Directors’ Report

To,
The Members,

Your Directors have pleasure in presenting the 36th Annual Report on the business and operations of the Company, together with the Audited Accounts for the financial year ended March 31, 2011.

FINANCIAL RESULTS

Financial results are presented in Table 1.

Table 1: Financial Results

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (including other income)</td>
<td>3313.83</td>
<td>2897.60</td>
</tr>
<tr>
<td>Profits before Tax</td>
<td>596.26</td>
<td>527.03</td>
</tr>
<tr>
<td>Add: Provisions of earlier years written back</td>
<td>0.19</td>
<td>0.02</td>
</tr>
<tr>
<td></td>
<td>596.45</td>
<td>527.05</td>
</tr>
<tr>
<td>Less:</td>
<td>119.40</td>
<td>89.66</td>
</tr>
<tr>
<td>– Provision for Taxation – Current</td>
<td>5.45</td>
<td>4.04</td>
</tr>
<tr>
<td>– Provision for Taxation – Deferred</td>
<td>0.19</td>
<td>0.21</td>
</tr>
<tr>
<td>Profit after Tax</td>
<td>471.41</td>
<td>433.14</td>
</tr>
<tr>
<td>Add: Balance in Profit &amp; Loss Account brought forward from the previous year</td>
<td>526.91</td>
<td>428.94</td>
</tr>
<tr>
<td>Profit available for appropriation</td>
<td>998.32</td>
<td>862.08</td>
</tr>
</tbody>
</table>

Appropriation to:

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Reserve</td>
<td>50.00</td>
<td>130.00</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>1.34</td>
<td>2.07</td>
</tr>
<tr>
<td>Interim Dividend – Paid</td>
<td>87.04</td>
<td>64.98</td>
</tr>
<tr>
<td>Final Dividend – Proposed</td>
<td>113.15</td>
<td>108.62</td>
</tr>
<tr>
<td>Final Dividend (for earlier year)</td>
<td>0.15</td>
<td>0.00</td>
</tr>
<tr>
<td>Corporate tax on Dividend</td>
<td>32.82</td>
<td>29.50</td>
</tr>
<tr>
<td>Excess Corporate Dividend tax provided in earlier year written back</td>
<td>(0.40)</td>
<td>0.00</td>
</tr>
<tr>
<td>Balance carried over to Balance Sheet</td>
<td>714.22</td>
<td>526.91</td>
</tr>
<tr>
<td>Total</td>
<td>998.32</td>
<td>862.08</td>
</tr>
</tbody>
</table>

DIVIDEND

The Company has paid an interim dividend of 50% (Re.0.50 per share of Rupee one each) on November 10, 2010. We are pleased to recommend a final dividend of 65% (Rs.0.65 per share of Rupee one each) for the financial year 2010-11. The final dividend, if approved by the members, will be paid to members within the period stipulated by the Companies Act, 1956. The aggregate dividend for the year will amount to 115% (Rs.1.15 per share of Rupee one each) as against 200% (Rs.2.00 per share of Rupee one each) on pre bonus capital, declared last year. The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is at 49.43%.

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, final dividend for the year 2002-03 and interim dividend for the year 2003-04 which remained unpaid or unclaimed for a period of 7 years, amounting to Rs.924423/- and Rs.647640/- respectively has been transferred by the Company to the Investors Education and Protection Fund. The due dates for transfer of unpaid dividend for subsequent years is given in Table 12 under Corporate Governance Report.

OPERATIONS AND BUSINESS PERFORMANCE

Kindly refer to Management Discussion & Analysis and Corporate Governance, which form part of this Report.

AMALGAMATION OF FEM CARE PHARMA LTD WITH THE COMPANY

During the year, amalgamation of Fem Care Pharma Limited (FEM) with the Company was completed on 18th June, 2010 (being effective date) upon filing of the Order of Hon’ble Delhi and Mumbai High Courts with the respective offices of Registrar of Companies. The appointed date of merger was 1st April, 2009.
OVERSEAS ACQUISITION – HOBI GROUP (TURKEY) & NAMASTE GROUP (US)

During the year the Company has acquired Turkey’s leading personal care products maker Hobi Kosmetik Group through Dabur International Limited, a wholly owned subsidiary of the Company. Hobi Kosmetic Group comprises of three companies namely - Hobi Kozmetik İmalat Sanayi Ve Ticaret Anonim Sirketi, Ra Pazarlama Limited Sirketi and Zeki Plastik İmalat Sanayi Ve Ticaret Limited Sirketi.

The second overseas acquisition of the year was of Namaste Group of US, a leading ethnic hair care group based in Chicago with operations in US, Europe and Africa, through Dermoviva Skin Essentials Inc, a wholly owned subsidiary of the Company. Namaste Group of US comprises of Namaste Laboratories LLC, US and its three subsidiaries namely - Hair Rejuvenation & Revitalization Nigeria Ltd, Healing Hair Lab International LLC, US and Urban Lab International LLC.

CORPORATE GOVERNANCE

Dabur is committed to focus on good corporate governance in line with emerging local and global standards. Dabur understands and respects its fiduciary role in the corporate world and besides adhering to the prescribed corporate practices, it voluntarily governs itself as per the highest national and international standards of corporate governance. Strong governance practices at Dabur has earned for it recognition and has strengthened its bond of trust not only with the stakeholders but with the society at large.

The compliance Report on Corporate Governance and a certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is attached as ‘Annexure 1’ and forms part of this report.

Certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, compliance with Company’s Code of Conduct, adequacy of the Internal Control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, is attached in the corporate governance Report and forms part of this report.

CREDIT RATING

During the year under review the Company has sustained its long term credit rating of AAA. The highest credit rating of AAA awarded by CRISIL reflects the Company’s financial discipline and prudence. The Company’s short term credit was rated P1+ by CRISIL. This indicates a very strong degree of safety with regard to timely payment of interest & principal.

DIRECTORS

In terms of Article 103 and 104 of the Articles of Association of the Company, Mr Mohit Burman, Mr Sunil Duggal, Mr P N Vijay and Mr R C Bhargava will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment in terms of the provisions of Article 106 of the Articles of Association of the Company.

The brief resumes of the Directors who are to be appointed/re-appointed, the nature of their expertise in specific functional areas, names of companies in which they have held directorships, committee memberships/ chairmanships, their shareholding etc., are furnished in the explanatory statement to the notice of the ensuing Annual General Meeting.

Your Directors recommend their appointment/ re-appointment at the ensuing Annual General Meeting.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors’ Responsibility Statement, the Directors confirm:

i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;

ii) That they had selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent, so as to give true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;

iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) That they had prepared the annual accounts on a going concern basis.

CHANGE IN CAPITAL STRUCTURE AND LISTING OF SHARES

The Company’s shares are listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) and are actively traded.

In the year under review, the following shares were allotted and admitted for trading in NSE and BSE:-

- Equity shares allotted against the options exercised by employees pursuant to Employees Stock Option Scheme of the Company;
  • 955240 equity shares allotted on April 22, 2010.
  • 204144 equity shares allotted on May 20, 2010.
  • 232065 equity shares allotted on August 23, 2010.

- Equity shares allotted pursuant to merger of Fem Care Pharma Limited with the company
  • 1384620 equity shares allotted on July 22, 2010.

- Equity shares allotted pursuant to Bonus issue in the ratio of 1:1.
  • 870361899 equity shares allotted on September 14, 2010.
AUDITORS AND THEIR REPORT

M/s G. Basu & Company, Chartered Accountants, Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment as statutory auditors for the financial year 2011-12. The Company has received a letter dated April 11, 2011 from them to the effect that their re-appointment, if made, would be within the limit prescribed under section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

The Auditors have vide their letter dated 21.04.2011 also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the peer Review Board of the ICAI.

The observations of the Auditors, together with the notes to Accounts referred to in the Auditors’ Report, are self-explanatory and do not call for any further explanation from the Directors.

COST AUDITORS

M/s Ramanath Iyer & Company, Cost Accountants, were re-appointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company, in respect of the Formulations and Cosmetics & Toiletries products for the financial year 2011-12.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the financial year 2010-11. Consolidated Turnover grew by 20.47% to Rs.4142.60 crore as compared to Rs. 3438.69 crore in the previous year. Similarly, net profit after tax and after minority interest for the year at Rs.568.57 crore is higher by Rs.67.30 crore as compared to Rs. 501.27 crore in the previous year.

INTERNAL CONTROL SYSTEM

The Company has a well placed, proper and adequate internal control system, which ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company’s internal control system comprises audit and compliance by in-house Internal Audit Division, supplemented by internal audit checks from Price Waterhouse Coopers Private Limited, the Internal Auditors and various transaction auditors. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

To further strengthen the internal control process, the Company has developed a very comprehensive legal compliance manual called ‘e-nforce’, which drills down from the CEO to the executive level person who is responsible for compliance. This process is fully automated and generate alerts for proper and timely compliance.

FIXED DEPOSITS

During the year under review, the Company has not accepted any fixed deposits from the public, and as on March 31, 2011 the Company had no unclaimed deposits or interest thereon due to any depositor.

NATURE OF BUSINESS

There has been no change in the nature of business of the Company and any of its subsidiary companies during the year.

SUBSIDIARIES

During the year Fem Care Pharma Ltd. has ceased to be subsidiary of the Company due to its amalgamation with the Company.


In terms of general approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents and related detailed information upon request by any shareholder of the Company or subsidiary interested in obtaining the same.

However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial statements of its Subsidiaries. The Financial Statements of the subsidiary companies are also available for inspection by the shareholders at the Registered Office of the Company and also that of its respective subsidiaries. The Financial Statements of each subsidiary shall also be available on Company’s website www.dabur.com.

The following information in aggregate for each subsidiary has been disclosed in the consolidated balance sheet (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.

A statement of the holding company’s interest in the subsidiary companies is attached as ‘Annexure 2’ and form part of this report.

EMPLOYEES STOCK OPTION PLAN

During the year, 19300617 options in 4 tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). During the year, 1391449 options were exercised by the employees after vesting. Accordingly, the Company made the allotment of 955240 equity shares on April 22, 2010, 204144 equity
shares on May 20, 2010 and 232065 equity shares on August 23, 2010, against the options exercised by the employees.

The particulars of options issued under the said Plan as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are appended as 'Annexure 3' and forms part of this report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors Report. However having regard to the provisions of Section 219(1)(b)(iv) of the companies Act, 1956 the Annual Report excluding the aforesaid information is being sent to all the members of the company and others entitled thereto. Any member interested in obtaining a copy of such particulars may write to the Company Secretary at the Registered office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of energy:

a) Energy conservation measures taken:-

Various energy conservation techniques were initiated at large scale and successfully implemented. Energy was used more efficiently (2.96 GigaJoules to 2.33 GigaJoules compared to LY). This was despite increase in tariff rates of Power & Fuel and absorbing cost of owned generated power for 5 new manufacturing facilities at Baddi, Pantnagar and Jammu commissioned in 2010 – 11.

Some of the key initiatives were as follows-

- Installation of Herbal Extractors across units by replacing boiling pans resulted in low consumption of steam and man days, better quality of extract in terms of TSS, fast process, etc.
- Installation & Commissioning of Briquette/Herbal waste fired boiler.
- Use of thermic fluid heating system in place of boiler in Fluid Bed Evaporator (FBE) of Hajmola manufacturing.
- Replacement of Old Air Compressors with new Screw Type efficient Compressors.
- Efficient Maintenance of Capacitor Bank for improvement of Power Factor.
- Replacing energy inefficient equipments with new technologies which are energy efficient.

Some new initiatives taken, where the projects are under implementation;

- Herbal waste used as a fuel in boiler in major units eg: Conversion of herbal waste into dry bio briquettes, Crushing herbal waste and using the same in the USAB reactor in ETP (Effluent Treatment Plant) to generate more methane (Bio gas) which in turn is used as boiler fuel and using directly herbal waste as a fuel in the boiler

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

- Herbal Extractor have been ordered in place of Boiling pans in major units at Baddi, for saving energy and manpower.
- Replacement of power capacitor in units at Sahibabad, to improve power factor.

c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:-

- The energy conservation measures taken during the year have resulted into yearly saving of approximately Rs 180 Lacs and thereby lowered the cost of production by the equivalent amount. These measures have also lead to better pollution control, reduced maintenance time and cost, improved hygienic condition and consistency in quality and improved productivity.

d) Total energy consumption and energy consumption per unit of production as per Form A

- Attached herewith as Annexure 4

B. Technology Absorption:

Efforts made in technology absorption as per Form B is attached herewith as Annexure 5.

C. Foreign Exchange earnings and outgo:

i) Activities and initiatives relating to exports:

The Company’s key markets for international business are the Middle East, Africa, UK and South Asian geographies, with manufacturing plants located across regions. The Company also has a private label business in USA and UK, along with Guar gum exports, which takes place from its Indian plants.

International business:

The Company’s International Business Division (including recently acquired Hobi and Namaste group companies) recorded an impressive sales growth of 43.3% from Rs. 631.4 crores in 2009-10 fiscal to Rs. 904.8 crores in 2010-11 fiscal, contributing to 22% of consolidated sales. Excluding the acquisitions, the International Business Division recorded sales of Rs. 731.6 crores in 2010-11, growing by 15.9%. The operating margins of the business improved significantly during the year reflecting the strength of the brands even though the external conditions were tough and the environment was plagued by political turmoil and instability in key countries of Middle East and North Africa region leading to demand contraction coupled with
inflationary pressures due to commodity cost inflation.

Robust sales growth in international markets was possible due to:
- Strong Brand portfolio positioned on herbal and natural platform
- Aggressive new product launches and brand extensions
- Geographical expansion into new markets
- Strong Sales and Distribution network
- Strong manufacturing backbone and expansion of own manufacturing in key geographies
- Localised and efficient supply chain.

The company has built strong and robust brand architecture with brands like Dabur Amla and Vatika across geographies. As per Nielsen Retail Audit in Saudi Arabia, Dabur Amla is the largest brand in the hair oil segment there. Dabur Amla franchise has been extended into Hair Creams and variants have been launched in hair oils and hair serums. Vatika has also maintained its growth trajectory with Vatika Hair Creams emerging as the biggest brand based on Nielsen Retail Audits in Saudi Arabia and Egypt. This was inspite of stiff competition from established brands through aggressive consumer promotions and price cuts.

Vatika Dermoviva—the new brand launched for the Personal Wash and Skin Care segment has grown in strong double digits in Soaps and has managed to create consumer equity in a category dominated by strong MNC players. Vatika Dermoviva was extended into Hand Wash category during the year.

Dabur Herbal Toothpaste posted a strong performance in Nigeria where it has become the no. 2 player in terms of market share basis Nielsen Retail Audit. The brand has been re-launched in MENA during the year and it has seen fast growth.

The key contributing markets to the International Business growth have been GCC, Egypt, Nigeria, Algeria, Morocco, Jordan, Syria and Kenya.

GCC, the largest region in the International Business Division and despite being a mature market, has grown by 21% over last year fuelled by innovations and new product launches in the Hair Care, Personal Wash and Oral Care segments.

Dabur Egypt Limited has witnessed another spectacular performance with 34% growth in sales in spite of disturbances in the region and temporary shut down during the fourth quarter of fiscal 2010-11. The plants in Egypt have however become operational as the political situation has improved.

African Consumer Care, Nigeria has grown by 34%, aided by strong growth of Dabur Herbal Toothpaste and Dabur Herbal Gel in the Oral Care category.

Asian Consumer Care, Pakistan has grown by 17%, with Hajmola and Dabur Amla emerging as the two strong brands for the region.

Markets of North Africa, Levant and Yemen have seen an impressive performance with 39% growth over previous year.

Asian Consumer Care, Bangladesh, has performed well with a growth of 47% during the fiscal 2010-11. The growth has been led by focus on five key brands – Amla Hair Oil, Vatika Hair Oil and shampoos, Dabur Honey and Meswak.

Dabur Nepal Pvt Limited which manufactures fruit juices and also caters to local consumer market in Nepal recorded growth of 4% in 2010-11 in its sales to the domestic market of Nepal.

Efficient operations of the manufacturing plant in Ras Al Khaimah ensured 22 new SKU launches in 2010-11 fiscal and augmentation in capacity with new warehouse and new manufacturing lines for Hamam Zaith and other hair care products. In Egypt, Hair Cream manufacturing capacity was doubled and new Toothpaste mixer was commissioned while new Lines for Hair Oil & Hair Cream packing are under installation. In Nigeria, ISO certificates were received for Green Gel and Promise Red Toothpaste.

Exports from India

The company also exports guar gum and private label oral care products from India. During 2010-11 the company recorded Guar gum exports to the tune of Rs.52.7 crores as compared to Rs.43.3 crore in 2009-10 fiscal. Sales have grown aided by recovery in global environment.

Sales in USA (Dabur Branded and Private label) grew impressively from Rs. 38 crores to Rs 45 crores. In Private label, key new markets were opened, such as Denmark, Switzerland, Canada and France. For the first time we could enter European Retail chains. New product categories of Mouthwash and Denture Adhesives were started. Dabur Branded Ethnic grew with the launch of new products such as Sesame Oil, Juices and a host of products from both the IBD platform as well as the India Domestic platform. Mainstream Retail penetration of Dabur Ethnic products took place in both USA (Stop n Shop) and in Canada (Loblaws network).

ii) Development of new markets for Products & Services:

New avenues for growth were opened up with expansion into the new markets of Congo, Armenia, Kazakhstan and Burkina Faso. The Sales & Distribution infrastructure has been augmented by appointing new distributors in Malaysia, Uganda, Mozambique and Ethiopia. Local resources have been deployed in key markets of Middle East & North Africa, Nigeria, Egypt and South East Asia to strengthen the S&D structure.
iii) Export Plans:

The focus, going forward, is to continue expanding the Company’s presence across geographies and to exploit the opportunities that exist in existing and potential segments. The Company will continue to invest in brand building, manufacturing and human capital in order to maintain and improve the existing robust growth path.

Total Foreign Exchange used during 2010-11: Rs. 2460 lac.
Total Foreign Exchange earned during 2010-11: Rs. 13416 lac.

GROUP FOR INTER SE TRANSFER OF SHARES

Pursuant to an intimation received from the Promoters, under Clause 3 (1) (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of aforesaid SEBI Regulations, are given in the Annexure 6 attached herewith and forms part of this report.

OPERATIONS REVIEW

For detailed operational review kindly refer to Management Discussion and Analysis and the Report on Corporate Governance, which forms part of this Annual Report.

HEALTH SAFETY AND ENVIRONMENTAL REVIEW

Dabur India Ltd. has reaffirmed its commitment towards Health, Safety and Environment through its Policy. Health, Safety and Environment is integrated with the business processes, which focuses on People, Technology and Facilities, supported by Management Commitment as the prime driver. The Health, Safety and Environment Management Systems in all manufacturing units conform to the requirements of the International Standards based on OHSAS and ISO. With its health, Safety and Environment management system Dabur aims to effectively control risks and prevent people from being injured or harmed during the course of their work.

Dabur has the aim to certify all its operational locations with the Integrated Management system OHSAS (Occupational Health & Safety Advisory Services) 18001 and ISO 14001 — Occupational Health, Safety and Environment. With this aim, Dabur has got certified its three (3) manufacturing location by TUV NORD. This standard is the foundation of the overall health, safety and environment framework of Dabur.

The environmental agenda was marked by a shift towards reducing environmental impact of Company’s operations. This was achieved by environment management program through a combination of energy & water conservation, rainwater harvesting and solid waste recycling. Some sites modified their boilers to use bio-fuels, resulting in significant environmental benefits by reducing the Sox emission in environment.

Dabur India Ltd. has always been aware of its responsibilities as a good citizen action, in health, safety and environment management, is in the process of further strengthening its current resources.

Key Initiatives taken during the year.

- Got certified its 3 manufacturing location with OHSAS 18001 and ISO 14001 integrated management system.
- In a process of preparing 5 more manufacturing location for the certification of OHSAS 18001 and ISO 14001 integrated management system.
- Risk assessment of all manufacturing location done with a system of planned inspection product wise, resulted in the reduction of all injury rate (AIR) and Total Recordable Frequency rate (TRFR).
- Legally Complied at unit level w.r.t Safety and Environment Act and Rules.
- Environmental Monitoring was carried out at unit level to check the impact on the environment.
- Different Guidelines and Standard were rolled out for implementation at unit level and Focus on the training – on job and off job to minimize the TRFR.
- Installation of Fire Hydrant and Detector System as per the latest technologies available.
- Emergency Preparedness plan is in place and executed the plan through mock drill.
- Different test has been carried out at unit level to check the efficiency of PPE’s used at work place.
- Health Check up for all employees carried out at unit level.

AWARDS & RECOGNITIONS:

Dabur has received many Awards and Accolades in recognition of its achievements at various levels. During the year Dabur bagged various Awards and Recognitions in different categories and for different Brands. These include:

For The Company—

- Ranked as the organisation that offers best return to investors by the 6th Social & Corporate Governance Awards, presented by the Bombay Stock Exchange.
- Listed among the enterprises that are ‘Doing India Proud’ in Limca Book of Records, 2010.
- Ranked as 7th Most Respected Company in the Fast Moving Consumer Goods space in India.
- Ranked 63 in the list of Top 100 Beauty Companies in the world.
- Ranked 182 in the ET-500 list of India Inc’s Heroes.
- Ranked 62 in Business Today’s BT 500 list of India’s Most Valuable Companies.
- Dabur stock ranked 14th in Value 100 list, a ranking of attractively-priced stocks of firms with ‘real’ earnings.
- Ranked 200 in the Fortune India 500 list that ranks India’s 500 largest corporations.
- Awarded the Best Run award in Supply Chain by SAP.
- Listed as a Top Green Company in Greenpeace Safe Food Guide...
version 2.0 for its responsibility towards the GM food issue.

- Moved up to take the 78th spot in the Super-100 list, released by Business India.
- Ranked among Top 10 Best Companies To Work For in the Consumer Goods and Durables Sector.
- Ranked as India’s Most Customer Responsive FMCG Company.
- The Burman family, promoters of Dabur, ranked 20th in Forbes ‘The 100 Richest Indians’ list.
- Dr. Anand Burman, chairman ranked amongst India’s Most Powerful CEO’S. Have been placed at No. 41 in the list.

*Its Brands*

- Real fruit juices & Vatika Hair Oil bagged Reader’s Digest Trusted Brand Gold Award 2010.
- Dabur Amla, Hajmola have been listed in 100 Most trusted Brands 2010 list. Babool and Real are also amongst the trusted brands.
- Dabur Chyawanprash Immune India Campaign and Dabur Glucose-D Ace of Pace bagged international Promotion Marketing Award of Asia 2010.
- Dabur Amla Hair Oil & Real voted as Most Loved FMCG Brands with highest top-of-the-mind recall.
- Meswak, Vatika Almond Hair Oil, Dabur Amla Flower Magic Hair Oil and Dabur Uveda bagged National Awards for Excellence in Packaging.
- Dabur ranked 27 in India’s Most Valuable Brands 2010 list by Brand Finance.
- Chyawanprash, Hajmola, Real chosen by Indian consumers as ‘Power Brands 2010-11’.

*Its Chief Executive Officer*

- Mr. Sunil Duggal ranked amongst India’s most valuable CEOs.

**INDUSTRIAL RELATIONS**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of employees have enabled the Company to remain at the leadership position in the industry. It has taken various steps to improve productivity across organization.

**ACKNOWLEDGEMENTS**

Your Directors place on record their gratitude to the Central Government, State Governments and Company’s Bankers for the assistance, co-operation and encouragement they extended to the Company. Your Directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Vendors, Dealers, Business Associates and Employees in ensuring an excellent all around operational performance.

For and on behalf of the Board
New Delhi
27th April, 2011

(Anil Kumar)
Partner
Membership No. 9390

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**Auditors’ Report on Corporate Governance**

To,

The Members of Dabur India Limited,

We have examined the compliance of conditions of Corporate Governance by Dabur India Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to procedures, and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For G. BASU & CO.
Chartered Accountants
(FRN- 301174E)

New Delhi
27th April, 2011

(Anil Kumar)
Partner
Membership No. 9390
### Annexure ‘2’

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

<table>
<thead>
<tr>
<th>1 Name of the Subsidiary</th>
<th>2 Holding Company’s Interest</th>
<th>3 Extent of Holding</th>
<th>4 Subsidiary Financial Year ended on</th>
<th>5 Net aggregate amount of subsidiaries Profit/(Loss) not dealt within the holding company’s accounts:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dabur Nepal Pvt. Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(i) For the financial Year of the subsidiaries</td>
</tr>
<tr>
<td>Dabur UK Ltd.*</td>
<td>45,80,00,000 Equity Shares of Re 1 Each fully paid up</td>
<td>48%</td>
<td>31.03.2011</td>
<td>(Rs. 988,19,527)</td>
</tr>
<tr>
<td>H &amp; B Stores Ltd.</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(Rs. 56,40,05,365)</td>
</tr>
<tr>
<td>Dabur International Ltd.</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(Rs. 7,14,05,155)</td>
</tr>
<tr>
<td>Dabur Egypt Ltd.*</td>
<td>5,65,000 Equity Shares of US Dollar 1 Each fully paid up</td>
<td>-</td>
<td>31.03.2011</td>
<td>2.21%</td>
</tr>
<tr>
<td>Asian Consumer Care Pvt. Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(Rs. 2,29,05,09,785)</td>
</tr>
<tr>
<td>Weikfield International EAD LLC**</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(AED 4,64,58,432)</td>
</tr>
<tr>
<td>African Consumer Care Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(AED 1,21,06,26,590)</td>
</tr>
<tr>
<td>Asian Consumer Pakistan Ptd Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(AED 9,75,47,690)</td>
</tr>
<tr>
<td>Naturelle LLC**</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(AED 7,34,05,139)</td>
</tr>
<tr>
<td>Demacos Skincare Solutions Inc.**</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 15,01,371)</td>
</tr>
<tr>
<td>Holm Kozmetik Imalat Sanayi Ve Ticaret Lihten Limited Sirketi*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 15,96,340)</td>
</tr>
<tr>
<td>Zepa Plastics India Limited Sirketi*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 35,077)</td>
</tr>
<tr>
<td>Ra Namaste Limited Sirketi*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 35,201)</td>
</tr>
<tr>
<td>Hobi Rejuvenation &amp; Revitalization Nigeria Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 35,077)</td>
</tr>
<tr>
<td>Dabur Egypt Trading Ltd.*</td>
<td>-</td>
<td>-</td>
<td>31.03.2011</td>
<td>(USD 35,077)</td>
</tr>
</tbody>
</table>

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* Subsidiary Under section 4(1)(c)

Exchange Rate as on 31.03.2011
1 AED=Rs. 12.14
1 USD = Rs. 48.59
Disclosure regarding Employees Stock Option Plan pursuant to the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and forming part of the Directors' Report for the year ended 31st March, 2011.

<table>
<thead>
<tr>
<th>For the Year</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of Options granted</td>
<td>19300617</td>
</tr>
<tr>
<td>2. Pricing formula</td>
<td>Each option carries the right to the holder to apply for one equity share of the Company at par/discount to market value.</td>
</tr>
<tr>
<td>3. Options vested</td>
<td>312455</td>
</tr>
<tr>
<td>4. Options exercised</td>
<td>436209</td>
</tr>
<tr>
<td>5. Total number of shares arising as a result of exercise of option</td>
<td>436209</td>
</tr>
<tr>
<td>6. Options lapsed/Cancelled</td>
<td>27903</td>
</tr>
<tr>
<td>7. Variation in terms of options</td>
<td>None</td>
</tr>
<tr>
<td>8. Money realized by exercise of options</td>
<td>Rs.404959/-</td>
</tr>
<tr>
<td>9. Total number of options in force</td>
<td>19627230</td>
</tr>
<tr>
<td>10. Employee-wise details of options granted during the year to</td>
<td></td>
</tr>
<tr>
<td>i. Senior managerial personnel</td>
<td></td>
</tr>
<tr>
<td>Mr. P D Narang</td>
<td>Group Director – Corp. Affairs</td>
</tr>
<tr>
<td>Mr. Sunil Duggal</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Mr. Jude Magima</td>
<td>Executive Director- Operations</td>
</tr>
<tr>
<td>Mr. A Sudhakar</td>
<td>Executive Director– HR</td>
</tr>
<tr>
<td>Mr. Devendra Garg</td>
<td>Executive Director-CHD</td>
</tr>
<tr>
<td>Mr. S Raghunathan</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>ii. Employees who received the options amounting to 5% or more of options granted during that year</td>
<td></td>
</tr>
<tr>
<td>Mr. P D Narang</td>
<td>Group Director – Corp. Affairs</td>
</tr>
<tr>
<td>Mr. Sunil Duggal</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>Mr. Devendra Garg</td>
<td>Executive Director-CHD</td>
</tr>
<tr>
<td>Mr. Jude Magima</td>
<td>Executive Director- Operations</td>
</tr>
<tr>
<td>iii. Employees who received the options during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant:</td>
<td>None</td>
</tr>
</tbody>
</table>

11. Diluted earning per share (EPS) pursuant to issuance of options under ESOP: Rs. 2.69

12. The Company had been using intrinsic value method of accounting ESOP expenses as prescribed by SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999, to account for stock options issued under Dabur ESOS 2000, the Company’s stock option scheme. Under this method, compensation expenses is recorded on the basis of excess of the market price of share at the date of grant of option over exercise price of the option.

As allowed by the above referred SEBI Guidelines the company has decided to continue to apply the intrinsic value method of accounting and accordingly the disclosure required as per para 12 (l) of the Guidelines are given herein below:-(Rs. in lacs)

- Net profit after tax, as adjusted: 47011
- Impact on profit (i.e. profit would have been lower by): 130

- Earning per share (Rs.)
  - Basic: 2.71
  - Diluted: 2.69
  - As reported
  - As adjusted: 2.70
  - Impact on EPS: 0.01
  - 0.00

13. Weighted average exercise price (per option): Rs.51.78

- Weighted average fair value of per option:
  - (per intrinsic value method): Rs.117.07
  - (per black scholes model): Rs.124.65

14. The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:-

- Risk free interest rate: 6.83
- Expected life: 1 to 5 years
- Expected volatility: 28.47
- Expected Dividend yield: 1.66%
- Price of underlying shares in the market at the time of option grant: Rs.163.80
## A. Power & Fuel Consumption

### 1. Electricity

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Units</strong></td>
<td>35191645.00</td>
<td>28303923.00</td>
</tr>
<tr>
<td><strong>Total Amount – (Rs.)</strong></td>
<td>173942164.00</td>
<td>127836950.00</td>
</tr>
<tr>
<td><strong>Rate per Unit - (Rs.)</strong></td>
<td>4.94</td>
<td>4.52</td>
</tr>
</tbody>
</table>

### b) Own Generation

#### i) Through Diesel generator

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Units</strong></td>
<td>4149799.00</td>
<td>3882620.00</td>
</tr>
<tr>
<td><strong>Unit per Litre of Diesel Oil</strong></td>
<td>3.02</td>
<td>3.22</td>
</tr>
<tr>
<td><strong>Cost per Unit - (Rs.)</strong></td>
<td>11.29</td>
<td>9.41</td>
</tr>
<tr>
<td><strong>Total Cost – (Rs.)</strong></td>
<td>46847951.02</td>
<td>36523995.71</td>
</tr>
</tbody>
</table>

#### ii) Through Steam Turbine / Generator

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Units</strong></td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td><strong>Unit per Litre of Fuel Oil</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost per Unit - (Rs.)</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 2. Coal (Specify Quality and where used) - (Bio Briquettes/ Pet Coke for steam generation- Boiler)

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantity (Tonnes)</strong></td>
<td>9460.57</td>
<td>6413.15</td>
</tr>
<tr>
<td><strong>Total Cost – (Rs.)</strong></td>
<td>60976480.80</td>
<td>32436767.34</td>
</tr>
<tr>
<td><strong>Average Rate per Tonne – (Rs.)</strong></td>
<td>6445.33</td>
<td>5057.85</td>
</tr>
</tbody>
</table>

### 3. Furnace Oil

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantity (Tonnes / KL)</strong></td>
<td>2828.86</td>
<td>3423.88</td>
</tr>
<tr>
<td><strong>Total Cost – (Rs.)</strong></td>
<td>90798391.00</td>
<td>93817349.07</td>
</tr>
<tr>
<td><strong>Average Rate per Tonne – (Rs.)</strong></td>
<td>32097.18</td>
<td>27400.86</td>
</tr>
</tbody>
</table>

### 4. Others / Internal generation

#### HSD

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantity (Kilo Ltr)</strong></td>
<td>510.61</td>
<td>301.68</td>
</tr>
<tr>
<td><strong>Total Cost – (Rs.)</strong></td>
<td>18084373.05</td>
<td>9140797.50</td>
</tr>
<tr>
<td><strong>Average Rate per Kilo Ltr – (Rs.)</strong></td>
<td>35417.26</td>
<td>30299.25</td>
</tr>
</tbody>
</table>

#### LDO

<table>
<thead>
<tr>
<th></th>
<th>2010-11</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quantity (Kilo Ltr)</strong></td>
<td>193.19</td>
<td>203.56</td>
</tr>
<tr>
<td><strong>Total Cost – (Rs.)</strong></td>
<td>8746957.00</td>
<td>7629860.22</td>
</tr>
<tr>
<td><strong>Average Rate per Kilo Ltr – (Rs.)</strong></td>
<td>45276.45</td>
<td>37481.75</td>
</tr>
</tbody>
</table>

## B. Consumption per unit of production

The Company is engaged in production of variety of products, hence the figures of consumption per unit of production are not ascertainable.
FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

Research & Development

1. Specific area in which R & D carried out by the Company

The R&D efforts are dedicated to development of new products and continuous improvement in process, quality and cost of existing products. The combined efforts ensured a strong product portfolio in all categories including Ayurvedic, Health Care, Foods, Home Care and Personal Care products.

**Ayurvedic:**

Key areas of R&D were:

a) Formulation development including new product development and process validation:

   Development of both OTC and classical Ayurvedic new products were carried out. OTC products span across Proprietary Ayurvedic products, health supplements and Pharmaceutical products. Besides the above, research was also carried out in process validation and technology transfer of Ayurvedic products.

b) Efficacy and safety evaluation of the products:

   Latest scientific tools like *in-vitro* studies, cell based assays and *in-vivo* studies to generate claim support data were applied on both existing and new products. Clinical studies for both regulatory and marketing purposes were also conducted. Although, in general, ayurvedic products are normally perceived to be safe, yet data was generated on safety using reliable scientific procedures in the larger interest of discerning consumers.

c) Development of quality standards of raw materials and finished products:

   R&D centre was closely associated with Pharmacopoeia Commission of Indian Medicines and Indian Pharmacopoeia Commission for developing quality standards of classical Ayurvedic formulations as well as raw materials of herbal origin. This is a dynamic process. Upgrading the quality standards on continuous basis to ensure batch to batch consistency was also undertaken.

d) Bio Resources Development:

   Bio Resources Development (BRD) group has been involved in designing, development and implementation of strategic initiatives to ensure material security for future business needs. These programmes are essentially centred on medicinal plant species-facing variable degrees of supply constraints. This group is involved in development of agronomy protocols besides the promotion of contract farming. Latest technologies like plant tissue culture are also used for the purpose. This group is actively associated with National Medicinal Plants Board and National Mission of the Medicinal Plants.

**Food:**

Focus of R&D efforts was on development of new products and cost reduction of existing products for the brands Real, Activ, Burrst, Hommade, Lemoneez and Dabur - Chyawan Junior, Glucose, Hajmola, Honey and other health foods.

The key areas taken up for development during the year were:

- Two new fruit variants for Activ juices.
- New fruit variants with Apricot and five fruit blends for Real.
- New formulations for still lemon Drink, Fizz Lemon Drink, and Fizz Apple Drink in Burrst.
- New formulations for drinking yogurt.
- Development & commercialization of Fiber fortified beverages in active, Vitamin fortified beverages in Real.
- Cost reduction in Burrst, Real, Activ juices and nectars and other products through alternative RM development.
- Development of six variants of Bar syrups.
- Development of two variants of culinary pastes, Pasta sauces and other sauces.
- Redevelopment of Ketchup and sauces which are ready for launch in packaging format.
- Development of new flavor variants in Hajmola candy Mint Masti and Pudina Chutney, Glucose Powder Litchi and Rose.
- Development of New products like mouth fresheners and masala Mixes.

**Home Care:**

R&D was carried out in categories of Air Care, Personal repellents, Hard surface cleaners & Fabric Care.

**Personal Care:**

R&D was carried out for enhancing the existing product range and introduction of new products in Hair Care, Oils, Skin care and Oral care in Indian and many overseas markets.
2. Benefits derived as a result of the above R & D

**Ayurvedic:**

a) Company has been able to launch several new products, viz.

- Proprietary Ayurvedic products
  - Dabur Chyawanprash in two new flavors Orange & Mango.
  - Pudin Hara Lemon Fizz, a tasty effervescent formulation for gas and acidity.
  - Nature Care Orange – A tasty formulation containing Isabgol and orange flavour for constipation.

- Nutraceutical products
  - Dabur Nutrigo Total - comprising vitamins, minerals and herbal supplements that provides all day energy with stamina & strength for active men
  - Dabur Nutrogi Women - containing vitamins, minerals, herbal supplements to cater the specialty needs of women like all day stamina, emotional well-being, bone, skin and hair health with a healthy heart.

- OTC Pharma products
  - Honitus Day & Night - a combo pack containing two distinct tablets for day and night use to treat cold, a unique concept launched first time in India.

- Classical Ayurvedic products
  - Saptavinshati Guggulu - for Piles, fistula and wound healing
  - Pushpadhanwa Ras - an aphrodisiac
  - Gandhak Rasayan - for Skin ailments

Apart from the above improved Honitus lozenges through enrichment of herbal extracts has also been developed.

b) Efficacy and safety evaluation of the products:

The R&D centre conducts required safety studies as well as proof-of-efficacy studies for products. A few studies conducted using modern scientific tools are:

- In-vitro assessment of Dabur Chyawanprash suggested that it possesses immuno-modulatory and antiallergic activities. These studies also proved that Dabur Chyawanprash has potent curative anti-allergic action also, other than its preventive potential.

- Dabur Hajmola tablet demonstrated digestive stimulant properties by increasing activities of enzymes which plays crucial role in digestion of fats, proteins and carbohydrates. Thus it was established scientifically that Dabur Hajmola is not just a tasty chew tablet, but also has digestive properties.

- The study on Dabur Mensta syrup indicated its estrogen stimulation activity governed by functional ovaries and its use for the management of dysmenorrhoea. Both these results suggested that Dabur Mensta syrup is useful in the treatment of Dysmenorrhoea, Metrorrhagia and menorrhagia and also mechanism of action for the same was established.

- The *In vitro* assessment of Tuvarak (Chaulmogra) Tail suggested its melanogenesis stimulatory activity. The study proved scientifically the mechanism of action of Dabur Tuvarak Tail in vitiligo.

c) Development of quality standards of raw materials and finished products:

R&D centre has been co-ordinating with Ayurvedic pharmacopoeia committee to develop quality standards of five Bhasmas viz., Abhraka Bhasma, Mandura Bhasma, Kantalauha Bhasma, Swarna Makshika Bhasma and Tamra Bhasma. This is an ongoing process and the standards thus developed would become part of Ayurvedic Pharmacopoeia of India in a due course of time.

Indian Pharmacopoeia Edition 2010 has included several monographs of medicinal plants out of which significant contribution on the Neem and Lavang monographs have been made by R&D Division and same has been acknowledged in Indian Pharmacopoeia.

d) Bio Resources Development:

- As a result of well-conceived programmes of backward integration, self sufficiency have been achieved for three endangered, temperate medicinal plants viz., Chirayata (*Swertia chirata*), Kuth (*Saussurea lappa*) and Pushkarmool (*Inula racemosa*). Contract farming projects in Himachal Pradesh and other states have been commissioned. Such projects have also been expanded to three more species during the year. Two of these projects put wastelands into use- for cultivation of Bhumi amalaki (*Phyllanthus amarus*) and Nagarmotha (*Cyperus scariosus*) deploying novel-agro technologies.

- Bio Resources development group has also been commissioned by National Medicinal Plants Board for development of plant parts substitution. A project has been initiated to replace the use of barks with renewal of plant parts in case of five species.

- Bio Resources group has embarked upon an ambitious project to develop and commission Green House and seed production complex which would provide us about five millions saplings in future. The complex shall be provided with latest environmental control systems.

**Foods:**

Broadly the benefits derived are as follows:

- Development of new products in beverage and Culinary category, new fruit juice and beverages, Pastes, Bar syrups variants will increase the product folio and sales.
• Fizz variants under Burrst brand will be launched in Q1 2011. This will help to introduce new Fizz products in PET bottle format.
• New product variants in Hajmola candies and Glucose is expected to be launched by Q2 2011 which will help in increasing the sales volume by introduction of differential variants.
• Introduction of post meal mouth freshener as a product extension in Hajmola will help to enter “Hajmola” brand in new category of products in near future.

Home care:
In Air Care segment the Company has entered the room freshener electrical segment by giving various fragrance options on continuous basis. Research has also been carried out on various long lasting fragrances in aerosol and the products have been launched successfully. In the Odonil blocks segment, technology has been worked out to double the fragrance levels & build aesthetic shapes. In the personal repellents category, varianting of odomos with different fragrances such as rose and jasmine have been developed. Optimisation of the active level in Oil has been successfully carried out to enhance the duration of efficacy. In Sanifresh, a technology to stabilize fragrance in Acid has been developed which will add value to the toilet cleaner. Fabric Softener improvements with respect to viscosity & fragrance lasting has been carried out.

Personal Care:
The R&D efforts have lead to the development and launch of following products:
- Oxy Facial Kit
- Uveda Face Mask
- Uveda Complete Repair 5 Mask
- Hamam zeit conditioner for GCC & Egypt market
- Extension of Vatika Hair Oil and Shampoo range for GCC & Egypt market
- Establishment of Toothpaste and Personal Care manufacturing facility in Egypt.
- Gold Bleach
- Uveda Complete Repair 5 Cream
- Fem Hand Sanitizer
- Amla Anti Dandruff hair Cream for GCC market
- Vatika Coconut Enriched Hair oil for Egypt market
- Launch of Dermoviva range of Hand Wash & Lotion in GCC market
- Launch of Mouthwash (Auromere, Promise) in US & European market.

Denture Adhesive Cream has been developed for US Pvt Label market. A few value engineering projects have been initiated in the leading brands.

Rationalization of formulation has been carried out in the Fem range of products (Bleaches, Liquid Hand wash), Vatika Shampoos, Hair oils etc.

3. Future plan of action:
Ayurvedic:
To continue to provide the benefits of Ayurvedic healthcare system to masses by continuing R & D efforts. The developmental endeavor shall be designed to address the consumer needs in the specific context of lifestyle ailments and such other niche areas.
Bio Resources Development programme would continue to receive adequate thrust in times to come. The programme shall be extended to other species while expanding the areas under cultivation and ensuring sustained deliveries from the existing projects.

Foods:
Future plans in this category are:
- Commercialization of new fruit beverages and milk based under Burrst, Real & Activ.
- Development of Coconut water, Sugar cane juice, Milk and fruit beverages, Fruit Ice teas, Smoothies, Gravy mixes and Bhuna masalas under Hommade.
- Tomato paste for institutional market.
- Commercialization of different variants in candy, Glucose powder and Dabur Honey.
- Develop digestive Hajmola jellies, chewing gums etc.

Home Care:
Upgradation of current Aerosols into Malodor & Antibacterial solutions shall be worked out. New & novel methods of room freshening through Air conditioners, blowers, etc shall be explored. In personal application, development of a more trendy & convenient aerosol product is on cards. Concept of Toilet protection technology shall be taken up further to prototyping from the drawing board. In the Fabric care category light duty detergents & post wash applications shall be also explored.

Personal Care:
New technologies and products shall continue to be focused in all the major categories of Personal care for Indian and Overseas business.
Cost effectiveness will be pursued vigorously in vendor development, process engineering and all other key areas of product development to improve the Net contribution of brands.

4. Expenditure on R&D (2010-11)
   a) Capital Rs. 333 lacs
   b) Recurring Rs. 368 lacs
   c) Total Rs. 701 lacs
   d) Total R&D expenditure as a percentage of Total Turnover 0.212%

Technology Absorption, Adoption and Innovation

1. Efforts, in brief, made towards technology absorption, adoption and innovation

   - Energy Conservation and Efficiency improvement
     - Use of energy efficient CFL lamps in all plants.
     - Use of ETP (Effluent Treatment Plant) treated water in cooling tower for makeup purpose and for gardening.
     - Installation of Bio Briquette fired boiler by replacing the Furnace oil fired boiler.
     - Four number of tilting kettles provided for making amla pishhti resulting in energy saving (steam consumption) and safer operation at Katni.

   - Upgradation in manufacturing
     - Use of Ambiator system instead of Air conditioning for comfort conditions.
     - Recycling of Vacuum pump cooling water for environment savings.
     - Installation of herbal extractors by replacing old boiling pans.
     - conventional sleeving machine for Dabur Chywanprash replaced with rotary pucks for better and even sleeving quality and increased productivity.
     - FBE (Fluid Bed Evaporator) 1300 with Thermic fluid heater, Pneumatic conveying & shrink wrap machine implemented in the Hajmola project at Jammu.
     - Successful installation of FFS (Form Fill Seal) machines of 4 ml & 70 ml Dabur Anmol Coconut Oil Pack at Pithampur
     - Installation and commissioning of Vacuum Booster in concentration plant in order to improve the productivity & quality at Jalpaiguri
     - Honey processing through Centi Therm (CT-6) machine installed.
     - Usage of Earthen Pot in place of Crucibles in Bhasma manufacturing process at Sahibabad.

   - Waste Management
     - In-house manufacturing of Bio Briquettes started from the Herbal Waste generated from Boiling Section at Sahibabad.
     - ETP process modified – Gravimetric dosing of lime in place of power driven dosing at Sahibabad.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

   - Reduction in power usage and thereby reducing cost of production.
   - Improved efficiencies and productivity.
   - Power Factor incentive of Rs. 104083/- received from State Electricity Board.
   - Saving of LPG in canteen by using bio gas from ETP.
   - Bio briquettes are environment friendly and involves low cost. Saving of substantial amount in Fuel cost due to change in Boiler fuel.

   - Reduction in consumption of fuel
   - Product improvement
   - Resulted in cost saving
   - Reduced Steam consumption
   - Safe Working Condition
   - Improved quality

   - Cleaner environment.
   - Better waste disposal.
   - Improved hygiene conditions.
   - Increased productivity
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of this financial year) following information may be furnished:

a) Technology imported
   i. Odomos Coil manufacturing Technology from Malaysia
   ii. Semi automatic Tablet Counting & Filling Machine Labeling and cartooning machines Tetrapak straw applicator

b) Year of import
   i. 2006-07
   ii. 2007-08

c) Has technology been fully absorbed
   Yes

d) If not absorbed, areas where this has not taken place, reason therefore and future plan of action
   N/A

---

**Annexure ‘6’**

Group for interse transfer of shares under clause 3(1) (c) of Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Shares Class</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr Ashok Chand Burman</td>
<td>33</td>
<td>Lite Bite Foods Pvt Ltd.</td>
</tr>
<tr>
<td>2</td>
<td>A C Burman HUF</td>
<td>34</td>
<td>M.B. Finmart Pvt Limited</td>
</tr>
<tr>
<td>3</td>
<td>Dr Anand Burman</td>
<td>35</td>
<td>Malhotras Trading Company Pvt. Ltd.</td>
</tr>
<tr>
<td>4</td>
<td>Mrs Minnie Burman</td>
<td>36</td>
<td>A.V.B. Finance Pvt Ltd.</td>
</tr>
<tr>
<td>5</td>
<td>Mr Aditya Burman</td>
<td>37</td>
<td>Acce Enterprises</td>
</tr>
<tr>
<td>6</td>
<td>Mrs. Shivani Burman</td>
<td>38</td>
<td>Althea Lifesciences Limited</td>
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<tr>
<td>7</td>
<td>Ms Anisha Burman</td>
<td>39</td>
<td>Angel Softech Pvt. Ltd.</td>
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<tr>
<td>8</td>
<td>Mr Vivek Chand Burman</td>
<td>40</td>
<td>B R Bee Products Pvt Ltd.</td>
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<tr>
<td>9</td>
<td>Mrs Monica Burman</td>
<td>41</td>
<td>B.A. Holdings Pvt Ltd.</td>
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<tr>
<td>10</td>
<td>Mr Mohit Burman</td>
<td>42</td>
<td>Burman Resorts Pvt Ltd.</td>
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<tr>
<td>11</td>
<td>Mr Gaurav Burman</td>
<td>43</td>
<td>Burmans Finvest Pvt.Limited</td>
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<td>12</td>
<td>Mrs. Karima Burman</td>
<td>44</td>
<td>Chowdry Associates</td>
</tr>
<tr>
<td>13</td>
<td>Ms Sujata Burman</td>
<td>45</td>
<td>CNS Infotech (I) Pvt Ltd.</td>
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<tr>
<td>14</td>
<td>V C Burman HUF</td>
<td>46</td>
<td>Consortium Consumercare</td>
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<td>15</td>
<td>Mrs Asha Burman</td>
<td>47</td>
<td>Lite Bite Foods Pvt Ltd.</td>
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<tr>
<td>16</td>
<td>Mr Amit Burman</td>
<td>48</td>
<td>Dabur Ayurvedic Specialities Ltd.</td>
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<tr>
<td>17</td>
<td>Mrs Divya Burman</td>
<td>49</td>
<td>Dabur GI Invest Corp</td>
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<tr>
<td>18</td>
<td>Master Adhiraj Burman</td>
<td>50</td>
<td>Dabur Investment Corporation</td>
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<td>19</td>
<td>Ms Divya Burman</td>
<td>51</td>
<td>Dabur Pharmaceuticals Ltd.</td>
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<tr>
<td>20</td>
<td>Mrs Gauri Tandon</td>
<td>52</td>
<td>Dabur Securities Pvt Ltd.</td>
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<td>21</td>
<td>Mr Sandeep Tandon</td>
<td>53</td>
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<td>G C Burman HUF</td>
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<td>23</td>
<td>Mr Pradip Burman</td>
<td>55</td>
<td>Elephant India Advisors Pvt. Ltd.</td>
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<td>24</td>
<td>Mrs Meera Burman</td>
<td>56</td>
<td>Elephant India Finance Pvt Ltd.</td>
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<td>25</td>
<td>Mr Chetan Burman</td>
<td>57</td>
<td>Excellent (India) Private Limited</td>
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<td>26</td>
<td>Mrs Pooja Burman</td>
<td>58</td>
<td>Excellent (India) Private Limited</td>
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<td>27</td>
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<td>59</td>
<td>Gyan Enterprises Private Limited</td>
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<td>28</td>
<td>Ms Eishana Burman</td>
<td>60</td>
<td>IMB Infrastructures Pvt ltd.</td>
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<td>29</td>
<td>Ms Devika Burman</td>
<td>61</td>
<td>Interx Laboratories Private</td>
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<td>30</td>
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<td>31</td>
<td>Mr Sidharth Burman</td>
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<td>32</td>
<td>Mrs Indira Burman</td>
<td>64</td>
<td>Interx Laboratories Private</td>
</tr>
</tbody>
</table>

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Note: The list includes various companies under the Dabur India Limited group, such as Dabur Ayurvedic Specialities Ltd., Dabur GI Invest Corp, and Dabur Investment Corporation, among others.