

DABUR NEPAL PRIVATE LIMITED

ANNUAL REPORT 2010-11

Prepared in accordance with the General Circular No. 2/2011 dated 8th February, 2011 (clause vii) issued by the Government of India, Ministry of Corporate Affairs, under section 212(8) of the Companies Act, 1956.

Directors' Report for the Financial Year Ending 31st March 2011

FINANCIAL RESULTS

The Financial results for the FY 2010-11 ending 31st March 2011 are as follows:

Particulars	(NPR in Lacs)	
	2010-11	2009-10
Sales (inclusive Other Income)	52,547.62	44,470.35
Profit before Tax	2,284.97	1,922.04
Less: Provision for Tax	425.99	412.27
Net profit after tax	1,858.98	1,509.77
Balance brought forward	10,123.69	8,613.92
Additional Provision Related to Earlier Years		
Income Tax Adjustment for Previous Years	-	-
Other Adjustment for Previous Years	-	-
Profit available for appropriation	11,982.67	10,123.69
Appropriation/allocation:		
Interim Dividend	-	-
Transferred to general reserve	-	-
Balance carried over to balance sheet	11,982.67	10,123.69

OPERATIONS AND ACTIVITY

During the year, the Export Sales of your Company has been increased by 27.6% with aggregate Sales growth of 18.2% during the year.

In retrospect to FY 2010-11, your Company has focused on export business, and has managed to increase export sale by healthy 27.6% thereby ensuring optimum use of plant capacities. Interest rate during the FY 2010-11 was remained in the range of 11%-12% per annum, and we have again managed to reduce the financial cost by exploring borrowing from foreign in USD there by giving dual benefit, i.e. saving in interest cost and better management of forex fluctuation.

So, in nutshell, your Company has effectively managed the growth and profit by optimum utilization of plant capacity and reduction in cost, and also have taken appropriate measures to meet the future sales demand, and was able to deliver a Profit After Tax of NPR 1,858.98 lacs (INR 1,161.86 lacs) during the FY 2010-11.

FUTURE OUTLOOK

Your Company has robust sales plan for FY 2011-12. Accordingly, your Company has invested in various expansion plans. Hence, your Company is assured that the FY 2011-12 will be another benchmark year with robust sales growth, good profit, and better customer trust.

EXPANSION/MODERNIZATION

During the year, your Company has initiated various capital modernization and expansion projects in various plants, viz. Fruit Juice, Lal Dant Manjan, Tooth Paste etc. This will help to have better operational efficiency and increased production with reduced cost of manufacture.

MEDICINAL PLANTS PROJECT

After achieving self sufficiency in raw materials of Akarkara, Chiraita, and Satavari, your Company has successfully explored the export market for Akarkara, and few other species and has exported the same to India.

As a measure of Public Private Partnership (PPP), Trial cum Demonstration plots have been started during the year to ensure commercial cultivation of Medicinal Plants at Kankali CFUG (Chitwan) and Balkumari Mahila CFUG (Kavre). Beside this, we have recently initiated sustainable sourcing of various forest based herbal raw

materials with various CFUG's. This sourcing programme is being linked to resource augmentation activities in the native habitats of these species. DNPL nurseries shall undertake scientific production of QPM for this resource augmentation programme for onward supply to the line of departments/CFUGs, farmers etc,

DIRECTORS

During the year, there was no change in the Directors of your Company.

INTERNAL CONTROL SYSTEM

The Company has a proper and adequate internal control system to ensure safeguard and protection of all assets and that the transactions are authorized, recorded and reported correctly. The Company's internal control system comprises audit and compliance by internal audit checks from Price Waterhouse Coopers Private Limited, India, the Internal Auditors, and transaction audit checks from B K Agrawal & Co., Chartered Accounts. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms, while Transaction Auditors checks the transactions of the Company. Independence of the Audit and compliance is ensured by the Direct Reporting of Internal Auditors to the Management Committee of the Board.

DIVIDEND

In view of low profit for the year, your Directors do not propose any dividend for the year.

FIXED DEPOSITS

No fixed deposit has been accepted during the year.

AUDITORS REPORT

The observations of Auditors in their report read with the relevant notes to accounts in schedule – 20 are self-explanatory and do not require further explanation.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued support and co-operation extended by Dabur India Limited, Shareholders, Dealers, Customers and all the employees of the Company.

They also wish to place on record their sincere appreciation for the co-operation, assistance and guidance received from various officers of the Government of Nepal and Government of India.

On behalf of the Board of Directors

Pradip Burman

(Chairman)

Place: Kathmandu

Date: 6th April, 2011

T R Upadhya & Co.

Chartered Accountants

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THE SHAREHOLDERS OF DABUR NEPAL PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Balance Sheet of Dabur Nepal Private Limited, as of 31 March 2011 and the Profit and Loss Account, Statements of Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal Accounting Standards. Our responsibility is to express an opinion on these financial statements based on our audit.

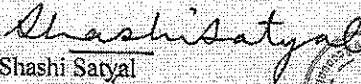
We conducted our audit in accordance with Nepal Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

As per the requirement of the Companies Act 2063 we report that:

- a) we have obtained information and explanations, which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- 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 such books;
- c) in our opinion, the Balance Sheet, Profit and Loss Account, Statements of Changes in Equity and Cash Flows with explanatory notes dealt with by this report are in agreement with the books of account maintained by the Company;
- d) in our opinion, so far as appeared from our examination of the books, the business of the Company has been conducted satisfactorily; and
- e) to the best of our knowledge and in accordance with explanations given to us and from our examination of the books of account of the Company necessary for the purpose of our audit, we have not come across cases where the Board of Directors or any employees of the Company have acted contrary to the provisions of law, or committed any misappropriation or caused loss or damage to the Company.

In our opinion, the financial statements, read together with the notes, gives a true and fair view of the financial position of Dabur Nepal Pvt Ltd as of 31 March 2011, and of its result from operation and its cash flows for the year then ended in accordance with Nepal Accounting Standards and relevant practices and comply with the provisions of the Companies Act 2063.


Shashi Satyal
Partner

For and on behalf of
T R Upadhya & Co.
Chartered Accountants



Date: 6 April, 2011
Kathmandu



BALANCE SHEET as at 31st March 2011

Particulars	Schedules	(NPR in Lacs)		(INR in Lacs)	
		As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS					
Shareholders' Fund:					
(A) Share Capital	1	798.52	798.52	499.08	499.08
(B) Reserves and Surplus	2	13,441.97	11,582.99	8,401.23	7,239.37
		14,240.49	12,381.51	8,900.31	7,738.44
Loan Funds:					
(A) Secured Loans	3	352.51	5,323.67	220.32	3,327.29
(B) Unsecured Loans	4	7,786.80	3,176.60	4,866.75	1,985.38
		8,139.31	8,500.27	5,087.07	5,312.67
Deferred Tax Liability		205.03	236.03	128.14	147.52
Total		22,584.83	21,117.81	14,115.52	13,198.63
APPLICATION OF FUNDS					
Fixed Assets					
(A) Gross Block	5	27,194.63	23,784.33	16,996.64	14,865.20
(B) Less: Accumulated Depreciation		13,854.14	12,476.81	8,658.84	7,798.01
(D) Net Block		13,340.49	11,307.51	8,337.80	7,067.19
Current Asset, Loans and Advances					
(A) Inventories	6	16,024.02	11,381.11	10,015.01	7,113.20
(B) Sundry Debtors	7	4,178.73	2,714.87	2,611.70	1,696.79
(C) Loans and Advances	8	2,724.29	1,309.20	1,702.68	818.25
(D) Deposits and Other Receivables	9	2,771.23	1,638.09	1,732.02	1,023.81
(E) Cash and Bank Balances	10	306.53	510.56	191.58	319.10
Total Current Assets		26,004.79	17,553.83	16,253.00	10,971.14
Less: Current Liabilities and Provisions					
(A) Current Liabilities	11	13,902.31	5,488.59	8,688.95	3,430.37
(B) Provisions	12	2,858.14	2,254.94	1,786.34	1,409.34
Total Current Liabilities		16,760.45	7,743.53	10,475.28	4,839.70
Net Current Assets		9,244.34	9,810.30	5,777.72	6,131.44
Total		22,584.83	21,117.81	14,115.52	13,198.63
Contingent Liabilities	20				
Significant Accounting Policies and Notes to Accounts	20				

This is the Balance Sheet referred to in our report of even date attached

Place: Kathmandu
Date: 6th April 2011



PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011

Particulars	Schedules	(NPR In Lacs)		(INR In Lacs)	
		For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Income					
Sales Less Return	13	52,335.45	44,268.26	32,709.66	27,667.66
Other Income	14	212.17	202.10	132.61	126.31
Total Income		52,547.62	44,470.35	32,842.26	27,793.97
Expenditure					
Cost of Materials	15	37,219.51	31,415.65	23,262.20	19,634.78
Excise Duty		228.25	275.48	142.66	172.17
Manufacturing Expenses	16	2,754.56	2,257.85	1,721.60	1,411.16
Payment to and Provisions for Employees	17	2,899.20	2,634.23	1,812.00	1,646.40
Selling and Administrative Expenses	18	4,847.16	4,361.24	3,029.47	2,725.78
Financial Expenses	19	635.96	509.26	397.48	318.29
Exchange (Gain)/Loss (Net)		(91.63)	(731.99)	(57.27)	(457.50)
Depreciation	5	1,416.81	1,513.38	885.51	945.86
Miscellaneous Expenses Written Off/(Back)		(9.14)	(0.00)	(5.71)	(0.00)
(Profit)/Loss on Sale of Assets		1.18	(5.33)	0.74	(3.33)
Total Expenditure		49,901.86	42,229.76	31,188.66	26,393.60
Operating Profit		2,645.76	2,240.59	1,653.60	1,400.37
Provision for Doubtful Receivables		-	15.00	-	9.38
Profit Before Provision for Housing and Bonus		2,645.76	2,225.59	1,653.60	1,391.00
Provision for Housing		132.29	111.30	82.68	69.56
Provision for Bonus		228.50	192.25	142.81	120.16
Profit Before Tax		2,284.97	1,922.04	1,428.11	1,201.27
Provision for Taxation:					
Current		456.99	384.50	285.62	240.31
Deferred		(31.00)	27.77	(19.38)	17.36
Profit After Tax		1,858.98	1,509.77	1,161.86	943.60
Profit Brought Forward from Previous Year		10,123.69	8,613.92	6,327.31	5,383.70
Deferred Tax Adjustment		-	-	-	-
Balance Carried Over to Balance Sheet		11,982.67	10,123.69	7,489.17	6,327.31
Earning Per Share (in NRs) (Face Value Rs 100/- each)					
Basic		232.80	189.07	145.50	118.17
Diluted		232.80	189.07	145.50	118.17
No. of Shares					
Basic		798,520	798,520	798,520	798,520
Diluted		798,520	798,520	798,520	798,520
Significant Accounting Policies and Notes to Accounts	20				

This is the Profit and Loss Account referred to in our report of even date attached

Place: Kathmandu
Date: 6th April 2011



CASH FLOW STATEMENT for the year ended 31st March 2011

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
A. Cash Flow from Operating Activities				
Profit Before Tax	2,284.97	1,922.04	1,428.11	1,201.27
Add:				
Depreciation	1,416.81	1,513.38	885.51	945.86
Miscellaneous Expenses Written Off/(Back)	(9.14)	(0.00)	(5.71)	(0.00)
(Profit)/Loss on Sale of Assets	1.18	(5.33)	0.74	(3.33)
Unrealized (Gain)/Loss on Revaluation of Foreign Currency	(91.63)	(316.66)	(57.27)	(197.91)
Interest	481.43	390.87	300.89	244.29
Provision for Doubtful Receivables	-	15.00	-	9.38
Provision for Housing	132.29	111.30	82.68	69.56
Provision for Bonus	228.50	192.25	142.81	120.16
Operating Profit Before Working Capital Changes	4,444.41	3,822.85	2,777.76	2,389.28
Working Capital Changes				
Decrease/(Increase) in Inventories	(4,633.76)	(2,553.96)	(2,896.10)	(1,596.22)
Decrease/(Increase) in Debtors	(1,463.86)	3,907.67	(914.91)	2,442.30
Decrease/(Increase) in Loans and Advances	(685.02)	(170.65)	(428.14)	(106.66)
Decrease/(Increase) in Deposits and Other Receivables	(1,133.14)	(514.63)	(708.21)	(321.64)
Increase/(Decrease) in Trade Payables	8,290.77	(4,614.71)	5,181.73	(2,884.20)
Cash Generated from Operating Activities	4,819.39	(123.45)	3,012.12	(77.15)
Tax Paid	(730.06)	(402.41)	(456.29)	(251.51)
Cash Generated/(Used) from/for Operating Activities	4,089.32	(525.86)	2,555.83	(328.66)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets	(3,467.85)	(750.77)	(2,167.41)	(469.23)
Sale of Fixed Assets	16.89	15.54	10.55	9.72
Cash Generated/(Used) from/for Investing Activities	(3,450.97)	(735.22)	(2,156.85)	(459.51)
C. Cash Flow from Financing Activities				
(Repayment)/Proceeds of Secured Loans	(4,971.16)	(1,351.81)	(3,106.97)	(844.88)
(Repayment)/Proceeds of Unsecured Loans	4,610.20	3,099.60	2,881.37	1,937.25
Interest Paid	(481.43)	(390.87)	(300.89)	(244.29)
Cash Generated/(Used) from/for Financing Activities	(842.39)	1,356.93	(526.49)	848.08
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(204.03)	95.86	(127.52)	59.91
Cash and Cash Equivalents - Opening Balance	510.56	414.70	319.10	259.19
Cash and Cash Equivalents - Closing Balance	306.53	510.56	191.58	319.10

This is the Cash Flow Statement referred to in our report of even date attached

Break-up of Cash and Cash Equivalent	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31 March 2010	As at 31st March 2011	As at 31 March 2010
Cash in Hand	5.62	4.23	3.51	2.64
Balance with Banks - Current Account	300.91	506.33	188.07	316.46

Place: Kathmandu
Date: 6th April 2011



STATEMENT OF CHANGE IN EQUITY for the year ended 31st March 2011

(NPR in Lacs)

Particulars	Share Capital	Securities Premium	General Reserve	Accumulated Profit	Total
Opening Balance as at 1st April 2010	798.52	600.00	859.30	10,123.69	12,381.51
Change in Accounting Policy	-	-	-	-	-
Restated Balance	798.52	600.00	859.30	10,123.69	12,381.51
Net Profit for the Period	-	-	-	1,858.98	1,858.98
Taxes Paid in Respect of Earlier Years	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
Dividend	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Closing Balance	798.52	600.00	859.30	11,982.67	14,240.49

STATEMENT OF CHANGE IN EQUITY for the year ended 31st March 2011

(INR in Lacs)

Particulars	Share Capital	Securities Premium	General Reserve	Accumulated Profit	Total
Opening Balance as at 1st April 2010	499.08	375.00	537.06	6,327.31	7,738.44
Change in Accounting Policy	-	-	-	-	-
Restated Balance	499.08	375.00	537.06	6,327.31	7,738.44
Net Profit for the Period	-	-	-	1,161.86	1,161.86
Taxes Paid in Respect of Earlier Years	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-
Dividend	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Closing Balance	499.08	375.00	537.06	7,489.17	8,900.31

Place: Kathmandu
Date: 6th April 2011



SCHEDULES annexed to and forming part of BALANCE SHEET as at 31st March 2011

SCHEDULE 1: Share Capital

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Authorized Capital				
1,400,000 Equity Shares of Rs 100 each (Previous Year 1,400,000 Equity Shares of Rs 100 each)	1,400.00	1,400.00	875.00	875.00
Issued Capital				
800,000 Equity Shares of Rs 100 each (Previous Year 800,000 Equity Shares of Rs 100 each)	800.00	800.00	500.00	500.00
Subscribed and Paid-up Capital				
798,520 Equity Shares of Rs 100 each (Previous Year 798,520 Equity Shares of Rs 100 each)	798.52	798.52	499.08	499.08

SCHEDULE 2: Reserves and Surplus

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Securities Premium				
As Per Last Account	600.00	600.00	375.00	375.00
Add: Addition During the Year	-	-	-	-
Less: Utilized During the Year	-	-	-	-
	600.00	600.00	375.00	375.00
General Reserve				
As Per Last Account	859.30	859.30	537.06	537.06
Add: Transferred from Profit and Loss Account	-	-	-	-
Less: Utilized During the Year	-	-	-	-
	859.30	859.30	537.06	537.06
Accumulated Profit				
As Per Last Account	10,123.69	8,613.92	6,327.31	5,383.70
Add: Transferred from Profit and Loss Account	1,858.98	1,509.77	1,161.86	943.60
Less: Utilized During the Year	-	-	-	-
	11,982.67	10,123.69	7,489.17	6,327.31
	13,441.97	11,582.99	8,401.23	7,239.37

SCHEDULE 3: Secured Loans

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
From Banks in Consortium :				
(a) Long Term Loan (Deferred Payment Credit)	314.70	630.70	196.69	394.19
(b) Cash Credit Loan	37.81	4,692.97	23.63	2,933.10
	352.51	5,323.67	220.32	3,327.29

Above referred Loans are secured by Deposit of Title Deeds of Factory Land against execution of registered mortgage of immovable properties on said Land and hypothecation of Current Assets ranking paripassu among Bankers, i.e. Nabil Bank Limited, Standard Chartered Bank Nepal Limited, and Nepal SBI Bank Limited.

SCHEDULE 4: Unsecured Loans

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Working Capital Demand Loan (Taken In Convertible Foreign Currency - USD)	7,786.80	3,176.60	4,866.75	1,985.38
	7,786.80	3,176.60	4,866.75	1,985.38



SCHEDULES annexed to and forming part of BALANCE SHEET as at 31st March 2011

SCHEDULE 5: Fixed Assets

NAME OF ASSETS	ASSET CLASS	DEPRECIATION (%)	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			As at 31 Mar 2010	Additions For the Year	Adjustment For the Year	As at 31 Mar 2011	As at 31 Mar 2010	Addition For the Year	Adjustment For the Year	As at 31 Mar 2011	As at 31 Mar 2010
Land	Class "A"	-	357.66	-	-	357.66	-	-	-	357.66	357.66
Land for Housing Colony (Bigunji)	Class "A"	-	163.42	-	-	163.42	-	-	-	163.42	163.42
Building, Roads and Bridges	Class "A"	5.00	3,791.81	70.15	-	3,861.96	1,311.49	-	1,437.37	2,480.32	2,424.59
Worker's Quarter	Class "A"	5.00	439.58	-	-	439.58	108.93	-	125.46	330.65	314.12
Furniture and Fixture	Class "B"	25.00	541.50	19.60	(1.58)	559.52	419.05	32.24	451.21	121.86	108.31
Laboratory Equipment	Class "B"	25.00	225.37	6.98	-	232.35	128.00	23.71	97.37	105.28	80.64
Office Equipment	Class "B"	25.00	561.12	41.63	(1.62)	601.13	455.30	32.61	487.40	113.72	113.72
Vehicles	Class "C"	20.00	637.61	93.63	(38.43)	692.81	388.10	57.91	417.28	249.50	275.53
Electrical Installation	Class "D"	15.00	781.06	7.74	-	788.80	542.54	36.88	579.42	238.52	209.38
Plant & Machinery	Class "D"	15.00	15,815.75	323.77	(15.92)	16,124.60	8,819.95	1,070.80	9,881.20	6,997.34	6,243.40
Tools & Implements	Class "D"	15.00	486.34	2.83	-	489.17	302.85	20.24	323.09	133.48	116.08
Capital Work in Progress	-	-	32.13	2,801.51	-	2,833.64	-	-	-	32.13	2,933.64
TOTAL			23,784.33	3,467.85	(57.55)	27,194.63	12,476.81	4,416.81	13,854.14	11,907.52	13,340.49

SCHEDULE 5: Fixed Assets

NAME OF ASSETS	ASSET CLASS	DEPRECIATION (%)	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			As at 31 Mar 2010	Additions For the Year	Adjustment For the Year	As at 31 Mar 2011	As at 31 Mar 2010	Addition For the Year	Adjustment For the Year	As at 31 Mar 2011	As at 31 Mar 2010
Land	Class "A"	-	223.54	-	-	223.54	-	-	-	223.54	223.54
Land for Housing Colony (Bigunji)	Class "A"	-	102.14	-	-	102.14	-	-	-	102.14	102.14
Building, Roads and Bridges	Class "A"	5.00	2,365.88	43.85	-	2,413.73	819.68	78.67	898.35	1,550.20	1,515.37
Worker's Quarter	Class "A"	5.00	274.74	-	-	274.74	66.08	10.33	78.41	206.66	196.33
Furniture and Fixture	Class "B"	25.00	338.43	15.25	(0.99)	349.70	262.28	20.15	282.00	76.16	67.69
Laboratory Equipment	Class "B"	25.00	140.85	4.36	-	145.22	80.00	14.82	94.82	60.86	50.40
Office Equipment	Class "B"	25.00	350.70	26.02	(1.01)	375.70	284.56	20.38	304.63	65.80	71.08
Vehicles	Class "C"	20.00	398.51	58.52	(24.02)	433.00	242.57	36.20	260.80	155.94	172.21
Electrical Installation	Class "D"	15.00	488.16	4.83	-	493.00	339.09	23.05	362.14	149.08	130.86
Plant & Machinery	Class "D"	15.00	9,885.47	202.36	(9.95)	10,077.87	5,512.47	669.25	6,175.75	4,373.34	3,902.13
Tools & Implements	Class "D"	15.00	272.71	1.77	-	274.48	189.28	12.05	201.93	83.48	72.55
Capital Work in Progress	-	-	20.08	1,813.45	-	1,833.53	-	-	-	20.08	1,833.53
TOTAL			14,865.21	2,467.41	(35.97)	16,996.64	7,798.01	885.51	8,658.84	7,067.20	8,337.81



SCHEDULES annexed to and forming part of BALANCE SHEET as at 31st March 2011

SCHEDULE 6: Inventories

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Raw Materials	8,596.20	6,887.40	5,372.63	4,304.62
Packing Materials	2,764.33	2,134.82	1,727.71	1,334.26
Stores and Spares	57.88	56.96	36.18	35.60
Material in Transit	3,858.60	1,017.38	2,411.63	635.86
Stock in Process	271.81	437.33	169.88	273.33
Finished Goods	475.19	847.23	296.99	529.52
	16,024.02	11,381.11	10,015.01	7,113.20

SCHEDULE 7: Sundry Debtors (Unsecured)

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Debts Outstanding for a Period Exceeding Six Months				
Considered Good	12.30	4.98	7.69	3.11
Considered Doubtful	386.98	386.98	241.86	241.86
	399.28	391.96	249.55	244.97
Less: Provision for Doubtful Debts	386.98	386.98	241.86	241.86
	12.30	4.98	7.69	3.11
Other Debts (Considered Good)	4,166.42	2,709.89	2,604.02	1,693.68
	4,178.73	2,714.87	2,611.70	1,696.79

SCHEDULE 8: Loans and Advances

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Advance to Employees	47.06	58.30	29.41	36.44
Advance to Suppliers	845.22	179.32	528.26	112.08
Advance Income Tax	1,521.83	791.77	951.14	494.85
Other Advances Recoverable in Cash or in Kind or for Value to be Received	310.17	279.81	193.86	174.88
	2,724.29	1,309.20	1,702.68	818.25



SCHEDULES annexed to and forming part of BALANCE SHEET as at 31st March 2011

SCHEDULE 9: Deposits and Other Receivables

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Security Deposit	31.08	35.11	19.43	21.94
Margin Money with Banks	56.65	1.94	35.41	1.21
VAT, Custom Duty and Other Duties Receivable	2,702.54	1,635.44	1,689.09	1,022.15
Other Receivables	11.91	5.60	7.44	3.50
	2,802.19	1,678.09	1,751.37	1,048.81
Less: Provision for Doubtful Receivables	30.96	40.00	19.35	25.00
	2,771.23	1,638.09	1,732.02	1,023.81

SCHEDULE 10: Cash and Bank Balances

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Cash in Hand	5.62	4.23	3.51	2.64
Balance with Banks	300.91	506.33	188.07	316.46
	306.53	510.56	191.58	319.10

SCHEDULE 11: Current Liabilities

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Sundry Creditors and Other Payables				
Acceptances	10,731.39	1,540.60	6,707.12	962.88
Creditors for Goods and Services	1,539.73	1,909.65	962.33	1,193.53
Creditors for Expenses and Other Liabilities	1,550.19	1,455.71	968.87	909.82
Advance from Customers	8.75	530.02	5.47	331.26
Interest Accrued but not Due on Loans	42.51	38.38	26.57	23.99
Deposit - Others	29.73	14.21	18.58	8.88
	13,902.31	5,488.59	8,688.95	3,430.37

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SCHEDULES annexed to and forming part of BALANCE SHEET as at 31st March 2011

SCHEDULE 12: Provisions

Particulars	(NPR in Lacs)		(INR in Lacs)	
	As at 31st March 2011	As at 31st March 2010	As at 31st March 2011	As at 31st March 2010
Provision for Taxation	1,422.02	965.03	888.77	603.15
Provision for Housing	1,092.84	960.55	683.03	600.34
Provision for Bonus	228.50	192.25	142.81	120.16
Provision for Leave Encashment	114.77	91.91	71.73	57.44
Provision for Gratuity	-	45.19	-	28.24
	2,858.14	2,254.94	1,786.34	1,409.34

SCHEDULES annexed to and forming part of PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011

SCHEDULE 13: Sales Less Return

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Domestic Sales	16,382.67	16,098.88	10,239.17	10,061.80
Export Sales	35,952.79	28,169.37	22,470.49	17,605.86
	52,335.45	44,268.26	32,709.66	27,667.66

SCHEDULE 14: Other Income

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Scrap Sales	199.46	200.97	124.66	125.61
Miscellaneous Receipts	12.70	1.13	7.94	0.70
	212.17	202.10	132.61	126.31

SCHEDULE 15: Cost of Materials

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
(A) Raw Material Consumed				
Opening Stock	6,887.40	4,823.64	4,304.62	3,014.77
Add: Purchases	26,508.46	22,237.18	16,567.79	13,898.24
	33,395.85	27,060.82	20,872.41	16,913.01
Less: Closing Stock	8,596.20	6,887.40	5,372.63	4,304.62
Raw Material Consumed	24,799.65	20,173.42	15,499.78	12,608.39
(B) Packing Material Consumed				
Opening Stock	2,134.82	1,311.08	1,334.26	819.43
Add: Purchases	12,511.82	12,156.42	7,819.89	7,597.77
	14,646.64	13,467.51	9,154.15	8,417.19
Less: Closing Stock	2,764.33	2,134.82	1,727.71	1,334.26
Packing Material Consumed	11,882.31	11,332.69	7,426.44	7,082.93
(C) Adjustment of Stocks In Process and Finished Goods				
Opening Stock - Stock in Process	437.33	324.12	273.33	202.58
Opening Stock - Finished Goods	847.23	869.97	529.52	543.73
	1,284.56	1,194.10	802.85	746.31
Closing Stock - Stock - in - Process	271.81	437.33	169.88	273.33
Closing Stock - Finished Goods	475.19	847.23	296.99	529.52
Increase(-)/Decrease In Stock in Process and Finished Goods	537.56	(90.47)	335.97	(56.54)
Total Cost of Materials Consumed (A+B+C)	37,219.51	31,415.65	23,262.20	19,634.78



SCHEDULES annexed to and forming part of PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011

SCHEDULE 16: Manufacturing Expenses

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Electricity, Power and Fuel	1,623.36	1,189.67	1,014.60	743.54
Repairs and Maintenance	890.54	629.85	556.59	393.66
Stores and Spares Consumed	240.66	438.33	150.41	273.96
	2,754.56	2,257.85	1,721.60	1,411.16

SCHEDULE 17: Payment to and Provisions for Employees

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Salaries, Wages and Bonus	2,545.70	2,292.70	1,591.06	1,432.94
Contribution to Provident and Other Funds	101.38	109.72	63.36	68.57
Workmen and Employee Welfare Expenses	240.49	212.17	150.31	132.60
Directors' Remuneration	11.63	19.65	7.27	12.28
	2,899.20	2,634.23	1,812.00	1,646.40

SCHEDULE 18: Selling and Administrative Expenses

Particulars	(NPR in Lacs)		(INR in Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Distribution Expenses	2,570.77	2,300.75	1,606.73	1,437.97
Advertisement and Sales Promotion	833.20	818.01	520.75	511.26
Royalty	178.87	145.80	111.79	91.12
Postage, Telephone and Telegram	160.23	152.38	100.14	95.24
Travelling Expenses	413.18	352.55	258.24	220.35
Vehicle Running Expenses	82.92	75.06	51.82	46.91
Legal and Professional Charges	103.45	64.48	64.66	40.30
Board Meeting Fee				
Insurance	177.87	164.88	111.17	103.05
Auditors' Remuneration and Out-of-Pocket Expenses				
Statutory Audit Fee	2.50	2.50	1.56	1.56
Audit Fee - Other Matters	1.50	1.50	0.94	0.94
Tax Audit Fee	0.60	0.40	0.38	0.25
Out-of-Pocket Expenses	1.25	1.60	0.78	1.00
Rent, Rates and Taxes	94.80	83.95	59.25	52.47
Electricity, Fuel and Water	19.34	16.46	12.09	10.29
Repair and Maintenance - Others	19.64	16.89	12.27	10.56
Printing and Stationery	35.66	27.12	22.28	16.95
Books and Periodicals	1.36	1.25	0.85	0.78
Entertainment Expenses	21.97	32.58	13.73	20.36
Donation	0.30	0.66	0.19	0.41
General Charges	36.23	28.32	22.65	17.70
Watch and Ward Expenses	91.54	74.10	57.21	46.31
	4,847.16	4,361.24	3,029.47	2,725.78

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SCHEDULES annexed to and forming part of PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011

SCHEDULE 19: Financial Expenses

Particulars	(NPR In Lacs)		(INR In Lacs)	
	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
Interest Cost	481.43	390.87	300.89	244.29
Bank Charges and Others	154.53	118.39	96.58	74.00
	635.96	509.26	397.48	318.29

Schedule 20: Significant Accounting Policies & Notes to Accounts

1) Significant Accounting Policies

a) Basis of accounting

Financial statements are prepared under the historical cost convention, in accordance with Nepal Accounting Standards and generally accepted accounting principles and the requirements of Company Act 2063.

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties relating to income.

b) Fixed Assets

Fixed assets are recorded at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of Fixed Assets.

c) Depreciation

Depreciation is charged on written down value method on all Fixed Assets at the rates as disclosed in Schedule 5 based on the estimated useful lives of such assets determined by the management. Land is not depreciated.

d) Inventories

Inventories are valued at lower of cost or net realizable value using the following basis for determining costs:

Raw materials, Packing materials & Stores and spares	On Weighted Average Cost basis
Work in process	At cost including proportionate factory overheads
Finished stock	At cost including proportionate factory overheads

Consumable stores which are considered as cost items are charged off to the income statement in the year of purchase irrespective of the value involved.

e) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand and deposits held in bank in current accounts.

f) Retirement Benefits

Retirement benefits to employees comprise payments to gratuity fund, provident fund and leave salary. All contributions to the provident fund are charged to income statement account as incurred and such contributions are transferred to an approved Retirement Fund Trust.

Liabilities in respect of staff gratuity and accumulated leave salary are accounted on actuarial valuation method. The gratuity liability of the staff is funded.

g) Borrowing Cost

Borrowing costs that are attributable to acquisition of qualifying assets are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

h) Revenue Recognition

Sales are recognized on dispatch of Goods to customers and are recorded net of Value Added Tax.

i) Staff Housing and Bonus

Amount towards Staff Housing and Bonus have been provided as required under Labor Act and Bonus Act respectively.

j) Foreign Currency Transactions

Foreign currency transactions are accounted at exchange rates prevailing on the date of the transactions. All foreign currency assets and liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing at that date.

Figures in INR is restated at the exchange rate of 1 INR = 1.6 NPR as at 31 March 2011.

All exchange differences in respect of foreign currency transactions are dealt with in the income statement.

k) Deferred Expenditure

License fees and other costs associated with implementing an ERP are amortized over a period of five years.

l) Income Tax and Deferred Tax

The liability of the Company on account of Income Tax is estimated considering the provisions of the Income Tax Act, 2058. Deferred Tax is recognized, subject to the consideration of prudence, on temporary 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. **Notes to Accounts**

a) **Capital commitments**

Capital commitments on account of open contracts as of 31 March 2011 are Rs 1,131.72 lacs (Previous Year Rs 343.63 lacs).

b) **Acceptances**

Acceptances denote liabilities for suppliers' bills accepted/discounted.

c) **Contingent Liabilities**

There are contingent liabilities in respect of:

S. No.	Particulars	NPR in Lacs	
		31 March 2011	31 March 2010
1	Unexpired Letters of Credit	4,987.23	3,295.48
2	Unexpired Bank Guarantees	3,229.37	2,672.91
3	Income tax in appeal (FY. 60-61)	68.09	68.09
4	Additional demand on account of VAT - (FY 61-62 & 62-63)	242.63	242.63
		8,527.32	6,279.11

d) **Staff Housing Fund**

The Company has spent Rs 163.42 lacs on purchase of land for the staff housing colony, and Rs 439.58 lacs on construction of workers' quarter upto 31 March 2011 out of total provision of Rs 1,092.84 lacs (Previous Year Rs 960.55 lacs).

e) **Gratuity Fund**

Additional contribution of Rs. 18.20 lacs has been made for staff gratuity liability during the period to match the liability for staff gratuity computed according to actuarial valuation. The liability of staff gratuity as per actuarial valuation is Rs 238.40 lacs as at 31 March 2011.

f) **Accumulated Leave**

Additional provision of Rs 22.86 lacs has been made for accumulated leave liability during the year to match the liability for accumulated leave computed according to actuarial valuation. The liability of accumulated leave is Rs 114.17 lacs as at 31 March 2011.

g) **Inter Company Balances**

Debtors and loans and advances include Rs 1298.83 lacs as on 31 March 2011 (Previous year Rs Nil) recoverable from companies where the directors are interested.

Advance from Customers includes Rs Nil (Previous year Rs 519.64 lacs) as on 31 March 2011 from Dabur India Limited.

h) **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 309.64 lacs (Previous Year Rs 393.97 lacs) is receivable against Customs Duty Drawback Drawback receivable from Government of Nepal as on 31 March 2011.

i) **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 2011 aggregated to Rs 34,750.22 lacs (previous year 26,881.49 lacs), and Rs 218.48 lacs (previous year Rs 65.82 lacs) respectively.

Royalty

As per the Trademark Sub-license Agreement with Dabur International Limited, Royalty expense for the year ended 31 March 2011 is Rs 178.87 lacs (Previous year Rs 145.80 lacs).

Purchase

Purchases from Dabur India Limited, related party, where the directors are interested, aggregated to Rs 665.88 lacs (previous year 158.48 lacs).

Loan

The Company has availed an unsecured loan of USD 5 million equivalent to Rs 3,601 lacs (Previous year Rs Nil) from a Dabur International Limited, Parent Company.

Remuneration to Key Management Personnel

Remuneration to Key Management Personnel paid or payable during the period are as follows –

(a) Short Term Employee benefits	Rs 111.83 lacs (Previous Period Rs 93.79 lacs)
(b) Post Employment Benefits	Rs 9.91 lacs (Previous Period Rs 13.21 lacs)

j) Deferred Tax

(NRs in Lacs)	
Particulars	As at 31 March 2011
Deferred Tax Liability	
Depreciation	497.62
Deferred Tax Asset	
Provision for Doubtful Receivables	75.23
Housing Provision	196.71
Provision for Leave Encashment	20.66
Total Deferred Tax Liability as on 31 March 2011	205.02

k) Previous year figures/Rounding off

Previous year's figures have been regrouped / rearranged wherever necessary and practicable to facilitate comparison. Figures are rounded off to the nearest of Rupees lacs.