DABUR (UK) 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.

DABUR (UK) LIMITED

**FINANCIAL STATEMENTS
AND REPORTS**

YEAR ENDED 31 March 2011

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DABUR (UK) LIMITED
DIRECTORS' REPORT

The directors submit their report together with the financial statements for the year ended 31 March 2011 which show the state of affairs of the company. We approve the financial statements and confirm that we are responsible for these including selecting the accounting policies and making the judgements, underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Review of the business, results and dividends

The company continued to act as an investment company. No other business activities were carried out during the year. The loss for the year amounted to US$ 100. The directors do not propose any dividend for the year.

Events since the end of the year

There are no significant events since the end of the year.

Directors

The directors who served during the year were as follows:

Name

Mr. Sidhartha C. Burman
Mr. Anand C. Burman
Mr. Ashok Chand Burman
Mr. Chetan Burman

Independent auditor

PKF was appointed as independent auditor for the year ended 31 March 2011 and it is proposed that they be re-appointed for the year ending 31 March 2012.

On behalf of the Board

Directors
18 April 2011

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF DABUR (UK) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **DABUR (UK) LIMITED**, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 to 14.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International 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 from material misstatement.

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 entity's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF DABUR (UK) LIMITED
(continued)

Opinion
In our opinion the financial statements give a true and fair view of the financial position of **DABUR (UK) LIMITED** as at 31 March 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1(c) to the financial statements, which states that the financial statements of the subsidiary company are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company, which comply with the Indian Accounting Standards.

PKF
Dubai
United Arab Emirates

DABUR (UK) LIMITED

STATEMENT OF FINANCIAL POSITION
31 MARCH 2011

	Notes	2011	2010	2011	2010
		US$	US$	INR Exch. Rate Rs.44.59	INR Exch. Rate Rs.44.90
NON-CURRENT ASSETS					
Investment in a subsidiary	6	399,800	399,800	17,827,082	17,951,020
Non-current financial assets	7	42,025	42,025	1,873,895	1,886,923
		441,825	441,825	19,700,977	19,837,943
CURRENT ASSETS					
Cash and cash equivalents	9	530	530	23,633	23,797
TOTAL ASSETS		442,355	442,355	19,724,609	19,861,740
CURRENT LIABILITIES					
Amount due to a related party		100	–	4,459	–
		100	–	4,459	–
SHAREHOLDER'S EQUITY FUNDS					
Share capital	10	500,000	500,000	22,295,000	22,450,000
Accumulated losses		(57,745)	(57,645)	(2,574,850)	(2,588,261)
		442,255	442,355	19,720,150	19,861,740
TOTAL EQUITY AND LIABILITES		442,355	442,355	19,724,609	19,861,740

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

Authorised for issue by the directors on 18 April 2011.

For **DABUR (UK) LIMITED**

DIRECTORS

DABUR (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2011

	Notes	2011 US$	2010 US$	2011 INR Exch. Rate Rs.44.59	2010 INR Exch. Rate Rs.44.90
REVENUE		--	--	--	--
Other operating income	12	--	2,946	--	132,275
Operating expenses		(100)	(103)	(4,459)	(4,625)
PROFIT/(LOSS) FROM OPERATNG ACTIVITIES		(100)	2,843	(4,459)	(127,651)
Other operating income		--	--	--	--
PROFIT/(LOSS) FOR THE YEAR		(100)	2,843	(4,459)	127,651
Other comprehensive income		--	--	--	--
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(100)	2,843	(4,459)	127,651

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

DABUR (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 MARCH 2011

	Share Capital US$	Accumulated losses US$	Total US$
As at 31.3.2009	500,000	(60,488)	439,512
Total comprehensive income for the year	--	2,843	2,843
As at 31.3.2010	500,000	(57,645)	442,355
Total comprehensive income for the year	--	(100)	(100)
As at 31.3.2011	500,000	(57,745)	442,255
As at 31.03.2011(Amt in INR)	22,295,000	(2,574,850)	19,720,150

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

DABUR (UK) LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2011

	Notes	2011 US$	2010 US$	2011 INR Exch. Rate Rs.44.59	2010 INR Exch. Rate Rs.44.90
Cash flows from operating activities					
Profit/(loss) for the year		(100)	2,843	(4,459)	127,651
Operating profit before changes in operating assets and liabilities		--	2,843	(4,459)--	127,651
Decrease in prepayments and other receivables		--	1,727	--	77,542
Decrease in accrued expenses		--	(4,673)	--	(209,818)
et cash used in operating activities		(100)	(103)	(4,459)	(4,625)
Cash flows from financing activities					
Increase in amount due to a related party		100	--	4,459	--
Net cash from financing activities		100	--	4,459	--
Net decrease in cash and cash equivalents		--	(103)	--	(4,625)
Cash and cash equivalents at beginning of year		530	633	23,633	28,422
Cash and cash equivalents at end of year	9	530	530	23,633	23,797

The accompanying notes form an integral part of these financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

DABUR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **DABUR (UK) LIMITED** is a limited liability company incorporated in British Virgin Islands. The principal place of business is P.O. Box 3340, Road Town Tortola, British Virgin Islands. The company is a wholly owned subsidiary of Dabur International Limited, a company incorporated in the Isle of Man. The ultimate parent company is Dabur India Limited, a company incorporated in India.

b) The company acts as an investment holding company. No other business activities were carried out during the year.

c) These are separate financial statements of Dabur (UK) Limited. The financial statements of the subsidiary company are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company, which comply with the Indian Accounting Standards.

2. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) **Basis of preparation**

The financial statements are presented in US Dollars and prepared using historical cost, and in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2010, and the requirements of UAE Commercial Companies Law of 1984.

As at the reporting date, the company has accumulated losses of US$ 57,645. However, the shareholder has agreed to continue with the operations of the company and agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

Presentation currency

These financial statements are presented in US Dollars which is considered to be the functional currency of the company.

b) **Investment in subsidiaries**

Investments in the share capital of companies where it holds more than 50% of the investee company or companies in which the entity has the power to govern the financial and operating policies are treated as subsidiaries. Investments in subsidiaries are stated at cost less impairment losses, if any. Dividend income from investments is recognized when the right to receive the payment is established.

c) **Foreign currency transactions**

Transactions in foreign currencies are translated into US Dollar at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

e) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Current financial assets that have fixed or determinable payment and for which there is no active market are classified as loans and receivables and stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognised in profit or loss.

Current financial liabilities are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

Investments in unquoted equity shares for which there is no active market and for which fair values cannot be reliably determined due to significant variations in valuation parameters are classified as available-for-sale and stated at cost less any write down for impairment. Impairment losses are recognised in profit or loss.

f) **Taxation**

No provision for tax is made in the current year on account of accumulated losses. Also, deferred tax asset on unused tax losses are not recognized on account of uncertainty regarding availability of future taxable income against which the unused tax losses can be utilized.

3. **SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES**

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Investments in unquoted equity shares

Investments in unquoted equity shares are stated at cost less impairment losses as the management is of the opinion that the use of valuation techniques would yield a significant range of value estimates and the probability of estimates within the range cannot be reasonably assessed.

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Taxation

No provision for tax has been provided as in the opinion of directors there is no tax profits earned in or derived from Hong Kong by the company during the year as the company's overseas profit is not subject to tax.

4. **KEY SOURCES OF ESTIMATION UNCERTAINTY**

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment

Assessment of net recoverable amounts of investments and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

5. **ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the company are as follows. Their adoption has resulted in presentation and disclosure changes only:

- IAS 27: Consolidated and Separate Financial Statements
- Improvements to IFRS
    - IAS 1: Presentation of Financial Statements
    - IAS 7: Statement of Cash Flows

- IAS 36: Impairment of Assets
- IAS 39: Financial Instruments: Recognition and Measurement

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date of financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods. It is anticipated that their adoption in the relevant accounting periods will have an impact only on presentation and disclosures within the financial statements:

- IAS 24: Related Party Disclosures (1 January 2011)
- IFRS 9: Financial Instruments (1 January 2013)
- Improvements to IFRS
  - IFRS 7: Financial Instruments : Disclosures (1 January 2011)
  - IAS 1 : Presentation of Financial Statements (1 January 2011)

		2011 US$	2010 US$
6.	**INVESTMENT IN A SUBSIDIARY**		
	Dabur Egypt Limited incorporated in Egypt - 76% share in the capital of the company (previous year - 76% share in the capital of the company)	399,800	399,800

The financial statements of the subsidiary company are not consolidated in these financial statements as they will be consolidated in the financial statements of the ultimate parent company, which comply with the Indian Accounting Standards.

		2011 US$	2010 US$
7.	**NON-CURRENT FINANCIAL ASSETS**		
	Available-for-sale equity shares carried at cost [10% share in the capital of the company (previous year - 10% share in the capital of the company)]	42,025	42,025

This represents investment in unquoted equity shares in African Consumercare Limited, a company incorporated in Nigeria.

8. **RELATED PARTIES**

The company enters into transactions with companies that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in normal course of business and at the prices determined by the management.

Related parties comprise the parent company, ultimate parent company, fellow subsidiaries, subsidiaries, companies under common ownership and/or management control and the directors.

At the reporting date significant balances with related parties were as follows:

	Subsidiaries	Companies under common ownership and/or management control	Total 2011	Total 2010
	US$	US$	US$	US$
Investments	399,800	--	**399,800**	
	399,800	--		399,800
Available-for-sale financial assets	--	42,025	**42,025**	
	--	42,025		42,025
Amount due to a related party	--	100	**100**	
	--	--		--

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in Notes 6, 7 and 13.

Staff services and other operating expenses are availed from the parent company, free of cost. The company also receives funds from related parties as working capital facilities, free of interest.

		2011	2010
		US$	US$
9.	**CASH AND CASH EQUIVALENTS**		
	Bank balance in current account	**530**	530
10.	**SHARE CAPITAL**		
	Authorised:		
	200,000 ordinary shares of US$ 10 each	**2,000,000**	2,000,000
	Issued and paid up:		
	50,000 ordinary shares of US$ 10 each	**500,000**	500,000

11. **MANAGEMENT OF CAPITAL**

The company's objectives when managing capital are to ensure that the company continues as a going concern and to provide the shareholder with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position.

The company is not exposed to any externally imposed capital requirements.

Funds generated from internal accruals are retained in the business according to the business requirements and maintain capital at desired levels.

	2011 US$	2010 US$
12. OTHER OPERATING INCOME		
Credit balances written back	--	2,946

13. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		Available for sale		Financial liabilities	
	2011 US$	2010 US$	2011 US$	2010 US$	2011 US$	2010 US$
Non-current financial assets	--	--	42,025	42,025	--	--
Cash and cash equivalents	530	530	--	--	--	--
Amount due to a related party	--	--	--	--	100	--
	530	530	42,025	42,025	100	--

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise currency risks, liquidity risks and cash flow interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Exposure to foreign currency transaction is minimised where possible by denominating such transactions in US Dollars.

Management continuously monitors its cash flows to determine its cash requirements in order to manage exposure to liquidity risk.

Exposures to the aforementioned risks are detailed below:

Interest rate risk

The company is not exposed to any interest rate risk.

DABUR (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in US Dollars or currencies to which US Dollar is fixed.

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost appropriate to their carrying value.

The fair values of the unquoted equity shares that are carried at cost less impairment losses in the absence of reasonably reliable valuation parameters are, in the opinion of the directors, at least equal to their carrying values. The markets for such shares in private companies are very limited and it can take a substantial time to locate a buyer and negotiate a transaction. It is not the management's present intention to dispose of these investments.

For **DABUR (UK) LIMITED**

DIRECTORS