

**INDEPENDENT AUDITOR'S REPORT
DABUR NEPAL PRIVATE LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **Dabur Nepal Private Limited** (the "Company") which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Nepal 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.

Auditors' responsibility

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 relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 opinion.

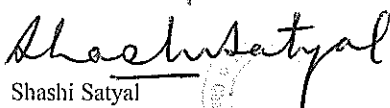
Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of Dabur Nepal Private Limited as of 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards.

Report on the Requirements of the Companies Act 2063

We have obtained information and explanations asked for, which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows have been prepared in accordance with the requirements of the Companies Act 2063 and are in agreement with the books of account of the Company; and proper books of account as required by law have been kept by the Company.

To the best of our information and according to explanations given to us and so far appeared 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 Board of Directors or any employees of the Company have acted contrary to the provisions of law relating to the accounts, or committed any misappropriation or caused loss or damage to the Company relating to the accounts in the Company.


Shashi Satyal

Partner

T R Upadhy & Co.
Chartered Accountants

Kathmandu
Date: 13 April 2018

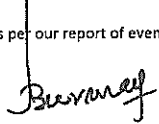
Dabur Nepal Private Limited
Statement of Financial Position as at 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

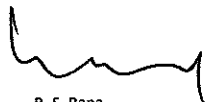
	Note	NPR				INR	
		As at		As at		As at	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017		
ASSETS							
Non-current assets							
Property, plant and equipment	4	28,736.82	22,978.22	17,960.51	14,361.39		
Capital work-in-progress	4	1,578.93	1,009.48	986.83	630.92		
Total non-current assets		30,315.75	23,987.70	18,947.34	14,992.31		
Current assets							
Inventories	5	26,957.78	25,344.49	16,848.61	15,840.31		
Financial assets							
Trade receivables	6	15,911.72	19,424.01	9,944.82	12,140.00		
Cash and cash equivalents	7	477.97	1,450.03	298.73	906.27		
Other financial assets	8	1,633.96	1,049.81	1,021.23	656.13		
Current tax assets		8,358.17	6,696.85	5,223.85	4,185.53		
Other current assets	9	9,206.83	6,698.46	5,754.27	4,186.54		
Total current assets		62,546.43	60,663.65	39,091.51	37,914.78		
TOTAL ASSETS		92,862.18	84,651.35	58,038.85	52,907.09		
EQUITY AND LIABILITIES							
Equity							
Equity Share capital	10	798.52	798.52	499.08	499.08		
Other equity		45,547.61	37,849.97	28,467.25	23,656.23		
Total Equity		46,346.13	38,648.49	28,966.33	24,155.31		
Non-current liabilities							
Long term provisions	15	196.90	383.51	123.07	239.69		
Deferred tax liabilities (net)	24	321.41	320.02	200.88	200.01		
Total non-current liabilities		518.31	703.53	323.95	439.70		
Current liabilities							
Financial liabilities							
Short term borrowing	11	16,364.66	20,205.59	10,227.91	12,628.49		
Trade payables	12	16,961.24	15,306.83	10,600.78	9,566.77		
Other financial liabilities	13	190.27	137.00	118.92	85.63		
Other current liabilities	14	3,549.99	2,436.67	2,218.74	1,522.92		
Provisions	15	22.81	20.89	14.26	13.05		
Current tax liabilities		8,908.75	7,192.36	5,567.97	4,495.23		
Total current liabilities		45,997.72	45,299.33	28,748.57	28,312.08		
TOTAL EQUITY AND LIABILITIES		92,862.18	84,651.35	58,038.85	52,907.09		

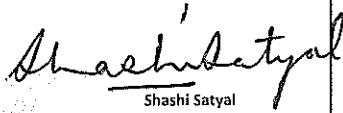
Summary of significant accounting policies 1 & 2


The accompanying notes are an integral part of these financial statements

As per our report of even date


 Pradi Burman
 Chairman


 R. S. Rana
 Managing Director


 Shashi Satyal
 Partner
 T. R. Upadhy & Co.
 Chartered Accountants


 Aditya Bhargava
 Director



Place: Kathmandu
 Date: 13.04.2018

Dabur Nepal Private Limited
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

	Note	NPR		INR	
		Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from operations	16	97,763.57	101,643.59	61,102.23	63,527.25
Other income	17	210.84	138.13	131.77	86.33
TOTAL INCOME		97,974.41	101,781.72	61,234.01	63,613.58
Cost of materials consumed	18	(64,701.12)	(71,501.18)	(40,438.20)	(44,688.24)
Changes in inventories of finished goods and work-in-progress	19	(746.96)	1,715.97	(466.85)	1,072.48
Employee benefits expenses	20	(7,661.85)	(6,874.75)	(4,788.65)	(4,296.72)
Finance costs	21	(1,076.39)	(1,394.17)	(672.75)	(871.36)
Depreciation and amortisation expenses	22	(3,362.96)	(3,490.05)	(2,101.85)	(2,181.28)
Other expenses	23	(11,042.99)	(11,222.53)	(6,901.87)	(7,014.08)
TOTAL EXPENSES		(88,592.27)	(92,766.72)	(55,370.17)	(57,979.20)
Profit/ (Loss) before tax		9,382.14	9,015.00	5,863.84	5,634.38
Tax expenses					
Current tax	24	(1,710.32)	(1,565.20)	(1,068.95)	(978.25)
Deferred tax credit/(charge)	24	(1.39)	(164.05)	(0.87)	(102.53)
PROFIT FOR THE YEAR (A)		7,670.43	7,285.75	4,794.02	4,553.59
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit plans	25	33.27	(122.32)	20.79	(76.45)
Income tax on above	24	(6.06)	21.24	(3.79)	13.27
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		27.21	(101.08)	17.00	(63.17)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		7,697.64	7,184.67	4,811.02	4,490.42
Earnings per equity share					
Basic (Face value of Rs. 100 each)		960.58	912.41	600.36	570.25
Diluted (Face value of Rs. 100 each)		960.58	912.41	600.36	570.25


Summary of significant accounting policies 1 & 2

The accompanying notes are an integral part of these financial statements

As per our report of even date


 Pradip Burman
 Chairman


 R. S. Rana
 Managing Director


 Shashi Satyal
 Partner
 T. R. Spadhy & Co.
 Chartered Accountants


 Aditya Bhargava
 Director



Place: Kathmandu
 Date: 13.04.2018

Dabur Nepal Private Limited
Statement of Cash Flows for the year ended 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

	NPR		INR	
	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax	9,382.14	9,015.00	5,863.84	5,634.38
Adjustments for:				
Depreciation on property, plant and equipment	3,362.96	3,490.05	2,101.85	2,181.28
Provision for employee benefits	(151.41)	(2.22)	(94.63)	(1.39)
Provision for Bonus	941.54	889.27	588.46	555.79
Interest expenses	1,076.39	1,394.17	672.75	871.36
Interest income	(211.44)	(86.53)	(132.15)	(54.08)
Loss/ (gain) on sale of Property, plant and equipment	242.35	278.21	151.47	173.88
Working capital adjustments:				
(Increase)/decrease in trade receivables	3,512.29	(3,654.14)	2,195.18	(2,283.84)
(Increase)/decrease in other financial assets	(781.35)	(560.27)	(488.35)	(350.17)
(Increase)/decrease in other current assets	(2,508.36)	607.11	(1,567.73)	379.44
(Increase)/decrease in inventories	(1,613.28)	(5,722.41)	(1,008.30)	(3,576.50)
Increase/(decrease) in trade payables	1,654.42	7,922.33	1,034.01	4,951.45
Increase/(decrease) in other financial liabilities	15.24	6.58	9.52	4.11
Increase/(decrease) in other current liabilities	368.98	(3,193.66)	230.61	(1,996.04)
Cash generated from operations	<u>15,290.47</u>	<u>10,383.48</u>	<u>9,556.54</u>	<u>6,489.67</u>
Taxes paid	<u>(1,661.31)</u>	<u>(892.49)</u>	<u>(1,038.32)</u>	<u>(557.80)</u>
Net cash generated from operating activities - [A]	<u>13,629.17</u>	<u>9,490.99</u>	<u>8,518.23</u>	<u>5,931.87</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment/ intangible assets	(10,092.98)	(4,447.17)	(6,308.11)	(2,779.48)
Sale proceeds of property, plant and equipment	159.61	2,091.84	99.76	1,307.40
Interest Received	211.44	86.53	132.15	54.08
Net cash used in investing activities - [B]	<u>(9,721.93)</u>	<u>(2,268.80)</u>	<u>(6,076.21)</u>	<u>(1,418.00)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest paid	(1,038.36)	(1,433.02)	(648.98)	(895.64)
Repayment of secured borrowings	<u>(5,407.32)</u>	<u>(2,000.00)</u>	<u>(4,004.58)</u>	<u>(1,250.00)</u>
Net cash used in financing activities - [C]	<u>(7,445.68)</u>	<u>(3,433.02)</u>	<u>(4,653.55)</u>	<u>(2,145.64)</u>
Net increase/(decrease) in cash and cash equivalents - (A+B+C)	(3,538.44)	3,789.17	(2,211.53)	2,368.23
Add: Cash and cash equivalents at the beginning of the year	1,244.44	(2,544.73)	777.77	(1,590.46)
Cash and cash equivalents at the end of the year	<u>(2,294.00)</u>	<u>1,244.44</u>	<u>(1,433.75)</u>	<u>777.77</u>

The accompanying notes are an integral part of these financial statements

As per our report of even date

Pradip Burman
Chairman

Aditya Bhargava
Director



R. S. Rana
Managing Director

Shashi Satyal
Partner
T. R. Upadhye & Co.
Chartered Accountants

Place: Kathmandu
Date: 13.04.2018

Dabur Nepal Private Limited
Statement of Changes in Equity for the year ended 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

NPR

Particulars	Issued Share Capital	Securities Premium	Employees' Housing Reserve	General Reserve	Retained Earnings	Total
As at 1 April, 2017	798.52	600.00	2,429.17	859.30	33,961.51	38,648.49
Profit for the year	-	-	-	-	7,670.43	7,670.43
Other comprehensive income for the year	-	-	-	-	27.21	27.21
Total comprehensive income for the year	-	-	-	-	7,697.64	7,697.64
Transfer to Employees' Housing Reserve	-	-	447.02	-	(447.02)	-
As at 31 March, 2018	798.52	600.00	2,876.19	859.30	41,212.13	46,346.13

INR

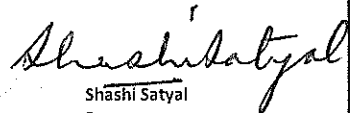
Particulars	Issued Share Capital	Securities Premium	Employees' Housing Reserve	General Reserve	Retained Earnings	Total
As at 1 April, 2017	499.08	375.00	1,518.23	537.06	21,225.94	24,155.31
Profit for the year	-	-	-	-	4,794.02	4,794.02
Other comprehensive income for the year	-	-	-	-	17.00	17.00
Total comprehensive income for the year	-	-	-	-	4,811.02	4,811.02
Transfer to Employees' Housing Reserve	-	-	279.39	-	(279.39)	-
As at 31 March, 2018	499.08	375.00	1,797.62	537.06	25,757.58	28,966.33

The accompanying notes are an integral part of these financial statements

As per our report of even date


 Pradip Burman
 Chairman


 R. S. Rana
 Managing Director


 Shashi Satyal
 Partner
 T. R. Upadhyaya & Co.
 Chartered Accountants


 Aditya Bhargava
 Director



Place: Kathmandu
 Date: 13.04.2018

Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in NPR lakhs, unless otherwise stated)

COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1. COMPANY INFORMATION

Dabur Nepal Private Limited ("Company") is a private limited company, incorporated under the Companies Act, 2063 of Nepal. The registered office of the Company and the principal place of business is located at Rampur, Tokani, Bara, Nepal.

The company, one of the largest FMCG companies in Nepal, manufactures & markets wide range of Consumer goods under segments like Food, Consumer Care, Home Care, Personal Care etc. with products like Fruit Juices/Beverages, Chyawanprash, Glucose, Tooth Paste, Hair Oil, Digestive Tablets, Honey, etc.

2. BASIS OF PREPARATION, MEASUREMENT AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and measurement

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable Nepal Financial Reporting Standards (NFRS) as issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the relevant presentational requirements of the Company Act, 2063 of Nepal.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0.00" in the relevant notes in these financial statements.

(b) Basis of measurement

These financial statements are prepared under the historical cost convention unless otherwise indicated.

2.2 Use of estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Any revision in accounting estimates is recognized prospectively in the period of change and material revision, including its impact on financial statements, is reported in the notes to accounts in the year of incorporation of revision. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

2.3 RECENT ACCOUNTING DEVELOPMENTS

There is no recent accounting developments which has impact on the financial statements of the company.

2.4 SIGNIFICANT ACCOUNTING POLICIES

2.4.1 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities. The Company classifies an asset as current when it is:

- i) Expected to be realized or intended to sold or consumed in normal operating cycle
 - ii) Held primarily for the purpose of trading
 - iii) Expected to be realized within twelve months after the reporting period or
 - iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.

The Company classifies a liability as current when:

- i) Expected to be settled in normal operating cycle
 - ii) Held primarily for the purpose of trading
 - iii) Settled within twelve months after the reporting period or
 - iv) No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
 (All amounts in NPR lakhs, unless otherwise stated)

2.4.2 Property, Plant and Equipment (PPE)

This includes tangible assets held for use in production, supply of goods or services or for administrative purposes. These are recognized and carried under cost model i.e. cost less accumulated depreciation and impairment loss, if any which is akin to recognition criteria under erstwhile GAAP. Cost includes freight, duties, taxes and other expenses directly incidental to acquisition, bringing the asset to the location and installation including site restoration up to the time when the asset is ready for intended use. Such Costs also include Borrowing Cost if the recognition criteria are met. When a major inspection/repair occurs, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of previous inspection/repair is derecognized. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequently property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Tangible assets not ready for the intended use on the date of Statement of Financial Position are disclosed as "Capital work-in-progress".

During sales of fixed assets any profit earned / loss sustained towards excess / shortfall of sale value vis-avis carrying cost of assets is

Depreciation

Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation on additions to fixed assets is charged on pro-rata basis in the year of purchase. The useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:

Particulars	Useful life (Years)	Depreciation Rate (%)
Buildings	58-59	5
Plant and equipment	18-19	15
Furniture and Fixtures	10-11	25
Vehicles	13-14	20
Office equipment	10-11	25

Components relevant to fixed assets, where significant, are separately depreciated on written down basis in terms of their life span assessed by technical evaluation in item specific context.

2.4.3 Impairment of non- financial assets

- An asset is deemed impairable when recoverable value is less than its carrying cost and the difference between the two represents provisioning exigency. Recoverable value is the higher of the 'Value in Use' and fair value as reduced by cost of disposal. Test of impairment of PPE and other non-financial assets are undertaken under Cash Generating Unit (CGU) concept.

- Test of impairment of assets are generally undertaken based on indication of impairment, if any, from external and internal sources of information outlined in para 12 of NAS-36. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.4.4 Financial Instrument

(a) Financial Assets

Initial Recognition and Measurement: All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

Subsequent Measurement: For purpose of subsequent measurement financial assets are classified in two broad categories:-

- Financial Assets at fair value
- Financial assets at amortized cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss , or recognized in other comprehensive income. A financial asset that meets the following two conditions is measured at amortized cost.

- Business Model Test: The objective of the company's business model is to hold the financial asset to collect the contractual cash flows.

- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through OCI:-

- Business Model Test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are measured at fair value through profit and loss.

Impairment of financial assets

The company assesses impairment based on expected credit losses (ECL) model at an amount equal to:-

- 12 months expected credit losses, or
- Lifetime expected credit losses

depending upon whether there has been a significant increase in credit risk since initial recognition. However, for trade receivables, the company does not track the changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in NPR lakhs, unless otherwise stated)

(b) Financial Liabilities

All financial liabilities are initially recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Financial liabilities are classified as measured at amortized cost or fair value through profit and loss (FVTPL). A financial liability is classified as FVTPL if it is classified as held for trading, or it is a derivative or is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at fair value and net gain or losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on de-recognition is also recognized in statement of profit and loss.

2.4.5 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, cash credit loan, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.4.6 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost includes purchase price, duties, transport & handling costs and other costs directly attributable to the acquisition and bringing the inventories to their present location and condition.

The basis of determination of cost remains as follows:

- Raw Material* - At Actual cost on weighted average basis
- Packing Material* - At Actual cost on weighted average basis
- Finished Goods* - At the cost of raw materials, a proportionate share of fixed and variable production overheads incurred in bringing the inventories to their present location and condition.
- Work in Progress* - At the cost of raw materials, a proportionate share of fixed and variable production overheads incurred in bringing the inventories to their present location and condition.
- Spare Parts* - At Actual cost on weighted average basis
- Goods in Transit* - At actual cost

Management determines that all stores and spare parts are of consumable nature and are held for consumption in the production of goods to be sold. These are either expected to be used within one year or the economic values will be obtained when consumed. Therefore, these store, spare parts and loose tools have been considered as inventory and presented accordingly.

2.4.7 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's equity shares are classified as equity instruments.

2.4.8 Revenue Recognition

- Sales have been recognized with the transfer of significant risk and rewards of ownership of the goods, with the company losing effective control or the right to managerial involvement thereon and the revenue (representing future economic benefit associated with the transaction) including cost incurred or to be incurred in respect of the transaction are measurable reliably and the recovery of the consideration is probable.
- Revenue from services are recognized in proportion to the stage of completion of transaction at the end of reporting period, and cost incurred in the transaction including same to complete the transaction and revenue (representing economic benefit associated with the transaction) can be measured reliably.
- Sales are measured at the fair value of consideration received or receivable. Sales recognized is net of VAT, rebates and discount but gross of excise duty. Export Sales attract zero rated Value Added Taxes.
- Other incomes have been recognized on accrual basis in financial statements except for cash flow information.
- Interest income is recognized on the time proportion basis.

2.4.9 Employment benefits

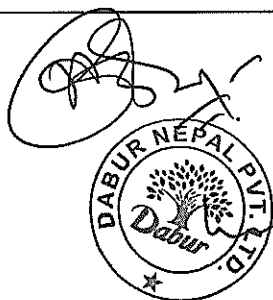
Liabilities in respect of employee benefits to employees are provided for as follows:

Short-term employee benefits

i) Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long Term Employee Benefit Plan

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in lakhs, unless otherwise stated)

	NPR			INR
Note 24				
INCOME TAXES				
Tax expense recognised in the Statement of Profit and Loss	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Current tax				
Current income tax charge	1,710.32	1,565.20	1,068.95	978.25
Deferred tax credit/(charge)				
Origination and reversal of temporary differences	1.39	164.05	0.87	102.53
Adjustments/(credits) related to previous years - (net)	-	-		
Income tax expense reported in statement of Profit or Loss	1,711.71	1,729.25	1,069.82	1,080.78
Tax expense recognised in Other comprehensive income				
	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Current tax				
Net loss/(gain) on remeasurement of defined benefit plans	6.06	(21.24)	3.79	(13.27)
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Change in tax rates	-	-	-	-
Income tax charged to OCI	6.06	(21.24)	3.79	(13.27)
Reconciliation of tax liability on book profit vs-à-vis actual tax liability				
	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Accounting Profit/ (Loss) before income tax	9,382.14	9,015.00	5,863.84	5,634.38
Add: Items of Other Comprehensive Income (OCI)	33.27	(122.32)	20.79	(76.45)
Profit before tax including OCI items	9,415.41	8,892.69	5,884.63	5,557.93
Enacted tax rate	16.27%	16.20%	16.27%	16.20%
Computed tax expense	1,531.89	1,440.62	957.43	900.38
Differences due to:				
Additional allowance for tax purpose	-185.51	-103.92	-115.94	-64.95
Expenses not allowed for tax purpose	348.55	207.27	217.85	129.54
Other temporary differences	21.45	-	13.41	-
Income tax expense charged to the statement of Profit or Loss and OCI	1,716.38	1,543.97	1,072.74	964.98

The movement in deferred tax assets and liabilities during the year ended 31 March, 2018 and 31 March, 2017:

	NPR			
	As at	Credit/(charge) in	Credit/(charge) in	As at
	1 April, 2016	the Statement of	Other	31 March, 2017
		Profit and Loss	Comprehensive	
			Income	
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	-	30.43	-	30.43
Provision for doubtful debts and advances	-	44.02	-	44.02
Expenses allowable for tax purposes when paid	175.29	(175.29)	-	-
Depreciation	-	(394.47)	-	(394.47)
Other temporary differences	-	-	-	-
	175.28	(495.31)	-	(320.02)
Movement during the year ended 31 March, 2018	As at	Credit/(charge) in	Credit/(charge) in	As at
	1 April, 2017	the Statement of	Other	31 March, 2018
		Profit and Loss	Comprehensive	
			Income	
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	30.43	5.32	-	35.75
Provision for doubtful debts and advances	44.02	0.15	-	44.17
Expenses allowable for tax purposes when paid	-	-	-	-
Depreciation	(394.47)	(6.86)	-	(401.33)
Other temporary differences	-	-	-	-
	(320.03)	(1.39)	-	(321.41)



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in NPR lakhs, unless otherwise stated)

2.4.12 Provisions and Contingencies

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

No contingent asset is recognized but disclosed by way of notes to accounts.

2.4.13 Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributed to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.4.14 Borrowing Cost

Borrowing cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale. Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as expense in the period in which they are incurred.

2.4.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of accruals of past or future cash receipts or payments. The cash flows from regular revenue generating & investing activities of the company are segregated.

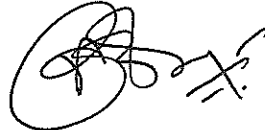
2.4.16 Lease

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

When all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are taken to the Statement of Profit or Loss over the lease term.

Expenses/Income under operating lease are more or less same as that of rental income/payment accounted for on accrual basis unless an escalation clause forms integral part of lease agreement in which case income booking is appropriately averaged.

Depreciation on leasehold assets is provided on straight line method over the period of lease.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in NPR lakhs, unless otherwise stated)

NPR

Note 4

PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Capital WIP	Total
Gross Block								
Balance as at 31 March, 2017	521.08	6,260.57	36,305.51	578.16	1,334.50	904.09	1,009.48	46,913.38
Additions		2,115.42	6,975.92	13.92	335.75	82.52	569.46	10,092.98
Disposals		(171.32)	(1,264.30)	(12.23)	(162.53)	(51.66)	-	(1,662.05)
Balance as at 31 March, 2018	521.08	8,204.66	42,017.13	579.84	1,507.72	934.95	1,578.93	55,344.32

Accumulated Depreciation and Impairment

Balance as at 31 March, 2017	-	2,610.07	18,752.54	416.48	612.67	533.93	-	22,925.69
Additions	-	197.38	2,865.26	39.73	165.89	94.69	-	3,362.96
Disposals	-	(100.82)	(979.44)	(11.38)	(121.44)	(46.99)	-	(1,260.08)
Balance as at 31 March, 2018	-	2,706.63	20,638.36	444.82	657.13	581.63	-	25,028.57

Net Block

Balance as at 31 March, 2017	521.08	3,650.50	17,552.98	161.68	721.82	370.16	1,009.48	23,987.70
Balance as at 31 March, 2018	521.08	5,498.03	21,378.77	135.02	850.59	353.32	1,578.93	30,315.75

INR

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Capital WIP	Total
Gross Block								
Balance as at 31 March, 2017	325.68	3,912.86	22,690.94	361.35	834.06	565.05	630.92	29,320.87
Additions		1,322.14	4,359.95	8.70	209.84	51.58	355.91	6,308.11
Disposals		(107.08)	(790.19)	(7.65)	(101.58)	(32.29)	-	(1,038.78)
Balance as at 31 March, 2018	325.68	5,127.92	26,260.71	362.40	942.32	584.34	986.83	34,590.20

Accumulated Depreciation and Impairment

Balance as at 31 March, 2017	-	1,631.29	11,720.34	260.30	382.92	333.71	-	14,328.55
Additions	-	123.36	1,790.79	24.83	103.68	59.18	-	2,101.85
Disposals	-	(63.01)	(612.15)	(7.11)	(75.90)	(29.37)	-	(787.55)
Balance as at 31 March, 2018	-	1,691.64	12,898.97	278.01	410.70	363.52	-	15,642.85

Net Block

Balance as at 31 March, 2017	325.68	2,281.56	10,970.61	101.05	451.14	231.35	630.92	14,992.31
Balance as at 31 March, 2018	325.68	3,436.27	13,361.73	84.39	531.62	220.82	986.83	18,947.34

Note: All the fixed assets are pledged against short term borrowings. Refer Note 11 for detail of such loan and charge on assets.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 5				
INVENTORIES	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Raw materials	11,764.94	10,405.03	7,353.10	6,503.16
Packing materials	4,511.73	5,008.17	2,819.83	3,130.11
Materials in transit	7,742.26	6,265.58	4,838.91	3,915.99
Work-in-progress	469.81	378.37	293.63	236.48
Finished goods	2,240.10	3,078.52	1,400.07	1,924.07
Stores and spares	228.93	208.82	143.07	130.50
Total	26,957.78	25,344.49	16,848.61	15,840.31

Note: All the inventories are pledged against short term borrowings. Refer Note 11 for detail of such loan and charge on assets.

	NPR		INR	
Note 6				
TRADE RECEIVABLES	As at	As at	As at	As at
(Unsecured unless otherwise stated)	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Considered good	15,911.72	19,424.01	9,944.82	12,140.00
Considered doubtful	271.50	271.75	169.69	169.85
Less: Allowance for bad and doubtful debts (Refer (a) below)	(271.50)	(271.75)	(169.69)	(169.85)
Total	15,911.72	19,424.01	9,944.82	12,140.00

Note: All the Trade Receivables are pledged against short term borrowings. Refer Note 11 for detail of such loan and charge on assets.

(a) The movement in allowance for bad and doubtful debts is as follows:

Balance as at beginning of the year	271.75	271.75	169.85	169.85
Allowance for bad and doubtful debts during the year	-	-	-	-
Trade receivables recovered during the year	(0.25)	-	(0.16)	-
Balance as at the end of the year	271.50	271.75	169.69	169.85

	NPR		INR	
Note 7				
CASH AND CASH EQUIVALENTS	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Cash in hand	4.44	5.25	2.78	3.28
Cheques / draft in hand				
Balances with Banks				
In current accounts	473.53	1,444.78	295.95	902.99
Total	477.97	1,450.03	298.73	906.27

Note: All the Cash & Cash equivalents are pledged against short term borrowings. Refer Note 11 for detail of such loan and charge on assets.

	NPR		INR	
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Cash at banks and on hand	477.97	1,450.03	298.73	906.27
Cash Credit Loan	(2,771.98)	(205.59)	(1,732.48)	(128.49)
Cash and cash equivalent presented in cash flow statement	(2,294.00)	1,244.44	(1,433.75)	777.77

	NPR		INR	
Note 8				
OTHER FINANCIAL CURRENT ASSETS	As at	As at	As at	As at
(Unsecured unless otherwise stated)	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Considered good				
Advances to employees	235.89	131.24	147.43	82.02
Net Value of Plan Asset (Gratuity)	32.76	-	20.48	-
Deposit with others	14.33	14.32	8.96	8.95
Others	1,350.98	904.25	844.36	565.16
Total	1,633.96	1,049.81	1,021.23	656.13

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 9				
OTHER CURRENT ASSETS	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Balance with government authorities	4,815.14	5,883.34	3,009.46	3,677.09
Advance to suppliers	4,354.81	737.92	2,721.76	461.20
Prepaid expenses	172.77	190.95	107.98	119.35
Less: Allowance for bad and doubtful receivables (Refer (a) below)	(135.89)	(113.75)	(84.93)	(71.10)
Total	9,206.83	6,698.46	5,754.27	4,186.54

Note: All other current assets are pledged against short term borrowings. Refer Note 11 for detail of such loan and charge on assets.

(a) The movement in allowance for bad and doubtful receivables is as follows:

Balance as at beginning of the year	113.75	-	71.10	-
Allowance for bad and doubtful receivables during the year	22.14	113.75	13.84	71.10
Receivables written off during the year	-	-	-	-
Balance as at the end of the year	135.89	113.75	84.93	71.10

Note 10

	NPR		INR	
EQUITY SHARE CAPITAL				
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Authorized				
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	800.00	800.00	500.00	500.00
Subscribed and fully paid up				
798,520 Equity Shares of Rs 100 each	798.52	798.52	499.08	499.08
	798.52	798.52	499.08	499.08

a) Reconciliation of the number of shares

	NPR				INR			
Equity Shares:	As at 31 March 2018		As at 31 March 2017		As at 31 March 2018		As at 31 March 2017	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Balance as at the beginning of the year	798,520	798.52	798,520	798.52	798,520	499.08	798,520	499.08
Balance as at the end of the year	798,520	798.52	798,520	798.52	798,520	499.08	798,520	499.08

b) Rights, preferences and restrictions attached to shares

Equity shares: The Company has one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by holding company and subsidiaries of holding company in aggregate

	NPR		INR	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Equity Shares of Rs. 100 each:				
778,557 shares (31 March, 2018: 778,557 and 01 April, 2017: 778,557) held by Dabur International	778.56	778.56	486.60	486.60

d) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Number of shares	778.56	778.56	778.56	778.56
Dabur International, the holding company	97.50%	97.50%	97.50%	97.50%



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 11				
SHORT-TERM BORROWINGS	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Working Capital Demand Loan				
Secured	13,592.68	20,000.00	8,495.42	12,500.00
Cash Credit Loan				
Secured	2,771.98	205.59	1,732.48	128.49
Total	16,364.66	20,205.59	10,227.91	12,628.49
Note: The company has entered into consortium arrangement for short-term borrowings with Nabil Bank Limited, Standard Chartered Bank Limited, Everest Bank Limited and Nepal SBI Limited. These loans are secured as first charge by way of hypothecation on all current assets and second charge on fixed assets ranking pari passu among bankers.				
Note 12				
TRADE PAYABLES	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Creditors for goods and services	16,961.24	11,770.10	10,600.78	7,356.32
Acceptances	-	3,536.73	-	2,210.45
Total	16,961.24	15,306.83	10,600.78	9,566.77
Note 13				
OTHER FINANCIAL CURRENT LIABILITIES	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Security deposits	32.46	17.23	20.29	10.78
Interest accrued but not due on loans	157.81	119.77	98.63	74.85
Total	190.27	137.00	118.92	85.63
Note 14				
OTHER CURRENT LIABILITIES	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Salaries, wages and bonus payable	3,310.27	2,248.21	2,068.92	1,405.13
Statutory dues (Including provident fund, tax deducted at source and others)	214.67	146.48	134.17	91.55
Advance from customers	25.05	41.97	15.65	26.23
Total	3,549.99	2,436.67	2,218.74	1,522.92
Note 15				
PROVISIONS	As at	As at	As at	As at
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
NON-CURRENT				
Provision for employee benefits:				
Provision for Gratuity Payable	-	216.57	-	135.36
Provision for leave encashment	173.41	166.94	108.38	104.33
Provision for Sick leave encashment	23.50	-	14.69	-
Total (A)	196.90	383.51	123.07	239.69
CURRENT				
Provision for employee benefits:				
Provision for leave encashment	19.26	20.89	12.04	13.05
Provision for Sick leave encashment	3.55	-	2.22	-
Total (B)	22.81	20.89	14.26	13.05
Total (A+B)	219.71	404.39	137.32	252.75



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
(All amounts in lakhs, unless otherwise stated)

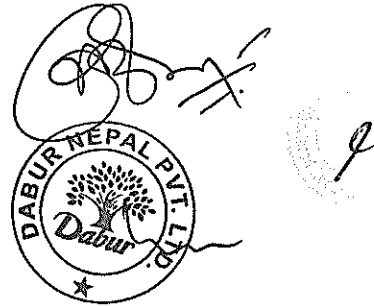
	NPR		INR	
Note 16				
REVENUE FROM OPERATIONS	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Sale of products				
Domestic	44,461.59	38,376.39	27,788.49	23,985.24
Export	60,527.12	68,637.18	37,829.45	42,898.24
Less: Rebate and Discount	(6,293.82)	(4,361.25)	(3,933.64)	(2,725.78)
Less: Excise Duty	(1,554.78)	(1,386.90)	(971.74)	(866.81)
	97,140.10	101,265.42	60,712.56	63,290.89
Other operating revenue				
Sale of scrap	623.47	378.17	389.67	236.36
Total	97,763.57	101,643.59	61,102.23	63,527.25
Note 17				
OTHER INCOME	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Interest income	211.44	86.53	132.15	54.08
Net gain / (loss) on foreign currency transaction & translation	(11.85)	47.07	(7.41)	29.42
Balance written back	6.02	1.54	3.76	0.96
Miscellaneous Receipts	5.24	2.99	3.27	1.87
Total	210.84	138.13	131.77	86.33
Note 18				
COST OF MATERIALS CONSUMED	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Raw materials consumed	42,846.39	46,933.12	26,778.99	29,333.20
Packing materials consumed	21,854.73	24,568.07	13,659.21	15,355.04
Total	64,701.12	71,501.18	40,438.20	44,688.24
Cost of materials consumed is based on derived values.				
Note 19				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Opening inventories				
Finished goods	3,078.52	845.70	1,924.07	528.57
Work-in-progress	378.37	895.20	236.48	559.50
Closing inventories				
Finished goods	2,240.10	3,078.52	1,400.07	1,924.07
Work-in-progress	469.81	378.37	293.63	236.47
Total	746.96	(1,715.97)	466.85	(1,072.48)
Note 20				
EMPLOYEE BENEFITS EXPENSES	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Salaries and wages	5,311.15	4,899.09	3,319.47	3,061.93
Staff bonus	941.54	889.27	588.46	555.79
Contribution to provident funds and other funds	186.82	166.00	116.76	103.75
Defined benefit plan expenses (Refer Note 25)	206.05	94.26	128.78	58.91
Workmen and staff welfare expenses	619.62	526.78	387.26	329.24
Director's Remuneration	396.67	299.37	247.92	187.10
Total	7,661.85	6,874.75	4,788.65	4,296.72
Note 21				
Finance cost	Year ended	Year ended	Year ended	Year ended
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Interest expenses	1,013.84	1,282.40	633.65	801.51
Bank charges	62.55	111.77	39.09	69.85
Total	1,076.39	1,394.17	672.75	871.36



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
 (All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 22				
DEPRECIATION AND AMORTISATION EXPENSES	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on tangible assets	3,362.96	3,490.05	2,101.85	2,181.28
Total	3,362.96	3,490.05	2,101.85	2,181.28

	NPR		INR	
Note 23				
OTHER EXPENSES	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Stores and Spares Consumed	193.89	199.92	121.18	124.95
Power and Fuel	2,525.43	2,660.89	1,578.39	1,663.06
Processing charges	67.40	61.13	42.13	38.21
Rent	235.48	190.77	147.18	119.23
Repair to Building	144.45	22.28	90.28	13.92
Repairs to plant and equipment	1,054.06	1,348.09	658.79	842.55
Repair to Others	1,125.14	970.57	703.21	606.61
(Gain)/ Loss on sale of fixed assets	242.35	278.21	151.47	173.88
Rates & taxes (excluding income tax)	7.88	0.79	4.93	0.49
Insurance	271.46	268.60	169.66	167.87
Advertisement and Publicity	2,359.48	2,693.48	1,474.68	1,683.42
Freight and Forwarding Charges	1,540.46	1,286.10	962.79	803.81
General charges	20.98	10.94	13.11	6.84
Balance written off	2.09	0.00	1.31	0.00
Travel and Conveyance	462.29	453.27	288.93	283.29
Legal and Professional	235.60	210.06	147.25	131.29
Telephone and Communication Expenses	40.55	67.37	25.34	42.10
Printing and Stationery	51.40	62.96	32.12	39.35
Security Expenses	160.49	170.32	100.31	106.45
Research and Development expenses	0.46	7.74	0.29	4.84
Auditor's Remuneration	11.17	9.33	6.98	5.83
Provision for Doubtful Debts	21.89	20.58	13.68	12.87
Corporate Social Responsibility	59.66	48.47	37.29	30.29
Other expenses	208.94	180.69	130.59	112.93
Total	11,042.99	11,222.53	6,901.87	7,014.08



Dabur Nepal Private Limited
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Defined benefit schemes

Gratuity Liability on the basis of actuarial valuation as per NAS-19. Liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the end of each reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of defined benefit is determined by discounting the estimated future cash outflows by reference to market yield at the end of each reporting period on government bonds that have terms approximate to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Any changes in the liabilities over the year due to changes in assumptions or experience within the scheme, are recognized in other comprehensive income in the period in which they arise.

The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Gratuity is funded and deposited to a separate entity administered by a independent trust towards meeting the gratuity obligation.

2.4.10 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 on that date. All exchange differences in respect of foreign currency transactions are dealt with in the Statement of Profit or Loss.

The company secures the Foreign Currency exposure risks by entering into Forward Contract and the difference between forward exchange rates and the exchange rate at the date of transactions are recognized as income or expense over the life of the contracts. Profit /Loss arising on cancellation or renewal of forward contracts are recognized as income/expense for the period. Gains/losses on account of foreign exchange rate fluctuations relating to monetary items are accounted for in the Statement of Profit or Loss at the period end.

2.4.11 Taxation

Income Tax

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the Statement of Profit or Loss except to the extent that it relates to items recognized directly to equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rates applicable to company:

Income from local sale of goods: 18% (FY 2016/17: 18%)

Income from export sale of goods: 15% (FY 2016/17: 15%)

Deferred tax

Deferred tax is provided using balance sheet approach on temporary differences at the reporting date as difference between the tax base and the carrying amount of assets and liabilities. Deferred tax is recognized subject to the probability that taxable profit will be available against which the temporary differences can be reversed. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2018
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Note 25

Post employment benefit plans

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount equivalent as per old labor law of Nepal for each completed year of service. Vesting occurs on completion of 3 continuous years of service as per old labor law of Nepal. However, from 4th September 2017, New labor law (NLL) enacted. As per the new labor law, the company should make contribution @ 8.33% of the basic pay per month. Hence, till 3rd September 2017, the company makes contributions to Dabur Employees Gratuity Trust, which is funded defined benefit plan for qualifying employees. Amount of obligation and assets for the year ended 31 March 2018 and 31 March 2017 were derived on basis of actuarial valuation carried out 31 March 2018 and 31 March 2017 respectively.

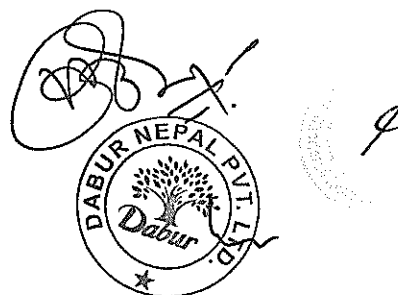
The following tables summarise the components of net benefit expense recognised in the statement of income and amounts recognised in the statement of financial position for the plan:

2017-18 changes in the defined benefit obligation and Fair value of plan assets

	Benefit cost charged to income statement				Re-measurement gain/(losses) in other comprehensive income			Contribution by employer	Balance at 31 March 2018	
	Balance at 1 April 2017	Service cost	Net Interest	Sub-total included in profit or loss	Benefits paid	Return on plan assets less interest on plan assets	Experience adjustments			Sub-total included in OCI
Gratuity obligation	(990.54)	(91.63)	(74.29)	(165.91)	18.51	-	(4.92)	(4.92)	-	(1,142.87)
Fair value of plan assets	773.97	-	58.05	58.05	(17.30)	38.19	-	38.19	364.57	1,217.49
Provision as per NLL										(41.85)
	(216.57)	(91.63)	(16.24)	(107.86)	1.22	38.19	(4.92)	33.27	364.57	32.76
Benefit Liability	(216.57)	(91.63)	(16.24)	(107.86)	1.22	38.19	(4.92)	33.27	364.57	32.76

2016-17 changes in the defined benefit obligation and Fair value of plan assets

	Benefit cost charged to income statement				Re-measurement gain/(losses) in other comprehensive income			Contribution by employer	Balance at 31 March 2017	
	Balance at 1 April 2016	Service cost	Net Interest	Sub-total included in profit or loss	Benefits paid	Return on plan assets less interest on plan assets	Experience adjustments			Sub-total included in OCI
Gratuity obligation	(785.65)	(84.81)	(58.92)	(143.72)	54.32	-	(115.49)	(115.49)	-	(990.54)
Fair value of plan assets	659.65	-	49.47	49.47	(54.32)	(6.83)	-	(6.83)	126.00	773.97
	(126.00)	(84.81)	(9.45)	(94.25)	-	(6.83)	(115.49)	(122.32)	126.00	(216.57)
Benefit Liability	(126.00)	(84.81)	(9.45)	(94.25)	-	(6.83)	(115.49)	(122.32)	126.00	(216.57)



Dabur Nepal Private Limited
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Note 25: Post employment benefit plans (Continued...)

The major categories of plan assets of the fair value of the total plan assets are, as follows:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Quoted Value	-	-
Non-Quoted Value		
Others	1,217.49	773.97
Total	1,217.49	773.97

The principal assumptions used in determining post-employment benefit obligations for the Company's plans are shown below:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Discount rate	7.50%	7.50%
Salary escalation rate for Gratuity	5.00%	5.00%
Expected return on assets	7.50%	7.50%
Mortality in Service	Indian Assured Lives Mortality (2006 - 08) table	Indian Assured Lives Mortality (2006 - 08) table

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The following payments are expected contributions to the defined benefit plan in future years:

Defined benefit obligation - Gratuity	For the year ended 31 March 2018
0 to 1 Year	134.27
1 to 2 Year	62.33
2 to 3 Year	59.24
3 to 4 Year	56.22
4 to 5 Year	53.20
5 to 6 Year	62.79
6 Year Onwards	714.82
Weighted average duration of the above defined benefit obligation	10.16 years



Dabur Nepal Private Limited
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Note 26

EARNINGS PER SHARE

	Year ended 31 March 2018	Year ended 31 March 2017
Earnings Per Share has been computed as under:		
Profit for the year	7,670.43	7,285.75
Weighted average number of equity shares outstanding	798,520	798,520
Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share)	960.58	912.41
Add: Weighted average number of potential equity shares on account of employee stock options/performance share schemes		
Weighted average number of Equity shares (including dilutive shares) outstanding	798,520	798,520
Earnings Per Share (Rs.) - Diluted (Face value of Rs. 100 per share)	960.58	912.41

Note 27

FINANCIAL INSTRUMENTS

ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The fair value of the assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

1. Fair Value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to the short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to the account for the expected losses of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The carrying amounts and fair values of financial instruments by class are as follows:

	Note	Carrying value		Fair value	
		As at	As at	As at	As at
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
Trade receivables	6	15,911.72	19,424.01	15,911.72	19,424.01
Cash and cash equivalents	7	477.97	1,450.03	477.97	1,450.03
Other financial assets	8	1,633.96	1,049.81	1,633.96	1,049.81
		<u>18,023.65</u>	<u>21,923.85</u>	<u>18,023.65</u>	<u>21,923.85</u>
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Short term borrowing	11	16,364.66	20,205.59	16,364.66	20,205.59
Trade payables	12	16,961.24	15,306.83	16,961.24	15,306.83
Other financial liabilities	13	190.27	137.00	190.27	137.00
		<u>33,516.17</u>	<u>35,649.41</u>	<u>33,516.17</u>	<u>35,649.41</u>

INCOME, EXPENSES, GAINS OR LOSSES ON FINANCIAL INSTRUMENTS

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

	Year ended 31 March, 2018	Year ended 31 March, 2017
Financial assets measured at amortised cost		
Interest income	-	-
Financial liabilities measured at amortised cost		
Interest expense	1,013.84	1,282.40



Note 28
FINANCIAL RISK MANAGEMENT

The Company's financial risk management is an integral part of how to plan and execute its business strategies.

Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows arising out of change in the price of a financial instrument. These include change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a Risk Management Committee engaged in, inter alia, evaluation and identification of risk factors with the object of governing/mitigating them according to Company's objectives and declared policies in specific context of impact thereof on various segments of financial instruments. The Board provides oversight and reviews the Risk management policy on a quarterly basis.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to balance the Company's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Company is subject to the risk that changes in foreign currency values impact the Company's imports of raw material and property, plant and equipment. The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The aim of the Group's approach to management of currency risk is to leave the Company with no material residual risk. This aim has been achieved in all years presented. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are fully covered with strict limits placed on the amount of uncovered exposure, if any, at any point in time.

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of account receivables. Individual risk limits are set accordingly. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company considers reasonable and supportive forward-looking information. Financial assets are written off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Company. The Company provides for overdue outstanding for more than 90 days other than institutional customers which are evaluated on a case to case basis.

Liquidity Risk

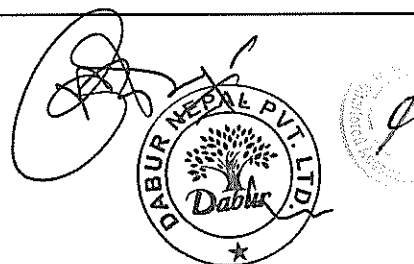
Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for maintenance of liquidity (including quasi liquidity), continuity of funding as well as timely settlement of debts. In addition, policies related to mitigation of risks are overseen by senior management. Management monitors the Group's net liquidity position on the basis of expected cash flows vis a vis debt service fulfillment obligation.

Note 29
CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the company. The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to the shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aim to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to return excess liquidity to shareholders by continuing to distribute dividends in future periods.



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Note 30

RELATED PARTY DISCLOSURES

(a) Relationship

The company is controlled by Dabur International Limited which owns 97.5% of the company's shares.

Relationship	Related Parties
Holding Company	Dabur International Limited
Ultimate Holding Company	Dabur India Limited
Group / Fellow Subsidiaries	Asian Consumer Care Private Limited
	Dabur Lanka Private Limited

(b) Transactions with key management personnel

Key Management Personnel compensation :

Particulars	Current year	Previous Year
Short-term employee benefits	413.24	305.24

Note: - The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. Also, the liabilities for defined benefit plans (i.e. gratuity obligations) and leave encashment are provided on an actuarial basis for the company as a whole, so the amounts pertaining to the key management personnel are not included above.

(c) Other related party transactions

Name of the related party	Nature of transaction	Transaction		Outstanding balance	
		Current Year	Previous Year	Current Year	Previous Year
Dabur International Limited	Purchase of Materials	0.30	1.12	(2.02)	-
Dabur Lanka Private Limited	Purchase of Materials	38.61	-	-	-
Dabur India Limited	Sale of goods	60,345.42	68,393.83	7,146.58	12,482.03
Dabur Lanka Private Limited	Advance for purchase of Materials	0.17	-	0.17	-
Dabur India Limited	Purchase of Materials	904.10	747.22	(295.49)	(13.20)
Asian Consumer Care Private Limited	Sale of goods	181.48	242.35	25.35	4.24

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Note 31

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

A) Contingent liabilities

	As at 31 March 2018	As at 31 March, 2017
Claims against the Company not acknowledged as debts		
Open and Unexpired Letters of Credit	5,155.77	8,088.51
Unexpired Bank Guarantees	5,907.09	5,218.72
Income Tax in Appeal (FY. 64-65)	32.00	29.27
Income Tax in Appeal (FY. 65-66, 66-67)	200.03	181.94
Income Tax in Appeal (FY. 67-68)	106.99	96.61
Income Tax in Administrative review in IRD (FY: 68-69)	183.26	
Income Tax in Administrative review in IRD (FY: 69-70)	253.49	
Income Tax in Administrative review in IRD (FY: 70-71)	178.58	
Income Tax in Administrative review in IRD (FY: 71-72)	105.02	
	12,122.24	13,615.05

(i) It is not practicable for the Company to estimate the timings and amount of cash outflows, if any, in respect of the above pending resolution of the respective

(ii) The Company does not expect any reimbursements in respect of the above contingent liabilities.

b) Capital commitments

	As at 31 March 2018	As at 31 March, 2017
Estimated value of contracts in capital account remaining to be executed and not provided for	1,833.00	1,719.79
	1,833.00	1,719.79

