

# **DERMOVIVA SKIN ESSENTIALS INC.**

**FINANCIAL STATEMENTS (as per Indian GAAP) FOR THE PERIOD FROM 01.04.2011 TO  
31.03.2012**

**Since the Accounting year of the Company is different from that of Dabur India Limited (ultimate Holding Company), Financial Statements prepared in accordance with the Accounting Standard 21 issued by ICAI, for the purpose of consolidation of Accounts with Dabur India limited are being made available**

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**G. BASU & Co.**  
CHARTERED ACCOUNTANTS

**BASU HOUSE**  
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KOLKATA - 700 072

April 27, 2012

The Chief Financial Officer  
Dabur India Limited  
Kaushambi Corporate Office  
Ghaziabad, Uttar Pradesh

Attention : Mr. S Raghunathan

Dear Sir,

**Subject : Compliance audit of the AS 21 as issued by the ICAI of Dermoviva Skin Essentials Inc  
for the year ended 31<sup>st</sup> March 2012 for consolidated Financial Statements.**

We have verified the financial statements of Dermoviva Skin Essentials Inc including balance sheet as on 31.03.2012 and its Profit & Loss Account and the Cash Flow statement for the year ended on that date, classifying group, company transaction, receivables and payables related therewith, audited by a local firm of Chartered Accountants, subject to our indepth scrutiny for ensuring true and fairness of accounts & changes incorporated to render the financial statements conforming to accounting standards issued by the ASB read with the accounting policies of the parent company.

In our opinion, said returns have been carefully drawn and compiled taking due cognizance of accounting standards issued by the ICAI read with the accounting policies of parent company and also highlighting figures and issued warranting appropriate disclosure in Consolidated Financial Statements (CFS) as per Accounting Standards issued by the ICAI & revised schedule VI of the Indian Companies Act, 1956 to the extent bears relevance with the body corporate.

For G.BASU & COMPANY  
Chartered Accountants

  
S.LAHIRI  
MANAGING PARTNER

**Dermoviva Skin Essentials Inc.**  
**Balance Sheet as on 31st March 2012**

(Figures in '000)

I	EQUITY AND LIABILITIES	Schedule No	As at March	As at March	As at March	As at March
			31'2012	31'2012	31'2011	31'2011
			USD	INR	USD	INR
	<b>1. Share holders' Funds</b>			50.87		44.59
	a) Share Capital	1	25565	1300492	25565	1139943
	b) Reserves and Surplus	2	2543	129340	-1769	-78887
	<b>2. Non-current liabilities</b>					
	a) Long Term borrowings	3	60764	3091059	69444	3096528
	b) Long-term provisions	4	44325	2254819	40943	1825664
	<b>3. Current Liabilities</b>					
	a) Short-term borrowings	5	750	38153	2200	98098
	b) Trade payables	6	437	22250	392	17494
	c) Other current liabilities	7	8681	441584	5556	247731
	<b>Total:</b>		<b>143065</b>	<b>7277697</b>	<b>142332</b>	<b>6346571</b>
<b>II</b>	<b>ASSETS</b>					
	<b>1. Non-current assets</b>					
	a) Fixed Assets					
	i) Tangible assets		0	0	0	0
	b) Non-current investments	8	138749	7058187	139188	6206380
	d) Long-term loans and advances	9	2958	150475	18	804
	<b>2. Current assets</b>					
	c) Trade receivables	10	64	3265	64	2862
	d) Cash and cash equivalents	11	100	5106	141	6283
	e) Short-term loans and advances	12	1193	60663	2921	130241
	Notes to Accounts	16				
	<b>Total:</b>		<b>143065</b>	<b>7277697</b>	<b>142332</b>	<b>6346571</b>

**Dermoviva Skin Essentials Inc.**

**Profit & Loss Statement for the year ended 31st March 2012**

(Figures in '000)

DESCRIPTION	Schedule No.	For the year ended March	For the year ended March	For the year ended March	For the year ended March
		31' 2012	31' 2012	31' 2011	31' 2011
			50.87		44.59
		USD	INR	USD	INR
I Revenue from operations	13 (a)	2,173	110,549	20	892
II Other Income	13 (b)	7,170	364,739	-	
III Total Revenue (I +II)		9,343	475,289	20	892
IV Expenses					
Finance costs	14	1,574	80,062	519	23,143
Other Expenses	15	92	4,659	131	5,847
Total Expense		1,665	84,721	650	28,990
(V) Profit before exceptional and extraordinary items and tax (III - IV)		7,678	390,567	(630)	(28,098)
(VI) Exceptional Items		-	-	-	-
(VII) Profit before extraordinary items and tax (V - VI)		7,678	390,567	(630)	(28,098)
(VIII) Extraordinary Items (Refer Note no. )		-	-	-	-
(IX) Profit before tax (VII - VIII)		7,678	390,567	(630)	(28,098)
(X) Tax expense					
(1) Current tax		3,366	171,229	944	42,079
(XI) Profit/(Loss) for the year from continuing operations (IX - X)		4,312	219,338	(1,574)	(70,177)
Notes to Accounts	16				

Schedule annexed to and forming part of the Balance Sheet as at March 31, 2012  
 Schedule 1 - Share Capital

1 (a) Particulars of Shares:

(Figures in USD '000)

Sl	Class of Shares	Face value of one share	Authorised Capital		Issued, Subscribed & Fully Paid up		Number of shares held by entities each holding more than 5 % of total stake, in aggregate
			No.	Value	No.	Value	
A (i)	Equity Shares	USD 1 each	565000	565000	565000	565	Nil
		As at March 31, 2012					
(ii)	Paid up value of equity shares	USD 10000 each	(65000)	(65000)	(65000)	(665)	Nil
		As at March 31, 2012					
		USD 10000 each	2500	25000	2500	25000	Nil
		As at March 31, 2011	(2500)	(25000)	(2500)	(25000)	Nil

Note: There is no restriction on transferability of shares

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012

Schedule 2 - Reserve & Surplus

Particulars	(Figures in USD '000)	
	As at March 31' 2012	As at March 31' 2011
Surplus / (deficit):		
Opening Balance	-1769	-195
Add: Profit/(Loss) for the year	4372	-1574
Total	2543	-1769
	0	0
	2543	-1769
	2543	-1769
	2543	-1769
Total	2543	-1769



Schedule annexed to and forming part of the Balance Sheet as at March 31, 2012  
**Schedule 3 - Long term Borrowing**

(Figures in USD '000)

SI	Nature of Borrowing	Period	Total	Secured	Unsecured	Nature of Security	Rate of Interest
ii)	Term Loans from Bank	As at March 31, 2012	60764	0	60764	N.A.	1.65% + Libor
		As at March 31, 2011	(69444)	0	(69444)	N.A.	
	<b>Total</b>	As at March 31, 2012	60764	0	60764	N.A.	
		As at March 31, 2011	(69444)	0	(69444)	N.A.	

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

2. Loan are covered by guarantee bond furnished by Dabur India Limited (Holding Company)

3. Repayment Schedule:

For 2012-2013  
 For 2013-2014  
 For 2014-2015  
 For 2015-2016  
 For 2016-2017

Term Loan  
 Amount in Rs.  
 17361  
 17361  
 17361  
 8681

Schedule annexed to and forming part of the balance sheet as at March 31, 2012  
Schedule 4 - Long term provisions

Particulars	[Figures in USD'000]	
	As at March 31, 2012	As at March 31, 2011
For Contingent Consideration Money	40015	40000
For Taxation	4310	943
	44325	40943





Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012

Schedule 5 - Short term Borrowings+

		(Figures in USD'000)		
Sl	Nature of Borrowings	Total	Secured	Unsecured
i)	Cash Credits from bank	750	0	750
	As at March 31' 2012			
	As at March 31' 2011	(2200)	0	-2200
	<b>Total</b>	750	0	750
	As at March 31' 2011	(2200)	0	(2200)

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

2. Loan are covered by guarantee bond furnished by Dabur India Limited (Holding Company)

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012  
Schedule 6 - Trade Payables

Particulars	(Figures in USD'000)	
	As at March 31' 2012	As at March 31' 2011
Creditors for Goods	436	392
<b>Total:</b>	<b>436</b>	<b>392</b>

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012  
 Schedule 7 - Other Current Liabilities

Particulars	(Figures in USD'000)	
	As at March 31' 2012	As at March 31' 2011
Component of term loan repayable within a year	8681	5556
<b>Total:</b>	<b>8681</b>	<b>5556</b>

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012  
Schedule 8 - Non-Current Investments:

		(Figures in USD'000)	
		As at March 31' 2012	As at March 31' 2011
a).	Investment in wholly owned subsidiaries fully paid up Nameste Laboratories LLC	138749	139188
<b>Total:</b>		<b>138749</b>	<b>139188</b>

Schedule annexed to and forming part of the Balance Sheet as at March 31, 2012  
 Schedule 9 - Long term Loans & Advances

Particulars	(Figures in USD'000)	
	As at March 31, 2012	As at March 31, 2011
Advance Payment of Tax	2858	18
Total	2858	18

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012  
 Schedule 10 - Trade Receivables:

Particulars	(Figures in USD'000)	
	As at March 31' 2012	As at March 31' 2011
Unsecured:		
Debits outstanding for a period of above 6 month		
Considered good	0	0
Considered doubtful	0	0
Less: Provision for doubtful debts	0	0
Other debts: considered good	64	64
Total	64	64

Schedule annexed to and forming part of the Balance Sheet as at March 31' 2012  
**Schedule 11 - Cash & cash Equivalents**

Particulars	(Figures in USD'000)	
	As at March 31' 2012	As at March 31' 2011
Balances with banks	100	141
<b>Total</b>	<b>100</b>	<b>141</b>

Note:

1. Balances with banks include -
  - a). Balance in unpaid dividend account 0
  - b). Bank deposit maturing after 12 months 0
  - c). Other commitment (Fixed Deposits pledged with Govt Authorities) 0

Schedule annexed to and forming part of the Balance Sheet as at March 31, 2012  
 Schedule 12 - Short term Loans & Advances

Particulars	As at March 31, 2012		As at March 31, 2011	
	Details		Details	
Unsecured Loans & Advances to Related Parties		0		2900
Other Loans & Advances		1193		21
<b>Total</b>		<b>1193</b>		<b>2921</b>

(Figures in USD 000)



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2012

Schedule 13 (a) - Revenue from Operations

(Figures in USD'000)

			For the year ended 31st March 2012		For the year ended 31st March 2011
A	Sale of Products		0		0
B	Sale of Services		0		0
C	Other Operating Revenues		2,173		20
	Royalty Income	20		20	
	Recovery of Claims	2,153		0	
	<b>Total</b>		<b>2,173</b>		<b>20</b>



Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2012

Schedule 13 (b) - Other Income

(Figures in USD'000)

		For the year ended 31st March 2012	For the year ended 31st March 2011
A	Dividend Income	7,170	0
	Total	7,170	0

Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2012

Schedule 14 - Finance Cost

(Figures in USD'000)

		For the year ended 31st March 2012	For the year ended 31st March 2011
A	Interest Expense	1,571	421
B	Bank Charges	3	98
	Total	1,574	519

Annexed to and forming part of Profit & Loss Account for the year ended March 31' 2012

Schedule 15 - Other Expenses

(Figures in USD'000)

		For the year ended 31st March 2012	For the year ended 31st March 2011
	Rates and taxes	0	46
	Legal and Professional	83	85
	Auditor's Remuneration	8	0
	Total	92	131

Annexed to and forming part of the Accounts for the period ended 31<sup>st</sup> March, 2012

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**SCHEDULE --16 ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Figures in USD'000)**

**A. ACCOUNTING POLICIES**

Significant Accounting Policies are summarized below

**a. Accounting Convention:**

The accounts have been prepared on going concern assumption in accordance with the historical cost convention in due adherence of accounting standard laid by ICAI.

**b. Contingent Liabilities:**

Disputed liabilities and claims including claims raised by fiscal authorities, pending in appeal/court, for which no reliable estimate can be made of the amount of obligation or which are remotely poised for crystallization are not provided in accounts but disclosed in notes on accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

**c. Investments:**

Investments being of long term nature in wholly owned subsidiaries are carried at cost.

**d. Recognition of Income and expenses:**

All items of incomes and expenses have been accounted for on accrual basis.

**e. Translation of accounts of the body corporate from the currency of country of it's incorporation USD to INR :**

- Fixed Assets are translated to INR in terms of the exchange rate ruling at the point of acquisition of the undertaking or capitalization of the asset whichever is later.
- Current assets have been recognized in accounts at exchange rate ruling at the Period end.
- All outside liabilities have been recognized in accounts at exchange rate ruling at the Period end.
- Equity share capital has been recognized in accounts at exchange rate ruling at the time of acquisition of the undertaking.
- Income and expenses have been recognized in accounts in simple monthly average of exchange rates ruling during the Period.

**f. Translation of Foreign Currency:**

- Receivables/payables (excluding for fixed assets) in foreign currencies are translated at the exchange rate in the country of incorporation of the body corporate ruling at the Period end and resultant gain or loss, is accounted for in the profit & Loss Account.
- Capital as well as revenue implication of exchange fluctuation, debited or credited to revenue, are disclosed in notes to accounts.

## B. NOTES TO ACCOUNTS

1. Accounts of this body corporate (a wholly owned subsidiary of Dabur India Ltd., a company incorporated in India), incorporated in Delaware, USA have been prepared in terms of accounting policies referred to u/s 211 (3C) of Indian Companies Act 1956, read with accounting practice of its ultimate parent company for the purpose of consolidation of this account with group companies has required under AS – 21.

### 2. Income and Expenditure in Foreign Currency

This being a body corporate incorporated in Delaware, U.S.A. information relating to expenditure in foreign currency are superfluous herein.

3. All the figures have been expressed in Rs. Lacs unless stated otherwise.
4. The particulars on micro & small enterprises as defined under Micro, Small and Medium Development Board, 2006 are not applicable to this body corporate.

### 5. Related party disclosures

The body corporate enters into transactions with the companies/ body corporate those fall within the definition of a related party as contained in AS 18. The management considers such transactions to be in normal course of business. Related parties comprise the Directors, The Parent Company, fellow subsidiaries, subsidiaries and associates.

#### Transaction with related parties for the year ended 31<sup>st</sup> March 2012

	Ultimate Parent Company (DIL)	Subsidiaries (Namaste Laboratories LLC)	Total	Total Outstanding as on 31.03.2012
Royalty income	20 (20)		20 (20)	20 (20)
Loan given		0 (2900)	0 (2900)	0 (2900)
Investments made		0 (139188)	0 (138749)	138749 (138749)
Repayments of Loan given	0 (0)	2900 (0)	2900 (0)	0 (0)
Dividend Received		7170 (0)	7170 (0)	0 (0)

6. The body corporate has acquired 100 % stake at a consideration of USD. 100 Millions. of two entities incorporated in Illinois, USA named Namaste Laboratories LLC and Urban Laboratories International

LLC during the year. Terms of acquisition enjoins erstwhile promoters to run day to day the affairs of the management of the two entities and receive additional consideration amount upto USD. 40 Millions. subject to their achievement of year wise target envisaged for three successive calendar years commencing from January 1, 2011.

Relevant event renders the body corporate to be contingently liable for the sum against the consideration amount of the investment. Considering confidence of the body corporate of the ability of existing functional management to achieve targets laid down in reasonable terms, provisioning against said liability becomes imperative under within the meaning of AS – 29.

This prompted to creation of provision for USD. 40 Millions. for relevant contingent liability (shown under Provisions – Others in Schedule EA) against Investment Suspense Account. Said Investment Suspense forms part of the Investment in wholly owned subsidiaries.

There has neither been any opening provision under AS – 29 nor any write back of relevant provision created during the year.

7. Additional Information as required under Part IV of Schedule VI of the Companies Act.

**1. Registration details**

Registration No.	Not Available
Balance Sheet Date	31/03/2011

**2. Capital Raised during the year (Rs. '000)**

Public issue	nil
Bonus issue	nil
Right issue	nil
Other Issue	nil

**3. Position of Mobilisation & deployment of fund (Rs. '000)**

Total Liabilities	143064
Total Assets	143064

**Sources of Funds :**

Paid up capital	25565
Unsecured Loan	69444
Reserves & Surplus	3666

**Application of funds**

Net Fixed Assets	0
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Investments	138749
Net Current Assets	(39325)

**4. Performance of the Company (Rs. '000)**

Turnover	9343
Profit before tax	7678
Profit After tax	5435

**5. Generic Name of three principal products/ services of the company**

Not Applicable

Signatures to the Schedules "1" to "16" Annexed to and forming part of Accounts

For DERMOVIVA SKIN ESSENTIALS INC.

As per our report of  
even date attached

PLACE: NEW DELHI  
DATED: 27<sup>TH</sup> April 2012

