

INDEPENDENT AUDITOR'S REPORT
DABUR NEPAL PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dabur Nepal Private Limited (the "Company"), which comprise the statement of financial position as at 31 March 2020, 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, including a summary of significant accounting policies. These financial statements have been prepared to enable its holding company to prepare consolidated financial statements of the group.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRSs).

Basis for Opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Institute of Chartered Accountant of Nepal's code of ethics for Professional Accountants (ICAN Code) together with the ethical requirements that are relevant to our audit of financial statements in Nepal, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAN Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal circumstances control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Shashi Satyal
Partner

PKF T R Upadhyaya & Co.
Chartered Accountants
Kathmandu, Nepal

Date: 23 April 2020
UDIN : 200427CA00008h3fJh

Dabur Nepal Private Limited
Statement of Financial Position as at 31 March, 2020
(All amounts in lakhs, unless otherwise stated)

	Note	NPR		INR	
		As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
ASSETS					
Non-current assets					
Property, plant and equipment	3	29,907.73	29,426.36	18,692.33	18,391.48
Capital work-in-progress	3	505.39	740.11	315.87	462.57
Total non-current assets		30,413.12	30,166.47	19,008.20	18,854.05
Current assets					
Inventories	4	21,361.27	24,975.01	13,350.79	15,609.38
Financial assets					
Trade receivables	5	17,843.92	15,276.12	11,152.45	9,547.58
Cash and cash equivalents	6	469.03	310.12	293.14	193.83
Other financial assets	7	3,054.99	2,138.97	1,909.37	1,336.85
Current tax assets		11,001.49	9,780.07	6,875.92	6,112.53
Other current assets	8	9,819.01	9,902.50	6,136.88	6,189.06
Total current assets		63,549.71	62,382.79	39,718.56	38,989.23
TOTAL ASSETS		93,962.83	92,549.26	58,726.76	57,843.28
EQUITY AND LIABILITIES					
Equity					
Equity Share capital	9	798.52	798.52	499.08	499.08
Other equity		57,845.14	52,400.08	36,153.21	32,750.04
Total Equity		58,643.66	53,198.60	36,652.28	33,249.12
Non-current liabilities					
Long term provisions	14	254.38	226.68	158.99	141.67
Deferred tax liabilities (net)	23	459.87	373.86	287.42	233.66
Total non-current liabilities		714.26	600.54	446.41	375.33
Current liabilities					
Financial liabilities					
Short term borrowing	10	10,566.95	12,680.53	6,604.35	7,925.33
Trade payables	11	8,435.62	11,421.62	5,272.26	7,138.51
Other financial liabilities	12	42.77	102.54	26.73	64.09
Other current liabilities	13	3,583.75	3,791.24	2,239.85	2,369.52
Provisions	14	542.68	443.35	339.17	277.09
Current tax liabilities		11,433.12	10,310.84	7,145.71	6,444.29
Total current liabilities		34,604.90	38,750.12	21,628.07	24,218.83
TOTAL EQUITY AND LIABILITIES		93,962.83	92,549.26	58,726.76	57,843.28

Summary of significant accounting policies 1 & 2

The accompanying notes are an integral part of these financial statements



R. S. Rana
Managing Director



Harkirat Singh Bedi
Director

As per our report of even date



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



Pankaj Bajaj
Finance Head



Place: Kathmandu
Date: 23.04.2020



Dabur Nepal Private Limited
Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March, 2020
 (All amounts in lakhs, unless otherwise stated)

		NPR		INR	
	Note	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from operations	15	95,136.67	102,341.45	59,460.42	63,963.41
Other income	16	229.16	20.55	143.22	12.84
TOTAL INCOME		95,365.83	102,362.00	59,603.64	63,976.25
Cost of materials consumed	17	(64,089.36)	(69,291.40)	(40,055.85)	(43,307.13)
Changes in inventories of finished goods and work-in-progress	18	391.03	1,086.38	244.39	678.99
Employee benefits expenses	19	(8,671.97)	(8,066.96)	(5,419.98)	(5,041.85)
Finance costs	20	(631.65)	(1,212.23)	(394.78)	(757.65)
Depreciation and amortisation expenses	21	(4,063.58)	(4,119.11)	(2,539.73)	(2,574.44)
Other expenses	22	(11,646.94)	(12,451.68)	(7,279.34)	(7,782.30)
TOTAL EXPENSES		(88,712.47)	(94,055.00)	(55,445.29)	(58,784.38)
Profit/ (Loss) before tax		6,653.36	8,307.00	4,158.35	5,191.87
Tax expenses					
Current tax	23	(1,122.28)	(1,402.09)	(701.43)	(876.30)
Deferred tax credit/(charge)	23	(86.02)	(52.45)	(53.76)	(32.78)
PROFIT FOR THE YEAR (A)		5,445.06	6,852.46	3,403.17	4,282.79
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss					
Remeasurements of the net defined benefit plans	24	-	-	-	-
Income tax on above	24	-	-	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR (B)		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (A+B)		5,445.06	6,852.46	3,403.17	4,282.79
Earnings per equity share					
Basic (Face value of Rs. 100 each)	25	681.89	858.15	426.18	536.34
Diluted (Face value of Rs. 100 each)	25	681.89	858.15	426.18	536.34

Summary of significant accounting policies

1 & 2

The accompanying notes are an integral part of these financial statements

R. S. Rana
Managing Director

Pankaj Bajaj
Finance Head

Place: Kathmandu
Date: 23.04.2020



Harkirat Singh Bedi
Director

As per our report of even date

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



Dabur Nepal Private Limited
Statement of Cash Flows for the year ended 31 March, 2020
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2020	Year ended 31st March, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax	6,653.36	8,307.00	4,158.35	5,191.87
Adjustments for:				
Depreciation on property, plant and equipment	4,063.58	4,119.11	2,539.73	2,574.44
Provision for Leave encashment & sick leave	36.32	35.38	22.70	22.11
Provision for Gratuity	90.72	414.93	56.70	259.33
Provision for Bonus	739.26	888.25	462.04	555.16
Interest expenses	631.65	1,212.23	394.78	757.65
Interest income	(10.24)	(3.80)	(6.40)	(2.38)
Loss/ (gain) on sale of Property, plant and equipment	118.81	117.69	74.26	73.55
Working capital adjustments:				
(Increase)/decrease in trade receivables	(2,567.80)	635.60	(1,604.88)	397.25
(Increase)/decrease in other financial assets	(2,232.56)	(1,287.33)	(1,395.35)	(804.58)
(Increase)/decrease in other current assets	83.49	(695.67)	52.18	(434.80)
(Increase)/decrease in inventories	3,613.74	1,982.77	2,258.59	1,239.23
Increase/(decrease) in trade payables	(2,986.00)	(5,539.62)	(1,866.25)	(3,462.26)
Increase/(decrease) in other financial liabilities	(7.99)	(20.85)	(4.99)	(13.03)
Increase/(decrease) in other current liabilities	369.79	135.33	231.12	84.58
Cash generated from operations	8,596.13	10,301.00	5,372.58	6,438.13
Taxes paid	(1,221.41)	(1,421.90)	(763.38)	(888.69)
Net cash generated from operating activities - [A]	7,374.72	8,879.11	4,609.20	5,549.44
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of property, plant and equipment/ intangible assets	(4,450.53)	(4,116.69)	(2,781.58)	(2,572.93)
Sale proceeds of property, plant and equipment	21.49	29.17	13.43	18.23
Interest Received	10.24	3.80	6.40	2.38
Net cash used in investing activities - [B]	(4,418.79)	(4,083.72)	(2,761.75)	(2,552.33)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest paid	(683.43)	(1,279.11)	(427.14)	(799.45)
Repayment of secured borrowings	(4,810.97)	(1,324.28)	(3,006.86)	(827.67)
Net cash used in financing activities - [C]	(5,494.40)	(2,603.39)	(3,434.00)	(1,627.12)
Net increase/(decrease) in cash and cash equivalents - [A+B+C]	(2,538.48)	2,192.00	(1,586.55)	1,370.00
Add: Cash and cash equivalents at the beginning of the year (Refer Note 6)	(102.01)	(2,294.00)	(63.76)	(1,433.75)
Cash and cash equivalents at the end of the year (Refer Note 6)	(2,640.49)	(102.01)	(1,650.31)	(63.75)

The accompanying notes are an integral part of these financial statements

R. S. Rana
Managing Director

Pankaj Bajaj
Finance Head

Place: Kathmandu
Date: 23.04.2020



Harkirat Singh Bedi
Director

As per our report of even date

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



Dabur Nepal Private Limited
Statement of Changes in Equity for the year ended 31 March, 2020
(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, 2019	798.52	600.00	2,876.19	859.30	48,064.59	53,198.60
Profit for the year	-	-	-	-	5,445.06	5,445.06
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	5,445.06	5,445.06
Transfer to Employees' Housing Reserve	-	-	-	-	-	-
As at 31 March, 2020	798.52	600.00	2,876.19	859.30	53,509.65	58,643.66

INR

Particulars	Issued Share Capital	Securities Premium	Employees' Housing Reserve	General Reserve	Retained Earnings	Total
As at 1 April, 2019	499.08	375.00	1,797.62	537.06	30,040.37	33,249.12
Profit for the year	-	-	-	-	3,403.17	3,403.17
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	3,403.17	3,403.17
Transfer to Employees' Housing Reserve	-	-	-	-	-	-
As at 31 March, 2020	499.08	375.00	1,797.62	537.06	33,443.53	36,652.29

The accompanying notes are an integral part of these financial statements

As per our report of even date


R. S. Rana
Managing Director


Harkirat Singh Bedi
Director


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


Pankaj Bajaj
Finance Head

Place: Kathmandu
Date: 23.04.2020



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(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 are located at Rampur, Tokanj, 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 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 "-" 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.

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(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. 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 PPE any profit earned / loss sustained towards excess / shortfall of sale value vis-a-vis carrying cost of assets is accounted for in Statement of Profit or Loss.

Depreciation & Amortisation

Depreciation is provided on the written down method based on the estimated useful lives of the assets determined by the management. The depreciable amount is calculated as cost less estimated residual value. The residual value of PPE is estimated as 5% of acquisition cost. The residual value and useful life of PPE are reviewed at each reporting date and changes, if any are treated as changes in accounting estimates. 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 PPE 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
Software	10-11	25

Components relevant to PPE, 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 impaired 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 or 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 specific dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A financial asset except investment in equity instruments 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 specific dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

In case of investment in equity instruments, at initial recognition, an entity may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. Equity instrument held for trading is measured at fair value through profit or loss.

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

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(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 or 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 recognized in the Statement of Profit or Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the Statement of Profit or Loss. Any gain or loss on de-recognition is also recognized in the Statement of Profit or 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:

<i>Raw Material</i>	- At Actual cost on weighted average basis
<i>Packing Material</i>	- At Actual cost on weighted average basis
<i>Finished Goods</i>	- 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.
<i>Work in Progress</i>	- 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.
<i>Spare Parts</i>	- At Actual cost on weighted average basis
<i>Goods in Transit</i>	- 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 which evidences a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments. Such equity instruments is presented as share capital in the Statement of Financial Position.

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 measured 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 recognized 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 Statement of Financial Position.

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 reporting 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 reporting date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(All amounts in NPR lakhs, unless otherwise stated)

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into approved retirement fund and will have no legal or constructive obligation to pay further contributions. The Company's contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit or Loss in the financial year to which they relate.

The Company operates a provident fund scheme by paying contributions to the approved retirement fund. The contributions to the provident fund are recognized in the Statement of Profit or Loss in the financial year to which they relate.

The Company operates a gratuity scheme for employees. Refer Note 24 for further details on gratuity scheme.

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 reporting 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: 15% (FY 2018/19: 18% up to 16th July 2018 and 15% from 17th July 2018 onwards)

Income from export sale of goods: 15% (FY 2018/19: 15%)

Deferred tax

Deferred tax is provided 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.

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(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 reporting 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.

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 operating, financing and 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, 2020
(All amounts in NPR lakhs, unless otherwise stated)

NPR

Note 3

PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Software	Capital WIP	Total
Gross Block									
Balance as at 31 March, 2019	521.08	9,032.45	45,043.77	629.50	1,667.02	1,076.61	-	740.11	58,710.54
Additions	-	126.69	4,168.24	31.32	150.29	203.22	5.50	4,450.53	9,135.78
Disposals	-	(12.01)	(835.19)	(12.82)	(71.65)	(33.68)	-	(4,685.25)	(5,650.59)
Balance as at 31 March, 2020	521.08	9,147.13	48,376.82	648.00	1,745.67	1,246.14	5.50	505.39	62,195.73

Accumulated Depreciation and Impairment

Balance as at 31 March, 2019	-	3,009.51	23,605.91	473.94	795.34	659.37	-	-	28,544.07
Additions	-	303.17	3,424.31	36.55	177.68	121.17	0.69	-	4,063.57
Disposals	-	(5.67)	(726.91)	(12.14)	(50.08)	(30.22)	-	-	(825.03)
Balance as at 31 March, 2020	-	3,307.01	26,303.31	498.35	922.94	750.32	0.69	-	31,782.61

Net Block

Balance as at 31 March, 2019	521.08	6,022.94	21,437.86	155.56	871.68	417.23	-	740.11	30,166.47
Balance as at 31 March, 2020	521.08	5,840.13	22,073.51	149.65	822.73	495.82	4.81	505.39	30,413.12

INR

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Software	Capital WIP	Total
Gross Block									
Balance as at 31 March, 2019	325.68	5,645.28	28,152.35	393.44	1,041.89	672.88	-	462.57	36,694.09
Additions	-	79.18	2,605.15	19.58	93.93	127.01	3.44	2,781.58	5,709.86
Disposals	-	(7.51)	(521.99)	(8.01)	(44.78)	(21.05)	-	(2,928.28)	(3,531.62)
Balance as at 31 March, 2020	325.68	5,716.96	30,235.51	405.00	1,091.04	778.84	3.44	315.87	38,872.33

Accumulated Depreciation and Impairment

Balance as at 31 March, 2019	-	1,880.94	14,753.69	296.21	497.09	412.11	-	-	17,840.04
Additions	-	189.48	2,140.19	22.84	111.05	75.73	0.43	-	2,539.73
Disposals	-	(3.54)	(454.32)	(7.59)	(31.30)	(18.89)	-	-	(515.64)
Balance as at 31 March, 2020	-	2,066.88	16,439.57	311.47	576.84	468.95	0.43	-	19,864.13

Net Block

Balance as at 31 March, 2019	325.68	3,764.34	13,398.66	97.22	544.80	260.77	-	462.57	18,854.05
Balance as at 31 March, 2020	325.68	3,650.08	13,795.94	93.53	514.21	309.89	3.01	315.87	19,008.20

Note: All the fixed assets are pledged against short term borrowings. Refer Note 10 for detail of such loan and charge on assets.

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Note 4				
INVENTORIES				
Raw materials	10,402.68	12,890.79	6,501.68	8,056.75
Packing materials	4,643.88	4,957.46	2,902.43	3,098.41
Materials in transit	1,921.20	3,023.27	1,200.75	1,889.54
Work-in-progress	668.08	700.89	417.55	438.06
Finished goods	3,519.23	3,095.40	2,199.52	1,934.62
Stores and spares	206.20	307.21	128.86	191.99
Total	21,361.27	24,975.01	13,350.79	15,609.38

Note: All the inventories are pledged against short term borrowings. Refer Note 10 for detail of such loan and charge on assets.

	NPR		INR	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Note 5				
TRADE RECEIVABLES				
(Unsecured unless otherwise stated)				
Considered good	17,843.92	15,276.12	11,152.45	9,547.58
Considered doubtful	263.63	263.63	164.77	164.77
Less: Allowance for bad and doubtful debts (Refer (a) below)	(263.63)	(263.63)	(164.77)	(164.77)
Total	17,843.92	15,276.12	11,152.45	9,547.58

Note: All the Trade Receivables are pledged against short term borrowings. Refer Note 10 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	263.63	271.50	164.77	169.69
Allowance for bad and doubtful debts during the year	-	-	-	-
Trade receivables recovered during the year	-	(7.88)	-	(4.92)
Balance as at the end of the year	263.63	263.63	164.77	164.77

	NPR		INR	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Note 6				
CASH AND CASH EQUIVALENTS				
Cash in hand	3.35	2.15	2.09	1.34
Cheques / draft in hand				
Balances with Banks				
In current accounts	465.68	307.87	291.05	192.48
Total	469.03	310.12	293.14	193.83

Note: All the Cash & Cash equivalents are pledged against short term borrowings. Refer Note 10 for detail of such loan and charge on assets.

	NPR		INR	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following				
Cash at banks and on hand	469.03	310.12	293.14	193.83
Cash Credit Loan	(3,109.52)	(412.13)	(1,943.45)	(257.58)
Cash and cash equivalent presented in cash flow statement	(2,640.49)	(102.01)	(1,650.31)	(63.76)

	NPR		INR	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Note 7				
OTHER FINANCIAL CURRENT ASSETS				
(Unsecured unless otherwise stated)				
Considered good				
Advances to employees	227.24	257.73	142.02	161.08
Net Value of Plan Asset (Gratuity)	-	-	-	-
Deposit with others	11.43	14.99	7.14	9.37
Others	2,816.32	1,866.24	1,760.20	1,166.40
Total	3,054.99	2,138.97	1,909.37	1,336.85

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 8				
OTHER CURRENT ASSETS	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Balance with government authorities	7,027.03	5,494.82	4,391.90	3,434.26
Advance to suppliers	2,703.24	4,360.70	1,689.53	2,725.44
Prepaid expenses	224.63	182.87	140.39	114.30
Less: Allowance for bad and doubtful receivables (Refer (a) below)	(135.89)	(135.89)	(84.93)	(84.93)
Total	9,819.01	9,902.50	6,136.88	6,189.06

Note: All other current assets are pledged against short term borrowings. Refer Note 10 for detail of such loan and charge on assets. Above balance with government authorities includes deposits for the demand order raised by Nepal Electricity Authority as further disclosed in note 30 -Contingent liabilities.

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

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

Note 9

	NPR		INR	
EQUITY SHARE CAPITAL				
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
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 2020		As at 31 March 2019		As at 31 March 2020		As at 31 March 2019	
	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 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Equity Shares of Rs. 100 each:				
778,520 shares (31 March, 2020: 778,520 and 01 April, 2019: 778,520) held by Dabur International	778.52	778.52	486.58	486.58

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

	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Number of shares	778.52	778.52	778.52	778.52
Dabur International, the holding company	97.50%	97.50%	97.50%	97.50%

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 (All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 10				
SHORT-TERM BORROWINGS	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Working Capital Demand Loan				
Secured	7,457.43	12,268.40	4,660.89	7,667.75
Cash Credit Loan				
Secured	3,109.52	412.13	1,943.45	257.58
Total	10,566.95	12,680.53	6,604.35	7,925.33
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 paripassu among bankers.				
Note 11				
TRADE PAYABLES	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Creditors for goods and services	8,435.62	11,421.62	5,272.26	7,138.52
Total	8,435.62	11,421.62	5,272.26	7,138.52
Note 12				
OTHER FINANCIAL CURRENT LIABILITIES	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Security deposits	3.62	11.61	2.26	7.26
Interest accrued but not due on loans	39.15	90.93	24.47	56.83
Total	42.77	102.54	26.73	64.09
Note 13				
OTHER CURRENT LIABILITIES	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Salaries, wages and bonus payable	2,839.31	3,320.80	1,774.57	2,075.50
Statutory dues (including provident fund, tax deducted at source and others)	653.01	407.83	408.13	254.89
Advance from customers	91.44	62.61	57.15	39.13
Total	3,583.75	3,791.24	2,239.85	2,369.52
Note 14				
PROVISIONS	As at	As at	As at	As at
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
NON-CURRENT				
Provision for employee benefits:				
Provision for Gratuity Payable	-	-	-	-
Provision for leave encashment	225.60	197.78	141.00	123.61
Provision for Sick leave encashment	28.78	28.90	17.99	18.06
Total (A)	254.38	226.68	158.99	141.67
CURRENT				
Provision for employee benefits:				
Provision for Gratuity Payable	505.65	414.93	316.03	259.33
Provision for leave encashment	27.18	24.06	16.99	15.04
Provision for Sick leave encashment	9.84	4.36	6.15	2.72
Total (B)	542.68	443.35	339.17	277.09
Total (A+B)	797.06	670.03	498.16	418.77



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Dabur Nepal Private Limited
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(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 15				
REVENUE FROM OPERATIONS	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Sale of products				
Domestic	44,677.07	48,915.20	27,923.17	30,572.00
Export	60,385.61	63,037.04	37,741.00	39,398.15
Less: Rebate and Discount	(7,434.84)	(7,243.78)	(4,646.77)	(4,527.36)
Less: Excise Duty	(3,032.66)	(2,889.76)	(1,895.41)	(1,806.10)
	94,595.18	101,818.70	59,121.99	63,636.68
Other operating revenue				
Sale of scrap	541.49	522.75	338.43	326.72
Total	95,136.67	102,341.45	59,460.42	63,963.41
Note 16				
OTHER INCOME	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Interest income	10.24	3.80	6.40	2.38
Balance written back	8.87	11.96	5.54	7.48
Miscellaneous Receipts	210.06	4.75	131.29	3.00
Total	229.16	20.51	143.22	12.85
Note 17				
COST OF MATERIALS CONSUMED	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Raw materials consumed	42,912.18	45,317.10	26,820.11	28,323.19
Packing materials consumed	21,177.18	23,974.30	13,235.74	14,983.94
Total	64,089.36	69,291.40	40,055.85	43,307.13
Cost of materials consumed is based on derived values.				
Note 18				
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Opening inventories				
Finished goods	3,095.40	2,240.10	1,934.62	1,400.07
Work-in-progress	700.89	469.81	438.06	293.63
Closing inventories				
Finished goods	3,519.23	3,095.40	2,199.52	1,934.62
Work-in-progress	668.08	700.89	417.55	438.06
Total	(391.03)	(1,086.38)	(244.39)	(678.98)
Note 19				
EMPLOYEE BENEFITS EXPENSES	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Salaries and wages	6,447.89	5,613.29	4,029.93	3,508.31
Staff bonus	739.26	888.25	462.04	555.16
Contribution to provident funds and other funds	230.31	212.87	143.94	133.04
Gratuity Expenses	205.50	315.29	128.44	197.06
Workmen and staff welfare expenses	580.77	567.13	362.98	354.46
Director's Remuneration	468.23	470.12	292.64	293.83
Total	8,671.97	8,066.96	5,419.98	5,041.85
Note: Salaries and wages/Director's Remuneration includes expenses incurred during the year for leave encashment & sick leave as referred in Note-24.				
Note 20				
Finance cost	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Interest expenses	595.85	1,171.73	372.40	732.33
Bank charges	35.80	40.50	22.38	25.32
Total	631.65	1,212.23	394.78	757.65

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Dabur Nepal Private Limited
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(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 21				
DEPRECIATION AND AMORTISATION EXPENSES	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Depreciation on tangible assets	4,063.58	4,119.11	2,539.73	2,574.44
Total	4,063.58	4,119.11	2,539.73	2,574.44

	NPR		INR	
Note 22				
OTHER EXPENSES	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Stores and Spares Consumed	184.96	196.59	115.60	122.87
Power and Fuel	3,131.65	3,342.36	1,957.28	2,088.98
Processing charges	20.53	111.36	12.83	69.60
Rent	291.92	245.55	182.45	153.47
Repair to Building	135.03	169.76	84.39	106.10
Repairs to plant and equipment	1,129.30	1,054.93	705.81	659.33
Repair to Others	1,034.95	1,053.82	646.84	658.64
(Gain)/ Loss on sale of fixed assets	118.81	117.69	74.26	73.55
Net gain / (loss) on foreign currency transaction & translation	442.60	509.57	276.63	318.48
Rates & taxes (excluding income tax)	61.39	10.83	38.37	6.77
Insurance	284.06	266.11	177.54	166.32
Advertisement and Publicity	1,819.30	2,267.61	1,137.06	1,417.25
Freight and Forwarding Charges	1,638.94	1,717.88	1,024.34	1,073.67
General charges	5.54	6.40	3.46	4.00
Balance written off	0.94	0.00	0.59	0.00
Travel and Conveyance	549.86	544.79	343.66	340.50
Legal and Professional	201.78	234.10	126.11	146.31
Telephone and Communication Expenses	40.17	40.65	25.11	25.40
Printing and Stationery	54.81	81.93	34.25	51.20
Security Expenses	233.76	203.23	146.10	127.02
Research and Development expenses	-	-	-	-
Auditor's Remuneration	9.83	12.03	6.15	7.52
Provision/(Reversal) for Doubtful Debts	-	(7.88)	-	(4.92)
Corporate Social Responsibility	69.06	74.18	43.16	46.36
Other expenses	187.76	198.19	117.35	123.87
Total	11,646.94	12,451.68	7,279.34	7,782.30

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(All amounts in lakhs, unless otherwise stated)

	NPR		INR	
Note 23				
INCOME TAXES				
Tax expense recognised in the Statement of Profit and Loss	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current tax				
Current income tax charge	1,122.28	1,402.09	701.43	876.30
Deferred tax credit/(charge)				
Origination and reversal of temporary differences	86.02	52.45	53.76	32.78
Adjustments/(credits) related to previous years - (net)	-	-	-	-
Income tax expense reported in statement of Profit or Loss	1,208.30	1,454.54	755.19	909.08
Tax expense recognised in Other comprehensive income				
	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Current tax				
Net loss/(gain) on remeasurement of defined benefit plans	-	-	-	-
Deferred tax				
Origination and reversal of temporary differences	-	-	-	-
Change in tax rates	-	-	-	-
Income tax charged to OCI	-	-	-	-
Reconciliation of tax liability on book profit vis-à-vis actual tax liability				
	Year ended	Year ended	Year ended	Year ended
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Accounting Profit/ (Loss) before income tax	6,653.36	8,307.00	4,158.35	5,191.87
Add: Items of Other Comprehensive Income (OCI)	-	-	-	-
Profit before tax including OCI items	6,653.36	8,307.00	4,158.35	5,191.87
Enacted tax rate	15.00%	15.38%	15.00%	15.38%
Computed tax expense	998.00	1,277.81	623.75	798.63
Differences due to:				
Additional allowance for tax purpose	89.49	-52.31	-55.93	-32.69
Expenses not allowed for tax purpose	177.45	149.09	110.91	93.18
Other temporary differences	36.32	27.50	22.70	17.19
Income tax expense charged to the statement of Profit or Loss and OCI	1,122.28	1,402.09	701.43	876.30

The movement in deferred tax assets and liabilities during the year ended 31 March, 2020 and 31 March, 2019:

	NPR			
Movement during the year ended 31 March, 2020	As at 1 April, 2019	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31 March, 2020
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	39.23	4.48	-	43.71
Provision for doubtful debts and advances	40.55	(1.00)	-	39.54
Expenses allowable for tax purposes when paid	-	-	-	-
Depreciation	(453.64)	(89.49)	-	(543.13)
Other temporary differences	-	-	-	-
	(373.87)	(86.01)	-	(459.87)
INR				
Movement during the year ended 31 March, 2020	As at 1 April, 2019	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	As at 31 March, 2020
Deferred tax assets/(liabilities)				
Provision for post retirement benefits and other employee benefits	24.52	2.80	-	27.32
Provision for doubtful debts and advances	25.34	(0.63)	-	24.71
Expenses allowable for tax purposes when paid	-	-	-	-
Depreciation	(283.52)	(55.93)	-	339.46
Other temporary differences	-	-	-	-
	(233.66)	(53.76)	-	(287.42)

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Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
 (All amounts in NPR lakhs, unless otherwise stated)

Note 24

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) was enacted. As per the new labor law, the Company should make contribution @ 8.33% of the basic pay per month towards staff gratuity. Hence, till 3rd September 2017, the Company makes contributions to Dabur Employees Gratuity Trust, a funded defined benefit plan for qualifying employees. Accordingly, liabilities for gratuity calculated as per previous labor law is crystalized. The gratuity liability net of funding as at 31 March 2020 amounts to Rs 505.65 lakh. Actuarial valuation of gratuity is no longer required due to change in the provisions of labor law from defined benefit liability to contribution based liability.

The Company operates number of defined benefit plans for its employees. The defined benefit plan of the Company includes sick leave and leave encashment which are non funded.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit or Loss and amounts recognised in the Statement of Financial Position for the plan:

2019-20 changes in the defined benefit obligation

	Benefit cost charged to the Statement of Profit or Loss					Benefits paid	Closing Obligation presented in Statement of Financial Position		
	Balance at 1st April 2019	Service cost	Net Interest	Net Actuarial Loss / (Gain)	Sub-total included in profit or loss		Balance at 31 March 2020	Current	Non Current
Sick Leave	33.25	4.78	2.49	4.65	11.93	(6.56)	38.62	9.84	28.78
Accumulated Leave	221.84	28.10	16.64	17.65	62.39	(31.44)	252.78	27.18	225.60



Dabur Nepal Private Limited
Notes to the Financial Statements for the year ended 31 March, 2020
(All amounts in NPR lakhs, unless otherwise stated)

Note 25

EARNINGS PER SHARE	Year ended 31 March 2020	Year ended 31 March 2019
Earnings Per Share has been computed as under:		
Profit for the year	5,445.06	6,852.46
Weighted average number of equity shares outstanding	798,520	798,520
Earnings Per Share (Rs.) - Basic (Face value of Rs. 100 per share)	681.89	858.15
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)	681.89	858.15

Note 26

**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 2020	31 March 2019	31 March 2020	31 March 2019
FINANCIAL ASSETS					
Financial assets measured at amortised cost					
Trade receivables	5	17,843.92	15,276.12	17,843.92	15,276.12
Cash and cash equivalents	6	469.03	310.12	469.03	310.12
Other financial assets	7	3,054.99	2,138.97	3,054.99	2,138.97
		<u>21,367.94</u>	<u>17,725.21</u>	<u>21,367.94</u>	<u>17,725.21</u>
FINANCIAL LIABILITIES					
Financial liabilities measured at amortised cost					
Short term borrowing	10	10,566.95	12,680.53	10,566.95	12,680.53
Trade payables	11	8,435.62	11,421.62	8,435.62	11,421.62
Other financial liabilities	12	42.77	102.54	42.77	102.54
		<u>19,045.35</u>	<u>24,204.69</u>	<u>19,045.35</u>	<u>24,204.69</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, 2020	Year ended 31 March, 2019
Financial assets measured at amortised cost		
Interest income	10.24	3.80
Financial liabilities measured at amortised cost		
Interest expense	595.85	1,171.73



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Note 27

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 28

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.



Dabur Nepal Private Limited
Notes to the financial statements for the year ended 31 March, 2020
(All amounts in NPR lakhs, unless otherwise stated)

Note 29

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	481.87	493.59

Note : - The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(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	-	4.48	(0.73)	(1.27)
Dabur India Limited	Sale of goods	60,149.35	62,849.05	7,905.34	3,821.00
Dabur Lanka Private Limited	Debited against expenses	-	0.17	-	0.17
Dabur India Limited	Purchase of Materials	745.73	1,505.86	(11.80)	(338.88)
Dabur Pakistan Pvt Ltd	Sale of goods	1.10	-	-	-
Asian Consumer Care Private Limited	Sale of goods	178.47	188.00	31.89	8.36

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 2019, 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 30

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

A) Contingent liabilities

	As at 31 March 2020	As at 31 March, 2019
Claims against the Company not acknowledged as debts		
Open and Unexpired Letters of Credit	8,772.97	5,639.23
Unexpired Bank Guarantees	5,810.74	5,443.46
Demand order raised by Nepal Electricity Authority In Appeal	862.76	-
Income Tax in Appeal (FY. 64-65)	37.46	34.73
Income Tax in Appeal (FY. 65-66, 66-67)	236.22	218.12
Income Tax in Appeal (FY. 67-68)	127.75	117.37
Income Tax in Administrative review in IRD (FY: 68-69)	221.96	202.61
Income Tax in Administrative review in IRD (FY: 69-70)	307.02	280.26
Income Tax in Administrative review in IRD (FY: 70-71)	222.47	200.53
Income Tax in Administrative review in IRD (FY: 71-72)	35.88	120.45
	16,835.22	12,256.76

(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 proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

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

b) Capital commitments

	As at 31 March 2020	As at 31 March, 2019
Estimated value of contracts in capital account remaining to be executed and not provided for	439.28	938.11
	439.28	938.11

Note 31

COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. Previous year's figures have been regrouped and/or rearranged wherever necessary to facilitate comparison.

