

**DABUR INTERNATIONAL LIMITED**

**Financial Statements for the year ended 31<sup>st</sup> March, 2014 pursuant to section 212 of the  
Companies Act, 1956**

**REPORT ON THE FINANCIAL STATEMENTS made out as per requirements of section 212 of the Companies Act, 1956.**

We have checked the accompanying Financial Statements of Dabur International Limited ("the foreign body corporate"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended made out as per requirements of Indian Companies Act, 1956 and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**OUR RESPONSIBILITY**

The audit was conducted under statute of country of incorporation of body corporate, followed by our further check of true & fairness of account drawn up in terms of requirement of Indian Act, by the local auditor at Dubai at UAE currency. Management prepared the financial statements, based on the audited accounts, in accordance with the provisions of the Act and according to the Standards on Auditing issued by the Institute of Chartered Accountants of India, in Indian Rupees. We have checked the financial statements prepared by the Management, in Indian Currency.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

While checking, we have seen that ethical requirements required by those Standards, have been complied with. Reasonable assurance was obtained whether the financial statements are free from material misstatement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



TELEGRAMS : 'TROBAS' CALCUTTA  
TELEPHONE : 2212-6253, 2212-8016  
FAX : 00-91-33-2212 7476  
WEBSITE : www.gbasuandcompany.org  
E-MAIL : s.lahiri@gbasu.in

**G. BASU & CO.**  
CHARTERED ACCOUNTANTS

**BASU HOUSE**  
3, CHOWRINGHEE APPROACH  
KOLKATA - 700 072

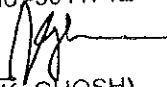
**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with notes give the information required by the Act 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 the balance sheet, of the state of affairs of the foreign body corporate as at 31<sup>st</sup> March, 2014;
- (b) In the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

Place: New Delhi  
Date: 29<sup>th</sup> April 2014

For G. BASU & CO.  
Chartered Accountants  
R. No. 301174E

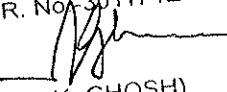
  
(N. K. GHOSH)  
Partner  
(M. No. 053094)

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. The Companies (Auditor's Report) Order, 2003 issued by Central Government of India in terms of section 227 (4A) of the Act is not applicable to the body corporate.
2. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our checking;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) in our opinion, Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

Place: New Delhi  
Date: 29<sup>th</sup> April 2014

For G. BASU & CO.  
Chartered Accountants  
R. No. 301174E

  
(N. K. GHOSH)  
Partner  
(M. No. 053094)

## Dabur International Ltd

Balance Sheet as at 31st March 2014

(All amount in Rs Lacs)

	PARTICULARS	Note No	As at 31st March, 2014	As at 31st March, 2013
I	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Share holder's Funds</b>			
	a) Share Capital	1	1,295	1,295
	b) Reserves and Surplus	2	47,309	33,963
	<b>2. Non-current liabilities</b>			
	a) Long Term borrowings	3	12,134	20,184
	b) Long-term provisions	4	-	380
	<b>4. Current Liabilities</b>			
	a) Short-term borrowings	5	6,817	16,112
	b) Trade payables		11,360	614
	c) Other current liabilities	6	14,081	17,700
	d) Short-term provisions	7	370	177
	<b>Total:</b>		<b>93,365</b>	<b>90,424</b>
II	<b>ASSETS</b>			
	<b>1. Non-current assets</b>			
	a) Fixed Assets			
	i) Tangible assets		1,470	1,152
	iii) Capital work-in-progress		1	191
	b) Non-current investments in Subsidiaries		58,607	55,129
	c) Long-term loans and advances	8	5	7
	d) Other non-current assets	9	-	8,141
	<b>2. Current assets</b>			
	a) Inventories	10	982	603
	b) Trade receivables	11	9,029	7,844
	c) Cash and cash equivalents	12	12,657	9,566
	d) Short-term loans and advances	13	10,341	7,623
	e) Other current assets	14	273	169
	<b>Total:</b>		<b>93,365</b>	<b>90,424</b>

\*Closing exchange rate as on 31.03.2014 AED 1 = Rs. 16.31 (PY AED 1 = Rs. 14.78)

Place : New Delhi  
Date : 29th April 2014

For G. BASU & CO.  
Chartered Accountants  
R. No. - 301174E

(N. K. GHOSH)  
Partner  
(M. No. 053094)

As per our report of even date attached  
for G Basu and Company  
Chartered Accountants

Dabur International Ltd

Statement of Profit & Loss for the year ended 31st March 2014

(All amounts in Rs. Lacs, unless otherwise stated)

DESCRIPTION	Note No	For the year ended Mar 31' 2014	For the year ended Mar 31' 2013
I Revenue from operations	15	88,236	64,633
II Other Income	16	3,130	1,919
III Total Revenue (I + II)		91,367	66,552
IV Expenses			
Cost of materials consumed	17	15	5
Purchase of stock in trade	18	45,528	34,922
Changes in inventories of FG, WIP & Stock in Trade	19		
Finished Goods		(107)	(89)
Work in Progress		(0)	1
Stock in trade		(164)	36
Employee benefits expenses	20	7,341	5,354
Finance cost	21	1,209	1,090
Depreciation & Amortisation Expenses	22	233	200
Other Expenses	23	20,637	14,842
Total Expense		74,692	56,361
(V) Profit before exceptional and extraordinary items and tax (III - IV)		16,675	10,191
(VI) Exceptional Items			266
(VII) Profit before extraordinary items and tax (V - VI)		16,675	9,925
(VIII) Extraordinary Items			1
(IX) Profit before tax (VII - VIII)		16,675	9,926
(X) Tax expense (1) Current tax		9	8
(XI) Profit/(Loss) for the year from continuing operations (IX - X)		16,665	9,918

\*Average exchange rate as on 31.03.2014 AED 1 = Rs. 16.56 (PY AED 1 = Rs. 14.82)

Place : New Delhi  
Date : 29th April 2014

As per our report of even date attached  
for G Basu and Company

For G. BASU & CO.  
Chartered Accountants  
R. No. 301174E

(N. K. GHOSH)  
Partner  
(M. No. 053094)

**DABUR INTERNATIONAL LIMITED**

STATEMENT OF CASH FLOW ( PURSUANT TO AS-3) INDIRECT METHOD FOR THE YEAR ENDED 31ST MARCH'2014

(Amount in Rs. Lacs)

PARTICULARS	FOR THE YEAR ENDED MARCH 31'2014		FOR THE YEAR ENDED MARCH 31'2013	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		16,675		9,926
ADD:				
DEPRECIATION	233		200	
MISCELLANEOUS EXP. WRITTEN OFF	266		342	
INTEREST	1,209	1,708	1,090	1,633
LESS:				
INTEREST RECEIVED	866		674	
PROFIT ON SALE OF ASSETS	-	866	1	676
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		17,517		10,883
WORKING CAPITAL CHANGES				
(INCREASE)/DECREASE IN INVENTORIES	(379)		(48)	
(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	(4,004)		(954)	
INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER PAYABLES	3,345	(1,038)	8,814	7,813
(INCREASE)/DECREASE IN WORKING CAPITAL				
<b>CASH USED(-)/(+)GENERATED FROM OPERATING ACTIVITIES (A)</b>		<b>16,479</b>		<b>18,696</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
ACQUISITION OF FIXED ASSETS		(361)		(275)
SALE OF FIXED ASSETS		-		95
PURCHASES OF INVESTMENT		-		(12,649)
INTEREST RECEIVED		866		674
PROCEED OF SALE OF INVESTMENTS		4,662		-
<b>CASH USED(-)/(+)GENERATED IN INVESTING ACTIVITIES (B)</b>		<b>5,167</b>		<b>(12,156)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
REPAYMENT(-)/PROCEEDS (+) OF LONG TERM SECURED LIABILITIES		(8,050)		(19,913)
REPAYMENT(-)/PROCEEDS(+) FROM SHORT TERM LOANS		(9,295)		13,957
INTEREST PAID		(1,209)		(1,090)
<b>CASH USED(-)/+(GENERATED) IN FINANCING ACTIVITIES (C)</b>		<b>(18,555)</b>		<b>(7,046)</b>
<b>NET INCREASE(+)/DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>3,091</b>		<b>(506)</b>
CASH AND CASH EQUIVALENTS OPENING BALANCE		9,566		10,072
CASH AND CASH EQUIVALENTS CLOSING BALANCE		12,657		9,566

Place : New Delhi  
Date : 29th April 2014

As per our report of even date attached  
for G Basu and Company  
Chartered Accountants

For G. BASU & CO.  
Chartered Accountants  
R. No. 501174E

(N. K. GHOSH)  
Partner  
(M. No. 053094)

Annexed to and forming part of the Balance Sheet as at March 31, 2014  
Note 1 - Share Capital

1 (a) Particulars of Shares:

Sl	Class of Shares	Face value of one Share	Period	Authorised Capital		Issued, Subscribed & Fully Paid up	
				No. of shares	Total Value	No.	Value
	Equity Shares	1 Pound Sterling	As at March 31'2014	18,600,000	110,872,800	1,700,000	1,295
		1 Pound Sterling	As at March 31'2013	18,600,000	110,872,800	1,700,000	1,295

Note:

- 1) There is no restriction on transferability of shares
- 2) There is no movement of share capital during the year.





## Note 2: Reserve &amp; Surplus

(Rs in Lacs)

Particulars	(Rs in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Capital Reserve:	-41	-41
Securities Premium Reserve:	3,097	3,097
Exchange Fluctuation Reserve	-8,320	-5,001
General Reserve:	213	213
Surplus / (deficit):	52,360	35,694
Total	47,309	33,963



Annexed to and forming part of the Balance Sheet as at March 31, 2014  
 Note 3: Long term Borrowing

(Rs in Lacs)

Sl	Nature of Borrowing	As at Mar' 31, 2014			As at Mar' 31, 2013		
		Secured	Unsecured	Total	Secured	Unsecured	Total
i)	Term Loans From Bank	9,089	3,045	12,134	20,184	-	20,184
	Total	9,089	3,045		20,184	-	20,184

Note: 1. There is no default in repayment of principal loan or interest thereon.



Annexed to and forming part of the Balance Sheet as at March 31, 2014  
 Note 4 : Long term provisions

Particulars	(Rs in Lacs)	
	As at Mar' 31, 2014	As at Mar' 31, 2013
For diminution in value of long term investments	-	-
For Retirement Benefits (Directors)	-	-
For Leave encashment	-	-
For Gratuity	-	380
For Contingent consideration money	-	-
For Taxation	-	-
	-	380



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 5: Short term Borrowings

Sl	Nature of Borrowings	As at Mar'31 2014	As at Mar'31, 2013
i)	Cash Credits from bank C.Y	6,817	10,685
ii).	Packing Credit Loan from Banks C.Y	-	-
iii).	Other Loans from Banks C.Y	-	5,427
iv).	Commercial Papers C.Y	-	-
	<b>Total</b> C.Y	<b>6,817</b>	<b>16,112</b>

Note: 1. There is no default in repayment of principal loan or interest thereon.



Annexed to and forming part of the Balance Sheet as at March 31, 2014

**Note 6 : Other Current Liabilities**

(Rs in Lacs)

Particulars	As at Mar' 31, 2014	As at Mar' 31, 2013
Component of term loan repayable within a year	12,688	10,468
Unpaid dividends	-	-
Creditors for Capital Goods	1	-
Security Deposits	-	-
Advances from Customers	300	72
Interest accrued but not due on loans	84	102
Statutory Liabilities	0	7
Other payables	1,007	7,053
<b>Total:</b>	<b>14,081</b>	<b>17,700</b>



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note 7: Short term Provisions

Particulars	(Rs in Lacs)	
	As at Mar 31, 2014	As at Mar 31, 2013
For Leave Encashment	112	177
For Gratuity Payable	231	-
For Post Separation Benefit of Director.	-	-
Provision For Taxation (net of advance tax Rs 822, PY Rs 4102 )	27	-
For other provision	-	-
For Disputed Liabilities	-	-
For Contingent consideration money	0	0
For Proposed Dividend	-	-
For Dividend Tax	-	-
<b>Total:</b>	<b>370</b>	<b>177</b>



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 8: Long term Loans & Advances

Particulars	(Rs in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Capital Advance	5	7
Total	5	7



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 9 : Other Non current liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Bank Deposit maturing after 12 months	-	8,141
	-	8,141





Annexed to and forming part of the Balance Sheet as at March 31, 2014

**Note No 10: Inventories**

Particulars	(Rs in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Raw Materials (including packing materials)	118	11
Work-in-Progress	0	0
Finished goods	228	120
Stock-in-trade	636	472
Total	982	603



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 11 : Trade Receivables

		(Rs in Lacs)	
Particulars	As at Mar' 31, 2014	As at Mar' 31, 2013	
Unsecured:			
Other debts : Considered good	9,029	7,844	
Total	9,029	7,844	



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 12: Cash & cash Equivalents

Particulars	(Rs in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Balances with banks	12,066	17,701
Cheques / drafts in hand	589	-
Cash-in-Hand	2	5
Less Bank deposit maturing after 12 months	12,657	17,707
Total	12,657	8,141
		9,566



Note No 13: Short term Loans & advances

Particulars	(Rs in Lacs)	
	As at March 31, 2014	As at March 31, 2013
Loans & Advances to Related to Parties	10,194	7,021
Advances to Suppliers	142	85
	142	85
	142	85
Advances to Employees	179	155
	179	155
Balance with Government Authorities	179	155
Other Loans & Advances	268	249
Advance Payment Of Tax (Net of provision of Rs 9361, PY: Rs 5964)	-481	77
Deposit with others	40	36
Total	10,341	7,623



Annexed to and forming part of the Balance Sheet as at March 31, 2014

Note No 14: Other Current Assets		(Rs in Lacs)	
Particulars	As at March 31, 2014	As at March 31, 2013	
<b>Unsecured and Consider Good</b>			
Interest accrues on FDs, CP's, CD's and Govt Bonds	226	169	
Other Assets	47	-	
	273	169	



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No. 15: Revenue from Operations

Rs. In Lacs

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Sale of Products	88,236	64,630
	Domestic	18,918	13,058
	Export	69,319	51,572
B	Other Operating Revenues	0	3
	Sale of Scrap	0	3
	<b>Total</b>	<b>88,236</b>	<b>64,633</b>



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No.16: Other Income

Rs. In Lacs

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Interest Income	866	675
E	Gain on Sale of Fixed Assets	0	1
F	Miscellaneous Receipts	2,264	1,243
	Total	3,130	1,919



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No. 17 : Cost of Material Consumed

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Raw material consumed	14	2
B	Packing material consumed	1	3
	<b>Total</b>	<b>15</b>	<b>5</b>





Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No. 18: Purchase of Stock in Trade

	Particulars	ended March 31' 2014	For the year ended March 31' 2013
	Purchase of Goods	45,528	34,922
	<b>Total</b>	<b>45,528</b>	<b>34,922</b>



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No. 19: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade

Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
<b>Opening Inventories</b>		
Finished Goods	120	31
Work in Progress	0	1
Stock-in-trade	472	508
<b>Closing Inventories</b>		
Finished Goods	228	120
Work in Progress	0	0
Stock-in-trade	636	472
<b>Total</b>	<b>(272)</b>	<b>(52)</b>



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No. 20 : Employee Benefits Expenses

Rs. in Lacs

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Salaries, Wages and Bonus	6,098	4,345
B	Contribution to Provident and Other Funds	419	324
C	Workmen and Staff Welfare	113	62
E	Director's Remuneration	446	280
F	ESOP Expenses	266	343
	Total	7,341	5,354



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No.21 : Finance Cost

Rs. In Lacs

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Interest Expense	806	946
B	Bank Charges	130	154
C	Net (gain)/loss on foreign currency transaction	274	(10)
	Total	1,209	1,090



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2014

Note No.22 : Depreciation & Amortisations

Rs. in lacs

Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
Depreciation on Tangible Fixed Assets	233	200
Total	233	200



## Annexed to and forming part of Profit &amp; Loss Account for the year ended March 31' 2014

## Note No. 23 : Other Expenses

Rs. In Lacs

Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
Power and Fuel	39	31
Stores and Spares Consumed	14	3
Repair to Building	5	21
Repair to Plant and Machinery	1	3
Repair to Others	58	49
Rates and taxes	84	213
Rent	115	89
Insurance	241	181
Freight and Forwarding Charges	1,504	1,187
Commission,Discount and Rebate	64	42
Advertisement and Publicity	14,637	10,082
Travel and Conveyance	937	492
Legal and Professional	673	809
Telephone and Fax Expenses	232	158
Security Expenses	26	20
General Charges	1,936	1,377
Auditor's Remuneration	53	39
Research & Development Expenditure	9	0
Loss on Sale of Fixed Assets	6	46
Fixed Assets Written Down	4	0
Total	20,637	14,842



## **Dabur International Limited**

### **Note no : 24**

#### **1. Significant Accounting Policies to the financial statements for the year ended 31<sup>st</sup> March, 2014**

##### **1.1 Basis for preparation of accounts**

The accounts have been prepared in accordance with the historical cost convention under accrual basis of accounting as per Indian GAAP. Accounts and Disclosures thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncement of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable.

Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to years, the financial statement relate to. Actual result could differ from such estimates. Any revision in accounting estimates is recognized prospectively from current year and material revision, including its impact on financial statement, is reported in notes to accounts in the year of incorporation of revision.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Revised Schedule VI to the companies Act, 1956

##### **2.1 Translation of overseas subsidiaries from foreign to reporting currency:-**

All assets / outside liabilities and income / expenses of overseas subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date and average monthly rate respectively on the basis of non-integral operational approach under revised AS-11 thereby accounting for aggregate of net impact in exchange fluctuation in these regards as exchange reserve shown under board head of "Reserve and Surplus".



## 2.2 Recognition of Income and Expenses

- a) Sales and purchases are accounted for on the basis of passing of title to the goods.
- b) Sales comprise of sale price of goods including excise duty but exclude trade discount and sales tax / Vat.
- c) Income / loss from future trading of commodities, forming part of inputs, is to be recognized at the closing point of the contract. For option contracts, loss if any occurs on balance sheet date is recognized. However profit, if any, accruing on open contracts on balance sheet date is ignored.
- d) All the other incomes have been accounted for on accrual basis except for those income stipulated for recognition on realization basis on the ground of uncertainty under AS-9 or income or expenses referred to in appropriate paragraphs of Note no: 2.5

## 2.3 Fixed Assets

- a) Fixed assets are stated at carrying amount i.e. cost less accumulated depreciation.
- b) Cost includes freight, duties, taxes and other expenses incidental to acquisition and installation.
- c) Depreciation on Fixed Assets has been provided on straight line method at rates specified in Schedule XIV of the Companies Act and as per the useful lives of the assets estimated by the management when useful life of the assets is deemed less and for Motor Vehicles when depreciation has been provided for on written down value method at the rates specified in the aforesaid schedule.
- d) Fixed Assets purchased for less than Rs. 5,000/- have been depreciated at the rate of 100%.
- e) Patents and trademarks are being amortized over the period of ten years on straight line basis.
- f) Software's are being amortized over the period of five years on straight line basis.
- g) For New Projects, all direct expenses and direct overheads (excluding services provided by employees in company's regular payroll) are capitalized.
- h) Capital Subsidy received against fixed capital outlay is deducted from gross value of individual fixed assets, forming part of subsidy scheme granted, by way of proportionate allocation of subsidy amount thereon. Depreciation is charged on net fixed assets after deduction of subsidy amount.





- i) During sale of fixed assets, any profit earned towards excess of sale values over gross block of assets (i.e. balancing charge) is transferred from profit & loss account to capital reserve.

#### 2.4 Impairment / discarding of Assets

- a) The company identifies impairable fixed assets based on cash generating unit concept for tangible fixed assets and asset specific concept for intangible fixed assets at the year-end in term of clause 5 to 13 of AS-28 and clause 83 of AS-26 respectively for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, is charged against revenue of the year.
- b) Apart from test of impairment within the meaning of AS-28, individual tangible fixed assets of various CGU's and identified for writing down on the ground of obsolescence, damage, redundancy & un-usability at the year-end.
- c) Further the company has assessed recoverable value of each cash generating units (CGUs) and each intangible asset based on value-in-use method. Such assessment indicated the value in use of corresponding assets higher than corresponding carrying cost of assets thereby ruling out the cause of further arriving at their net-selling-price and exigency of provision against impairment loss.

#### 2.5 Financial Assets & Liabilities

##### a) Financial assets held for trading:

These assets relate to equity instruments, mutual funds held for short term which is carried at fair value. The difference of cost and fair value is accounted for as loss or income, as the case may be, in profit & loss account.

##### b) Financial assets available for sale:

These relate to non-current investments e.g. Equity Instrument / Government Securities held for long term which is carried at fair value. The difference between cost and fair value is accounted for in investment revaluation reserve forming part of equity.

##### c) Other financial assets / liabilities – Loans, Receivables, Payables:

These include all remaining items of assets and liabilities, (excluding equity, fixed (tangible & intangible) assets, inventories and specific exemption referred to in note (g) to follow), being carried at amortized cost. The difference between unamortized value and amortized value is accounted for as a loss or income, as the case may be, in profit and loss account.



No amortization is made for financial assets / liabilities bearing floating rate of interest or where amortization has in material impact on profitability in AS-30.

**d) Financial Instruments:**

These relate to off – balance sheet exposure towards foreign exchange of the nature of currency fluctuation or forward contract, being marked to market, entered into with the object of hedging against adverse currency fluctuation (not being for trading and speculation) in respect of import / export commitments.

Financial instruments are held at fair value and the profit or loss arising on year closing date on account of difference between contract rate and exchange rate (the latter being the fair value) on open contracts relevant to maturity date is recognized as profit or loss of the year appearing under broad head of “Finance Cost”.

- e) Fair value of financial assets – held for trading is determined on the basis of market quotation / NAV issued by investees. In the absence of scope of determination of fair value, same are held at cost.
- f) Amortized cost is carried at by way of discounting future cash inflow / out flow in respect of relevant asset / liability as on reporting date against application of effective rate of interest.
- g) Interest in subsidiaries / associates / joint venture, employees related dues, obligation under financial lease (in the capacity of lessee / lessor) have been left out of the purview of treatments referred to herein for financial assets / liabilities because of different accounting standards dealing with them.
- h) No amortized value of fiscal provision or advance tax has been considered because of period of uncertainty of their adjustment.

**2.6 Research and Development Expenses:**

Contributions towards scientific research expenses are charged to the Profit & Loss Account in the year in which the contribution is made.

**2.7 Inventories:**

Inventories are valued at the lower of cost or net realizable value. Basis of determination of cost remains as follows:

- a) Raw Material, Packing Material, Stores & Spares: Moving weighted Average basis.
- b) Work-in-progress: Cost of input plus overhead up-to the stage of completion.
- c) Finished Goods: Cost of input plus appropriate overhead.

**2.8 Deferred Entitlement on Leave Travel Concession:**

In terms opinion of the Expert Advisory Committee of the ICAI, the Company has provided liability accruing on account of deferred entitlement towards Leave Travel Concession in the year in which the employees concerned render their services.

## 2.9 Retirement Benefits:

Liabilities in respect of retirement benefits to employees are provided for as follows:

### a) Defined Benefit Plans:

- i) Leave Salary of employees on the basis of actuarial valuation as per AS-15 (revised).
- ii) Post separation benefits of directors, which is of the nature of long term benefit, on the basis of actuarial valuation as per AS-15 (revised).
- iii) Gratuity Liability on the basis of actuarial valuation as per AS-15 (revised)

### b) Defined Contribution Plans:

- i) Liability for superannuation fund on the basis of the premium paid to insurance company in respect of employees covered under Superannuation Fund Policy.
- ii) Provident Fund & ESI on the basis of actual liability accrued and paid to trust / authority.

## 2.10 Income Tax and Deferred Tax

The liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

## 2.11 Contingent Liabilities

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.), pending in appeal / court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.



## 2.12 Foreign Currency Translation:

- a) Transactions of parent and domestic subsidiaries with overseas parties are recognized at currency rate ruling on the date of transaction. Gain or loss arising towards rise / fall of overseas currency vis-à-vis reporting currency is accounted for in profit and loss account.
- b) Impact of currency fluctuation on current assets / current or outside liabilities of individual entities with reference to currency of reporting in countries of their incorporation are charged to revenue.

## 2.13 Employee Stock Option Purchase (ESOP)

Aggregate of quantum of option granted under the scheme in monetary term (net of consideration of issue to be paid in cash) in terms of intrinsic value has been shown as Employees Stock Option Scheme outstanding in Reserve and Surplus head of the Balance Sheet with corresponding debit in deferred Employee Compensation under ESOP appearing as Miscellaneous Expenditure under broad head of non-current assets as per guidelines to the effect issued by SEBI.

- a) With the exercise of option and consequent issue of equity share, corresponding ESOP outstanding is transferred to share premium account.
- b) Employees' contribution for the nominal value of share in respect to option granted to employees of subsidiary company is being reimbursed by subsidiary companies to holding company.
- c) Entitlement of option rises proportionately with the issuance of bonus. Nominal value of shares against enhanced options is financed by the company at the point of exercise of such option by employees against utilization of general reserve / security premium.

## 2.14 Business combinations:

### i) Merger / Amalgamation:

Merger / Amalgamation (of the nature of merger) of other company / body corporate with the group is accounted for on the basis of purchase method, the assets / liabilities being accounted for in terms of book values of assets, liabilities appearing in transferor entity on the date of such merger / amalgamation for the purpose of arriving at the figure of goodwill or amalgamation reserve.

### ii) Acquisition:

Any new entity joining business combination consequent upon acquisition of its shares / rights by any of the entities in group is accounted for under purchase method, assets and liabilities of the new entrant been accounted for as per book value of assets, liabilities

appearing in books of new entrant on the date of its take-over for the purpose of arising at the figure of goodwill / capital reserve.

- iii) During the course of merger / amalgamation / acquisition under purchase method, excess / shortfall of consideration money over vis-à-vis net assets (gross assets less outside liabilities) inherited under such deal is accounted for as goodwill / amalgamation or capital reserve.

If balance sheet of transferor / acquired entity has any compulsory / statutory reserve at point of its transfer / acquisition, said reserves are retained subsequently under the Reserve & Surpluses against creation of new head called "Amalgamation Adjustment Account" accounted for under the head of Miscellaneous Expenditure in assets side of the balance sheet.

## 2.15 Segment Reporting

The Company identifies primary segments based on the pre-dominant sources of risk effects and returns depending on organization and of the management and internal financial reporting system. The operating segments are the segments for which separate financial information are available and operating profit / loss from there are evaluated regularly by the management for allocation of resources and assessment of performance.

Revenue, expenses, assets and liabilities which relate to the company as a whole which are not allocable to segments on direct and / or reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

## 2.16 Earnings per share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.17 Miscellaneous Expenditure

- a) Deferred Employees Compensation under ESOP is amortized on straight line basis over vesting period.
- b) Share issue expenses and research fee paid in connection with technical collaborations are charged to revenue in the year of occurrence.
- c) Statutory / Compulsory reserves inherited from merger / amalgamation / acquisition of new entities are shown under this head as "Amalgamation

Adjustment Account” for the purpose of their retention under “Reserves and Surplus” head in liability side.

Amalgamation Adjustment Account is reversed only after withdrawal of relevant statutory / compulsory reserve following expiry of fulfillment of statutory period / objective or cessation of statutory obligation.

## Notes to Accounts

### 1. Deferred Tax

Corporate tax is not applicable as per local UAE law.

### 2. Depreciation

As there is no corporate law, depreciation has been calculated in conformity to Schedule XIV of the Indian Companies Act, 1956.

### 3. Related Party Transactions

a. Related party transactions in conformity to AS -18 are given below.

Particulars	Parent Company	Subsidiaries	Directors	Total
Investments		70300		70300
Advance against Investments		2268		2268
Long Term Loans		10194		10194
Trade Receivables		1211		1211
Trade Payables	273	181		454
Sales		4530		4530
Purchases	1774	42132		43906
Interest Income		428		428
Management Fees Income		1073		1073
Royalty Income		57		57
Management Fees Expenses		80		80
Director's Remuneration			484	484
Sale of Assets		15		15

b. Details of Directors remuneration is furnished below:

	<u>Rs in lacs</u>
Pay & Allowances	0
Perquisites and expenses	484
	-----
	484
	-----

- c. Key Management Personnel, having Significant control and influence
- Mr. Pritam Das Narang
  - Mr. Sunil Duggal
  - Mr. Sidhartha Burman
  - Mr. Mohit Burman
  - Mr. Jiten Doshi
  - Mr. Gaurav Burman
  - Mr. Saket Burman
  - Mr. Vivek Chand Burman
  - Mr. Mohit Malhotra
  - Mr. Anand Chand Burman
  - Mr. Amit Burman

Mr. Mohit Malhotra CEO of the company received remuneration of Rs 232 lacs acting under direct control & supervision of Board of Directors for the year ended 31st March 2014.

**4. Segment Report ( AS-17 of ICAI )**

Since the entity has only one segment, i.e., FMCG, segment reporting under AS-17 of ICAI is not required.

**5. Contingent Liabilities**

1. Corporate Bank Guarantee FOR Naturelle Rs 718 lacs and for AFCC, Nigeria for Rs 8400 lacs , ACCPL Pakistan Rs. 32620 lacs, Dabur Egypt Rs. 1631 l And for Sri Lanka Rs. 1256 lacs.
2. Corporate Guarantee for The Director-General, Mauritius Revenue Authority Rs 1 lacs
3. Capital Commitment for Fixed Asset as on 31.03.2014 is Rs 24 lacs
4. Letter of Credit for Imports NIL
5. Bank Guarantees executed Rs. 87 lacs.

**6. Staff Gratuity & Leave Encashment Provision**

- a) Provision is made for end of service Gratuity payable to the staff at the reporting date in accordance with the local labour laws, and Rs 593 lacs has been provided for as per management estimate.
  - b) Provision is made for Leave Encashment payable to the staff at the reporting date in accordance with the local labour laws, and Rs 277 lacs has been provided for as per management estimate.
- No actuarial valuation has been carried out in both cases. This is not in conformity with AS - 15 (Revised) and policy of the parent company.

**7. Provision for slow moving Stocks**

Rs 51 lacs have been provided for during the period on bad/obsolete stock identified as such by the company's management.

8. **Profit/Loss on Fixed Assets**

The Body corporate has undertaken physical verification of fixed assets in the year, assignment was done by an outside agency by firm of Chartered Accountants. As per the report shown to us there was a net discrepancy, (either they are in bad condition or they do not exist) of Rs 4 lacs charged as loss on fixed asset.

9. The secured long terms loan for ANZ Bank and CITI bank are secured by Hypothecation of inventories, receivables, assignment of insurance policies covering properties and plant & machinery and also guaranteed by Dabur India Ltd.
10. Interest accrued and not due on loan from the banks and financial institution is Rs 84 lacs as on 31<sup>st</sup> March 2014.

11. Movement of Provision –

(Rs in lacs)

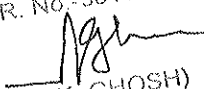
Particular	Provision for Tax	Provision for doubtful debt	Provision for SLOB	Provision (Others)
Opening Balance	-	-	24	5568
Addition during the year	-	-	52	8488
Sub Total	-	-	76	14056
Less: Withdrawal Adjustment	-	-	(25)	(6238)
<b>Closing Balance</b>	-	-	<b>21</b>	<b>8488</b>

Provision for others includes Provision for Expenses, Freight, and Services & Stock.

Place : New Delhi  
Date : 29<sup>th</sup> April 2014

As per our report of even date attached  
for G Basu & Co  
Chartered Accountants



For G. BASU & CO.  
Chartered Accountants  
R. No. - 301174E  
  
(N. K. GHOSH)  
Partner  
(M. No. 053094)