generating units concluded against creation of provision against impairment loss under AS-28 issued by ICAI.
- 2.6 During the period the company has paid final dividend @ 100% (previous year 75%) amounting to Rs.8655 (previous year Rs. 6480) in respect of financial year 2008-09 after said declaration of dividend was approved in the AGM dated 15.07.2009
- 2.7 Board of directors has declared interim dividend @ 75% (previous period NIL) for the period, the amount of interim dividend working out to Rs. 7595 (previous period Rs. NIL) including incidence of tax thereon.
- 2.8 During the period the company has allotted 687379 (previous period 1053276) equity share of Re 1/- each to the employees upon their exercise of stock option.
- 2.9 3617056 (previous period 4503079) equity shares of Re.1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2009.
- 2.10 Investment at half-year end includes Rs. 11777 (previous period Rs. 16817) towards current Investment. Remaining investments are long term in nature.

- 2.11 During the period company has invested Rs. 190238 in current investment. Besides it has invested for long term Rs.250 in wholly owned Subsidiary "H&B Stores Ltd.", Rs. 50 lacs in capital of a partnership firm (Balsara International) the share of the company in capital and profit of the firm being 99% & 99% respectively.
- 2.12 During the period company has sold current investments amounting to Rs.195443 and long term investment amounting to Rs. NIL.
- 2.13 Pursuant to Rs.56 crore incurred during the period in addition to expenses incurred and advances made in the previous year, the company has come to acquire 92.15% equity shares of Fem Care Pharma Ltd with aggregating of investment of Rs.264 Crore there in. With this Jaquiline INC, a wholly owned USA based subsidiary of the investee company, also has become subsidiary of the company.
- 2.14 Investment in jointly controlled activities (JCE) – Information pursuant to AS-27 issued by ICAI :

**1. Forum 1 Aviation Limited**

- (a) Share of the company in assets, outside liability, net worth and income and expenses not being accounted for herein work out to Rs.1276 Rs.778, Rs.42, Rs.211 & Rs.189 as per un-audited accounts of JCE.
- (b) Stake of the company in terms of percentage of total subscribed and paid up capital of JCE is 14.28%. Said amount (Rs.456) appears under investment head in balance sheet of the company.
- (c) Company's commitment towards revenue expenditure of the JCE amounting to Rs 78 has been charged to profit and loss account under the head general charges.
- (d) No income from said investment, unless realized in cash, is recognized in this stand alone account.

**2. Dabon International Pvt Ltd**

Total investment of the company is Rs.27 which is 1% of total stake, Since almost entire amount has already been provided for with no further obligation accruing to the company in respect of the joint venture arrangement , proportional consolidation of corresponding joint venture accounts has been done away with.

3. Income/(Loss) in Balsara International partnership firm ,where the company is a partner has not been accounted for want of materiality.

- 2.15 Information (to the extent applicable) pursuant to AS 19 issued by ICAI:  
The future minimum lease payment under non-cancelable operating lease :

	Not Later than 1 year	Later than 1 year not later than 5 years	Later than 5 years
Building & Machine	32 (32)	75 (96)	0.00 (0.00)
Car	28 (30)	33 (41)	0.00 (0.00)

- 2.16 During the period , company has repaid Rs.109, Rs.11000 and Rs.2000 on account of term loan from GE Capital Service India Ltd , short term loan and commercial papers respectively.

- 2.17 Subsequent to the end of the date of balance sheet, scheme of merger of Fem Care Pharma Limited in which company holds 92.15% stake, retrospectively since 01/04/2009 has been approved by the board of Directors for submission to Hon'ble Court and doing needful pertaining to other formalities.

Profit for the period, total assets and total outside liabilities of the said company as on 30.09.2009 amount to Rs.794.85, Rs.9266.05 and Rs.4643.73 respectively which have not been accounted for.

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.18 Information pursuant to AS 24 on discontinued operations:

Particulars	Hair Oil Baddi	MSY Unit Baddi
1 Discontinued since	March, 04	Nov, 2000
2 Segment the operation of the Unit relates to in financial statement	FMCG	FMCG
3 Carrying amount of total assets	33 (33)	28 (28)
4 Carrying amount of total liabilities	4 (4)	0 (0)
5 Profit from ordinary activities	0 (0)	0 (0)
6 Income Tax expenses	0 (0)	0 (0)
7 Gain on disposal of assets	0 (0)	0 (0)
8 Cash flow from discontinued operations:		
Operating activities	0 (0)	0 (0)
Investing Activities	0 (0)	0 (0)
Financial Activities	0 (0)	0 (0)

Note: I. Figures in brackets are for previous year.

II. Part of fixed assets belonging to discontinued operations under reference has been used for new plants set up in relevant premises. Such assets have been left out of the purview of '3' above.

### 2.19 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2009	Addn	Adj	As at 30.09.2009	As at 31.03.2009	for the period	Adj	As at 30.09.2009	As at 30.09.2009	As at 31.03.2009
Freehold land	1142	2199	0	3341	0	0	0	0	3341	1142
Leasehold land	934	0	0	934	74	5	0	79	855	860
Building, roads & culvert	16060	123	12	16171	4343	222	1	4564	11607	11717
Plant & machinery	24416	952	37	25331	11041	750	16	11774	13556	13375
Vehicles	1311	38	55	1294	516	105	35	586	708	795
Furniture & off equipment	2870	37	8	2899	1814	69	7	1876	1023	1056
Computers	3037	165	2	3200	2205	126	1	2330	870	832
Patents & Trade Marks	1113	0	0	1113	635	40	0	675	438	478
Live stock	0	0	0	0	0	0	0	0	0	0
Computer Software	994	0	0	994	417	100	0	517	477	577
Capital work in progress	5171	3277	1328	7120	0	0	0	0	7120	5171
Total	57048	6791	1442	62397	21045	1417	60	22402	39995	36003
Previous year	48420	10499	1871	57048	18977	2742	674	21045	36003	0

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.20 Current assets, loans and advances

Particulars	As at 30.09.2009	As at 31.03.2009
<b>Current assets</b>		
Inventories:	32,467	26,172
- Raw materials	8,536	7,127
- Packing materials, stores and spares	4,497	3,914
- Stock in process	4,651	5,311
- Finished goods	14,783	9,820
Sundry debtors (unsecured) -net of doubtful debtors	12,872	11,236
Cash and bank balances	10,955	14,368
<b>Loans and advances (unsecured, considered good)</b>	28,755	22,728
Security deposit with various authorities	2,025	1,877
Advance payment of tax	20,566	16,373
Advances to suppliers	2,799	1,411
Advances to employees	261	227
Balance with excise authorities	1,935	1,905
Other advances recoverable in cash or in kind or for value to be received	1,169	935

### 2.21 Current liabilities and provisions

Particulars	As at 30.09.2009	As at 31.03.2009
<b>Current liabilities:</b>	40,325	35,138
Acceptance	5,035	4,527
Creditors for goods	9,584	10,776
Creditors for expenses and other liabilities	25,138	19,385
Advances from customers	264	194
Interest accrued but not due on loans	17	1
Investor education and protection fund to be credited by:		
- unpaid dividend	287	256
<b>Provisions :</b>	33,216	31,510
For dividend	6,493	8,651
For corporate tax on proposed dividend	1,104	1,470
For staff welfare	1,322	1,444
For leave salary	153	269
For others	4,165	3,792
For taxation	19,979	15,884

### 2.22 Sales

Particulars	For the Quarter ended 30.09.2009	For the Quarter ended 30.09.2008	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Sales	67860	58849	129304	112078
Domestic sales less returns	64650	55390	123281	105780
Export sales	3210	3459	6023	6298

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.23 (Increase)/decrease in stock in trade

Particulars	For the Quarter ended 30.09.2009	For the Quarter ended 30.09.2008	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Adjustment of stocks in process and finished goods:				
- Opening stock				
Stock in process	4616	3524	5311	3350
Finished products	12516	12025	9820	7892
- Closing stock				
Stock in process	4651	3808	4651	3808
Finished products	14783	13417	14783	13417
Increase(-)/decrease in stock in process and finished goods	-2302	-1676	-4303	-5983

### 2.24 Consumption of Materials

Particulars	For the Quarter ended 30.09.2009	For the Quarter ended 30.09.2008	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Raw material consumed	14810	14669	28089	29741
i) Opening stock	7400	6461	7127	5749
ii) Add: purchases	15946	14725	29498	30509
iii) Less: closing stock	8536	6517	8536	6517
Packing material consumed	9765	9264	18510	15825
i) Opening stock	3848	3572	3901	3120
ii) Add: purchases	10394	9924	19086	16937
iii) Less: closing stock	4477	4232	4477	4232
	24576	23933	46599	45566

### 2.25. Other expenditure

Particulars	For the Quarter ended 30.09.2009	For the Quarter ended 30.09.2008	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Power and fuel	867	1015	1561	1909
Stores & spares consumed	210	260	506	493
Processing charges	482	336	913	664
Repairs & maintenance	220	231	457	439
Rent	383	311	730	604
Rates and taxes	68	62	131	112
Insurance	51	98	118	155
Sales tax	37	36	92	82
Freight and forwarding charges	1219	1302	2424	2518
Commission, discount and rebate	498	597	1450	952
Travel and conveyance	595	557	1100	995
Legal and professional	445	206	655	365
Telephone, fax expenses	76	76	152	152
Security expenses	85	80	162	141
General Expenses	1743	1386	4096	3317
Directors' fee	2	3	5	5
Auditors' remuneration	10	13	21	24
Donation	77	44	157	77
Contribution to scientific research expenses	25	23	25	100
Loss on sale of Fixed Assets	18	20	19	23
Provision for bad and Doubtful Debts	41	219	41	219
Total	7155	6875	14815	13346

# Schedule A (Contd....)

(Rupees in lacs, except share data)

## NOTE 2.26 INFORMATION PURSUANT TO AS – 17 ISSUED BY ICAI

	Consumer Care Business		Consumer Health Business		Foods		Others		Unallocated		Dabur India Ltd.	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
<b>REVENUE</b>												
External Sales	95,804	82,222	13,133	11,575	17,655	14,792	2,711	3,489			129,304	112,078
Inter-segment sales												
<b>Total Revenue</b>	<b>95,804</b>	<b>82,222</b>	<b>13,133</b>	<b>11,575</b>	<b>17,655</b>	<b>14,792</b>	<b>2,711</b>	<b>3,489</b>	<b>0</b>	<b>0</b>	<b>129,304</b>	<b>112,078</b>
<b>RESULT</b>												
Segment result	28,857	23,399	3,463	3,272	2,949	2,382	4	100			35,272	29,153
Unallocated corporate expenses											10,673	8,371
<b>Operating profit</b>	<b>28,857</b>	<b>23,399</b>	<b>3,463</b>	<b>3,272</b>	<b>2,949</b>	<b>2,382</b>	<b>4</b>	<b>100</b>	<b>-10,673</b>	<b>-8,371</b>	<b>24,599</b>	<b>20,782</b>
Interest expense (Net Of Interest Income)											245	338
Income tax(Current + Deferred)											4,339	2,733
<b>Profit from ordinary activities</b>	<b>28,857</b>	<b>23,399</b>	<b>3,463</b>	<b>3,272</b>	<b>2,949</b>	<b>2,382</b>	<b>4</b>	<b>100</b>	<b>-15,257</b>	<b>-11,442</b>	<b>20,015</b>	<b>17,711</b>
Exceptional item											0	0
<b>Net profit</b>	<b>28,857</b>	<b>23,399</b>	<b>3,463</b>	<b>3,272</b>	<b>2,949</b>	<b>2,382</b>	<b>4</b>	<b>100</b>	<b>-15,257</b>	<b>-11,442</b>	<b>20,015</b>	<b>17,711</b>
<b>OTHER INFORMATION</b>												
Segment assets	45,857	38,713	8,824	7,376	12,864	11,105	3,165	3,298			70,710	60,492
Unallocated corporate assets											99,189	69,527
<b>Total assets</b>	<b>45,857</b>	<b>38,713</b>	<b>8,824</b>	<b>7,376</b>	<b>12,864</b>	<b>11,105</b>	<b>3,165</b>	<b>3,298</b>	<b>99,189</b>	<b>69,527</b>	<b>169,899</b>	<b>130,019</b>
Segment liabilities	7,444	5,262	2,302	1,081	2,033	2,265	42				11,821	8,608
Unallocated corporate liabilities											72,283	48,456
<b>Total liabilities</b>	<b>7,444</b>	<b>5,262</b>	<b>2,302</b>	<b>1,081</b>	<b>2,033</b>	<b>2,265</b>	<b>42</b>	<b>0</b>	<b>72,283</b>	<b>48,456</b>	<b>84,104</b>	<b>57,064</b>
<b>Capital Expenditure</b>	<b>38,413</b>	<b>33,451</b>	<b>6,523</b>	<b>6,295</b>	<b>10,831</b>	<b>8,840</b>	<b>3,123</b>	<b>3,298</b>	<b>26,906</b>	<b>21,071</b>	<b>85,794</b>	<b>72,955</b>
Depreciation	614	1,189	90	175	162	314	93	180	457	884	1,417	2,742
Non-cash expenses other than depreciation									253	394	253	394

## Schedule A (Contd....)

(Rupees in lacs, except share data)

- 2.27 Provision for taxation has been estimated subject to deduction of credit aggregating Rs.12.68 crore against Minimum Alternate Tax paid in excess of taxes applicable under Income Tax Act in earlier years.
- 2.28 Deferred payment credit Rs.240 forming part of secured loan is covered by charge of specific asset created in favour of bank having furnished guarantee on behalf of the company to overseas supplier of specific asset.
- 2.29 Exchange Loss works out to Rs 9 (previous period Rs. 44) net of gain of Rs.641 (previous period Rs. 38) which has been debited to Profit & Loss account.
- 2.30 Quarterly figures appearing in condensed Profit & Loss Account in schedule-A are not based on audited figures.
- 2.31 Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

As per our report of even date attached

for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

Membership No. 9390

Place: New Delhi

26th October, 2009

# AUDITORS' REPORT

To the Board of Directors,  
Dabur India Limited,

We have audited the attached condensed consolidated Balance Sheet of Dabur India Limited Group, as at 30th September, 2009 and also the condensed consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the half year ended on that date annexed thereto.

These financial statements are the responsibility of the Dabur India Ltd.'s management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statement of one subsidiary and one Joint Venture Entity, whose financial statements reflect total assets of Rs. 11383.74 lacs as at 30th September, 2009, the total profit of Rs. 816.56 lacs and cash flows amounting to Rs. 778.73 lacs for the half year then ended. Financial statements and other financial information of the subsidiary have been audited by other auditors, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. Accounts of the joint venture have been consolidated on the basis of un-audited accounts certified by the management.

We report that the condensed consolidated financial statements have been prepared by the Dabur India Ltd.'s management in accordance with the requirements of AS-21 on consolidated financial statement and AS-27 on Financial reporting of interest in Joint Ventures and AS-25 on Interim Financial reporting issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached condensed consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the condensed consolidated balance sheet, of the state of affairs of Dabur India Ltd. group as at 30th September, 2009.
- b) In case of the condensed consolidated profit and loss account, of the profit of Dabur India Ltd. group for the half year ended on the date; and
- c) In the case of the consolidated cash flow statement, of the cash flows of Dabur India Ltd. group for the half year ended on that date.

For **G Basu & Co.**  
Chartered Accountants

**ANIL KUMAR**

Partner

Membership No. 9390

**New Delhi**  
26th October, 2009

# Condensed Consolidated Balance Sheet

as at 30th September, 2009

Rupees in lacs

Sr. No	Particulars	Schedule	As at 30.09.2009	As at 31.03.2009
<b>I.</b>	<b>Sources of Funds</b>			
1.	Share Capital		8,658	8,651
2.	Reserves and surplus		91,926	73,230
3.	Minority interests		826	458
4.	Loan funds			
	(a) Secured loans		11,329	9,565
	(b) Unsecured loans		5,414	13,194
5.	Deferred tax liability		3,579	3,049
	<b>Total</b>		<b>121,732</b>	<b>108,147</b>
<b>II.</b>	<b>Application of Funds</b>			
1.	Fixed Assets	A-2.18		
	(a) Tangible fixed assets		114,883	83,150
	(b) Intangible fixed assets		2,842	2,701
	<b>Gross Block (a+b)</b>		<b>117,725</b>	<b>85,851</b>
	Less: Depreciation		32,661	29,935
	<b>Net Block</b>		<b>85,064</b>	<b>55,916</b>
2.	Investments		11,209	34,697
3.	Deferred Tax Assets		2,568	2,353
4.	Currents assets, loans and advances	A-2.19		
	(a) Inventories		44,908	37,547
	(b) Sundry debtors		21,950	17,788
	(c) Cash and bank balances		13,766	14,844
	(d) Loans and advances		34,144	24,903
	<b>Sub Total (4)</b>		<b>114,768</b>	<b>95,082</b>
5.	Less: Current liabilities and provisions	A-2.20		
	(a) Liabilities		57,315	48,165
	(b) Provisions		35,353	32,600
	<b>Sub Total (5)</b>		<b>92,668</b>	<b>80,765</b>
	<b>Net current assets (4-5)</b>		<b>22,100</b>	<b>14,317</b>
6.	Miscellaneous expenditure to the extent not written off or adjusted		791	864
	<b>Total</b>		<b>121,732</b>	<b>108,147</b>

Accounting policies & notes to accounts

A

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi

26th October, 2009

As per our report of even date attached

for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

# Condensed Consolidated Profit and Loss Account

for the six months period ended 30th September, 2009

Rupees in lacs

Sr. No	Particulars	Schedule	For the six months ended 30.09.2009	For the six months ended 30.09.2008
1	Sales	A-2.21	160,307	131,084
	Less: Excise Duty		1,238	1,571
	Net Sales		159,069	129,513
2	Other Income		1,855	2,647
	<b>Total</b>		<b>160,924</b>	<b>132,160</b>
3	(Increase)/Decrease in Stock in Trade	A-2.22	(2,964)	(8,609)
4	Consumption of Materials	A-2.23	63,574	61,883
5	Purchase of Finished Goods		12,856	10,444
			<b>73,466</b>	<b>63,718</b>
6	Salaries, wages and other staff costs		13,188	11,343
7	Advertising & Sales Promotions		23,393	15,942
8	Other expenditure	A-2.24	19,653	17,319
9	Operating cash profit before interest & Tax		31,224	23,838
10	Interest		697	798
11	Depreciation		2,353	2,064
12	Miscellaneous expenditure written off		274	335
13	Profit from ordinary activities before tax		27,900	20,642
14	<b>Extraordinary item</b>		<b>0</b>	<b>0</b>
15	<b>Net Profit before Tax</b>		<b>27,900</b>	<b>20,642</b>
16	Provision for Taxation:			
	- Current		4,549	2,367
	- Fringe Benefit		0	362
	- Deferred		225	100
17	<b>Net Profit after Tax</b>		<b>23,126</b>	<b>17,813</b>
18	<b>Extraordinary item</b>		<b>0</b>	<b>0</b>
19	<b>Net Profit after Tax and Extraordinary item</b>		<b>23,126</b>	<b>17,813</b>
20	Minority Interest		73	(33)
21	<b>Net Profit for the period</b>		<b>23,053</b>	<b>17,846</b>
22	Earning per share:			
	1. Basic earning per share (in Rs.) Before Extraordinary item		2.67	2.06
	2. Diluted earning per share (in Rs.) Before Extraordinary item		2.66	2.05
	3. Basic earning per share (in Rs.) After Extraordinary item		2.67	2.06
	4. Diluted earning per share (in Rs.) After Extraordinary item		2.66	2.05
	<b>No. of Shares (Basic)</b>		<b>865,456,685</b>	<b>864,739,956</b>
	<b>No. of Shares (Diluted)</b>		<b>869,231,616</b>	<b>869,284,318</b>

## Accounting policies & notes to accounts

A

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi

26th October, 2009

As per our report of even date attached

for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

# Statement of Consolidated Cash Flow (PURSUANT TO AS-3 ISSUED BY ICAI)

Rupees in lacs

Particulars	For the period ended 30th September 2009	For the period ended 30th September 2008
<b>A. Cash Flow From Operating Activities</b>		
Net Profit Before Tax and Extraordinary items	27,902	20,642
Add:		
Depreciation	2,352	2,064
Loss on Sale of Fixed Assets	98	25
Miscellaneous Exp. Written off	274	335
Miscellaneous Exp. Written off (Included in Director Remuneration)	165	165
Interest	697	798
	3,586	3,387
	31,488	24,029
Profit on Sale of Investment	562	1,111
Profit on Sale of Assets	216	4
	778	1,115
Operating Profit Before Working Capital Changes	30,710	22,914
Working Capital Changes		
Increase/(Decrease) in Inventories	7,361	11,295
Increase/(Decrease) in Debtors	4,050	5,044
Decrease/(Increase) in Trade Payables	-8,980	-2,504
Increase/(Decrease) in Working Capital	2,431	13,835
Cash Generated from Operating Activities	28,279	9,079
Interest Paid	680	778
Tax Paid	5,213	2,608
Corporate Tax on Dividend	1,470	1,101
	7,363	4,487
<b>Cash Used(-)/(+)Generated For Operating Activities (A)</b>	<b>20,916</b>	<b>4,592</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	-34,713	-8,084
Sale of Fixed Assets	3,330	279
Purchases of Investment	-194,525	-137,008
Sale of Investments	218,575	141,050
<b>Cash Used(-)/(+)Generated For Investing Activities (B)</b>	<b>-7,333</b>	<b>-3,763</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds From Share Capital & Premium	7	11
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	1,534	-25
Repayment(-)/Proceeds(+) from Short Term Loans	230	5,500
Repayment(-)/Proceeds(+) from Other Unsecured Loans	-7,780	20
Payment of Other Advances	0	-457
Payment of Dividend	-8,651	-6,480
<b>Cash Used(-)/(+)Generated In Financing Activities (C)</b>	<b>-14,660</b>	<b>-1,431</b>
<b>Net Increase(+)/Decrease (-) in Cash and Cash Equivalents (A+B+C)</b>	<b>-1,077</b>	<b>-602</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>14,843</b>	<b>7,657</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>13,766</b>	<b>7,055</b>

For **Dabur India Ltd.**  
**Dr. Anand C Burman**, Chairman  
**P.D. Narang**, Whole time Director  
**Sunil Duggal**, Whole time Director  
**A. K. Jain**, GM (Finance) & Co. Secretary

Place: New Delhi  
 26th October, 2009

As per our report of even date attached  
 for **G. Basu & Co.**  
 Chartered Accountants  
**Anil Kumar**  
 Partner

# Schedule A: Selected Explanatory Notes

(Rupees in lacs, except share data)

## 1. ACCOUNTING POLICIES

### 1.1 Body Corporate under Consolidation

The Consolidated Financial Statement (CFS) relates to Dabur India Limited (the parent company), H&B Stores Ltd (a wholly owned subsidiary company incorporated in India) and Fem Care Pharma Limited (92.15% stake where in held by Dabur India Ltd), Jaquiline INC (a subsidiary body corporate incorporated in USA , 100% stake where in held by Fem Care Pharma Ltd), Dabur International Ltd., (wholly owned subsidiary body corporate incorporated in Isle of MAN), Dabur (UK) Ltd. (a wholly owned subsidiary body corporate incorporated in British Virgin Island 100% stake wherein is held by Dabur International Ltd.), Dabur Nepal Pvt. Ltd. (a subsidiary body corporate incorporated in Nepal, 97.5% stake wherein is held by Dabur International Ltd.), Dabur Egypt Ltd. (a wholly owned subsidiary body corporate incorporated in Egypt, 76% & 24% of stake wherein are held by Dabur (UK) Ltd. and Dabur International Ltd. respectively), Asian Consumercare Pvt. Ltd. (a subsidiary body corporate incorporated in Bangladesh, 76% stake wherein is held by Dabur International Ltd.), Weikfield International (UAE) (a subsidiary body corporate incorporated in UAE, 38.41% stake wherein is held by Dabur International Ltd. which has control of composition of board of directors of the former being raison d'etre of subsidiary status) African Consumer Care Ltd (a wholly owned subsidiary body corporate incorporated in Nigeria, 90% stake wherein is held by Dabur International Ltd & 10% stake held by Dabur (UK) Ltd), Asian Consumer Care Pakistan Pvt. Ltd. (a subsidiary body corporate incorporated in Pakistan, 99.99% stake where in is held by Dabur International Ltd) and Naturelle LLC ( a subsidiary body corporate incorporated in Emirate of RAS Al Khaimah, 100% stake wherein is held by Dabur International Ltd.

In addition to the above, proportionately consolidated herein is the accounts of Forum 1 Aviation Ltd., a domestic corporate entity jointly controlled by parent company with others, (stake of parent company being 14.28% therein) on the basis of un-audited results.

### 1.2 Significant Accounting Policies

- a) Accounting policies and principles of consolidation followed herein remain in terms of same applied in consolidated financial statements for the year ended 31st March 2009 except for liabilities in respect of retirement benefits to employees, for subsidiaries and deferred tax have been calculated on estimated basis.
- b) Preparation of CFS including disclosures made there for and condensation of Balance Sheet and Profit and Loss Account have been made in terms of requirement of AS 25 issued by ICAI.

## 2. NOTES TO ACCOUNTS

2.1 All amounts in the financial statements are rounded off to nearest Rupees Lacs, except for those specifically stated otherwise.

### 2.2.1 Contingent Liabilities:

- I. In respect of claims not acknowledged as debts towards:
  - a) civil suits filed by others Rs.655 (previous year Rs.655)
  - b) claims by employees Rs.13 (previous year Rs.13).
- II. In respect of letters of credit Rs. 5473 (previous year Rs.42).
- III. In respect of bank guarantees executed Rs 2331 (previous year Rs. 1850).
- IV. In respect of sales tax under appeal Rs 1396 (previous year Rs.760).
- V. In respect of excise duty disputes pending with various judicial authorities Rs.2151 (previous year Rs.1732).

- VI. In respect of corporate guarantees furnished Rs. 9353 (previous year Rs. 6595).  
 VII. In respect of Income Tax under appeal Rs.112 (previous year Rs.68).  
 VIII. Estimated amount of contract remaining to be executed on Capital Account (net of advances) Rs.6496 (previous year Rs. 3065).  
 IX. Bill Discounted Rs.1762 (previous year Rs.2312).  
 Considering the remote possibility of outflow in respect of above no provision is deemed necessary as envisaged in AS 29 issued by ICAI.

### 2.2.2 Information pursuant to AS 29 issued by ICAI

- i) Existing provision relates to disputed liability of Rs. 63, Rs.81, Rs.1 and Rs.47 towards liabilities on account of VAT, Sales Tax, Entry Tax and Excise duty respectively carried forward from previous year in view of absence of any additional provision there for during the period.  
 ii) Resulting outflows against above disputed liabilities, if mature, are expected to be in succeeding financial year.  
 iii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.  
 iv) Brief particulars of provision under AS 29

<u>Nature of liabilities</u>	<u>Particulars of dispute</u>	<u>Amount</u>	<u>Forum under which the dispute is pending</u>
VAT	Short Payment of VAT	63	II appeal Filed
Sales Tax	Classification of Lal Dant Manjan	24	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	Appeal Filed before the D.C. Appeal
Sales Tax	Exemption Forms from Dealers	1	IIInd Appeal filed before D C Appeal
Entry Tax	Entry Tax on Car	1	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	27	Pending before High Court
Excise	Classification of Saunf ka Ark	17	Pending before Commissioner (Appeals)
Excise	Capital Goods removal	30	DC appeal

2.2 The scheme of merger of FEM Care Pharma Ltd. effective retrospectively since 01/04/2009 with Dabur India Limited have been approved by the Board of Directors for the purpose of submission to the Hon'ble Court and compliance of needful formalities.

2.3 Related party disclosures (in term of AS - 18 issued by ICAI)

2.3.1 Related parties where control exists:

#### **Associate**

ACI Ltd. Bangladesh

Weikfield Product Co. Pvt. Ltd

RAK Investment Authority.

#### **Joint Venture**

Forum 1 Aviation Limited

Dabon International Pvt Ltd

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.3.2 Other related parties in transaction with the body Corporates under Consolidation

#### 2.3.2.1 Key Management Personnel and relatives of such personnel:

Director	Relatives
Pradip Burman	-
P D Narang	-
Sunil Duggal	-
Siddharth Burman	Saket Burman
Rukma Rana	-
Mohit Burman	-
Chetan Burman	-

2.4 Employee related liabilities for subsidiaries have been accounted for on estimated basis as against Actuarial valuation under unit projected cost method applied for the parent company.

This however does not have material effect on this consolidated financial statement.

#### 2.5 Related party transactions:

	(a)	(b)	(c)	(d)	(e)	(f)
PARTICULARS	JOINT VENTURES/ PARTNERSHIP	ASSOCIATES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL	OUTSTANDING AS ON 30.09.09
Purchases of Goods	-	84	-	-	84	11
	-	-	-	-	-	-
Sale of Goods	-	0	-	-	0	0
	-	-	-	-	-	-
Capital Contribution	49	-	-	-	49	-
	-	-	-	-	-	-
General Expenses	235	-	-	-	235	-
	(69)	-	-	-	(69)	-
Processing Charges	4	-	-	-	4	-
	-	-	-	-	-	-
Rent Paid	1	3	33	-	38	-
	-	(3)	(28)	-	(31)	-
Remuneration/Exg./Pension	-	-	320	-	320	-
	-	-	(579)	-	(579)	-
Guarantees & collaterals given	714	-	-	-	714	714
	-	-	-	-	-	-
Employee Stock Option Scheme	-	-	165	-	165	-
	-	-	(144)	-	(144)	-

Note (1) Figures in brackets from column A to D relates to previous corresponding period and that of " F " relate to half year ended on 30.09.2009.

#### 2.6 Impairment of fixed assets :

The exercise of test of impairment conducted by management, for CGU'S of entities under consolidation, revealed absence of any provisioning exigency in this connections.

2.7 (i) Board of directors of parent company has declared interim dividend @ 75% (previous period NIL) for the period, the amount of interim dividend working out to Rs 7595 (previous period Rs. Nil) including incidence of tax thereon.

## Schedule A (Contd....)

(Rupees in lacs, except share data)

- (ii) During the period the parent company has paid final dividend @ 100% (previous period 75%) amounting to Rs. 8655 (previous period 6480) in respect of financial year 2008-09 after said declaration of dividend was approved in the AGM dated 15.07.2009.
- 2.8 During the period the parent company has allotted 687379 (previous period 1053276) equity share of Re 1/- each to the employees upon their exercise of stock option.
- 2.9 3617056 (previous year 4503079) equity shares of Re.1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2009.
- 2.10 Investment at half-year end includes Rs. 11777 (previous year Rs. 16817) towards current investment. Remaining investments are long term in nature.
- 2.11 During the period, Rs. 1.90 has been invested in current investment and Rs.50 has been invested for long term investment in capital of partnership firm.
- 2.12 During the period, sale of current investments amounted to Rs. 195443.
- 2.13 Information (to the extent applicable) pursuant to AS 19 issued by ICAI:  
The future minimum lease payment under non-cancelable operating lease

	30.09.2009	31.03.2009
Not later than 1 year	238	62
Later than 1 year not later than 5 years	191	137
Later than 5 years	Nil	Nil

- 2.14 Information pursuant to AS 24 on discontinued operations:

Particulars	Hair Oil Baddi	MSY Unit Baddi
1 Discontinued since	March, 04	Nov, 2000
2 Segment the operation of the Unit relates to in financial statement	FMCG	FMCG
3 Carrying amount of total assets	33.37 (33.37)	28.35 (28.35)
4 Carrying amount of total liabilities	4.21 (4.21)	0.01 (0.01)
5 Profit from ordinary activities	0.00 (0.00)	0.00 (0.00)
6 Income Tax expenses	0.00 (0.00)	0.00 (0.00)
7 Gain on disposal of assets	0.00 (0.00)	0.00 (0.00)
8 Cash flow from discontinued operations:		
Operating activities	0.00 (0.00)	0.00 (0.00)
Investing Activities	0.00 (0.00)	0.00 (0.00)
Financial Activities	0.00 (0.00)	0.00 (0.00)

- Note: 1. Figures in brackets are for previous year
2. Part of fixed assets belonging to discontinued operations under reference has been used for new plants set up in relevant premises. Such assets have been left out of the purview of '3' above.

## Schedule A (Contd....)

(Rupees in lacs, except share data)

2.15	Repayment of debt during the period	For period ended on 30.09.2009	For period ended on 30.09.2008
	Loan from		
	PICUP (Secured)	110	110
	GE Caps (Secured)	109	109
	Short Term loan from bank	11000	-
	Commercial Papers	2000	-
	Deferred payment Credit	-	-
2.16	Investment in joint venture :		
	Forum 1 Aviation Ltd :		
	(a) (i) Incorporated in CFS on proportionate basis are the following assets and liabilities as on 30.09.09 and income and expenses for the half year of Forum 1 Aviation Ltd a JCE being the proportionate share of parent company (14.28%) estimated from un audited financial statement of JCE.		

### Assets & Liability of JCE as on 30/09/2009

Secured Loan		714
Creditors		38
Deposit	-	-
Fixed Assets	871	-
Investment	92	-
Advance to employee	1	-
Cash & Bank	19	-
Debtors	36	-
Other Advance	257	-

### Income & expenses (estimated) for August & September 2009

INCOME	DIL SHARE
Revenue from Flying	210
Other Income	1
<b>TOTAL</b>	<b>211</b>
EXPENSES	
Payment to and provisions for employees	27
Administrative Expenses	78
Financial Expenses	84
<b>TOTAL</b>	<b>189</b>
PROFIT (Forms part of profit in consolidated profit and loss account)	22

(ii) Parent company has paid Rs.69 towards its commitment on revenue expenditure of JCE for the two months since its entry in joint venture arrangement.

(b) Assets, liabilities, income, expenses in Balsara International a partnership firm where the company is a partner have not been accounted for, for the want of materiality.

## Schedule A (Contd....)

(Rupees in lacs, except share data)

2.17 Pursuant to Fem Care Pharma Limited and Jaquiline INC becoming subsidiary of the parent company with effect from 24-06-2009 consolidated herein following assets and liabilities of this two new entities of the group unlike previous year.

Tangible/ Intangible	Fem Care	Jaquiline INC
Fixed Assets (Net)	2276.40	0.00
Current Assets	3361.48	42.16
Investment	3754.38	0.00
Liabilities:		
Secured Loan	1588.69	0.00
Un-Secured Loan	290.13	31.22

Profit for the period from 25.06.09 to 30.09.09 is Rs.794.85

To above extent figures of the previous period /year are not comparable with the current ones.

### 2.18 Fixed Assets

Name of Asset	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Opn Bal	Trf From Fem	Addn	Trf/Adj	Clsg Bal	Opn Bal	Trf From Fem	For The Period	Trf/Adj	Clsg Bal	As On 30.09 2009	As On 31.03 2009
Freehold Land	1,514	97	2,219	32	3,798	-	-	-	-	-	3,798	1,514
Leasehold Land	1,139	7	(0)	6	1,140	74	1	8	1	82	1,057	1,065
Building, Roads & Culvert	23,580	1,718	541	1,016	24,823	6,061	190	478	30	6,699	18,125	17,519
Plant & Machinery	39,206	1,463	2,413	1,305	41,777	17,104	332	1,028	181	18,283	23,494	22,102
Vehicles	1,909	173	99	135	2,046	855	29	187	57	1,014	1,032	1,054
Furniture & Office Equipment	4,005	437	41	302	4,181	2,162	67	244	53	2,420	1,761	1,843
Computers	3,652	93	193	43	3,895	2,475	32	196	15	2,688	1,207	1,177
Patents & Trade Marks	1,113	63	0	-	1,176	635	50	43	-	728	448	478
Live Stock	0	-	0	-	0	-	-	-	-	-	0	0
Software	1,654	4	8	-	1,666	569	4	169	-	742	925	1,085
Capital Work In Progress	5,933	-	7,088	4,809	8,212	-	-	-	-	-	8,212	5,933
Goodwill	2,146	5	22,860	-	25,011	-	5	-	-	5	25,006	2,146
<b>TOTAL</b>	<b>85,851</b>	<b>4,060</b>	<b>35,462</b>	<b>7,648</b>	<b>117,725</b>	<b>29,935</b>	<b>710</b>	<b>2,353</b>	<b>337</b>	<b>32,661</b>	<b>85,064</b>	<b>55,916</b>

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.19 Current assets, loans and advances

Particulars	As at 30.09.2009	As at 31.03.2009
<b>Current assets</b>		
Inventories:	44908	37547
- Raw materials	13915	11786
- Packing materials, stores and spares	7693	6182
- Stock in process	5312	6112
- Finished goods	17988	13467
Sundry debtors (unsecured, considered good)	21950	17788
Cash and bank balances	13766	14844
<b>Loans and advances (unsecured, considered good, unless stated otherwise)</b>	<b>34144</b>	<b>24903</b>
Security deposit with various authorities	3491	2993
Advance payment of tax	21906	16717
Advances to suppliers	4401	1525
Advances to employees	463	301
Balance with excise authorities	1935	1905
Other advances recoverable in cash or in kind or for value to be received	1948	1462

### 2.20 Current liabilities and provisions

Particulars	As at 30.09.2009	As at 31.03.2009
<b>Current liabilities:</b>	57315	48165
Acceptance	5049	4527
Amount due to SSI units (goods)	1332	1755
Creditors for goods	9992	7330
Creditors for expenses and other liabilities	40098	33964
Advances from customers	409	297
Interest accrued but not due on loans	52	36
Deposits - others	89	0
Investor education and protection fund to be credited by:		
- unpaid dividend	294	256
<b>Provisions :</b>	35353	32600
For dividend	6493	8651
For corporate tax on proposed dividend-	1104	1470
For Housing, Bonus & Gratuity and Other Welfares	1696	1700
For Others	4165	3793
For leave salary	527	477
For taxation	21368	16509

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.21 Sales

Particulars	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Sales	160307	131084
Domestic sales less returns	142819	107201
Export sales	17488	23883

### 2.22 (Increase)/decrease in stock in trade

Particulars	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Adjustment of stocks in process and finished goods:		
- Opening stock	20247	13182
Stock in process	6222	3628
Finished products	14025	9554
- Closing stock	23211	21791
Stock in process	5314	4529
Finished products	17897	17262
Increase(-)/decrease in stock in process and finished goods	-2964	-8609

### 2.23. Consumption of Material

Particulars	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Raw material consumed	38057	40395
i) Opening stock	12001	9001
ii) Add: purchases	39971	43664
iii) Less: closing stock	13915	12270
Packing material consumed	25517	21488
i) Opening stock	6339	4854
ii) Add: purchases	26790	23895
iii) Less: closing stock	7612	7261
	63574	61883

## Schedule A (Contd....)

(Rupees in lacs, except share data)

### 2.24 Other expenditure

Particulars	For the six months ended 30.09.2009	For the six months ended 30.09.2008
Power and fuel	2144	2577
Stores & spares consumed	637	736
Repairs & maintenance	787	656
Processing charges	1102	870
Rent	1075	993
Rates and taxes	374	189
Insurance	251	270
Sales tax	95	83
Freight and forwarding charges	3032	3051
Commission, discount and rebate	1893	1095
Travel and conveyance	1533	1332
Legal and professional	927	516
Telephone, fax expenses	258	260
Security expenses	246	208
General Expenses	4858	4011
Directors' fee	6	5
Auditors' remuneration	71	45
Donation	157	78
Contribution to scientific research expenses	25	100
Provision for bad and doubtful debts	84	219
Loss on sale of Fixed Assets	98	25
	19653	17319

Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.

For **Dabur India Ltd.**

**Dr. Anand C Burman**, Chairman

**P.D. Narang**, Whole time Director

**Sunil Duggal**, Whole time Director

**A. K. Jain**, GM (Finance) & Co. Secretary

As per our report of even date attached  
for **G. Basu & Co.**

Chartered Accountants

**Anil Kumar**

Partner

Membership No. 9390

Place: New Delhi

26th October, 2009

# Schedule A (Contd....)

(Rupees in lacs, except share data)

NOTE 2.25 INFORMATION PURSUANT TO AS - 17 ISSUED BY ICAI														
	Consumer Care Business		Consumer Health Business		Foods		Retail		Others		Unallocated		Dabur India Ltd.	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
<b>REVENUE</b>														
External Sales	121,778	98,804	13,133	11,575	21,358	16,891	396	263	3,641	3,551			160,307	131,084
Inter-segment sales														
<b>Total Revenue</b>	<b>121,778</b>	<b>98,804</b>	<b>13,133</b>	<b>11,575</b>	<b>21,358</b>	<b>16,891</b>	<b>396</b>	<b>263</b>	<b>3,641</b>	<b>3,551</b>			<b>160,307</b>	<b>131,084</b>
<b>RESULT</b>														
Segment result	32,459	25,117	3,463	3,272	3,737	2,592	-472	-1,011	317	110			39,505	30,080
Unallocated corporate expenses													10,907	8,641
<b>Operating profit</b>	<b>32,459</b>	<b>25,117</b>	<b>3,463</b>	<b>3,272</b>	<b>3,737</b>	<b>2,592</b>	<b>-472</b>	<b>-1,011</b>	<b>317</b>	<b>110</b>			<b>28,598</b>	<b>21,439</b>
Interest expense (Net of Interest Income)													697	798
Income Tax (Current + Deferred)													4,750	2,829
<b>Profit from ordinary activities</b>	<b>32,459</b>	<b>25,117</b>	<b>3,463</b>	<b>3,272</b>	<b>3,737</b>	<b>2,592</b>	<b>-472</b>	<b>-1,011</b>	<b>317</b>	<b>110</b>			<b>23,152</b>	<b>17,812</b>
Minority Interest													-73	33
<b>Net profit</b>	<b>32,459</b>	<b>25,117</b>	<b>3,463</b>	<b>3,272</b>	<b>3,737</b>	<b>2,592</b>	<b>-472</b>	<b>-1,011</b>	<b>317</b>				<b>23,078</b>	<b>17,845</b>
<b>OTHER INFORMATION</b>														
Segment assets	101,818	77,612	8,824	7,376	15,826	13,978	1,739	1,713	3,165	2,948			131,372	103,627
Unallocated corporate assets													81,486	84,420
<b>Total assets</b>	<b>101,818</b>	<b>77,612</b>	<b>8,824</b>	<b>7,376</b>	<b>15,826</b>	<b>13,978</b>	<b>1,739</b>	<b>1,713</b>	<b>3,165</b>	<b>2,948</b>			<b>212,857</b>	<b>188,047</b>
Segment liabilities	37,187	27,304	2,302	1,081	2,135	2,341	272	21	42	106			41,937	30,853
Unallocated corporate liabilities													71,127	76,177
<b>Total liabilities</b>	<b>37,187</b>	<b>27,304</b>	<b>2,302</b>	<b>1,081</b>	<b>2,135</b>	<b>2,341</b>	<b>272</b>	<b>21</b>	<b>42</b>	<b>106</b>			<b>113,065</b>	<b>107,030</b>
<b>Capital Expenditure</b>	<b>64,631</b>	<b>50,308</b>	<b>6,523</b>	<b>6,295</b>	<b>13,691</b>	<b>11,637</b>	<b>1,467</b>	<b>1,692</b>	<b>3,123</b>	<b>2,842</b>			<b>99,793</b>	<b>81,017</b>
Depreciation	993	1,893	106	202	480	915	20	38	148	282			2,353	4,486
Non-cash expenses other than depreciation													274	438

**Dabur**  
**Uveda**  
SKINCARE EXPERT FROM AYURVEDA





**Dabur India Limited**

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