

# **DERMOVIVA SKIN ESSENTIALS INC.**

**FINANCIAL STATEMENTS (as per Indian GAAP) FOR THE PERIOD FROM 01.04.2010 TO  
31.03.2011**

**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**

TELEGRAMS : 'TROBAS' CALCUTTA  
TELEPHONE : 2212-6253,22128016  
FAX : 00-91-33-22127476

**G. Basu & Co.**  
CHARTERED ACCOUNTANTS

Basu House  
3, CHOWRINGHEE APPROACH  
KOLKATA - 700 072

### AUDITORS' REPORT

We have verified the attached Balance Sheet of Dermoviva Skin Essential Inc., (incorporated in Delaware, U.S.A.) as at 31<sup>st</sup> March, 2011 and its Profit & Loss Account for the year ended on that date, all being made out in accordance with the requirement of Indian Companies Act, 1956, from the audited accounts of the body corporate under the statute of the country of its incorporation and additional certified returns which have been relied upon by us (refer note no. B (1), Schedule C of Notes to Accounts). These financial statements are the responsibility of the body corporate's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of section 227 (4A) of the Indian Companies Act, 1956, we enclose herewith in the annexure a statement of the matter specified therein.

- i. We hereby report that
  - a) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act, 1956 were received by us.
  - b) We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.

- c) Proper books of accounts have been kept by the body corporate.
- d) The Balance Sheet and Profit & Loss Account dealt with by this report have been made out from the figures, which are in agreement with the books of accounts.
- e) Balance Sheet and Profit & Loss Account have been prepared in due compliances of accounting standards referred to in sub-section (3C) of section 211 of Companies Act 1956.
- f) In our opinion and according to the information and explanations given to us, the accounts as made out herein read with other notes appearing in Schedule "C" give the information required by the Companies Act 1956, in the manner so required to the extent possible and practicable and give a true and fair view in conformity with the accounting principles generally accepted in India;
  - (i) In the case of Balance Sheet, of the State of Affairs of the body corporate as at 31<sup>st</sup> March 2011 and
  - (ii) In case of Profit & Loss Account of the loss of the body corporate for the year ended on that date.

**PLACE : NEW DELHI**

**DATE :27<sup>TH</sup> APRIL 2011**

**ANNEXURE TO THE AUDITORS' REPORT AS REFERRED TO IN PARA I OF THE SAID REPORT OF EVEN DATE.**

- 1. The body corporate has not granted any loan or advance of the nature of loan (secured or unsecured) to any director, body corporate, company, firm or parties in which directors are interested.**
- 2. The body corporate has outstanding unsecured loan, of Rs. Nil (previous year Rs. 389.81 lacs) repayable on demand from the holding company. The body corporate is regular in payment of interest & dues. Since the repayment has still not been demanded, the question of repayment of principle due does not arise. Terms and conditions of the loans are not prima-facie prejudicial to the interest of the body corporate.**
- 3. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the body corporate and the nature of its business. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the body corporate to correct major weakness in internal control system.**
- 4. The body corporate has not accepted deposit from any sources within the meaning of "Acceptance of Deposit Rule" under Indian Companies Act, 1956.**
- 5. Internal audit system is yet to be introduced in the body corporate.**
- 6. Section 209 (i) (d) of the Companies Act, 1956, is not applicable to the body corporate.**
- 7 .a) According to information and explanations given to us, the body corporate is depositing with appropriate authorities undisputed statutory dues to the extent applicable to it.**

- b) We have been informed that there is no undisputed statutory dues as at the year end which is outstanding for a period of six months from the date the same became payable.
- c) According to information and explanations given to us, there has been no undisputed statutory dues which has not been deposited.
- 8. Based on the audit procedures and on the information and explanations available to us, the body corporate has not availed any facility from any financial institution, bank or debenture holder. As such the question of default does not arise.
- 9. The body corporate has not granted any loan or advance secured by pledge of share, debenture or other security.
- 10. Based on our examination of the records and evaluations of the related internal controls and information given to us we are of the opinion that the body corporate is not dealing in securities, debentures and other investments.
- 11. The body corporate has not given guarantees for loans taken by others from banks or financial institutions.
- 12. No term loan has been availed by the body corporate from any quarter.
- 13. This being first year of report as a subsidiary of the parent company the questionnaire is not relevant in the context.
- 14. The Body corporate has not issued any secured debenture during the year.
- 15. The Body corporate has not raised any fund through public issue or preferential allotment during the year.

**16. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the body corporate has been noticed or reported during the course of our audit.**

**17. Other clauses of the order are not applicable to the Body corporate.**

**PLACE : NEW DELHI**

**DATE : 27<sup>TH</sup> APRIL 2011**



Dermoviva Skin Essentials Inc

Profit & Loss Account for the year ended March 31' 2011

(Figures in Rs. Lacs)

	SCHEDULE	For the year ended Mar'31, 2011	For the year ended Mar'31, 2010
<b>Income :</b>			
Sales Less Returns	J	0	0
Less: Excise Duty		0	0
<b>Net Sales</b>		<b>0</b>	<b>0</b>
<b>Other Income</b>		<b>9</b>	<b>9</b>
<b>Total Income</b>		<b>9</b>	<b>9</b>
<b>Expenditure :</b>			
Selling and Administrative expenses	N	63	15
Financial Expenses	O	236	11
Miscellaneous Expenditure Written off	IB	0	0
Depreciation		0	0
<b>Total Expenditure</b>		<b>299</b>	<b>25</b>
<b>Balance being Operating Net Profit before Taxation</b>		<b>(290)</b>	<b>(16)</b>
<b>Provision for Taxation</b>	<b>Current</b>	424	0
	<b>Deferred</b>	0	0
<b>Net Profit After Taxation</b>		<b>(714)</b>	<b>(16)</b>
Minority Interest			
<b>Net Profit After Minority Interest</b>		<b>(714)</b>	<b>(16)</b>
Balance Brought Forward		(16)	0
Deferred Tax Liabilities for Earlier Years			
Provision for Taxation of earlier years written back			
Provision for Taxation of earlier years			
		<b>(730)</b>	<b>(16)</b>
<b>APPROPRIATIONS</b>			
Interim Dividend			
Final Dividend (for earlier year)			
Corporate Tax on Interim Dividend			
Excess Corporate Tax provided written back			
Transferred to Capital Reserve			
Transferred to General Reserve			
<b>Balance carried over to Balance sheet</b>		<b>(730)</b>	<b>(16)</b>
		<b>(730)</b>	<b>(16)</b>



**SCHEDULE-A**

**Annexed to and forming part of the Balance Sheet as at 31st March, 2011**

**Share Capital**

**(Figures in Rs. Lacs)**

	<b>As at Mar'31, 2011</b>	<b>As at Mar'31, 2011</b>
<b>Authorised :</b>		
565000      Class A Common Equity Shares of USD 1 each (Previous Year 65000 Equity Shares of USD 1 each)	11233	28
2500        Class B Common Equity Shares of USD 10000 each (Previous Year Nil)	256	0
	<b>11489</b>	<b>28</b>
<b>Issued and Subscribed:</b>		
565000      Class A Common Equity Shares of USD 1 each (Previous Year 65000 Equity Shares of USD 1 each)	11,233	28
2500        Class B Common Equity Shares of USD 10000 each (Previous Year Nil)	<b>256</b>	0
	<b>11,489</b>	<b>28</b>

**SCHEDULE-B**

Annexed to and forming part of the Balance Sheet as at 31st March, 2011

**Reserves and Surplus**

(Figures in Rs. Lacs)

	As at Mar'31, 2011	As at Mar'31, 2011
<b>Capital Reserve :</b> As per last account Add : Transferred from Profit & Loss A/c		
<b>Share Premium Account</b> Add: Premium on issue of Shares		
Less: Adjustment for merger		
<b>Exchange Fluctuation Reserve</b>	(737)	92
<b>Employees Housing Reserve Fund</b>		
<b>General Reserve :</b> As per last account Add: Transferred from Profit & Loss A/c		
Less : Adjustment for merger		
Less : Issue of bonus shares		
<b>Employee Stock Option Scheme Outstanding</b> As per last account Add: Addition during the year		
Less: Allotted during the year		
Less: Deletion during the year		
<b>Total</b>	<b>-737</b>	<b>92</b>

**SCHEDULE-D****Annexed to and forming part of the Balance Sheet as at 31st March, 2011****UNSECURED LOANS****(Figures in Rs. Lacs)**

	<b>As at Mar'31, 2011</b>	<b>As at Mar'31, 2011</b>
Loan from Holding company	-	390
Loan from Directors	-	
Term Loan from Banks	<b>33,443</b>	
Short Term Loan from Bank	<b>981</b>	
Security Deposit from Dealers and Others	-	
Sales Tax Deferred		
Commercial Paper		
<b>TOTAL</b>	<b>34,424</b>	<b>390</b>

Schedule-EA

Annexed to and Forming part of the Balance Sheet as at 31st March, 2011

**Current Liabilities and Provisions**

(Figures in Rs. Lacs)

	As at Mar'31, 2011	As at Mar'31, 2010
<b>A. Current Liabilities :</b>		
Acceptance		
Creditors for Goods		
SME Units (Principal)		
Others	-	
Creditors for Expenses and other Liabilities	1	3
Advance from Customers	-	
Interest Accrued but not due on loans	-	
Investor Education and Protection fund to be credited by :		
Unpaid Dividend		
	1	3
<b>B. Provisions :</b>		
For Dividend (Proposed) - Interim	-	
For Dividend (Proposed) - Final	-	
For Corporate Tax on Proposed Dividend Final	-	
For Corporate Tax on Interim Dividend	-	
For Liabilities Disputed	-	
For Gratuity	-	
For Leave Salary	-	
For Others	18,011	
For Taxation :	-	
Brought forward	-	
Inherited from Merged Company	-	
Provision for the period	-	
	-	
Adjusted during the year	424	
	-	
	18,435	0
	18,436	3

## Schedule-H

Annexed to and forming part of the Balance Sheet as at 31st March 2011

## Current Assets, Loans and Advances

(Figures in Rs. Lacs)

	As at Mar'31, 2011	As at Mar'31, 2011
<b>A. Current Assets :</b>		
<b>Inventories</b>		
Raw material	-	
Packing Material, Stores and Spares	-	
Stock in Process	-	
Finished Goods	-	
<b>Sundry Debtors (Unsecured) :</b>		
Debts Outstanding for a period exceeding six months :		
Considered Good		
Considered Doubtful		
Less : Provision for Doubtful Debts	-	
Other Debts (Considered Good)	29	29
	29	29
<b>Cash and Bank balances</b>		
Cash in Hand	0	
Balances with Non Scheduled Banks :		
In Current accounts	63	293
	63	293
	92	322
<b>B. Loans and Advances (Unsecured, Considered Good)</b>		
Loans & Advances to Subsidiaries	1,294	
Security Deposit with various authorities (including Deposit with Govt. Authorities Rs.899.61 Previous year Rs. 467.09)	-	
Advance Payment of Tax	8	
Advances to Suppliers	-	
Advance to Employees	-	
Balance with Excise Authorities	-	
Other Advances Recoverable in Cash or in kind or for value to be received	9	8
	1,311	8
<b>Total (A+B)</b>	<b>1,403</b>	<b>330</b>

**Schedule - J****Annexed to and forming part of Profit & Loss Account for the year ended 31st March 2011****Sales and Other Income****(Figures in Rs. Lacs)**

	<b>For the year ended Mar'31, 2011</b>	<b>For the year ended Mar'31, 2010</b>
<b>A. Sales :</b>		
Domestic Sales Less Returns	0	0
Export Sales	0	0
	<b>0</b>	<b>0</b>
<b>B. Other Income :</b>		
Interest Received	0	0
Export Subsidy		
Rent Realised		
Sale of Scrap	0	0
Royalty Income	9	9
Profit on Sale of current investments other than trade		
Profit on Sale of Fixed Assets	0	0
	<b>9</b>	<b>9</b>

**Schedule - N****Annexed to and forming part of Profit & Loss Account for the year ended 31st March 2011****Selling and Administrative Expenses****(Figures in Rs. Lacs)**

	<b>For the year ended Mar'31, 2011</b>	<b>For the year ended Mar'31, 2010</b>
Rent	0	0
Rates and Taxes	21	0
Insurance	0	0
Sales Tax	0	0
Freight & Forwarding Charges	0	0
Commission, Discount and Rebate	0	0
Advertising and Publicity	0	0
Travel & Conveyance	0	0
Legal & Professional	42	0
Telephone, Fax Expenses	0	0
Security Expenses	0	0
General Expenses	0	15
Directors' Fees	0	0
Auditors' Remuneration :	0	0
Donation	0	0
Contribution to Scientific Research Expenses	0	0
Provision for Doubtful Debts	0	0
Loss on Sale of Fixed Assets	0	0
Fixed Assets written down	0	0
	<b>63</b>	<b>15</b>

**Schedule - O**

**Annexed to and forming part of Profit & Loss Account for the year ended 31st March 2011**

**Financial Expenses**

**(Figures in Rs. Lacs)**

	<b>For the year ended Mar'31, 2011</b>	<b>For the year ended Mar'31, 2010</b>
<b>Interest paid on :</b>		
Fixed Period Loan	191	11
Others	0	0
<b>Bank Charges</b>	<b>45</b>	<b>0</b>
	<b>236</b>	<b>11</b>



**Annexed to and forming part of the Accounts for the period ended 31<sup>st</sup> March, 2011**

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**SCHEDULE –C ACCOUNTING POLICIES & NOTES TO ACCOUNTS (Figures in Rs. Lacs)**

**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 2011

	Parent Company (DIL)	Subsidiaries (Namaste Laboratories LLC)	Total	Total Outstanding as on 31.03.2011
Royalty income	9 (9)		9 (9)	9 (9)
Loan given		1294 (0)	1294 (0)	1294 (0)
Investments made		61479 (0)	61479 (0)	61479 (0)
Payables		1 (0)	1 (0)	1 (0)

6. The body corporate has acquired 100 % stake at a consideration of Rs. 43468 lacs. 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 Rs. 18011 lacs.

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 Rs. 18011 lacs. 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. Particulars of Balances with non scheduled bank**

	Bal. as on 31/03/2011	Max. bal during 10- 11	Bal. as on 31/03/2010	Max. bal during 09-10
In Current account with CITI Bank	19	303	287	287
In Deposit Account with Bank of America	44	45109	6	9

**8. 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 1146014

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

Total Liabilities 4444593  
Total Assets 4444593

**Sources of Funds :**

Paid up capital 1148853

Unsecured Loan	3442398
Reserves & Surplus	(146658)

**Application of funds**

Net Fixed Assets	0
Investments	6147904
Net Current Assets	(1703311)

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

Turnover	914
Loss before tax	29005
Loss After tax	71405

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

Not Applicable

Signatures to the Schedules "A" to "F" 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 2011