DABUR NEPAL PRIVATE LIMITED

Financial Statements for the year ended 31st March, 2014 pursuant to section 212 of the Companies Act, 1956

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

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 Nepal Private Limited ("the foreign body corporate"), which comprise the Balance Sheet as at 31st 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 Nepal at Nepalese 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.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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 31st 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: 29th April 2014

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

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

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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 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: 29th April 2014

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

(N. K. GHOSH)
Partner
(M. No. 053084)

Dabur Nepal Pvt. Ltd

Balance Sheet as at 31st March 2014

(Amount in Rs Lacs)

	PARTICULARS	Note No	As at 31st March, 2014	As at 31st March, 2013
I	**EQUITY AND LIABILITIES**			
	1. Share holder's Funds			
	a) Share Capital	1	499	499
	b) Reserves and Surplus	2	14,636	11,407
	2. Non-current liabilities			
	a) Deferred Tax Liabilities (Net)		-339	-348
	b) Long-term provisions	3	76	64
	4. Current Liabilities			
	a) Short-term borrowings	4	11,657	10,561
	b) Trade payables		5,864	3,893
	c) Other current liabilities	5	2,323	4,129
	d) Short-term provisions	6	2,866	1,876
	Total:		**37,583**	**32,081**
II	**ASSETS**			
	1. Non-current assets			
	a) Fixed Assets			
	i) Tangible assets		10,378	10,269
	ii) Intangible assets		-	-
	iii) Capital work-in-progress		129	73
	2. Current assets			
	a) Current investment		-	
	b) Inventories	7	12,316	11,602
	c) Trade receivables	8	8,138	5,139
	d) Cash and cash equivalents	9	1,063	248
	e) Short-term loans and advances	10	3,143	4,749
	f) Other current assets	11	2,415	1
	Total:		**37,583**	**32,081**

*Exchange rate as on 31.03.2014 NPR 1 = Re. 0.625 (PY NPR 1 = Re. 0.625)

Place : **New Delhi**

Date : **29th April 2014**

As per our report of even date attched

For G Basu and Company

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

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

Dabur Nepal Pvt. Ltd

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

(Amount in Rs Lacs)

PARTICULARS	Note No	For the year ended Mar 31' 2014	For the year ended Mar 31' 2014
I Revenue from operations	12	54,106	46,207
II Other Income	13	17	46
III Total Revenue (I +II)		54,124	46,253
IV Expenses			
Cost of materials consumed	14	37,785	30,262
Purchase of stock in trade	15	(608)	1,972
Changes in inventories of FG , WIP & Stock in Trade			
Finished Goods	16	281	(323)
Work in Progress		(8)	(130)
Stock in trade		-	-
Employee benefits expenses	17	3,054	2,642
Finance cost	18	1,053	1,413
Depreciation & Amortisation Expenses	19	1,742	1,126
Other Expenses	20	7,024	6,645
Total Expense		50,324	43,608
(V) Profit before exceptional and extraordinary items and tax (III - IV)		3,800	2,645
(VI) Exceptional Items		-	-
(VII) Profit before extraordinary items and tax (V - VI)		3,800	2,645
(VIII) Extraordinary Items		-	-
(IX) Profit before tax (VII - VIII)		3,800	2,645
(X) Tax expense			
(1) Current tax		836	616
(2) Deferred Tax		9	(142)
(XI) Profit/(Loss) for the year from continuing operations (IX - X)		2,955	2,172

*Exchange rate as on 31.03.2014 NPR 1 = Re. 0.625 (PY NPR 1 = Re. 0.625)

Place : New Delhi
Date : 29th April 2014

As per our report of even date attched
For G Basu and Company

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

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

Dabur Nepal P Ltd

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	
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT /(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		3,800		2,645
ADD:				
DEPRECIATION	1,742		1,126	
MISCELLENOUS EXP. WRITTEN OFF	-		6	
LOSS ON SALE OF FIXED ASSETS	39		186	
INTEREST	1,053	2,835	1,413	2,732
LESS:				
INTEREST RECEIVED	22		53	
PROFIT ON SALE OF ASSETS	10	12		53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		6,623		5,324
WORKING CAPITAL CHANGES				
(INCREASE)/DECREASE IN INVENTORIES	(714)		(2,188)	
(INCREASE)/DECREASE IN TRADE AND OTHER RECEIVABLES	(3,108)		(1,646)	
INCREASE/(DECREASE) IN TRADE PAYABLES AND OTHER PAYABLES	606	(3,217)	(4,784)	(8,618)
(INCREASE)/DECREASE IN WORKING CAPITAL				
CASH GENERATED FROM OPERATING ACTIVITIES		3,406		(3,293)
TAX PAID	699		524	
CASH USED(-)/(+)GENERATED FROM OPERATING ACTIVITIES (A)		**2,707**		**(3,817)**
B. CASH FLOW FROM INVESTING ACTIVITIES				
ACQUISITION OF FIXED ASSETS		(1,957)		(3,802)
INTEREST RECEIVED		22		53
CASH USED(-)/(+)GENERATED IN INVESTING ACTIVITIES (B)		**(1,935)**		**(3,749)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
REPAYMENT(-)/PROCEEDS(+) FROM SHORT TERM LOANS		1,096		7,742
INTEREST PAID		(1,053)		(1,413)
CASH USED(-)/+(GENERATED) IN FINANCING ACTIVITIES (C)		**43**		**6,328**
NET INCREASE(+)/DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)		**815**		**(1,238)**
CASH AND CASH EQUIVALENTS OPENING BALANCE		**248**		**1,486**
CASH AND CASH EQUIVALENTS CLOSING BALANCE		**1,063**		**248**

Place : New Delhi
Date : 29th April 2014

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

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

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

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note 1 : Share Capital

(Amount in Rs Lacs)

Sl	Class of Shares		Face value of one share	Authorised Capital		Issued Share Capital		Subscribed and Paid-up Share Capital	
				Total no. of Shares	Total Value (in NPR)	Total no. of Shares	Total Value (Rs in NPR)	Total no. of Shares	Total Value (Rs in lacs)
A (i)	Equity Shares	As on 31st March,2014	NPR 100 each	1400000	1400	800000	800	798520	499
		As on 31st March,2013	NPR 100 each	1400000	1400	800000	800	798520	499

G. BASU & CO. * CHARTERED ACCOUNTANTS * KOLKATA

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note No 2 : Reserve & Surplus

(Amount in Rs Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Reserve:	-	-
Investment Revaluation Reserve (Additions during the year pertaining to transitional adjustment towards financial assets - Held for sale under AS 30)	-	-
Securities Premium Reserve:	375	375
Legal Reserve	-	-
Special Fund	-	-
Employee Housing Reserve Fund	609	609
ESOP Outstanding:	-	-
Exchange Fluctuation Reserve	395	121
General Reserve:	537	537
Surplus / (deficit):	12,720	9,765
Total	14,636	11,407

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note No 3 : Long term provisions

(Amount in Rs Lacs)

Particulars	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	76	64
For Gratuity	-	
For Contingent consideration money	-	
For Taxation	-	-
	76	64

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note No. 4: Short term Borrowings

(Amount in Rs Lacs)

Sl	Nature of Borrowings	As at Mar' 31, 2014			As at Mar' 31, 2013		
		Secured	Unsecured	Total	Secured	Unsecured	Total
i)	Cash Credits from bank	40		40	4264.15		4,264
ii).	Packing Credit Loan from Banks			-			-
iii).	Other Loans from Banks	11,617		11,617	6,297		6,297
iv).	Commercial Papers			-			
	Total	11,657	-	11,657	10,561	-	10,561

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

Annexed to and forming part of Balance Sheet as on 31st March 2014
Note No 5: Other Current Liabilities

(Amount in Rs Lacs)

Particulars	As at Mar' 31, 2014	As at Mar' 31, 2013
Component of term loan repayable within a year	-	116
Security Deposits	9	10
Advances from Customers	5	10
Interest accrued but not due on loans	3	13
Statutory Liabilities	112	-
Other payables	2,194	3,980
Total:	2,323	4,129

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note No 6 : Short term Provisions

(Amount in Rs Lacs)

Particulars	As at Mar' 31, 2014	As at Mar' 31, 2013
For Leave Encashment	9	14
For Gratuity Payable	11	52
For Post Separation Benefit of Director.	-	-
Provision For Taxation	2,381	1,545
For other provision	465	265
For Disputed Liabilities		
For Contingent consideration money		-
For Proposed Dividend		-
For Dividend Tax		-
Total:	2,866	1,876

G. BASU & CO. * CHARTERED ACCOUNTANTS * KOLKATA

Annexed to and forming part of Balance Sheet as on 31st March 2014
Note No 7 : Inventories

(Amount in Rs Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials (including packing materials)	9,496	10,427
Work-in-Progress	279	271
Finished goods	2,541	850
Stock-in-trade	-	-
Stores & spares	0	54
Total	12,316	11,602

G. BASU & CO. * CHARTERED ACCOUNTANTS * KOLKATA

Annexed to and forming part of Balance Sheet as on 31st March 2014
Note No 8 : Trade Receivables

(Amount in Rs Lacs)

Particulars	As at Mar' 31, 2014	As at Mar' 31, 2013
Unsecured:		
Debts outstanding for a period of above 6 month since due date of payment		
Considered good	-	15
Considered doubtful	2	229
	2	244
Less: Provision for doubtful debts	2	229
	-	15
Other debts : Considered good	8,138	5,124
Total	8,138	5,139

Annexed to and forming part of Balance Sheet as on 31st March 2014

Note No 9 : Cash & cash Equivalents

(Amount in Rs Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Balances with banks (Net of FDR's maturing after 12 months)	1,061	245
Cheques / drafts in hand	-	-
Cash-in-Hand	2	3
Total	1,063	248

Note No 10 : Short term Loans & advances

(Amount in Rs Lacs)

Particulars		As at March 31, 2014	As at March 31, 2013
Advances to Suppliers	Considered good	429	996
	Considered Doubtful		
		429	996
	Less: Provision for doubtful advance		
		429	996
Advances to Employees	Considered good	264	39
	Considered Doubtful		
		264	39
	Less: Provision for doubtful advance		
		264	39
Balance with Government Authorities	Considered good		1,739
Other Loans & Advances	Considered good	76	307
Advance Payment Of Tax	Considered good	2,366	1,667
Deposit with others	Considered good	9	-
	Total	3,143	4,749

Annexed to and forming part of Balance Sheet as on 31st March 2014
Note No 11 : Other Current Assets

(Amount in Rs Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured and Consider Good		
Interest accrues on FDs,CP's, CD's and Govt Bonds	8	1
Other Assets	2,407	0
	2,415	1

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

Note No. 12 : Revenue from Operations (Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	**Sale of Products**	**54,209**	**46,267**
	Domestic	14,668	13,581
	Export	39,541	32,686
B	**Sale of Services**	-	-
C	**Other Operating Revenues**	**227**	**305**
	Sale of Scrap	227	305
D	**Less Excise Duty**	(329)	(366)
	Total	54,106	46,207

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note No. 13 : Other Income

(Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Interest Income	22	53
B	Dividend Income	-	-
C	Net gain/(loss) on sale of Current Investments (other than trade	-	-
D	Revaluation (gain)/ loss on Investments	-	-
E	Gain on Sale of Fixed Assets	(10)	(6)
F	Miscellaneous Receipts	5	-
	Total	17	46

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note No. 17 : Employee Benefits Expenses (Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Salaries, Wages and Bonus	2,639	2,153
B	Contribution to Provident and Other Funds	151	255
C	Workmen and Staff Welfare	254	218
E	Director's Remuneration	10	10
F	ESOP Expenses	-	6
	Total	3,054	2,642

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note No. 18: Finance Cost

(Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Interest Expense	308	155
B	Bank Charges	57	69
C	Net (gain)/loss on foreign currency transaction	689	1,189
	Total	1,053	1,413

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note No. 19 : Depreciation & Amortisations

(Amount in Rs Lacs)

Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
Depreciation on Tangible Fixed Assets	1,742	1,126
Total	1,742	1,126

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note No. 20: Other Expenses

(Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
	Power and Fuel	1,516	1,648
	Stores and Spares Consumed	76	236
	Repair to Building	55	116
	Repair to Plant and Machinery	462	206
	Repair to Others	543	473
	Processing Charges	48	80
	Rates and taxes	1	1
	Rent	84	82
	Insurance	239	214
	Freight and Forwarding Charges	40	69
	Commission,Discount and Rebate	525	443
	Advertisement and Publicity	2,280	1,892
	Travel and Conveyance	153	291
	Legal and Professional	115	81
	Telephone and Fax Expenses	38	53
	Security Expenses	95	82
	General Charges	669	500
	Auditor's Remuneration	4	3
	Provision for Doubtful Debts	40	(13)
	Loss on Sale of Fixed Assets	39	186
	Total	7,024	6,645

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note 164- Cost of Material Consumed

(Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
A	Raw material consumed	25,851	20,035
B	Packing material consumed	11,934	10,227
	Total	37,785	30,262

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note 15 - Purchase of Stock in Trade (Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
	Purchase of Goods	(608)	1,972
	Total	(608)	1,972

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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

Note 16 - Changes In Inventories of Finished Goods, Work-In-Progress and Stock-in-trade

(Amount in Rs Lacs)

	Particulars	For the year ended March 31' 2014	For the year ended March 31' 2013
	Opening Inventories		
	Finished Goods	2,822	2,500
	Work in Progress	271	141
	Stock-in-trade	-	-
	Closing Inventories		
	Finished Goods	2,541	2,822
	Work in Progress	279	271
	Stock-in-trade	-	-
	Total	274	(452)

Note No.: 21

1. Significant Accounting Policies to the financial statements for the year ended 31st March, 2014

1.1 Basis for preparation of accounts

The accounts have been prepared in accordance with the historical cost convection 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

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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.

G. BASU & CO. KOLKATA CHARTERED ACCOUNTANTS

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.

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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.

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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:

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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.

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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.

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2. Notes to Accounts

a) Capital commitments

Capital commitments on account of open contracts as of 31 March 2014 are Rs NIL (Previous Year Rs 198 Lacs)

b) Contingent Liabilities

There are contingent liabilities in respect of:

Rs in Lacs

S. No.	Particulars	31 March 2014	31 March 2013
1	Unexpired Letters of Credit	4,030	2,681
2	Unexpired Bank Guarantees	2,659	1,959
3	Income tax in appeal (FY. 60-61)		43
4	Additional demand on account of VAT - (FY 61-62 & 62-63)	212	212
		6,901	**4,895**

c) Staff Housing Fund

The Company has spent Rs 102 lacs on purchase of land for the staff housing colony, and Rs 275 lacs on construction of workers' quarter upto 31 March 2014 out of total provision of Rs 609 lacs (Previous Year Rs 609 lacs).

d) Custom Duty Drawback Receivable

Custom duty drawback claims on import of materials are accounted for once the same is passed in Single Window Committee meeting of Department of Industries.

Rs 103 lacs (Previous Year Rs 73 lacs) are receivable against Customs Duty Drawback receivable from Government of Nepal as on 31 March 2013.

e) Related Party Transaction

Export Sales

The export sales are made by the Company to Dabur India Ltd, Asian Consumer Care Private Limited, related parties where the directors are interested. The sales to these companies during the year ended 31 March 2014 aggregated to Rs 38,539 lacs (previous year 31,157 lacs), and Rs 97 lacs (previous year Rs 127 lacs) respectively.

Purchase

Purchases from Dabur India Limited, related party, where the directors are interested, aggregated to Rs 721 lacs (previous year 254 lacs).

Remuneration to Key Management Personnel

Remuneration to Key Management Personnel paid or payable during the period are Rs 9 lacs (Previous year Rs 49 lacs)

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j) Deferred Tax

(Rs in Lacs)

Particulars	As at 31 March 2014	As at 31 March 2013
Deferred Tax Liability		
Depreciation	114	83
Deferred Tax Asset		
Provision for Doubtful Receivables	41	41
Housing Provision	110	110
Provision for Leave Encashment	15	14
Net Deferred Tax (Asset)/Liability as on 31 March 2014	**(52)**	**(82)**

k) Previous year figures/Rounding off

Previous year's figures have been regrouped / rearranged wherever necessary and practicable to facilitate comparison. Figures are presented in Rupees lacs.

As per our report of even date
For G BASU AND COMPANY

Place: Delhi
Date: 29/4/14

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

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

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