



DABUR INDIA LIMITED

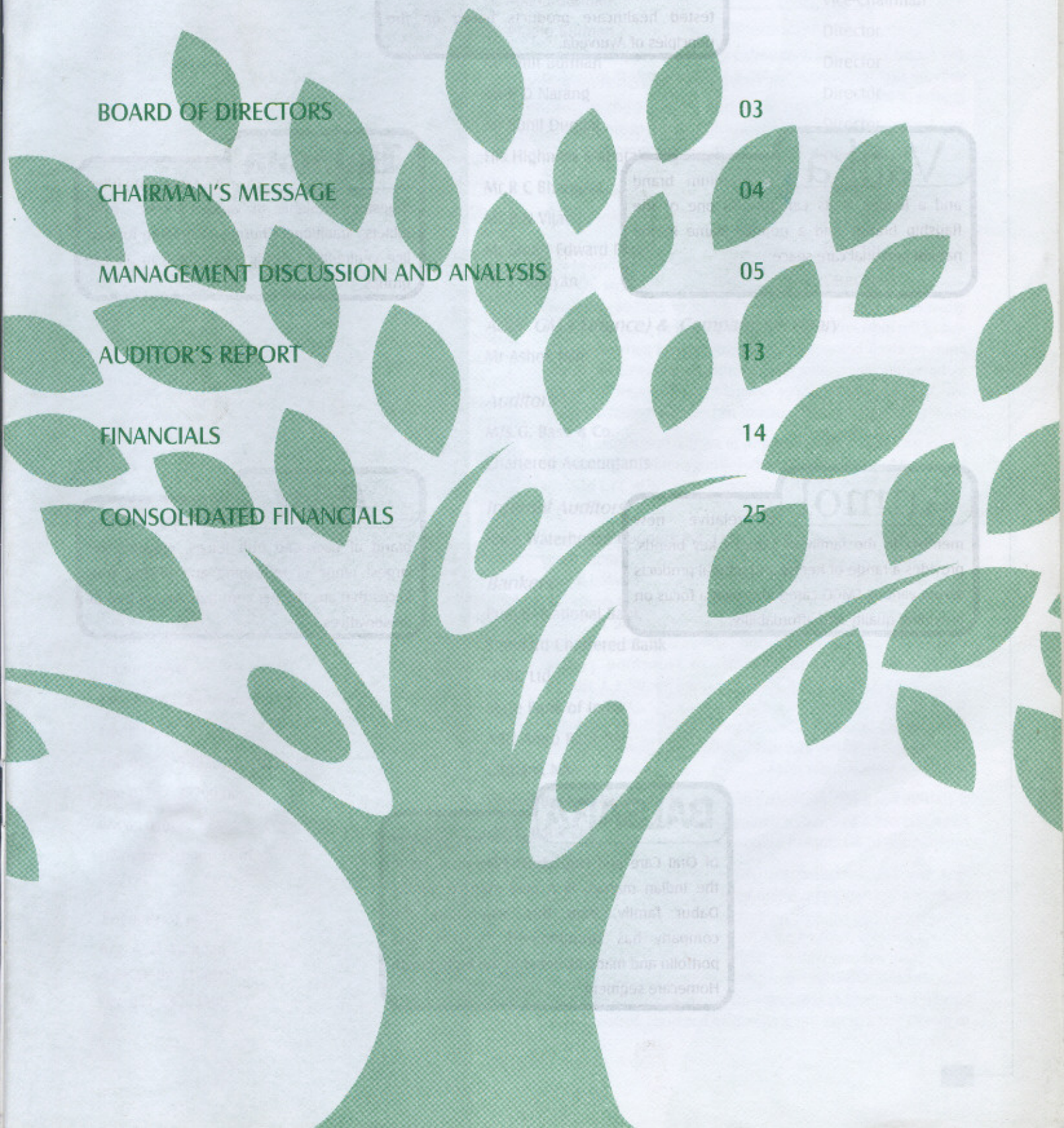


HALF - YEARLY FINANCIAL REPORT
2005-2006

CONTENTS

BOARD OF DIRECTORS	03
CHAIRMAN'S MESSAGE	04
MANAGEMENT DISCUSSION AND ANALYSIS	05
AUDITOR'S REPORT	13
FINANCIALS	14
CONSOLIDATED FINANCIALS	25

Chairman
 Vice-Chairman
 Director
 Director
 Director



CONTENTS

Dabur

a trusted name in natural healthcare for over 100 years, is known for providing a range of efficacious and time-tested healthcare products based on the principles of Ayurveda.

Vatika

a premium brand and a leader in its category, is one of the flagship brands and a popular name in the natural personal care space.

Hajmola

a tasty fun-filled digestive available in various forms - from tablets, traditional Churnas to modern formats like centre-filled candy - appealing to all age groups.

Anmol

a relative new member in the family of Dabur's key brands, provides a range of herbal and natural products across various FMCG categories with a focus on providing quality and affordability.

Réal

country's leading brand of packaged fruit juices, provides the largest range of refreshing and healthy fruit juices that are 100 per cent natural and free of preservatives.

BALSARA

a leading provider of Oral Care and Household Care products in the Indian market, is a new member in the Dabur family. With this acquisition, the company has strengthened its Oral Care portfolio and made its debut in the high-growth Homecare segment.

BOARD OF DIRECTORS

Mr V C Burman	Chairman
Dr Anand Burman	Vice-Chairman
Mr Pradip Burman	Director
Mr Amit Burman	Director
Mr P D Narang	Director
Mr Sunil Duggal	Director
His Highness Maharaja Gaj Singh	Director
Mr R C Bhargava	Director
Mr P N Vijay	Director
Mr Stuart Edward Purdy	Director
Dr S Narayan	Director

Addl. GM (Finance) & Company Secretary

Mr Ashok Jain

Auditors

M/s G. Basu & Co.

Chartered Accountants

Internal Auditors

Price Waterhouse Coopers Pvt. Ltd.

Bankers

Punjab National Bank

Standard Chartered Bank

HSBC Ltd.

State Bank of India

ABN Amro Bank NV

Citibank NA

United Bank of India

HDFC Bank Ltd.

IDBI Bank Ltd.

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CHAIRMAN'S LETTER

Dear Shareholders

The Indian economy continues to grow at an aggressive pace with the GDP recording a healthy 8.1 per cent growth in the first quarter of 2005-06.

The outcome of good economic growth is visible in the changing landscape of urban and semi-urban India with improving roads, mushrooming shopping malls, sprawling entertainment centres and a general feeling of optimism resulting in higher consumer spending, booming real estate market and healthy valuations in the stock market.

In the first half of 2005-06, while the external environment was generally positive, there were some dampeners that affected growth to a certain extent. The first half of 2005-06 witnessed one of the most erratic monsoons in the recent past. While some areas received below average rainfall, several parts of Gujarat, Maharashtra, and Andhra Pradesh witnessed devastating floods. On the global front, prices of crude oil continued to harden putting pressure on input costs of all petroleum related inputs.

Under such conditions, I am happy to say that Dabur India Limited continued to fulfil its endeavour of strong profitable growth with consolidated revenue from operations increasing by 23.3 per cent and profits after tax by 53 per cent.

I would like to highlight that, as with the Indian economy, your company is going through a phase of rapid transformation. Three years back, we had redefined our strategy and created a well structured umbrella of five brands. We have driven growth by continuously introducing new products, spreading to newer markets and enhancing our brand communications. In 2004-05, we recreated our brand identity by launching a more contemporary Dabur logo, making it more youthful & vibrant. This is in line with a new, proactive and progressive Dabur culture that is going through change in terms of products, processes and systems. This story of transition into a new phase continued during the period under review.

If 2004-05 was a year of creating the new brand identity, 2005-06 has so far been a period of implementing strategies across the organisation to accomplish several successful turnarounds.

First, you would recollect that at the end of last year we had made our first major acquisition by taking over the three Balsara companies. While Balsara's products and markets complemented Dabur's portfolio, the company itself was generating losses. We were faced, not only with the challenge of turning these losses to profits but also with the wider challenge of integrating the people and processes at Balsara with that of Dabur. I am delighted to inform you that our integration plan has been achieved quite

efficiently within a short period of time and we have achieved our objectives on both organizational and financial front. Today, there is total operational and business integration of the two companies and in the first half of 2005-06 the Balsara business registered a net profit of Rs. 7.3 crore. The details of this well structured integration and turnaround has been reported in the management review.

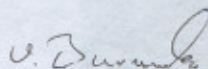
The other two businesses, which we laid special focus on, were the consumer healthcare business and the foods business. Earlier, the consumer healthcare business formed a small part of the company's consolidated sales with average growth rates. During the period under review a strengthened organization with higher level of capabilities has charted a new growth path for this business. The reformulated strategy focuses on revamping product profiles, improving the sales channels and developing the Ayurveda space in a scientific manner. The aim was to generate quantum jumps in growth and in the first half of 2005-06, the revenue from this business increased by 32.3 per cent.

The foods business, under the wholly owned subsidiary Dabur Foods Limited, continued to grow at a rapid pace posting a healthy profit of Rs. 4.4 crore in the first half of 2005-06 thereby recording a growth of two and a half times in profits over the same period last year.

At this juncture, I would also like to emphasize on how Dabur is now an integrated group with several subsidiaries. Our business operations are getting aligned with this group concept that focuses on four key businesses—consumer care business, consumer healthcare business, foods business and the international business.

Your company has announced a bonus issue in the ratio of 1 share for each share held in order to enhance its capital base and improve affordability and liquidity of its stock. An interim dividend of 150 per cent i.e. Rs. 1.5 per share has also been announced.

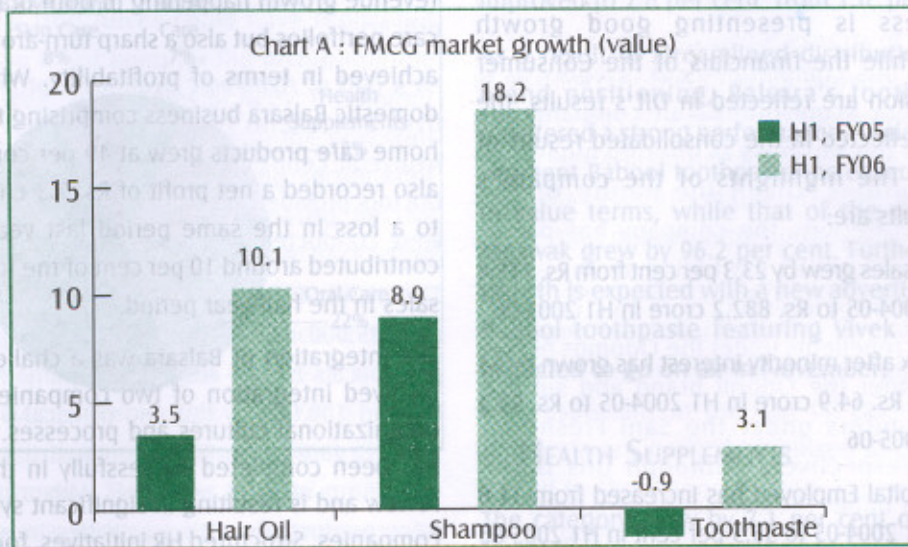
This process of continuous change and evolution is now integral to Dabur. And all the stakeholders and employees are change agents who have brought about these transformations. I thank one and all of them, all our customers and you, our shareholders, for continuing to repose faith in our business philosophy and strategy.



V.C. Burman
Chairman

HALF YEARLY MANAGEMENT REVIEW

The first half of the fiscal 2005-06 continued to see a sustained momentum in the Indian Economy. Latest data from the CSO estimates an 8.1 per cent growth in real GDP in the first quarter of 2005-06. This momentum is resulting in a general optimism and uptrend in almost all sectors of the economy. In the FMCG sector, there has been an improved pickup across categories, especially hair oils, shampoos and toothpastes (see chart A).



Source : ORG MARG Apr-Sep 2005

While sales in the FMCG sector, as a whole, seem to have improved there have been some dampeners that impacted growths to a certain extent. Western India was affected significantly due to the floods in Gujarat and Maharashtra. Sales were also affected to some extent, due to uncertainties prevailing during the implementation of the new VAT regime. On the other hand there was a pressure on the profitability front as prices of most inputs registered a steep increase, especially materials relating to oil and gas. Under these conditions, Dabur India Limited (DIL) continued to grow profitably. The important point to note in your company's performance is the improved operating margins. This has

been brought about through continued improvement in operational efficiency, procurement and In-sourcing initiatives. The highlights of DIL's performance in the first half of 2005-06 are:

- Revenue from operations increased by 7.4 per cent from Rs. 588.8 crore in H1 2004-05 to Rs. 632.2 crore in H1 2005-06
- Operating profit (EBDITA) increased by 28.2 per cent from Rs. 82.6 crore in H1 2004-05 to Rs. 105.9 crore in H1 2005-06 and the operating margin went up from 14.0 per cent to 16.7 per cent
- Profit after tax (PAT) increased by 27.1 per cent from Rs. 63.7 crore in H1 2004-05 to Rs. 80.9 crore in H1 2005-06

- Return on net worth (RONW) increased from 43.2 per cent in H1 2004-05 to 44.1 per cent in H1 2005-06

This however, does not provide the complete picture of the company's performance. DIL's business today should be seen in terms of a consolidated entity including all its subsidiaries. While the subsidiaries continue to operate as separate legal entities, the different businesses are fast integrating into a cohesive operational unit. In the Annual Report for 2004-05, we had talked of three growth drivers—Dabur's Consumer Healthcare division, Dabur Foods Limited and the International Business. In addition the recently acquired Balsara business is presenting good growth opportunities. While the financials of the Consumer Health Care Division are reflected in DIL's results, the latter three get reflected in the consolidated results of your company. The highlights of the company's consolidated results are:

- Consolidated sales grew by 23.3 per cent from Rs. 715.4 crore in H1 2004-05 to Rs. 882.2 crore in H1 2005-06
- Profit After Tax after minority interest has grown by 53 per cent from Rs. 64.9 crore in H1 2004-05 to Rs. 99.3 crore in H1 2005-06
- Return on Capital Employed has increased from 31.6 per cent in H1 2004-05 to 35.5 per cent in H1 2005-06
- Return on Net Worth has grown from 41.2 per cent in H1 2004-05 to 48.4 per cent in H1 2005-06

Given the strategic imperative of focused business development, DIL today has a portfolio of four businesses operating through the parent company and its subsidiaries—the consumer care business (including Balsara's oral care & home care businesses), the consumer healthcare business, the foods business and the international business.

It is clear that as a consolidated entity DIL has recorded very impressive top-line and bottom-line growths and the above mentioned growth drivers are contributing to this strong growth. The Consumer Healthcare business that had registered a 13.5 per cent growth in the first half of 2004-05, grew by an impressive 32.3 per cent in the first half of 2004-05 in terms of revenue. Dabur Foods Limited grew its revenue at a rapid pace of 48.3 per cent and also posted a healthy PAT of Rs. 4.4 Crore, which increased by two and a half times over same period last year. However, the performance of the Balsara portfolio has been the most creditable with not only strong revenue growth happening in both oral care and home care portfolios but also a sharp turn-around having been achieved in terms of profitability. While sales of the domestic Balsara business comprising the oral care and home care products grew at 40 per cent, the business also recorded a net profit of Rs. 7.3 crore as compared to a loss in the same period last year. The business contributed around 10 per cent of the total consolidated sales in the half-year period.

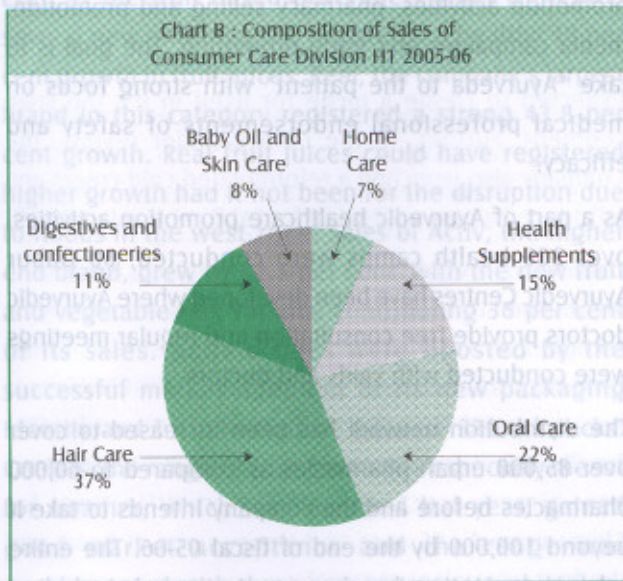
The integration of Balsara was a challenging task as it involved integration of two companies with different organizational cultures and processes. The integration has been completed successfully in the period under review and is resulting in significant synergies for both companies. Structured HR initiatives, focussed sales and distribution strategy and efficient streamlining and repositioning of products has contributed to improved growth and profitability of Balsara.

BUSINESS REVIEW

CONSUMER CARE BUSINESS

The consumer care business, which is the largest business segment, continues to focus on FMCG products that primarily leverage Dabur's strong herbal equity. With the Balsara acquisition, Dabur's presence in the oral care category has been strengthened and a new home care category has been added to this business. While these

additions have operationally changed the relative shares of different categories in the consumer care business (see chart B), from an accounting perspective, the Balsara products continue to get reflected in the sales of Balsara Home Products Ltd., which is a subsidiary of DIL. DIL's consumer care sales grew by 7.8 per cent in the first half of 2005-06.



HAIR CARE

Hair Care, with a 37 per cent share is the largest category in this business. In value terms, Dabur's hair care category grew by 7.9 per cent driven mainly by a healthy 8.9 per cent growth in hair oils. This increase in hair oil sales was fuelled by a strong performance from Dabur Amla hair oil, which grew by 11.9 per cent and Anmol coconut oil, which grew by 37.6 per cent. In the shampoo category, while Vatika Henna Cream conditioning shampoo registered a 14.7 per cent growth, sales of Vatika Anti Dandruff shampoo were under stress especially in the first quarter. However there was a pick up in sales of Vatika Anti Dandruff shampoo in the second quarter when the brand saw a growth of 7.9 per cent. The shampoo portfolio will continue to be supported by new advertising communications and sustained marketing activities in order to maintain the share of consumer's mind in this highly competitive market.

ORAL CARE

The oral care category saw a marginal decline in the period under review mainly on account of a reduction in sales of Dabur Red Toothpowder. The toothpowder category as a whole witnessed a decline, which is being ascribed to a possible shift by consumers to toothpastes which is a more modern product format. The Company had introduced Dabur Red Toothpaste to capture part of this expected shift in consumer habits and this has been evident from the strong growth which the brand has seen since its launch. Market share of Dabur Red Toothpaste improved to 2.6 per cent from 1.6 per cent last year.

As a result of streamlined distribution and improved brand positioning, Balsara's toothpaste portfolio registered a strong performance – sales of the economy segment Babool toothpaste increased by 38.5 per cent in value terms, while that of the premium segment Meswak grew by 96.2 per cent. Further impetus to this growth is expected with a new advertising campaign for Babool toothpaste featuring Vivek Oberoi, which is expected to go on air in November.

HEALTH SUPPLEMENTS

The category grew by 7.1 per cent on the back of an impressive 48 per cent growth in Glucose D. Dabur honey continued to perform well, registering a growth of 7.1 per cent. Sales of Dabur Chyawanprash, which is primarily a winter product are beginning to pick up and a new informative campaign for Chyawanprash will be aired from November onwards. Moreover there are a couple of new variants of this product that are on the anvil, which are expected to augment growth in this category.

DIGESTIVES AND CONFECTIONERIES

The category witnessed stagnant sales during the period under review. While sales of the Pudina Hara range of products grew by 13.4 per cent, Hajmola sales increased by 4.4 per cent. The confectionery portfolio in this category is witnessing a decline, which has pulled down the growth for the category.

BABY OIL AND SKIN CARE

Driven by good growth in Vatika fairness face cream and Gulabari, this category witnessed an impressive 35.9 per cent growth during the first half of 2005-06. During the period under review, DIL has made its foray into the Rs 4000 crore soap market with a niche herbal & beauty enhancement offering, Vatika Honey & Saffron Soap. The product has been well received by the consumers and the initial response has been positive. The product has been rolled out nationally in the period under review.

HOME CARE

Having acquired this completely new category as a part of the Balsara Acquisition, your company has quickly identified this business as offering numerous growth opportunities. Given the nature of the products in this category, the company has put in place a separate focussed marketing team, which looks after this portfolio. Products in this category include mosquito repellents under the Odomos brand, air fresheners under the Odonil brand and surface cleaners and scourers under the Sani Fresh and Odopic brands respectively. Although this is the smallest segment under the consumer care portfolio with a 7 per cent share, it is one of the fastest growing with a 74 per cent increase in sales during the first half of 2005-06. While Odonil sales nearly doubled, Odomos grew by 78.7 per cent and Sani Fresh registered an impressive 69.7 per cent growth.

CONSUMER HEALTHCARE BUSINESS

At the beginning of the year we had reported that with a renewed focus and revamped organisation structure, the consumer health business was poised to become one of the growth drivers for DIL. The performance in the first half of 2005-06 has lived up to this expectation with sales increasing by 32.3 per cent from Rs. 53.4 crore in the first half of 2004-05 to Rs. 70.5 crore in the first half of 2005-06. This growth was evenly spread across

different categories – OTC segment grew by 40 per cent, classicals and branded ethicals by 39 per cent and Asavs by 31 per cent.

Keys to this performance were the organisational restructuring and strategic focus. With a rejuvenated workforce, the business stressed on redefining the Ayurvedic space and developing strong "Over the Counter (OTC)" capabilities through healthcare promotion activities, pharmacy selling and promotion, media campaigns and trade promotion. The goal is to take "Ayurveda to the patient" with strong focus on medical professional endorsements of safety and efficacy.

As a part of Ayurvedic healthcare promotion activities, over 200 health camps were conducted, 60 Dabur Ayurvedic Centres have been developed where Ayurvedic doctors provide free consultation and regular meetings were conducted with vaidas and doctors.

The distribution network has been increased to cover over 85,000 urban pharmacies as compared to 60,000 pharmacies before and the company intends to take it beyond 100,000 by the end of fiscal 05-06. The entire sales organisation has been restructured, including redefining of sales territories with a goal to optimise sales productivity. Other activities in pharmacy selling and promotion include aggressively pushing Grantha based products into regular pharmacies, conducting several in shop activities including setting up Dabur Consumer Health Corners (DCHC) within shops and initiating some home trade activities.

The company continued to undertake a balanced mix of media and trade promotion activities. A new television advertisement was launched for Honitus cough syrup, local press was utilised for promotion of several products especially the Churna range and radio-based advertising was stepped up. Besides these, the company is also reviving up the new product initiatives. The company has successfully launched Honitus Cough Lozenges in the second quarter, which has been received very favourably by the consumers. A slew of new products are in pipeline and are expected to be launched in the coming quarters, which will augment growth further.

FOODS BUSINESS

Dabur's foods business is undertaken by its wholly owned subsidiary Dabur Foods Limited (DFL). DFL's sales increased by 48.3 per cent from Rs. 61.6 crore in the first half of 2004-05 to Rs. 91.4 crore in the first half of 2005-06. Profit after tax (PAT), for the same period increased by 269 per cent to Rs. 4.4 crore.

Even as the fruit based beverage market witnessed several new entrants, DFL registered a healthy 49 per cent growth in fruit juices. Real, the company's largest brand in this category registered a strong 43.8 per cent growth. Real fruit juices could have registered higher growth had it not been for the disruption due to floods in the west zone. Sales of Activ, the higher end brand, grew by 92.5 per cent, with the new fruit and vegetable mix variants contributing 36 per cent of its sales. Activ's sales were boosted by the successful market adoption of its new packaging identity and introduction of the new 330 ml packs. Coolers, the range of fruit beverages especially meant for summer, which was launched last year, gained good market acceptance and the range was supplemented with three new variants (Musk Melon, Lemon Barley & Jamun). There has been a conscious effort to promote a wider variety of beverages at different price points. The packaging of the three brands has also been changed to differentiate them in the mind of the consumer.

Having successfully launched a wide spectrum of products, the focus of this business is now on stabilising its supply chain. A capacity expansion is also under way in the plant in Nepal, which will enhance the sterilizing capacity from 3600 litres per hour to 6600 litres per hour at a very small investment.

On the culinary side, sales of the Hommade brand increased by 18 per cent. Exports, which include fruit pulp to the Middle East and CIS countries and branded products to Saudi Arabia and Australia grew to around Rs. 6 crore.

On the food services front, distribution channels were re-organised to enhance institutional sales. This

system has now been fully manned, and the staff has been provided with relevant training inputs to provide further growth impetus to this business.

During the period under review, DFL received four awards from Tetrapack in its national beverage seminar — 3 in the juices category namely—"fastest growing brand", "product innovation", and "packaging innovation" and 1 in the drinks category for "product innovation".

INTERNATIONAL BUSINESS

The international business recorded a sales growth of 38.6 per cent (including exports of Balsara portfolio of products). The organic growth in International Business was 20.4 per cent. The acquisition of Balsara, which has a presence in the private label toothpaste business in the U.S market, is expected to offer some interesting opportunities in this area.

Dabur's products are finding much greater acceptance in international markets. The company's business in Egypt has grown substantially in the first half of the year, especially in the hair oil category. Operations in Nigeria are getting stabilised and this market has started to show good growth. Exports to Pakistan are also progressing well with strong demand for products like Anmol mustard oil, Hajmola and Amla hair oil. Dabur international's joint venture in Bangladesh—Aslan Consumer Care Private Limited—that became operational in 2003-04, has recorded 51.3 per cent growth in the first half of 2004-05.

In comparison, Dabur's presence in developed markets like UK and US is still low as currently the company caters largely to the Indian Diaspora only. The company is liaising with the Medicines and Healthcare Products Regulatory Agency (MHRA) — the executive approving agency of the UK government — to get the requisite approvals for various health supplement products. These approvals are expected to come through in the near future and will place the company in good stead to not only explore growth opportunities in the UK market but also foray into the much larger US market.

MANUFACTURING

During the period under review, the manufacturing facilities of Balsara were fully integrated with that of Dabur. Capacities at Balsara's Baddi plant have been ramped-up and new capacities for Balsara products such as coils, mats, vaporisers and Odomos range of products are being added at Dabur's manufacturing facility at Jammu. Production for the Balsara home care products, at the Jammu facility is expected to commence before the end of this financial year.

Quality improvement through changes in formulations of Balsara's home care products, including Sanifresh, Odonil, and Odomos, has also helped in rejuvenating growth for these brands.

In the first half of 2004-05, Dabur had initiated an integrated end-to-end supply chain program called 'Garuda'. This project is now complete and has improved operational efficiency by allowing the company to plan its production on a weekly basis rather than on fortnightly basis as before. The project involves sharing information on a real-time basis and integrating various supply chain processes to improve resource utilisation.

Dabur Research Foundation (DRF) — Dabur's multi-disciplinary research centre'—continues to provide strong support in the area of new product development as well as quality improvements. In the first half of 2005-06, Dabur launched two new products- Honitus cough lozenges and Vatika Honey & Saffron soap. The formulation for the Vatika soap has been entirely developed in-house and, given its unique properties, is expected to create a niche for itself in it's the soap segment. Further, in the period under review, the Company also launched a reformulated cold cream and introduced a new packaging for Lal Dant Manjan (LDM).

Dabur continues to maintain a sharp focus on quality improvements. In the period under review, all plants have recorded an improvement in the quality index. Going forward, the company intends to apply for Hazard Analysis and Critical Control Point (HACCP) certification for all products produced at its Baddi plant. The Company has already received HACCP certification for Chyawanprash, Glucose and Honey units at Baddi and the fruit juice plant at Nepal.

INFORMATION TECHNOLOGY

As shareholders might be aware, in April 2004 the company had decided to out-source its IT function for which it had entered into a ten-year IT outsourcing-cum-consulting contract with Accenture. The period under review saw this initiative complete its first year. We are pleased to report that the outsourcing program has been functioning smoothly and has yielded considerable gains to the company in terms of enhanced service levels, productivity improvements, and significant savings in capital expenditure plans.

The management of the company feels that given the growth and spread of the Dabur's businesses, it needs

to acquire a new generation ERP system to be able to take informed and timely strategic business decisions. To this end, Dabur has decided to implement SAP R3 ERP across all functions of the company as well as those of its subsidiaries. SAP R3 will replace the two earlier ERP systems — MfgPro and Baan and is expected to provide higher operational flexibility as well as deliver greater business value for the company. The company and its subsidiaries plan to go live with the new ERP system at all Indian locations from 1 April 2006. The company intends to adopt the global best practices as recommended by SAP across all its functions.

HUMAN RESOURCES

The success of any post-acquisition integration exercise largely hinges on aligning and realising the synergies in human resource competencies of the involved organisations. We are pleased to report that our endeavour in this regard is progressing well. All human resource processes, policies, systems and procedures of Balsara have been aligned with that of Dabur and are focussed on meeting well-defined business objectives. The human resource integration exercise was initiated immediately after the formal acquisition and was executed in a manner such that the focus on meeting business objectives was constantly maintained. Integration was carried out function-by-function both at the front-end as well as the back-end and a new sales front line created to give impetus to Balsara range of products. Further, integration of the workforce combined with two-way transfers of employees has imparted greater flexibility in operations of the two organisations

and has gone a long way in inculcating common cultural values.

During the first half, many other HR initiatives were undertaken both at the corporate-level as well as the plant-level. The sales organization has been engaged in training the company's frontline salesmen as well as those on the rolls of its stockists through specific training modules disseminated through CDs. Based on this module, the Company has been holding day-long workshops at various locations for over 2,000 frontline salesmen and has also initiated the 'train the trainers' programme for this purpose.

Dabur is also in the process of strengthening its recruitment process by standardising recruitment at all levels. This initiative involves setting-up competency based selection process at appropriate levels and extending these standards across all sales functions.

FINANCIALS

DABUR INDIA (STANDALONE)

The abridged financials of Dabur India for the first half of the year 2004-05 including revenue, expenditure and profits, are presented in Table 1.

	HY1, 2005-06	HY1, 2004-05	Growth (%)
Sales	632.1	588.8	7.4
Other Income	2.2	4.8	-54.1
Total Revenue	634.3	593.6	6.9
Total expenses	528.4	511	3.4
Depreciation	9.3	7.9	19.2
Interest	3.3	1.7	94.1
EBIDTA	105.9	82.6	28.2
PBIT	95.4	73	30.8
PBT	92.1	71.2	29.4
Taxes	11.2	7.6	48.2
PAT	80.9	63.7	27.0

Table 1: Abridged profit and loss account (Rs. crore)

The financial position of your Company continues to remain strong. Dabur's sales registered a growth of 7.4 per cent in the first half of 2005-06 to Rs. 632.1 crore from Rs. 588.8 crore in the first half of 2004-05. Efficiencies in operations and sourcing have resulted in even stronger growth in profits, in an otherwise inflationary environment. Operating profit (EBIDTA) during the period under review has grown by 28.2 per cent to Rs. 105.9 crore from Rs. 82.6 crore. Profit after Tax (PAT) has also grown by 27 per cent from Rs. 63.7 crore in 2004-05 to Rs. 80.9 crore in 2005-06.

Table 2 confirms the consequent increase in profit margins. The operating profit margin (EBIDTA as a percentage of net sales) has grown from 14.0 per cent in the first half of 2004-05 to 16.7 per cent in 2005-06. The improvement in margin has been a result of

concerted efforts in improving supply chain management coupled with the fiscal benefits accruing from new manufacturing facilities. As on 30th September 2005, the Return on Net Worth (RONW) stood at 44.1 per cent compared to 43.2 per cent on 30th September 2004. It may be noted that the RONW has been maintained in spite of the higher capital employed on account of the additional Rs. 20 crore debt taken for acquiring Balsara and higher working capital levels due to seasonal stocking of raw materials and finished goods.

	HY1 (%) 2005-06	HY1 (%) 2004-05
EBIDTA/ sales	16.7	14.0
PBIT/ sales	15.1	12.4
PBT/ sales	14.6	12.1
PAT/ sales	12.8	10.8
ROCE	39.3	40.0
RONW	44.1	43.2

Table 2: Key profitability ratios

DABUR INDIA (CONSOLIDATED)

Consolidated sales grew by 23.3 per cent to Rs. 882.2 crore in the first half of 2005-06 from Rs. 715.4 crore in the first half of 2004-05. It may be noted that the consolidated results in the period under review also includes that of Balsara. The top line growth has been accompanied with exceptionally strong bottom line growth. PAT after minority interest has grown by 53 per

cent to Rs. 99.3 crore in the first half of 2005-06 from Rs. 64.9 crore in the first half of 2004-05.

	HY1, 2005-06	HY1, 2004-05	Growth (%)
Sales	882.2	715.4	23.3
Miscellaneous income	5.6	3.9	41.6
Total income	887.8	719.3	23.4
Total expenses	752.5	622.4	20.9
Depreciation	14.8	13.3	10.8
Interest	8.7	6.4	36.2
EBIDTA	135.3	97.0	39.6
PBIT	119.4	81.9	45.7
PBT	110.7	75.5	46.5
Taxes	13.5	9.0	49.9
PAT before minority interest	97.2	66.5	46.1
PAT after minority interest	99.3	64.9	53

Table 3: Abridged consolidated profit and loss account
(Rs. crore)

Other highlights of Dabur's consolidated results are:

- EBIDTA has increased by 39.6 per cent from Rs. 97 crore to Rs. 135.3 crore. Operating margin (EBIDTA/net sales) has also grown from 13.6 per cent to 15.3 per cent.
- Net profit margin after minority interest (PAT/net sales) has gone up from 9.1 per cent to 11 per cent.
- Return on Capital Employed has increased from 31.6 per cent to 35.5 per cent
- Return on Net Worth has grown from 41.2 per cent to 48.4 per cent

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important

developments that could affect the Company's operations include a downward trend in the domestic FMCG industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labour relations.

AUDITORS' REPORT

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2005

	2005	2004	2003	2002	
To the Board of Directors, Dabur India Limited,	5,888	34,005	5,282	1,282	

We have audited the attached condensed Balance Sheet of Dabur India Limited as at 30th September, 2005 and its Profit & Loss Account and the Cash Flow Statement for the half year ended on that date attached thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- i. The report on the accounts of Alwar and London branches audited by the branch auditors were received and properly dealt with by us while preparing our report.
- ii. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit.
- iii. In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of books of accounts.
- iv. The Condensed Balance Sheet and Condensed Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- v. Subject to Note No 2.11.3 (on non-provision on investment) of Schedule A, Condensed Balance Sheet, Condensed Profit & Loss Account and Cash Flow Statement have been prepared in due compliances of accounting standards referred to in sub section (3c) of Section 211 of Companies Act 1956.
- vi. In our opinion and according to the information and explanations given to us, the said accounts subject to note No.2.11.3 (on non-provision on investment) in Schedule "A" and read with other notes appearing in Schedule "A" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Condensed Balance Sheet, of the State of Affairs of the company as at 30th September, 2005;
- b) In the case of Condensed Profit and Loss Account, of the Profit for the half year ended on that date; and
- c) In the case of cash flow statement, of the cash flows for the half year ended on that date.

For G Basu & Co
Chartered Accountants

S. Lahiri
Partner

S.LAHIRI
Partner

New Delhi
New Delhi
24th October, 2005

Membership No. 51717

CONDENSED BALANCE SHEET AS AT 30TH SEPTEMBER 2005

(Rupees in Lacs)

Particulars	Schedule	As at 30.09.2005	As at 31.03.2005
I. Sources of Funds			
1. Share Capital		2,866	2,864
2. Reserves and surplus		34,662	30,943
3. Loan funds			
(a) Secured loans		3,305	1,570
(b) Unsecured loans		1,434	3,293
4. Deferred tax liability		1,488	1,278
Total		43,755	39,948
II. Application of Funds			
1. Fixed Assets	A-2.19		
(a) Tangible fixed assets		31,698	31,577
(b) Intangible fixed assets		1,096	1,096
Gross Block (a+b)		32,794	32,673
Less: Depreciation		13,919	13,512
Net Block		18,875	19,161
2. Investments		23,445	27,094
3. Deferred Tax Assets		148	138
4. Current assets, loans and advances	A-2.20		
(a) Inventories		17,201	12,802
(b) Sundry debtors		4,826	4,928
(c) Cash and bank balances		3,820	1,065
(d) Loans and advances		6,860	6,401
Sub Total (4)		32,707	25,196
5. Less: Current liabilities and provisions	A-2.21		
(a) Liabilities		23,135	23,837
(b) Provisions		9,149	8,385
Sub Total (5)		32,284	32,222
Net current assets (4-5)		423	(7,026)
6. Miscellaneous expenditure to the extent not written off or adjusted		864	581
Total		43,755	39,948
Accounting policies & notes to accounts			

For Dabur India Ltd.

V.C. Burman, Chairman

P.D. Narang, Director

P.N. Vijay, Director

A.K. Jain, AGM (Fin.) & Co. Secy.

New Delhi

24th October, 2005

As per our report of even date attached

For G. Basu & Co.

Chartered Accountants

S. Lahiri

Partner

CONDENSED PROFIT & LOSS ACCOUNT

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2005

(Rupees in Lacs)

Particulars	Schedule	For the Quarter ended 30.09.2005	For the Quarter ended 30.09.2004	For the six months ended 30.09.2005	For the six months ended 30.09.2004
1. Sales	A-2.22	33,285	30,283	63,215	58,882
2. Other Income		9	272	219	477
Total		33,294	30,555	63,434	59,359
3. (Increase)/Decrease in Stock in Trade	A-2.23	(2,724)	245	(3,055)	(2,463)
4. Consumption of raw materials	A-2.24	12,036	6,686	21,827	14,690
5. Purchase of Finished Goods		4,402	6,652	8,177	14,566
6. Excise Duty		795	1,328	1,321	2,563
7. Salaries, wages and other staff costs		2,314	2,023	4,521	3,935
8. Advertising & Sales Promotions		3,318	2,654	7,024	6,320
9. Other expenditure	A-2.25	6,551	5,587	13,031	11,486
10. Operating cash profit before Interest & Tax		6,602	5,380	10,588	8,262
11. Interest		168	91	329	173
12. Depreciation		464	410	925	795
13. Miscellaneous expenditure written off		74	91	122	170
14. Profit from ordinary activities before tax		5,896	4,788	9,212	7,124
15. Extraordinary items		0	0	0	0
16. Net Profit before Tax		5,896	4,788	9,212	7,124
17. Provision for Taxation:					
- Current		496	376	775	559
- Fringe Benefit		90	0	148	0
- Deferred		105	99	200	199
18. Net Profit after Tax for the period		5,205	4,313	8,089	6,366
19. Earning per share:					
1. Basic earning per share (in Rs)		1.82	1.51	2.82	2.22
2. Diluted earning per share (in Rs)		1.81	1.50	2.81	2.21

Accounting policies & notes to accounts A

For Dabur India Ltd.	As per our report of even date attached.
V.C. Burman, Chairman	For G. Basu & Co.
P.D. Narang, Director	Chartered Accountants
P.N. Vijay, Director	S. Lahiri
A.K. Jain, AGM (Fin.) & Co. Secy.	Partner

New Delhi
24th October, 2005

CASH FLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER, 2005

Particulars	For the six months ended 30.09.2005	For the six months ended 30.09.2004
(Rupees in Lacs)		
A. Cash flow from operating activities		
Net profit before tax and extraordinary items	9,212	7,124
Add: Depreciation	925	795
Miscellaneous exp. Written off	122	170
Miscellaneous exp. Written off (included in director remun.)	132	5
Interest	329	173
Less: Profit on sale of investment	27	236
Profit on sale of assets	31	5
Operating profit before working capital changes	10,662	8,026
Working capital changes:		
Increase/(decrease) in inventories	4,398	4,390
Increase/(decrease) in debtors	(121)	(468)
Decrease/(Increase) in trade payables	921	(1,497)
Increase/(decrease) in working capital	5,198	2,425
Cash generated from operating activities	5,464	5,601
Interest paid	331	185
Tax paid	855	548
Income tax refund	0	0
Corporate tax on dividend	603	513
Cash used (-)/(+ generated) for operating activities (A)	3,675	4,355
B. Cash flow from investing activities		
Purchase of fixed assets	(896)	(3,287)
Sale of fixed assets	288	195
Purchases of investment including investment in subsidiaries	(21,241)	(49,117)
Sale of investments	24,918	53,791
Cash used (-)/(+ generated) for investing activities (B)	3,069	1,582
C. Cash flow from financing activities		
Proceeds from share capital & premium	2	0
Repayment (-)/proceeds (+) of long term secured liabilities	(254)	(330)
Repayment (-)/proceeds (+) from short term loans	1,988	(438)
Repayment (-)/proceeds (+) from deposits	1	35
Repayment (-)/proceeds (+) from other unsecured loans	(1,861)	(998)
Payment of other advances	395	(19)
Payment of dividend	(4,260)	(3,987)
Cash used (-)/+ (generated) in financing activities (C)	(3,989)	(5,737)
Net increase (+)/decrease (-) in cash and cash equivalents (A+B+C)	2,755	200
Cash and cash equivalents opening balance	1,065	1,189
Cash and cash equivalents closing balance	3,820	1,389

For Dabur India Ltd.
V.C. Burman, Chairman
P.D. Narang, Director
P.N. Vijay, Director
A.K. Jain, AGM (Fin.) & Co. Secy.
New Delhi
24th October, 2005

As per our report of even date attached
For G. Basu & Co.
Chartered Accountants
S. Lahiri
Partner

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statements:

Accompanying financial statements are prepared in terms of Generally Accepted Accounting Principles ("GAAP") as practised in India which includes, inter alia, due adherence of mandatory accounting standards issued by the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied from period to period.

1.2 Significant Accounting Policies:

The Company has applied the same accounting policies in this half yearly financial statements as have been applied in its annual financial statements for the year ended 31st March 2005.

2. NOTES TO ACCOUNTS

2.1 All amounts in the financial statements are presented in Rupees Lacs, except for those specifically stated otherwise.

2.2 Contingent Liabilities:

i. In respect of claims against the company not acknowledged as debts towards:

- civil suits filed against the company Rs. 241 (previous year Rs. 252).
- claims by employees Rs. 1 (previous year Rs. 1).

ii. In respect of letters of credit Rs. 1360 (previous year Rs. 1367).

iii. In respect of Bank Guarantees executed Rs. 693 (previous year Rs. 577).

iv. In respect of Sales Tax under appeal Rs. 501 (previous year Rs. 960).

v. In respect of excise duty disputes pending with various judicial authorities Rs. 1205 (previous year Rs. 1151).

vi. In respect of Corporate Guarantees given by the Company Rs. 14258 (previous year Rs. 14149).

vii. In respect of Income Tax under appeal Rs. 91 (previous year Rs. 326).

viii. Estimated amount of contract remaining to be executed on Capital Account Rs. 705 (previous year Rs. 727) net of advances.

Considering remote possibility of outflow in respect of above, no provision is deemed necessary as envisaged in AS 29 issued by ICAI.

2.3 Related Party Disclosures and Transactions

2.3.1 Related parties where control exists:

Dabur Foods Ltd.	(0.00)	(15)	(13.00)	(Domestic Subsidiary)
Pasadena Foods Ltd	(0.00)		(0.00)	(Domestic Subsidiary)
Dabur Overseas Ltd.	(0.00)		(0.00)	(Foreign Subsidiary Company)
Dabur Egypt Ltd.	0.00		0.00	(Foreign Subsidiary Company)
Dabur International Limited	(0.00)		(1)	(Foreign Subsidiary Company)
Weikfield International (UAE) LLC	(0.00)		0.00	(Foreign Subsidiary Company)
Aslan Consumercare Private Limited	(0.00)		(0.00)	(Foreign Subsidiary Company)
Dabur Nepal Private Limited	0.00		0.00	(Foreign Subsidiary Company)
African Consumercare Limited	(0.00)		(0.00)	(Foreign Subsidiary Company)
Balsara Home Products Limited				(Domestic Subsidiary)
Balsara Hygiene Products Limited				(Domestic Subsidiary)
Besta Cosmetics Limited				(Domestic Subsidiary)

Associate/Joint Ventures:

- Dabon International Pvt. Ltd.
- Green Valley Products Private Limited
- Rukma Rana

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.3.2. Other related parties in transaction with the company

2.3.2.1 Key Management Personnel and relatives of such personnel:

Director	Relatives
Pradip Burman	R C Burman
Amit Burman	Chetan Burman
(Upto 30.04.2005)	Asha Burman
P D Narang	
Sunil Duggal	

2.3.3 Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence:

Jetways Travels Pvt. Ltd.
Miracle Commercial Enterprises Pvt. Ltd.
Wakarusa Laboratories Pvt. Ltd.
Welltime Housing & Finance Ltd.

2.3.4 An Enterprise owned by any Director (KMP) of Dabur India Limited:

Welltime Housing & Finance Ltd.

2.4. Related Party Transactions:

Transaction	Subsidiary	Fellow Subsidiaries	Associates	Key Mgt. Personnel	Relatives Of Key Mgt. Personnel	Total	Outstanding as on 30.09.2005
Purchases of Goods	3003 (3653)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	3003 (3653)	191 (79)
Sale of Goods	500 (521)	118 (210)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	618 (730)	530 (356)
Receiving of Services	0.00 (0.00)	0.00 (0.00)	96 (92)	0.00 (0.00)	0.00 (0.00)	96 (92)	0.00 (4)
Employee Stock Option Plan	26 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	26 (0.00)	0.00 (0.00)
Rent Paid	0.00 (0.00)	0.00 (0.00)	3 (3.00)	14 (12)	0.00 (0.00)	17 (15)	0.00 (0.00)
Remuneration/Exg./ Pension	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	283 (232)	59 (64)	342 (295)	0.00 (0.00)
Repayment of Loans given (Instl.Recd)	0.00 (0.00)	0.00 (0.00)	2 (1)	0.00 (0.00)	0.00 (0.00)	2 (1)	85 (86)
Guarantees & collaterals given	4614 (3751)	2096 (1878)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	6710 (5629)	6710 (5629)
Royalty Received	0.00 (92)	21 (15)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	21 (107)	88 (102)

(Figures in brackets are of the corresponding previous period)

2.5 Since external and internal sources of information do not provide for any indication for impairment of fixed assets based on cash generating unit concept, recoverable values of assets have not been determined for the period as authorized by clause 6, AS-28 issued by ICAI.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

- 2.6 The company has provided for deferred tax liability on estimated basis.
- 2.7 Liabilities in respect of retirement benefits to employees, which includes gratuity, leave salary and superannuation fund, have been provided for on estimated basis.
- 2.8 The company has paid the final dividend @ Rs. 1.50 i.e. 150% (previous period Rs. 1.40 i.e. 140%) per equity share (having face value of Re 1/- each) for the financial year 2004-05 (previous year 2003-04) aggregating Rs. 43 crores (previous period Rs. 40 crores) excluding tax on dividend on 20th July 2005, (previous period on 9th July 2004).
- 2.9 During the period the company has allotted 199,489 (previous period 40,102) equity share of Re 1/- each to the employees upon their exercise of stock option.
- 2.10 1715484 (previous year 1534740) equity shares of Re.1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2005
- 2.11.1 Investment at half-year end includes Rs. NIL (previous year Rs. 4,377) towards current investment carried at lower of cost and market value. Remaining investments, being long term in nature, are valued as per disclosure made in preceding annual financial statement.
- 2.11.2 The Company has acquired following shares in three subsidiaries, the consideration for respective acquisitions were paid in advance in preceding financial year.

Name of Subsidiary	Number of shares allotted to company	Consideration of acquisition shares (Rs. Lacs)
Balsara Hygiene Products Limited	3857300	11636
Balsara Home Products Limited	12290711	3405
Besta Cosmetics Limited	431800	1790

- 2.11.3 The company's investment (Rs.1,350) in the joint venture, M/s Dabon International Private Ltd., has not been reported and accounted for in accordance with AS - 27 issued by ICAI as the same is being held for disposal in foreseeable future. Consequently no provision is also deemed necessary for diminution in the value of investment under AS - 13 issued by ICAI.

- 2.12 Board of Directors has declared interim dividend @ Rs. 1.50 i.e.150% (previous period Re.1/- i.e.100%) for the period, the amount of interim dividend working out to Rs. 4,902 (previous year Rs. 3,237) including incidence of tax thereon.

- 2.13 Board of Directors has proposed for issue of one bonus share for every equity share held by the shareholders of the company by way of capitalization of amount standing to the credit of share premium, subject to approval of shareholders of the company. Consequent upon recommendation of bonus share, the size of outstanding stock options shall also be adjusted correspondingly so that the total value of the options in the hands of employees remains the same after the bonus issue.

- 2.14.1 During the period, the company has availed unsecured packing credit facility for Rs. 1,255 from bank unlike preceding year.

- 2.14.2 During the period, the company has paid off Rs. 806 against external commercial borrowing to ABN Amro Bank, Rs. 254 against PICUP trade tax loan scheme and Rs. 2000 against commercial papers.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

	30.09.2005	30.09.2004
2.15 Managerial Remuneration paid or payable during the period to the Directors:		
Salary	118	131
Contribution to Provident Fund	9	12
Residential Accommodation	14	45
Medical & Leave Travel Benefit	2	3
Contribution to Superannuation Fund	17	15
Others (Incl. Rs. 113.98 previous period Rs. 55)		
Under stock option scheme	122	54
	283	260

2.16 Information (to the extent applicable) pursuant to AS 19 issued by ICAI:-

	30.09.2005	31.03.2005
The future minimum lease payment under non-cancelable operating lease		
Not later than 1 year	9	9
Later than 1 year not later than 5 years	13	18
Later than 5 years	Nil	Nil

2.17 Information pursuant to AS 24 on discontinued operations:

Particulars	Name of Subsidiary		
	Hair Oil Baddi	MSY Unit Baddi	Daburgram Unit
1 Discontinued since	March, 04	Nov, 2000	July, 2003
2 Segment the operation of the Unit relates to in financial statement	FMCG	FMCG	FMCG
3 Carrying amount of total assets	32.46	27.45	44.27
	(33.37)	(28.35)	(44.27)
4 Carrying amount of total liabilities	4.21	0.01	0.32
	(4.21)	(0.01)	(0.32)
5 Profit from ordinary activities	-6.21	-3.78	0.00
	(-5.3)	(-1.79)	(0.00)
6 Income Tax expenses	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
7 Gain on disposal of assets	0.00	0.00	0.00
	(-0.1)	(0.00)	(0.00)
8 Cash flow from discontinued operations:			
Operating activities	-71.46	-0.47	-3.97
	(-71.46)	(-0.47)	(-3.97)
Investing Activities	24.14	0.00	0.00
	(24.14)	(0.00)	(0.00)
Financial Activities	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)

Note: I. Figures in brackets are for previous year

II. Part of fixed assets belonging to discontinued operations under reference have been used for new plants set up in relevant premises. Such assets have been left out of the purview of '3' above.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.18 Information pursuant to AS - 29 on contingent liability

- a) Particulars of present obligation as a result of past event with probability of outflow of resources which are reasonably estimable based on medium risk involvement therein.

Particulars	VAT	Sales Tax	Entry tax
Opening carrying amount of provision	62.64	26.15	0.29
Additional provision during the period	(-)	(-)	(-)
Amount used during the period	(62.64)	(26.15)	(0.29)
Period end carrying amount of provision	62.64	26.15	0.29
Forum in which dispute is pending	DC, Sales Tax	Tribunal	CCT
Expected period of crystallization of liability	Near Future	Near Future	Near Future

Note: Figures in brackets relate to preceding financial year.

- b) Company presumes remote risk possibility of future cash outflow pertaining to contingent liabilities disclosed in Para 2.2 above.

2.19 Fixed Assets

Particulars	Gross Block			Depreciation				Net Block	
	As at 31.03.2005	Additions	Adjustment	As at 30.09.2005	As at 31.03.2005	For the period	Adjustment	As at 30.09.2005	As at 31.03.2005
Freehold land	291	0	0	291	0	0	0	0	291
Leasehold land	748	0	0	748	36	4	0	40	708
Building, roads & culvert	9,495	138	0	9,633	2,624	142	0	2,766	6,867
Plant & machinery	14,318	611	596	14,333	7,231	451	384	7,298	7,035
Vehicles	772	130	64	838	348	65	36	377	461
Furniture & off equipment	2,619	49	18	2,650	1,331	84	6	1,409	1,241
Computers	2,407	147	97	2,457	1,702	117	92	1,727	730
Patents *	1,096	0	0	1,096	240	62	0	302	794
Live stock	0	0	0	0	0	0	0	0	0
Capital work In progress	926	920	1,098	748	0	0	0	0	748
Total	32,673	1,995	1,873	32,794	13,512	925	518	13,919	18,875
Previous year	27,450	9,043	3,821	32,672	11,956	1,710	154	13,512	19,161

* Intangible Asset

General Expenses	4,399
Directors' fee	603
Auditors' remuneration	100
Donation	6
Contribution to scientific research expense	3,811
Total	8,919

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Particulars	As at 30.09.2005	As at 31.03.2005
2.20 Current Assets, Loans and Advances		
Current assets		
Inventories:	17,201	12,802
- Raw materials	4,993	4,383
- Packing materials, stores and spares	2,690	1,957
- Recoverable value from impaired fixed assets	0	0
- Stock in process	595	615
- Finished goods	8,923	5,847
Sundry debtors (unsecured)	4,826	4,928
Cash and bank balances	3,820	1,065
Loans and advances (unsecured, considered good, unless stated otherwise)	6,860	6,401
Loans & advances to subsidiaries	19	73
Loans & advances to others	0	0
Security deposit with various authorities	770	901
Advance payment of tax	3,766	2,910
Advances to suppliers	1,127	775
Advances to employees	163	170
Balance with excise authorities	395	991
Other advances recoverable in cash or in kind or for value to be received	620	581
2.21 Current liabilities and provisions		
Current liabilities:	23,135	23,837
Acceptance	5,088	9,388
Amount due to SSI units (goods)	679	874
Creditors for goods	2,982	2,732
Creditors for expenses and other liabilities	14,119	10,627
Advances from customers	72	54
Interest accrued but not due on loans	0	2
Deposits - others	48	47
Investor education and protection fund to be credited by:		
- unpaid dividend	132	96
- unpaid matured public deposit	9	11
- interest accrued on public deposit	6	6
Provisions :	9,149	8,385
For dividend	4,299	4,296
For corporate tax on proposed dividend-	603	603
For staff welfare	400	360
For leave salary	6	208
For taxation	3,841	2,918

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Particulars	For the Quarter ended 30.09.2005		For the Quarter ended 30.09.2004		For the six months ended 30.09.2005		For the six months ended 30.09.2004	
	Current	Previous	Current	Previous	Current	Previous	Current	Previous
2.22 Sales								
Domestic sales less returns								
Export sales								
2.23 (Increase)/decrease in stock in trade								
Adjustment of stocks in process and finished goods:								
- Opening stock								
Stock in process								
Finished products								
- Closing stock								
Stock in process								
Finished products								
Increase(-)/decrease in stock in process and finished goods								
2.24 Consumption of raw materials								
Raw material consumed								
i) Opening stock								
ii) Add: purchases								
iii) Less: closing stock								
Packing material consumed								
i) Opening stock								
ii) Add: purchases								
iii) Less: closing stock								
Total								
2.25 Other expenditures								
Power and fuel								
Stores & spares consumed								
Processing charges								
Repairs & maintenance								
Rent								
Rates and taxes								
Insurance								
Sales tax								
Freight and forwarding charges								
Commission, discount and rebate								
Travel and conveyance								
Legal and professional								
Telephone, fax expenses								
Security expenses								
General Expenses								
Directors' fee								
Auditors' remuneration								
Donation								
Contribution to scientific research expenses								
Total								

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.26 Information pursuant to AS-17 issued by ICAI

	FMCG		OTHERS		Dabur India Ltd.	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
REVENUE						
External Sales	61524	57514	1691	1368	63215	58882
Inter-segment sales						
Total Revenue	61524	57514	1691	1368	63215	58882
RESULT						
Segment result	9395	7222	146	75	9541	7297
Unallocated corporate expenses						
Operating profit	9395	7222	146	75	9541	7297
Interest expense (Net of Interest Income)	320	169	9	4	329	173
Interest income						
Income Tax (Current + Deferred)	1123	758				
Profit from ordinary activities	9075	7053	137	71	8089	6366
Extraordinary loss: uninsured earthquake damage to factory						
Net profit	9075	7053	137	71	8089	6366
OTHER INFORMATION	As on	As on	As on	As on	As on	As on
	30/09/05	31/03/05	30/09/05	31/03/05	30/09/05	31/03/05
Segment assets	69878	67377	1383	1164	71261	68541
Unallocated corporate assets					3766	2910
Total assets	69878	67377	1383	1164	75027	71451
Segment liabilities	34373	35121	149	187	34522	35308
Unallocated corporate liabilities					3841	2918
Total liabilities	34373	35121	149	187	38363	38226
Capital expenditure	1075	5316			1075	5316
Depreciation	901	770	24	24	925	795
Non-cash expenses other than depreciation					864	581

SECONDARY SEGMENT

As the company also exports, the secondary segment for the company is based on the location of customers'. Out of the total sales of Rs. 63215 (58882), the export sales is of Rs. 2119 (2034) and domestic sale is 61096 (56848)

2.27 Quarterly figures appearing in condensed Profit & Loss Account and break up therefor in Schedule-A are not based on audited figures.

2.28 Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.

For Dabur India Ltd.

As per our report of even date attached

V.C. Burman, Chairman

For G. Basu & Co.

P.D. Narang, Director

Chartered Accountants

P.N. Vijay, Director

S. Lahiri

A.K. Jain, AGM (Fin.) & Co. Secy.

Partner

New Delhi

24th October, 2005

AUDITORS' REPORT

FOR THE SIX MONTHS PERIOD ENDED 30th SEPTEMBER 2005 AS AT 30th SEPTEMBER 2005

(Rupees in Lacs)

To the Board of Directors,
Dabur India Limited,

We have audited the attached condensed Consolidated Balance Sheet of Dabur India Limited group, as at 30th September 2005 and also the condensed Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the half year ended on that date annexed thereto.

These financial statements are the responsibility of the Dabur India Ltd.'s management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 11747 lacs as at 30th September, 2005, the total profit of Rs. 1244 lacs and cash flows amounting to Rs. 571.91 lacs for the half year then ended. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the condensed consolidated financial statements have been prepared by the Dabur India Ltd.'s management in accordance with the requirements of AS-21 on consolidated financial statement and AS-25 on Interim Financial reporting issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that subject to Note No. 2.12 (on non-provision on Investment) of Schedule-A, the attached condensed consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the condensed consolidated balance sheet, of the state of affairs of Dabur India Ltd. group as at 30th September, 2005.
- In the case of the condensed consolidated profit and loss account, of the profit of Dabur India Ltd. group for the half year ended on that date; and
- In the case of the consolidated cash flow statement, of the cash flows of Dabur India Ltd. group for the half year ended on that date.

For G Basu & Co
Chartered Accountants

S.LAHIRI
Partner

Membership No. 51717

New Delhi
24th October, 2005

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2005

(Rupees in Lacs)

Particulars	Schedule	As at 30.09.2005	As at 31.03.2005
I. Sources of Funds			
1. Share Capital		2,866	2,864
2. Reserves and surplus		39,008	33,529
3. Minority interests		373	1,522
4. Loan funds			
(a) Secured loans		13,868	9,705
(b) Unsecured loans		4,014	5,383
5. Deferred tax liability		1,584	1,278
Total		61,713	54,281
II. Application of Funds			
1. Fixed Assets	A-2.19		
(a) Tangible fixed assets		51,572	45,650
(b) Intangible fixed assets		18,042	2,499
Gross Block (a+b)		69,614	48,149
Less: Depreciation		20,401	18,698
Net Block		49,213	29,451
2. Investments		1,468	23,329
3. Deferred Tax Assets		148	138
4. Currents assets, loans and advances	A-2.20		
(a) Inventories		28,910	20,313
(b) Sundry debtors		8,126	7,589
(c) Cash and bank balances		4,984	1,473
(d) Loans and advances		15,072	11,378
Sub Total (4)		57,092	40,753
5. Less: Current liabilities and provisions	A-2.21		
(a) Liabilities		35,747	30,444
(b) Provisions		11,325	9,526
Sub Total (5)		47,072	39,970
Net current assets (4-5)		10,020	782
6. Miscellaneous expenditure to the extent not written off or adjusted		864	581
Total		61,713	54,281

Accounting policies & notes to accounts A

For Dabur India Ltd.
 V.C. Burman, Chairman
 P.D. Narang, Director
 P.N. Vijay, Director
 A.K. Jain, AGM (Fin.) & Co. Secy.
 New Delhi
 24th October, 2005

As per our report of even date attached

For G. Basu & Co.
 Chartered Accountants
 S. Lahiri
 Partner

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER 2005

		(Rupees In Lacs)	
Particulars	Schedule	For the six months ended 30.09.2005	For the six months ended 30.09.2004
1. Sales	A-2.22	88,224	71,539
2. Other Income		558	394
Total		88,782	71,933
3. (Increase)/Decrease In Stock In Trade	A-2.23	(3,877)	(3,261)
4. Consumption of raw materials	A-2.24	33,658	22,934
5. Purchase of Finished Goods		7,512	12,352
6. Excise Duty		1,727	2,582
7. Salaries, wages and other staff costs		6,802	5,195
8. Advertising & Sales Promotions		10,592	8,045
9. Other expenditure	A-2.25	18,836	14,390
10. Operating cash profit before interest & Tax		13,532	9,696
11. Interest		868	638
12. Depreciation		1,475	1,331
13. Miscellaneous expenditure written off		122	173
14. Profit from ordinary activities before tax		11,067	7,554
15. Extraordinary Items		0	0
16. Net Profit before Tax		11,067	7,554
17. Provision for Taxation:			
- Current		977	701
- Fringe Benefit		172	0
- Deferred		200	199
18. Net Profit after Tax		9,718	6,654
19. Minority Interest		(210)	165
20. Net Profit for the period		9,928	6,489
21. Earning per share:			
1. Basic earning per share (in Rs)		3.47	2.27
2. Diluted earning per share (in Rs)		3.45	2.26

Accounting policies & notes to accounts

A

For Dabur India Ltd.

As per our report of even date attached

V.C. Burman, Chairman
 P.D. Narang, Director
 P.N. Vijay, Director
 A.K. Jain, AGM (Fin.) & Co. Secy.

For G. Basu & Co.
 Chartered Accountants
 S. Lahiri
 Partner

New Delhi
 24th October, 2005

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS PERIOD ENDED 30TH SEPTEMBER, 2005

Particulars	(Rupees in Lacs)	
	For the six months ended 30.09.2005	For the six months ended 30.09.2004
A. Cash flow from operating activities		
Net profit before tax and extraordinary items	11,067	7,554
Add: Depreciation	1,475	1,331
Loss on sale of Fixed Assets	81	0
Miscellaneous exp. Written off	122	173
Miscellaneous exp. Written off (included in director remun.)	132	5
Interest	869	638
Less: Dividend received	0	1
Profit on sale of investment	27	236
Profit on sale of assets	33	(44)
Operating profit before working capital changes	13,686	9,508
Working capital changes:		
Increase/(decrease) in Inventories	8,597	7,172
Increase/(decrease) in debtors	665	18
Decrease/(Increase) in trade payables	(5,421)	(3,787)
Increase/(decrease) in working capital	3,840	3,403
Cash generated from operating activities	9,846	6,105
Interest paid	900	649
Tax paid	1,584	742
Corporate tax on dividend	603	513
Misc. Exp paid (technical know fees)	0	0
Cash used (-)/(+) generated for operating activities (A)	6,760	4,201
B. Cash flow from investing activities		
Purchase of fixed assets	(3,485)	(4,047)
Sale of fixed assets	330	224
Purchases of investment including investment in subsidiaries	(21,241)	(49,117)
Sale of investments	25,958	53,779
Dividend received	0	1
Cash used (-)/(+) generated for investing activities (B)	1,562	839
C. Cash flow from financing activities		
Proceeds from share capital & premium	4	0
Repayment (-)/proceeds (+) of long term secured liabilities	(404)	(380)
Repayment (-)/proceeds (+) from short term loans	4,567	(390)
Repayment (-)/proceeds (+) from deposits	56	(66)
Repayment (-)/proceeds (+) from other unsecured loans	(2,626)	(446)
Payment of other advances	(2,110)	(90)
Payment of dividend	(4,298)	(3,987)
Cash used (-)/+ (generated) in financing activities (c)	(4,811)	(5,359)
Net increase (+)/decrease (-) in cash and cash equivalents (A+B+C)	3,511	(319)
Cash and cash equivalents opening balance	1,473	2,021
Cash and cash equivalents closing balance	4,984	1,702

For Dabur India Ltd.
 V.C. Burman, Chairman
 P.D. Narang, Director
 P.N. Vijay, Director
 A.K. Jain, AGM (Fin.) & Co. Secy.
 New Delhi
 24th October, 2005

As per our report of even date attached
 For G. Basu & Co.
 Chartered Accountants
 S. Lahiri
 Partner

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

1. ACCOUNTING POLICIES

1.1 Body Corporates under Consolidation:

The Consolidated Financial Statement (condensed) relates to Dabur India Ltd. (the parent company) and Dabur Foods Ltd. (wholly owned subsidiary), Balsara Home Products Ltd. (a subsidiary body corporate wherein 98.72% is held by the parent company and 1.28% is held by Balsara Hygiene Products Ltd.), Balsara Hygiene Products Ltd. (a subsidiary body corporate, wherein 99.39% is held by the parent company and 0.25% is held by Balsara Home Products Ltd.), Besta Cosmetics Ltd. (a subsidiary body corporate wherein 47.98% is held by the parent company, 49.98% is held by Balsara Hygiene Products Ltd. and 2.13% is held by Balsara Home Products Ltd.), Dabur Overseas Ltd., Dabur International Ltd., (both wholly owned body corporate incorporated in British Virgin Island and Isle of MAN respectively), Dabur Nepal Pvt. Ltd. (a subsidiary body corporate incorporated in Nepal, the extent of holding of parent company being 79.96% and 17.53% wherein is held by Dabur International Ltd.), Pasadensa Foods Ltd. (a wholly owned subsidiary company incorporated in India, 100% stake wherein is held by Dabur Foods Ltd.), Dabur Egypt Ltd. (a wholly owned subsidiary body corporate incorporated in Egypt, 76% & 24% of stake wherein are held by Dabur Overseas Ltd. and Dabur International Ltd.), Asian Consumercare Pvt. Ltd. (a subsidiary body corporate incorporated in Bangladesh, 76% stake wherein is held by Dabur International Ltd.), Weikfield International (UAE) (a subsidiary body corporate incorporated in UAE, 38.41% stake wherein is held by Dabur International Ltd. which has control of composition of board of directors of the former being raison d'être of subsidiary status) and African Consumer Care Ltd (a subsidiary body corporate incorporated in Nigeria, 90% stake wherein is held by Dabur International Ltd).

1.2 Significant Accounting Policies

Accounting policies and principles of consolidation followed herein remain in terms of same applied in consolidated financial statements for the year ended 31st March 2005.

2. NOTES TO ACCOUNTS

2.1 All amounts in the financial statements are presented in Rupees Lacs, except for those specifically stated otherwise.

2.2 Contingent Liabilities:

- i. In respect of claims not acknowledged as debts towards:
 - a) civil suits filed by others Rs. 369 (previous year Rs. 277)
 - b) claims by employees Rs. 1 (previous year Rs. 1).
- ii. In respect of letters of credit Rs. 3586 (previous year Rs. 3272).
- iii. In respect of Bank Guarantees executed Rs. 2357 (previous year Rs. 1988).
- iv. In respect of Sales Tax under appeal Rs. 587 (previous year Rs. 1042).
- v. In respect of excise duty disputes pending with various judicial authorities Rs. 1351 (previous year Rs. 1151).
- vi. In respect of Corporate Guarantees furnished Rs. 14258 (previous year Rs. 14149).
- vii. In respect of Income Tax under appeal Rs. 262 (previous year Rs. 401).
- viii. Estimated amount of contract remaining to be executed on Capital Account (net of advances) Rs. 1517 (previous year Rs. 1064).

Considering the remote possibility of outflow in respect of above no provision is deemed necessary as envisaged in AS 29 Issued by ICAI.

2.3. Related Party Disclosures:

2.3.1 Related parties where control exists:

Associate/Joint Ventures: Dabon International Pvt. Ltd., Green Valley Products Pvt. Ltd., ACI Ltd. Bangladesh, Weikfield India Pvt. Ltd., Rukma Rana, Joint Venture partner in Dabur Nepal Pvt. Ltd.

2.3.2. Other related parties in transaction with the body Corporates under Consolidation

2.3.2.1 Key Management Personnel and relatives of such personnel:

Director	Relatives	Director	Relatives
Pradip Burman	R C Burman Chetan Burman	T.K. Gupta Siddharth Burman	Saket Burman
Amit Burman	Asha Burman	Arvind Kumar	
P D Narang		Sarabjit Singh	
Sunil Duggal		S. Ramakrishnan	
Sanjay Sharma			

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

- 2.3.3 Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence: Jetways Travels Pvt. Ltd., Gyan Enterprises Pvt. Ltd., Puran Associates Pvt. Ltd., Miracle Commercial Enterprises Pvt. Ltd., Wakarusa Laboratories Pvt. Ltd., Welltime Housing & Finance Ltd.
- 2.3.4 An enterprise owned by any director of DIL/Subsidiary: Excellent Farms Private Limited, Prayag Commercial Private Limited
- 2.4. Related Party Transactions:

Transaction	Associates	Key Management Personnel	Relatives of Key Mgt. Personnel	Total	Outstanding as on 30.09.2005
Sale of Goods	749 (326)	-	-	749 (326)	56 (88)
Receiving of Services	134 (124)	-	-	134 (124)	0 (4)
Rent Paid	3 (8)	14 (12)	-	17 (20)	- -
Repayment of Loans Given (Instl.Recd)	2 (1)	-	-	2 (1)	85 (86)
Repayment of Loans Recd (Instl. Paid)	- (100)	-	-	- (100)	- (398)
Interest Paid on Loans Recd	2 (52)	-	-	2 (54)	- -
Remuneration/Exg./Pension	3 (2)	388 (302)	62 (58)	453 (363)	- -
Loans Received	-	-	-	-	48 (48)
Royalty Paid	3.10	-	-	3.10	3.10

- 2.5 Since external and internal sources of information do not provide for any indication for impairment of fixed assets based on cash generating unit concept, recoverable values of assets have not been determined for the period as authorized by clause 6, AS-28 issued by ICAI.
- 2.6 Deferred tax liability has been provided on estimated basis.
- 2.7 Liabilities in respect of retirement benefits to employees, which includes gratuity, leave salary and superannuation fund, have been provided for on estimated basis.
- 2.8 The parent company has paid the final dividend @ Rs. 1.50 i.e. 150% (previous period Rs. 1.40 i.e. 140%) per equity share (having face value of Re 1/- each) for the financial year 2004-05 (previous year 2003-04) aggregating Rs. 43 crores (previous period Rs. 40 crores) excluding tax on dividend on 20th July 2005, (previous period on 9th July, 2004).
- 2.9 During the period 199,489 (previous period 40,102) equity share of Re 1/- each have been allotted to the employees upon their exercise of stock option.
- 2.10 1715484 (previous year 1534740) equity shares of Re.1/- each are outstanding under "Employees Stock Option Scheme" as on 30th September, 2005.
- 2.11 Investment at half-year end includes Rs. Nil (previous year Rs. 4,377) towards current investment carried at lower of cost and market value. Remaining investments, being long term in nature, have been valued as per disclosure made in preceding annual financial statement.
- 2.12 Investment of Rs. 1,350 in the joint venture, M/s Dabon International Private Ltd., has not been reported and accounted for in accordance with AS - 27 issued by ICAI as the same is being held for disposal in foreseeable future. Consequently no provision is also deemed necessary for diminution in the value of investment under AS - 13 issued by ICAI.
- 2.13 Board of Directors of the parent company has declared interim dividend @ Rs.1.50 i.e.150% (previous period Re.1/- i.e.100%) for the period, the amount of interim dividend working out to Rs.4,902 (previous year Rs.3,237) including incidence of tax thereon.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.14 Board of Directors of the parent company has proposed for issue of one bonus share for every equity share held by the shareholders of the parent company by way of capitalization of amount standing to the credit of share premium, subject to approval of shareholders of the parent company. Consequent upon recommendation of bonus share, the size of outstanding stock options shall also be adjusted correspondingly so that the total value of the options in the hands of employees remains the same after the bonus issue.

2.15 Information (to the extent applicable) pursuant to AS 19 issued by ICAI:-

The future minimum lease payment under non-cancelable operating lease

Particulars	30.09.2005	31.03.2005
Not later than 1 year	9	9
Later than 1 year not later than 5 years	13	18
Later than 5 years	Nil	Nil

2.16 Information pursuant to AS 24 on discontinued operations:

Particulars	Hair Oil Baddi	MSY Unit Baddi	Daburgram Unit
1 Discontinued since	March, 04	Nov, 2000	July, 2003
2 Segment the operation of the Unit relates to in financial statement	FMCG	FMCG	FMCG
3 Carrying amount of total assets	32.46 (33.37)	27.45 (28.35)	44.27 (44.27)
4 Carrying amount of total liabilities	4.21 (4.21)	0.01 (0.01)	0.32 (0.32)
5 Profit from ordinary activities	-6.21 (-5.3)	-3.78 (-1.79)	0.00 (0.00)
6 Income Tax Expenses	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
7 Gain on disposal of assets	0.00 (-0.1)	0.00 (0.00)	0.00 (0.00)
8 Cash flow from discontinued operations:			
Operating activities	-71.46 (-71.46)	-0.47 (-0.47)	-3.97 (-3.97)
Investing Activities	24.14 (24.14)	0.00 (0.00)	0.00 (0.00)
Financial Activities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

Note: Figures in brackets are for previous year

2.17 Information pursuant to AS-29 on contingent liability

Particulars of present obligation as a result of past event having probability of an outflow of resources which are reasonably estimable based on medium risk Involvement therein.

Particulars	VAT	Sales Tax	Entry Tax
Opening carrying amount of provision	62.64	26.15	0.29
	(-)	(-)	(-)
Additional provision during the period	-	-	-
	(62.64)	(26.15)	(0.29)
Amount used during the period	-	-	-
	(-)	(-)	(-)
Period end carrying amount of provision	62.64	26.15	0.29
	(62.64)	(26.15)	(0.29)
Forum in which dispute is pending	DC, Sales Tax	Tribunal	CCT
Expected period of crystallization of liability	Near Future	Near Future	Near Future

Note: Figures in brackets relate to preceding financial year.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.17 a) Pursuant to Balsara Home Products Ltd., Balsara Hygiene Products Ltd. and Besta Cosmetics Ltd. joining as subsidiaries of the parent company during the period; income, expenses, assets and liabilities for the period have been added/(reduced) by aggregate of following:

Particulars	Balsara Home Products Ltd.	Balsara Hygiene Products Ltd.	Besta Cosmetics Ltd.
Income			
Sales	9,198.20	-	-
Other Income	75.44	160.96	15.09
Expenses			
(Incease)/Decrease in Stock	(601.51)	-	-
Consumption of Materials	4,487.52	-	-
Excise Duty	383.87	-	-
Salary, Wages and Other Staff Costs	642.63	12.83	-
Advertisement and Sales Promotion	1,610.41	-	-
Other Expenditure	1,846.58	68.84	2.66
Interest	87.78	0.04	0.03
Depreciation	62.61	21.18	0.13
Miscellaneous Expenditure	-	-	-
Income tax: Current	63.55	13.05	3.26
Deferred	-	-	-
Fringe Benefit Tax	7.90	-	-
Net Profit Before Tax	753.75	58.07	12.27
Net Profit After Tax	682.30	45.02	9.01
Assets			
Gross Fixed Assets			
Tangible Fixed Assets	2,859.88	936.21	6.36
Intangible Fixed Assets (Goodwill)	-	27.20	-
Accumulated Depreciation	(388.08)	(436.82)	(3.76)
Investments	109.82	731.94	-
Deferred tax Asset	136.09	-	-
Current Assets, Loans & Advances			
Inventories	2,300.94	-	-
Sundry Debtors	1,093.30	-	-
Cash & Bank	638.11	12.74	8.37
Loans & Advances	678.57	864.28	80.40
Profit & Loss Account	3,267.35	-	83.12
Liabilities			
Reserves & Surplus	2,528.78	1,241.77	32.58
Secured Loans	1,621.43	-	-
Unsecured Loans	-	-	-
Deferred Tax Liability	181.63	49.92	0.87
Current Liabilities	4,625.45	70.39	0.59
Provisions	433.68	385.38	50.45

2.17 b) Considering above, figures of the period are not comparable with previous period/year.

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.18 Repayment of debt during the period:

		Amount of repayment
Loan from		
WBIDC	(Unsecured)	55
Commercial Paper	-do-	2000
External Commercial Borrowing	-do-	806
PICUP	(Secured)	254
Deferred payment Credit	-do-	41

2.19 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block	
	As at 31.03.2005	Additions	Adjust- ment	As at 30.09.2005	As at 31.03.2005	for the period	Adjust- ment	As at 30.09.2005	As at 30.09.2005	As at 31.03.2005
Freehold land	838	0	0	838	0	0	0	0	838	838
Leasehold land	749	109	0	858	36	5	0	41	817	713
Building, roads & culvert	14,278	332	-6	14,616	3,813	248	0	4,061	10,555	10,465
Plant & machinery	23,943	2,291	621	25,613	10,384	826	385	10,825	14,788	13,559
Vehicles	1,310	169	139	1,340	540	96	69	567	773	770
Furniture & off equipment	4,426	99	165	4,360	2,222	115	6	2,331	2,029	2,204
Computers	2,535	169	11	2,693	1,803	122	92	1,833	860	732
Patents *	1,113	0	0	1,113	245	63	0	308	805	868
Live stock	0	0	0	0	0	0	0	0	0	0
Capital work in progress	939	1,425	1,110	1,254	0	0	0	0	1,254	939
Goodwill *	1,413	15,516	0	16,929	435	0	0	435	16,494	978
Total	51,544	20,110	2,040	69,614	19,478	1,475	552	20,401	49,213	32,065
Previous year	41,213	11,722	4,786	48,149	16,206	2,800	308	18,698	29,451	25,006

* Intangible Asset

Patents	1,113	0	0	1,113	245	63	0	308	805	868
Goodwill	1,413	15,516	0	16,929	435	0	0	435	16,494	978
Total	2,526	15,516	0	18,042	680	63	0	743	17,300	18,646

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Particulars	As at 30.09.2005	As at 31.03.2005
2.20 Current Assets, Loans and Advances		
Current assets		
Inventories:	28,910	20,313
- Raw materials	10,532	8,068
- Packing materials, stores and spares	5,018	3,647
- Recoverable value from impaired fixed assets	0	0
- Stock in process	1,146	746
- Finished goods	12,214	7,852
Sundry debtors (unsecured)	8,126	7,589
Cash and bank balances	4,984	1,473
Loans and advances (unsecured, considered good, unless stated otherwise)	15,072	11,378
Loans & advances to subsidiaries	0	0
Loans & advances to others	0	0
Security deposit with various authorities	1,777	2,743
Advance payment of tax	5,275	3,690
Advances to suppliers	1,915	2,471
Advances to employees	372	345
Balance with excise authorities	552	993
Other advances recoverable in cash or in kind or for value to be received	5,181	1,136
2.21 Current Liabilities and Provisions		
Current liabilities:	35,747	30,444
Acceptance	8,943	12,207
Amount due to SSI units (goods)	681	875
Creditors for goods	8,069	4,221
Creditors for expenses and other liabilities	17,597	12,579
Advances from customers	198	326
Interest accrued but not due on loans	9	39
Deposits - others	103	48
Investor education and protection fund to be credited by:		
- unpaid dividend	132	134
- unpaid matured public deposit	9	10
- interest accrued on public deposit	6	6
Provisions :	11,325	9,526
For dividend	4,299	4,296
For corporate tax on proposed dividend-	603	603
For staff welfare	734	536
For leave salary	144	329
For taxation	5,545	3,762

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

Particulars	FOODS						OTHERS						For the six months ended 30.09.2005	For the six months ended 30.09.2004
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period		
2.22 Sales													88,224	71,539
Domestic sales less returns													80,911	62,835
Export sales													7,313	8,704
2.23 (Increase)/decrease in stock in trade														
Adjustment of stocks in process and finished goods:														
- Opening stock													9,433	6,403
Stock in process													814	1,215
Finished products													8,619	5,188
- Closing stock													13,310	9,664
Stock in process													1,166	1,125
Finished products													12,144	8,539
Increase-/decrease in stock in process and finished goods													-3,877	-3,261
2.24 Consumption of raw materials														
Raw material consumed													21,560	14,349
i) Opening stock													7,590	5,917
ii) Add: purchases													23,915	17,224
iii) Less: closing stock													9,945	8,792
Packing material consumed													12,098	8,585
i) Opening stock													3,018	2,087
ii) Add: purchases													13,445	9,745
iii) Less: closing stock													4,365	3,247
Total													33,658	22,934
2.25 Other expenditure														
Power and fuel													1,726	1,257
Stores & spares consumed													458	289
Repairs & maintenance													402	270
Processing charges													139	71
Rent													510	347
Rates and taxes													37	73
Insurance													199	167
Sales tax													6,966	5,709
Freight and forwarding charges													2,976	1,974
Commission, discount and rebate													571	686
Travel and conveyance													1,036	954
Legal and professional													441	315
Telephone, fax expenses													258	208
Security expenses													76	85
General Expenses													2,345	1,586
Directors' fee													4	3
Auditors' remuneration													26	25
Donation													195	62
Contribution to scientific research expenses													353	306
Bad debts													28	3
Loss on sale of Investment													9	0
Loss on sale of Fixed Assets													81	0
Total													18,836	14,390

SCHEDULE A ACCOUNTING POLICIES & NOTES TO ACCOUNTS

2.26 Information pursuant to AS-17 Issued by ICAI

	FMCG		FOODS		ELIMINATIONS		OTHERS		Total Consolidated	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
REVENUE										
External Sales	75832	62739	9942	6789			2450	2011	88224	71539
Inter-segment sales										
Total Revenue	75832	62739	9942	6789			2450	2011	88224	71539
RESULT										
Segment result	10902	7589	887	242			146	361	11935	8192
Unallocated corporate expenses										
Operating profit	10902	7589	887	242			146	361	11935	8192
Interest expense										
(Net of Interest Income)	573	327	259	265			36	46	868	638
Interest income										
Income Tax (Current + Deferred)									1349	900
Profit from ordinary activities	10329	7262	628	(23)			110	315	9718	6654
Extraordinary loss: uninsured earthquake damage to factory										
Net profit	10329	7262	628	(23)			110	315	9718	6654
OTHER INFORMATION	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>	<i>As on</i>
	<i>30/09/05</i>	<i>31/03/05</i>	<i>30/09/05</i>	<i>31/03/05</i>	<i>30/09/05</i>	<i>31/03/05</i>	<i>30/09/05</i>	<i>31/03/05</i>	<i>30/09/05</i>	<i>31/03/05</i>
Segment assets	95563	82213	16072	11837	(12410)	(7152)	3274	2943	102498	89841
Unallocated corporate assets									5275	3690
Total assets	95563	82213	16072	11837	(12410)	(7152)	3274	2943	107773	93531
Segment liabilities	51387	44256	12263	9875	(3931)	(2762)	1126	1066	60845	52436
Unallocated corporate liabilities									5545	3762
Total liabilities	51387	44256	12263	9875	(3931)	(2762)	1126	1066	66390	56198
Capital expenditure	18686	3813		1803					18686	5616
Depreciation	1200	1113	213	158			62	59	1475	1331
Non-cash expenses other than depreciation									864	581

SECONDARY SEGMENT

As the company also exports, the secondary segment for the company is based on the location of customers'. Out of the total sales of Rs. 88224 (71539) .. the export sales is of Rs. 7313 (8704) and domestic sale is 80911 (62835)

2.27 Figures of earlier period/year have been rearranged in terms of current period grouping as and when necessary.

For Dabur India Ltd.

V.C. Burman, Chairman

P.D. Narang, Director

P.N. Vijay, Director

A.K. Jain, AGM (Fin.) & Co. Secy.

New Delhi

24th October, 2005

As per our report of even date attached

For G. Basu & Co.

Chartered Accountants

S. Lahiri

Partner