

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Dabur India Limited / Dabur International Limited  
Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of **Dermovia Skin Essentials INC** ("the Company") a body corporate incorporated in USA which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss, 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 and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Indian Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Indian Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Indian Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the



Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### **Responsibilities of Management's and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Indian Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity)<sup>5</sup> and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Indian Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and 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 operations, or has no realistic alternative but to do so.

Board of Directors are also 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 SAs 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.

As part of an audit in accordance with SAs, 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 circumstances. Under section 143(3)(i) of the Indian Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of Indian Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



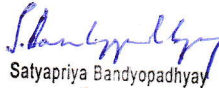
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of Indian Act, read with Rule 7 of the Indian Companies (Accounts) Rules, 2014.
- (e) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Indian Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations which has impact on its financial position in its financial.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Place of Signature: KOLKATA

Date: 23<sup>RD</sup> MAY 2020

UDIN: 20058108AAAA BP3373

For G. BASU & CO.  
Chartered Accountants  
R. No.-301174E

  
Satyapriya Bandyopadhyay  
Partner  
(M. No.-058108)



**Dermoviva Skin Essentials Inc**

**Standalone Balance Sheet as at 31 March 2020**

(Fig in USD 000)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial Assets			
(i) Investments in subsidiaries		106,379.18	106,379.18
(ii) Others	2	-	-
<b>Total Non-current assets</b>		<b>106,379.18</b>	<b>106,379.18</b>
<b>Current assets</b>			
Financial Assets			
(i) Trade receivables	3	104.18	102.22
(ii) Cash and cash equivalents	4	77.52	73.66
(iii) Others		-	-
<b>Total Current assets</b>		<b>181.70</b>	<b>175.88</b>
<b>TOTAL ASSETS</b>		<b>106,560.88</b>	<b>106,555.06</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	5	87,265.00	71,265.00
Other Equity		17,001.57	10,698.63
<b>Total equity</b>		<b>104,266.57</b>	<b>81,963.63</b>
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	6	0.00	0.00
<b>Total Non-current liabilities</b>		<b>0.00</b>	<b>0.00</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	7	1,700.32	24,000.00
(ii) Trade payables	8	15.39	12.83
(iii) Other financial liabilities	9	(0.00)	(0.00)
Current Tax Liabilities (Net)	10	578.60	578.60
<b>Total Current liabilities</b>		<b>2,294.31</b>	<b>24,591.43</b>
<b>Total liabilities</b>		<b>2,294.31</b>	<b>24,591.43</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>106,560.88</b>	<b>106,555.06</b>

Place : **KOLKATA**

Date :

**23 MAY 2020**

LDIN: 20058/08AAAABP3373

For G. BASU & CO.  
Chartered Accountants  
R. No.-301174E

*S. Bandyopadhyay*  
Satyapriya Bandyopadhyay  
Partner  
(M. No.-058108)

**Dermoviva Skin Essentials Inc**

**Statement of Profit and Loss for the year ended 31 March 2020**

Particulars	Notes	(Fig in USD 000)	
		As at 31 March 2020	As at 31 March 2019
Other income	11	6,842.29	550.00
<b>Total Income</b>		<b>6,842.29</b>	<b>550.00</b>
Finance costs	12	443.36	1,244.08
Other expenses	13	95.99	34.20
<b>Total expense</b>		<b>539.35</b>	<b>1,278.27</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>6,302.94</b>	<b>(728.27)</b>
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>6,302.94</b>	<b>(728.27)</b>
Current Tax		-	-
Deferred tax		-	-
<b>Profit/(loss) for the year</b>		<b>6,302.94</b>	<b>(728.27)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>A</b>			
(i) Items that will not be reclassified to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>B</b>			
(i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>Total Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>6,302.94</b>	<b>(728.27)</b>

Place : **KOLKATA**

Date :

**23 MAY 2020**

**UDIN: 20058108AAAABP3373**

For G. BASU & CO.

Chartered Accountants

R. No.-301174E

*S. Bandyopadhyay*

Satyapriya Bandyopadhyay

Partner

(M. No.-058108)



STATEMENT OF CASH FLOW ( PURSUANT TO AS-3) INDIRECT METHOD			All figures in USD 000	
PARTICULARS	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	March 31, 2020		March 31, 2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET LOSS FOR THE YEAR		6,303		(728)
ADD:				
INTEREST	442	442	1,243	1,243
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		6,745		515
WORKING CAPITAL CHANGES				
INCREASE/(DECREASE) IN DEBTORS AND OTHER RECEIVABLES	2		(2)	
DECREASE/(INCREASE) IN TRADE PAYABLES	(3)		16,646	
INCREASE/(DECREASE) IN WORKING CAPITAL		(1)		16,644
		6,746		(16,129)
<b>CASH USED(-)/(+)GENERATED FOR OPERATING ACTIVITIES (A)</b>		<b>6,746</b>		<b>(16,129)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
INVESTMENT (NON CURRENT)		-		-
<b>CASH USED(-)/(+)GENERATED FOR INVESTING ACTIVITIES (B)</b>		<b>-</b>		<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
PROCEEDS FROM SHARE CAPITAL & PREMIUM		16,000		41,700
REPAYMENT(-)/PROCEEDS(+) FROM LONG TERM BORROWINGS		-		(25,000)
REPAYMENT(-)/PROCEEDS(+) FROM SHORT TERM LOANS		(22,300)		400
INTEREST PAID		(442)		(1,489)
<b>CASH USED(-)/(+)GENERATED IN FINANCING ACTIVITIES (C)</b>		<b>(6,742)</b>		<b>15,611</b>
<b>NET INCREASE(+)/DECREASE (-) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>4</b>		<b>(518)</b>
<b>CASH AND CASH EQUIVALENTS OPENING BALANCE</b>		<b>74</b>		<b>592</b>
<b>CASH AND CASH EQUIVALENTS CLOSING BALANCE</b>		<b>78</b>		<b>74</b>
<b>CASH AND CASH EQUIVALENTS (YEAR END) AS PER BALANCE SHEET</b>		<b>78</b>		<b>74</b>
Cash at Bank: Current Accounts		78		74

Place : New Delhi

Date :

23 MAY 2020

UDIN: 20058108AAPABP3373

For G. BASU & CO.  
Chartered Accountants  
R. No.-301174E

*S. Bandyopadhyay*  
Satyapriya Bandyopadhyay  
Partner  
(M. No.-058108)

**Statement of Changes in Equity**  
For the year ended 31-March-2020

**A. Equity Share Capital**

Balance as at 31st March, 2019	Changes in equity share capital during the year	Balance as at 31st March, 2020
71,265.00	16,000.00	87,265.00

Balance as at 31st March, 2018	Changes in equity share capital during the year	Balance as at 31st March, 2019
29,565.00	41,700.00	71,265.00

**B. Other Equity**

	Reserves and Surplus				Retained Earnings	Total
Balance as at 31st March, 2019					10,698.63	10,698.63
Changes in accounting policy/ prior period errors					-	-
Restated balance at the beginning of the reporting period					-	-
Profit for the year					6,302.94	6,302.94
Other comprehensive income for the year					-	-
Total comprehensive income for the year					6,302.94	6,302.94
<b>Transactions with owners in capacity as owners</b>						
Dividends					-	-
Transferred to retained earnings					-	-
Bonus shares					-	-
Movement during the year					-	-
Balance as at 31st March, 2020	-	-	-	-	17,001.57	17,001.57

**B. Other Equity**

	Reserves and Surplus				Retained Earnings	Total
Balance as at 31st March, 2019					11,426.90	11,426.90
Changes in accounting policy/ prior period errors					-	-
Restated balance at the beginning of the reporting period					-	-
Profit for the year					(728.27)	(728.27)
Other comprehensive income for the year					-	-
Total comprehensive income for the year					(728.27)	(728.27)
<b>Transactions with owners in capacity as owners</b>						
Dividends					-	-
Transferred to retained earnings					-	-
Bonus shares					-	-
Movement during the year					-	-
Balance as at 31st March, 2020	-	-	-	-	10,698.63	10,698.63

For G. BASU & CO.  
Chartered Accountants  
R. No.-301174E

*Satya Priya Bandyopadhyay*  
Satyapriya Bandyopadhyay  
Partner  
(M. No.-058108)

23 MAY 2020

UDIN: 20058108 AAAABP3373



**Annexed to and forming part of the Accounts for the year ended 31<sup>st</sup> March 2020**

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**1. ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Figures in USD'000)**

**A. ACCOUNTING POLICIES**

Significant Accounting Policies are summarised below.

**a. Accounting Convention:**

The accounts have been prepared on going concern assumption in accordance with the historical cost convention in due adherence of Ind-AS.

**b. Contingent Liabilities:**

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

**c. Investments:**

Investments in wholly owned subsidiaries are carried at cost being treated as deemed cost. Same is subject to annual test of impairment.

**d. Income Tax and Deferred Tax**

The liability of company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

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

All incomes have been recognized on accrual basis in financial statements except for cash flow information.

## B. NOTES TO ACCOUNTS

1. Accounts of this body corporate, incorporated in Delaware, USA (wherein 99.35% of stake is held by Dabur International Ltd. a body corporate incorporated in Isles of Mann, a wholly owned subsidiary of Dabur India Ltd and 0.65% of stake is held by Dabur India Ltd., a company incorporated in India), are prepared as per Ind-AS.

### 2 Other Financial Non Current Assets

Particulars	As at 31st March 2020	As at 31st March 2019
Advance Against Investment		-
Total	-	-

### 3 Trade Receivables:

Particulars	As at 31st March 2020	As at 31st March 2019
Unsecured Debts considered good	104.18	102.22
Total	<b>104.18</b>	<b>102.22</b>

### 4 Cash & Cash Equivalents

Particulars	As at 31st March 2020	As at 31st March 2019
<b>Balances with banks</b> Current Accounts	77.52	73.66
<b>Total Cash &amp; Cash Equivalents</b>	<b>77.52</b>	<b>73.66</b>



## 5 Share Capital

Sl	Class of Shares		Face value of one shares	Authorised Capital		Total		Number of shares
				No.	Value	No.	Value	
A (i)	Equity Shares	As at March 31' 2020	USD 1 each	565000	565000	565000	565	Nil
		As at March 31' 2019	USD 1 each	565000	565000	565000	565	Nil
(ii)	Paid up value of equity shares	As at March 31' 2020	USD 10000 each	8670	86700	8670	86700	Nil
		As at March 31' 2020	USD 1 each	565000	565	565000	565	Nil
		As at March 31' 2019	USD 1 each	565000	565	565000	565	Nil
		As at March 31' 2019	USD 10000 each	7070	70700	7070	70700	Nil

Note: There is no restriction on transferability of shares

### Reconciliation of Number of Shares

	As at 31st March 2020		As at 31st March 2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares: of Face Value USD 10000</b>				
Balance at the beginning of year	7070	70700	2900	29000
Addition during the year	1600	16000	4170	41700
<b>Balance as at year end</b>	<b>8670</b>	<b>86700</b>	<b>7070</b>	<b>70700</b>
<b>Equity Shares: of Face Value USD 1</b>				
Balance at the beginning of year	565000	565	565000	565
Addition during the year	0	0	0	0
<b>Balance as at year end</b>	<b>565000</b>	<b>565</b>	<b>565000</b>	<b>565</b>

## 6 Long Term Borrowings

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured</b>		
Term Loans from Bank	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

## 7 Short-term Borrowings

S.No	Nature of Borrowings	Total	Secured	Unsecured
i)	Working Capital Loan from Bank	As at 31st March 2020	1,700.32	1,700.32
		As at 31st March 2019	24,000.00	24,000.00
	<b>Total</b>	As at 31st March 2020	<b>1,700.32</b>	<b>1,700.32</b>
		As at 31st March 2019	<b>24,000.00</b>	<b>24,000.00</b>

### Notes:

1. There is no default in repayment of principal loan or interest thereon.
2. Loan are covered by guarantee bond furnished by Dabur India Limited (Holding Comp)

**8 Trade Payables**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Creditors for services	15.39	12.83
<b>Total</b>	<b>15.39</b>	<b>12.83</b>

**9 Other Financial Liabilities**

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Portion of Long Term Borrowings	-0.00	-0.00
Interest Accrued	-	-
<b>Total</b>	<b>-0.00</b>	<b>-0.00</b>

**10 Current Tax Liabilities**

Particulars	As at 31st March, 2020	As at 31st March, 2019
For Taxation (net of advance USD 3731.05 PY USD 3731.05)	578.60	578.60
<b>Total</b>	<b>578.60</b>	<b>578.60</b>

**11 Other Income**

Particulars	March 20	March 19
A Dividend from Subsidiaries	6,842.29	550.00
<b>Total</b>	<b>6,842.29</b>	<b>550.00</b>

**12 Finance Cost**

Particulars	March 20	March 19
A Interest Expense	442.36	1,243.05
B Bank Charges	1.00	1.03
<b>Total</b>	<b>443.36</b>	<b>1,244.08</b>

**13 Other Expenses**

Particulars	March 20	March 19
Rates and taxes	2.14	2.68
Legal and Professional	93.85	31.52
<b>Total</b>	<b>95.99</b>	<b>34.20</b>

**14. Related party disclosure**

The body corporate enters into transactions with the companies/ body corporate those fall within the definition of a related party as contained in IND AS 24. The management considers such transactions to be in normal course of business. Related parties comprise:

- Ultimate Parent Company : Dabur India Ltd.
- Immediate Parent Company : Dabur International Ltd
- Subsidiary : Namaste Laboratories LLC

Transactions with related parties for the year ended 31<sup>st</sup> March 2020:

Particulars	Ultimate Parent Company	Immediate Parent Company	Subsidiary	Total	Outstanding as on 31.03.2020
Royalty Income					60 (60)
Investment					106379 (106379)
Issue of Share Capital		16000 (41700)		16000 (41700)	87265 (71265)
Dividend received			6842 (550)	6842 (550)	0 (0)
Receivables	64 (64)			64 (64)	64 (64)

15. No provision has been made towards tax on profit relating to the entity and its two subsidiaries based on information to the effect on non-accrual of tax liability in this regard received from the end the entity.

16. Fiscal obligation of body corporate is assessed in comprehensive context of two US based subsidiaries along with it.

17. All figures have been expressed in US Dollar Thousand unless stated otherwise.

18. Figures for the previous year have been rearranged/regrouped as and when necessary in term of current year's grouping.

Place : KOLKATA

Date :

23 MAY 2020

For G. BASU & CO.  
Chartered Accountants  
R. No.-301174E

*S. Bandyopadhyay*  
Satyapriya Bandyopadhyay  
Partner  
(M. No.-058108)

UDIN : 20058108AAAABP3373