



behind a billion

1,



smiles...



behind a billion





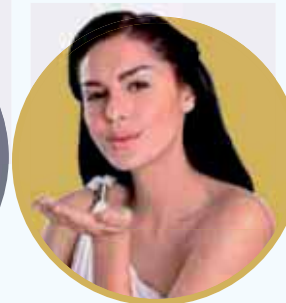
Dabur - a name, a brand, a way of life for billions of people across the globe. From its humble beginnings in the bylanes of Kolkata way back in 1884, Dabur has today emerged as a true Indian Transnational with a portfolio of products that has not just won the trust of consumers in over 60 countries but has become an inseparable part of their daily routine.

Dabur has been in the business for over 127 years, yet it behaves as a young company that appeals and remains relevant to the youth, not just in India but in every part of the world. And it's their support and trust that has helped Dabur surpass the Rs 50 billion (\$1 billion) turnover mark in 2011-12.

Over the years, we have learnt that to cross such far-reaching milestones, one needs not just great products, but excellence, nimble-footedness and committed channel support. But most importantly, one must establish a deep connect with both mature and young consumers - by understanding them first and then by delivering them world-class products that they can appreciate.

**INDEED, WE BELIEVE THAT OUR \$1-BN MILESTONE IS THE RESULT OF THE BILLION PLUS SMILES OUR PRODUCTS HAVE BROUGHT TO THE FACES OF OUR CUSTOMERS.**

As the leading Ayurveda and Nature-based Consumer Products Company in the world, we continue to be resolved in the pursuit of excellence for delivering sustained success and continuing leadership. As we move forward in our journey towards further enrichment and growth, we commit ourselves once again towards the health and well-being of every household...and to the task of bringing another billion more smiles to the faces of our consumers.



,  
**smiles...**



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# Corporate Information

## BOARD OF DIRECTORS

Dr. Anand Burman  
Chairman

Mr. Amit Burman  
Vice Chairman

Mr. Saket Burman  
Director

Mr. Mohit Burman  
Director

Mr. P. D. Narang  
Director

Mr. Sunil Duggal  
Director

Mr. R. C. Bhargava  
Director

Mr. P. N. Vijay  
Director

Dr. S. Narayan  
Director

Mr. Albert Wiseman Paterson  
Director

Mr. Analjit Singh  
Director

Dr. Ajay Dua  
Director

## SR. GM (FINANCE) & COMPANY SECRETARY

Mr. A. K. Jain

## AUDITORS

M/s G. Basu & Co.  
Chartered Accountants

## INTERNAL AUDITORS

PriceWaterhouseCoopers Pvt. Ltd.

## BANKERS

Punjab National Bank  
Standard Chartered Bank  
The Hongkong & Shanghai Banking Corporation Ltd.  
The Royal Bank of Scotland  
Citibank N.A.  
HDFC Bank Ltd.  
IDBI Bank Ltd.

## CORPORATE OFFICE

Dabur India Limited  
Dabur Tower, Kaushambi, Sahibabad  
Ghaziabad – 201 010 (U.P.), India  
Tel: 0120 – 39412525, 3982000  
Fax: 0120 – 4374935  
Website: [www.dabur.com](http://www.dabur.com)  
Email: [investors@dabur.com](mailto:investors@dabur.com)

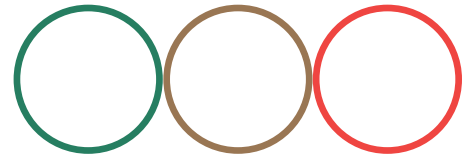
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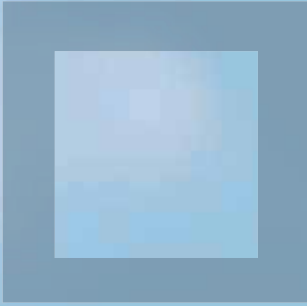
8/3, Asaf Ali road, New Delhi – 110 002, India  
Tel.: 011 – 23253488

# the billion rupee brands...

Dabur products touch billions of lives every day. Since 1884, Dabur has been offering its consumers brands and products that make their every day a little better and healthier. Our brands have been voted by consumers as being amongst the most trusted in the industry. Today, Dabur has a portfolio of 12 Billion-Rupee Brands, straddling categories as diverse as Health Care, Oral Care, Hair Care, Skin Care, Packaged Juices and Home Care.







## About Dabur

Dabur India Limited is the fourth largest FMCG Company in India with Revenues of over US\$1 Billion (Rs 5,283 Crore) and Market Capitalisation of US\$4 Billion (Rs 20,000 Crore). Building on a legacy of quality and experience of over 127 years, Dabur is today India's most trusted name and the world's largest Ayurvedic and Natural Health Care Company.

Dabur today operates in key consumer products categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. The company has a wide distribution network, covering over 3.4 million retail outlets with a high penetration in both urban and rural markets.

Dabur's products also have a huge presence in the overseas markets and are today available in over 60 countries across the globe. Its brands are highly popular in the Middle East, Africa, SAARC countries and the US. Dabur's overseas revenues account for over 30% of the total turnover.

Dabur India is also a world leader in Ayurveda with a portfolio of over 250 Herbal/Ayurvedic products. Dabur's FMCG portfolio today includes five flagship brands with distinct brand identities.





## Our Brand Architecture

A trusted name in Natural Health Care for the past over 127 years, Dabur is known for providing a range of efficacious and time-tested Health Care products based on the principles of Ayurveda



A premium Personal care brand and a leader in its category, Vatika is a popular name in the Natural Personal Care space offering a whole range of nature-based solutions

Tasty fun-filled digestives available in interesting formats like tablets and candies, Hajmola appeals to all age groups



India's leading brand of packaged fruit juices, Réal provides the largest range of refreshing and healthy fruit juices that are 100% natural and free of preservatives

A skin care expert and a relatively new member in the family of Dabur's key brands, Fem offers a range of skin care products like fairness bleaches, facials and hair removing solutions



## Green Awards

- Dabur ranked the No. 2 Indian Green Brand by Green Brands Global Survey. This year's study reveals that consumer interest in green products has expanded across categories
- Dabur ranked as the Top Green company by Greenpeace in its Safe Food Guide version 2.0 that ranks 25 of the most popular food companies which hold a major share of the market in India based on their responsibility towards Indian consumers on the GM food issue
- Dabur India Ltd's Baddi Unit awarded the Silver Certification for 'Enhancing Manufacturing & Supply Chain Excellence' by the Economic Times-India Manufacturing Excellence cell

## Corporate Accolades

- Dabur ranked as the Most Trusted Brand in the Healthcare category in the Brand Trust Report 2012, released by Trust Research Advisory
- Dabur ranked as the organization that offers the best return to investors. The award was presented at the 6th Social & Corporate Governance Awards Ceremony organized by BSE
- Dabur ranked among the Top 5 'Best Companies To Work For' in the Manufacturing sector by Business Today
- Dabur moves higher in the Top 100 Beauty Companies in the world list — prepared by WWD BeautyBiz
- Dun & Bradstreet has assigned D&B Rating 1 to Dabur India Ltd, indicating that Dabur has the highest level of creditworthiness

# 10-Year Highlights

in Rs. crores	FY03	FY04**	FY05	FY06#	FY07^	FY08	FY09	FY10	FY11^^	FY12
<b>OPERATING RESULTS</b>										
Net Sales	1,212	1,171	1,374	1,700	2,043	2,361	2,805	3,391	4,077	5,283
Other Income	7	9	9	13	26	34	47	48	59	80
EBITDA	162	164	217	300	376	443	517	667	833	948
EBITDA Margins (%)	13%	14%	16%	18%	18%	19%	18%	20%	20%	18%
Profit Before Tax (PBT)	106	124	176	257	319	384	445	601	708	791
Taxes	14	15	19	30	39	52	54	100	139	146
Tax Rate (%)	13%	12%	11%	12%	12%	14%	12%	17%	20%	19%
Profit After Tax (PAT)	85	107	156	214	282	333	391	501	569	645
PAT Margins (%)	7%	9%	11%	13%	14%	14%	14%	15%	14%	12%
<b>EQUITY SHARE DATA</b>										
Earnings Per Share (Rs)	3	3.7	5.4	3.7	3.3	3.9	4.5	5.8	3.3	3.7
Dividend Per Share (Rs)	1.4	2	2.5	1.8	1.4	1.5	1.8	2	1.3	1.4
No of Shares (In Crs)	28.6	28.6	28.6	57.3	86.3	86.4	86.5	86.9	174.1	174.2

Sales are Gross Sales i.e Net off Sales tax/VAT paid

\*\* Dabur Pharma got de-merged.

# Bonus issue of 1:1 was issued during the year

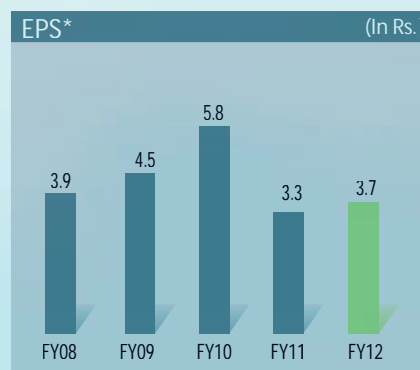
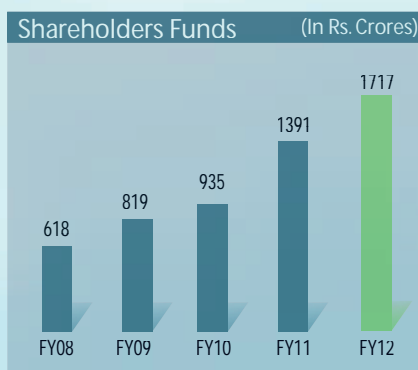
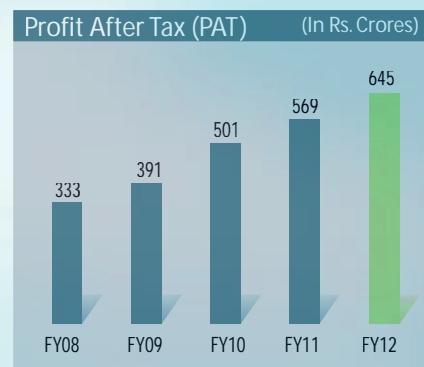
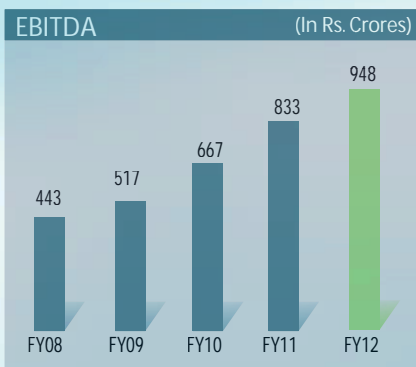
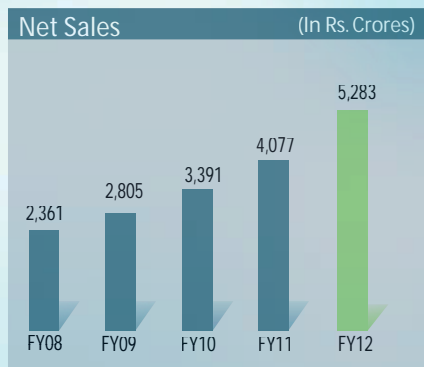
^ Bonus issue of 1:2 was issued during the year

^^ Bonus Issue of 1:1 was issued during the year



- **Dabur ranked as the No. 2 Most Social Brand of India**, at the Click Asia Summit 2012
- **Dabur voted by consumers as Indian PowerBrand 2011-2012** in a pan-India research conducted by the Indian Council for Market Research (ICMR)
- Two **consumer campaigns** by Dabur, for its brands **Odomos & Réal Activ** have **bagged international recognition** at the Promotion Marketing Awards of Asia (PMAA)

# Performance At A Glance



\* Bonus issue of 1:1 in FY11

- Réal voted as the **most trusted fruit juice brand by consumers for sixth year in a row**. Réal being awarded the Reader's Digest Trusted Brand Gold Award 2011 in the Food & Beverages (Juice) category
- Vatika Enriched Coconut Hair Oil bags the **Beauty & Style Editor's Choice Award 2011** in the hair oil category
- Dabur, Hajmola and Babool amongst **100 Most Trusted Brands list**, prepared by Economic Times Brand Equity





## Chairman's Message...



### Dear Partners in Growth,

It gives me immense pleasure to share with you, another year of impressive performance by Dabur.

The year has been a landmark year in more ways than one. During the year, Dabur surpassed the Rs. 5,000 crore or the US\$ 1 billion mark in revenues and is now one of the few companies in India which have achieved this distinction. Our Foods division achieved a new milestone surpassing the Rs. 500 crore revenue mark. Odonil, one of our Home Care brands has now become a Billion Rupee brand, taking our count of Billion Rupee brands to twelve.

These are trying times, with the industry and the world witnessing fair bit of challenges, given the deepening debt crisis in Europe, political upheavals in parts of Middle East and rising tensions between Iran and the West. India too witnessed its share of challenges during the 2011-12 fiscal, led by a deceleration in Industrial production and GDP growth rates. Steep inflation and the resultant high input costs coupled with adverse currency movements and disruptive

competition were some of the other challenges in the Indian market.

The external headwinds notwithstanding, the consumer goods industry has performed well. I am pleased to inform you that Dabur has ended the year with strong growth in both revenues and profits. On a consolidated basis, the revenues grew by 29.6% to end the year at Rs. 5,283.2 crores, and the Net Profit rose 13.4% to Rs. 644.9 crores. The steady growth achieved by Dabur has been enabled by sustained investments in marketing and brand building, distribution, production, supply chain management, and by driving operational efficiencies across functions.

Our new launches such as Dabur Almond Hair Oil, mixed fruit flavoured variant of our flagship health supplement brand Dabur Chyawanprash, premium face masks and scrub under Dabur Uveda and a range of professional facial products and body bleach under the brand Fem during the year have been well accepted in the market. The pace of innovation in the International Business has been fairly robust as evidenced by

As we expand our global footprint, we are also matching our business growth while addressing environmental and societal needs wherever we operate.

launch of products such as skin serums, skin creams, skin lotions, wet wipes, new variants in hair oils, shampoos etc. In addition, we leveraged Hobi Group's expertise in hair gels and launched the Vatika Hair Gel range in our international markets. Going ahead too, Dabur will accelerate its innovation initiatives and introduce a host of new products and variants to consolidate our competitive positioning while remaining focused on current market segments in which we operate today.

The growth strategies and your Company's achievements through 2010-11 have been elaborated in detail in the Management Discussion & Analysis section of this report.

During the year, we undertook two major distribution related initiatives in our domestic business. The rationale behind our first initiative was to enhance the quality of our distribution by leveraging scale of a unified business, since the earlier distribution structure for the Consumer Health Division comprising OTC and Ethicals was subscale. We integrated the entire portfolio of Dabur and created specialized networks to meet different service needs of categories and channels. The sales structure has now been aligned along three distinct categories – Home & Personal Care, Health Care and Foods. The second distribution initiative, which is still work in progress, is focussed on significantly increasing the reach of our

brands in rural India since rural markets offer significant potential, driven by increasing disposable incomes and rising aspirational levels. We conducted a pilot in UP and Maharashtra which yielded positive results. Consequently, we are rolling out the initiative in other states like Punjab, Rajasthan, Bihar, West Bengal, Assam, Orissa, Madhya Pradesh and Karnataka. These ten states together represent around 70% of the rural FMCG potential.

The year gone by witnessed some significant developments in our International Business which I would like to highlight in this letter. Your Company is in the process of establishing a greenfield manufacturing unit in Sri Lanka, which would become operational by the second half of the current fiscal. This unit will initially produce our packaged fruit juices under the brand Réal and would later be expanded to cover more products. In addition, we are contemplating local manufacturing in Africa for Namaste's range of hair care products which in turn would help us enhance our product offering and presence in Africa.

Our business is committed not just towards profitable growth, but also towards leaving a deeper imprint on the society as a whole. We, at Dabur, believe that financial performance and sustainability go hand in hand and can never be separated. Dabur continues to place a strong emphasis

on societal needs, while addressing environmental and climate change issues with increased significance. Small yet significant steps are being taken to not only reduce our carbon footprint but also continuously monitoring waste generation and establish effluent waste treatment plants across all our manufacturing units. As we expand our global footprint, we are also matching our business growth while addressing environmental and societal needs wherever we operate.

I would like to take this opportunity to thank all our consumers, business partners, shareholders and employees for continued commitment and support. I gratefully acknowledge the confidence and faith reposed by the shareholders in the Board and the Management team which has, in my view, spurred the Company to take on more challenges. Finally, I must applaud the tireless efforts, dedication and commitment of our employees who have helped us reach where we are now and look forward to their continued support in the journey forward.

Yours sincerely,

**Dr. Anand C. Burman**  
Chairman  
Dabur India Ltd.

# CSR & Sustainability

## Social and Environmental Initiatives



**Dabur has always believed that business can – and should – have a positive impact on the communities they serve and on the environment. Dabur is committed not just towards profitable growth, but also towards leaving a deeper imprint on the society as a whole. All our actions are aimed towards this larger goal by introducing products that gives our consumers health & wellness; by operating in a manner that minimizes our impact on the environment and even help in replenishing the planet; and lending a helping hand to the community.**

Dabur is sworn to its motto of being 'dedicated to the health & well-being of every household'. We, at Dabur, believe that current performance and sustainability go hand in hand and continues to place a strong emphasis on societal needs, while addressing environmental and climate change issues with increased significance. Small yet significant steps are being taken to not only reduce our carbon footprint but also continuously monitoring waste generation and constantly improving effluent waste treatment plants across all our manufacturing units. Efforts are also on in full swing to conserve and maintain ground water level through a variety of measures, and we are proud to announce that Dabur has achieved zero discharge of water at its units. Rain water harvesting continues to be a focused activity at our manufacturing plants.

While a lot of ground still needs to be covered to emerge a Water-Positive Corporation, these small steps – we are confident – would surely go a long way in fulfilling this dream.

Dabur has set its sights on certifying all its operational locations with the Integrated Management system OHSAS 18001 and ISO 14001 — Occupational Health, Safety and Environment. Moving towards this goal, Dabur has got nine of its twelve manufacturing locations accredited 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 and water conservation, rainwater harvesting and solid waste recycling. Some sites modified their boilers to use bio-fuels, resulting in significant environmental benefits by reducing SOx emissions.

Dabur aims to be a leading company in environmental protection. We recognize the importance of evaluating our value chain's use of ecosystem elements as well as our emissions to the environment. Rare herbs and medicinal plants are our most valuable resource, from which all our products are derived. Due to overexploitation of these resources and unsustainable practices, these plants and herbs are fast reaching the point of extinction. In view of this critical situation, Dabur has initiated

Dabur has set its sights on certifying all its manufacturing locations with the Integrated Management system OHSAS18001 and ISO 14001 - Occupational Health, Safety and Environment.



some significant programmes for ecological regeneration and protection of endangered plant species.

As Dabur expands its global footprint, the Company is also matching its business growth with addressing societal needs wherever it operates. Our initiatives would go a long way towards conservation and enrichment of environment while ensuring greater prosperity of the community. We will strive to fix and meet more stringent goals for ourselves while progressing on the road to establishing a more socially meaningful enterprise.

Dabur has adopted a two-pronged approach when it comes to community and social initiatives. The first pillar of this movement is the various brands that have been at the forefront on not only meeting the consumer's ever-changing needs but also doing good to the society at large. The second -- and an equally strong -- pillar in our community initiatives is SUNDESH (Sustainable Development Society), an NGO that's sworn to the mission of ensuring overall socio-economic development of the

rural & urban poor on a sustainable basis, through different participatory and need-based initiatives.

SUNDESH, an outcome of the vision of Dabur founder Dr. S. K Burman, was formed to reach out to the weaker and more vulnerable sections such as women and children, illiterate and the unemployed in our society. Today, SUNDESH operates in Ghaziabad & Gautam Budh Nagar districts (Uttar Pradesh), Rudrapur district (Uttarakhand) and Baddi (Himachal Pradesh). The strength of SUNDESH lies in its infrastructure, skill in community mobilization, networking, accountability and transparency.

SUNDESH works towards sustainable development in 3 key areas Environment, Economy and Community. SUNDESH has been involved in the social development sector for about 17 years, starting with health care services and slowly -- but steadily -- expanding the scope to cover various other activities related to rural development on a sustainable basis. Over the years, it has contributed to

many worthy causes, addressing children's literacy, improving healthcare services, skill development, and environment, to name a few.

Corporate Social Responsibility (CSR) is not a public relations exercise for us. Dabur defines CSR as conducting business in ways that provide social, environmental and economic benefits for the communities and geographies where we operate. The greatest value is in making a difference in the lives of people.

A beginning has been made, but there still miles to go before the huge disparity is bridged and a better future delivered to every child... The ultimate aim is to put a smile on every face.

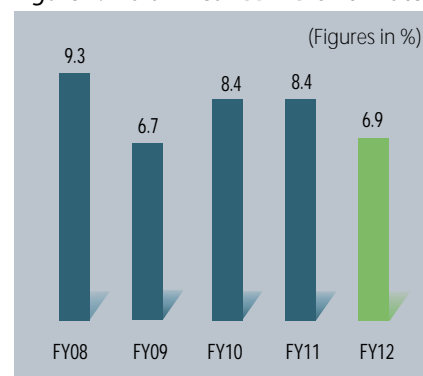
# Management Discussion & Analysis

Consumer sector story in India remains intact and is expected to continue on a secular growth trend driven by favourable demographics, increase in per capita consumption levels and increase in penetration.

The world witnessed fair bit of challenges during fiscal 2011-12 with the deepening debt crisis in Europe, political upheavals in parts of Middle East and rising tensions between Iran and the West. These events had a significant impact on global risk appetite and crude oil prices, though towards the end of the year, there have been liquidity infusions by European central banks and this combined with better than expected recovery in the U.S. have revived global risk appetite and emerging markets such as India may benefit. India also witnessed its share of challenges during fiscal 2011-12 with macro headwinds such as high inflation, currency depreciation and deceleration in GDP growth rates. During the year, the Reserve Bank of India hiked repo rates several times to combat inflation. The high interest rates did not bode too well for industrial production as reflected in the deceleration of IIP and GDP growth. GDP growth rate slowed down from 8.4% in FY11 to 6.9% in FY12

(refer Fig. 1). The country was swept by persistent double digit inflation during the year and WPI based inflation remained close to 10% for most part of the year with some moderation during the last 4 months of the fiscal (refer Fig.2). However, the Reserve Bank of India has reduced repo rates by 50 bps in April 2012. This is expected to improve liquidity and outlook for growth and investments in the economy.

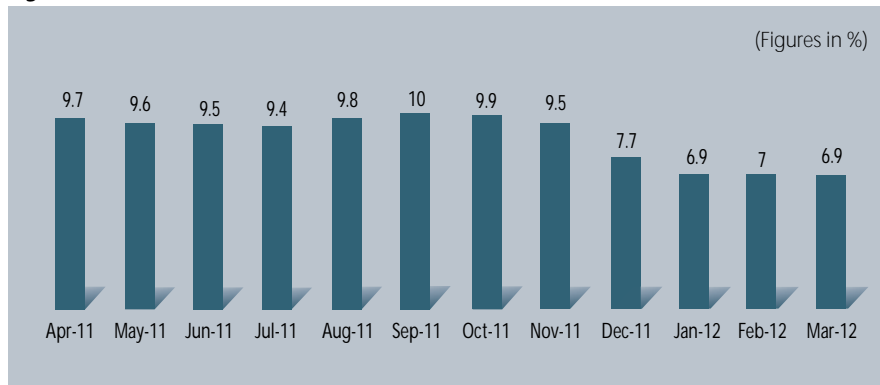
**Figure 1: India – Real GDP Growth Rate**



Source: CSO estimates



**Figure 2: WPI Inflation (YoY)**



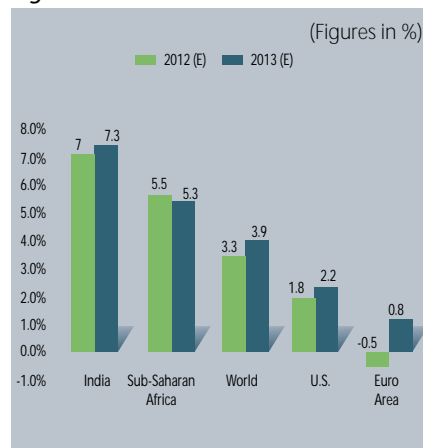
Source: Office of Economic Adviser

In spite of these blips, India's long term growth story continues to remain intact. In fiscal 2011–12, India's GDP is expected to grow at around 7%, making it one of the faster growing major economies, despite the ongoing challenges. India, which was the tenth largest economy in terms of Purchasing Power Parity (PPP) in 1991, has even overtaken Japan and is now the third largest economy in terms of PPP. As per a recent study by Knight Frank and Citi Private Bank, the North American and Western European share of world real GDP will fall from 41% in 2010 to just 18% in 2050 while, developing Asia's share is expected to rise from 27% to 49% in 2050. China will overtake the U.S. to become the world's largest economy by 2020, which in turn will be overtaken by India in 2050.

Therefore, the outlook for India remains positive.

This is also supported by GDP growth estimates released by IMF (refer Fig. 3). Real GDP growth in emerging markets such as India and Sub-Saharan Africa is expected to be ahead of World as well as the U.S. and Euro Area during 2013.

**Figure 3: GDP Growth Rate Estimates**



Source: IMF estimates

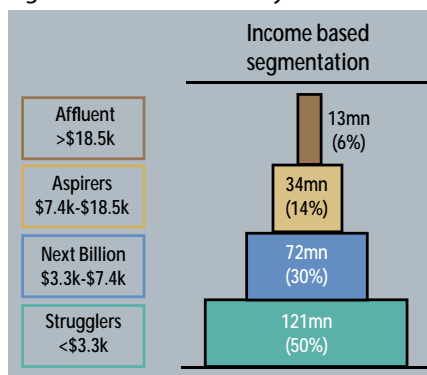
## FMCG Sector

Consumer sector story in India remains intact and is expected to continue on a secular growth trend driven by favourable demographics, increase in per capita consumption levels and increase in penetration. According to a recent study conducted by Boston Consulting Group (BCG) and Confederation of Indian Industry (CII) titled 'The Tiger Roars', there are four powerful socioeconomic and demographic factors driving consumption.

**These are:**

- (i) Increase in household income: the average household income is set to rise nearly 3 times between 2010 and 2020. The income pyramid in India which typically had a wide base of 'struggler' households (having per capita income <US\$ 3,300) is quickly becoming a diamond, as household incomes of the middle income groups grow. (refer Fig. 4)
- (ii) Urbanization: By 2020 the percentage of India's population living in cities will rise to 35% from 31% in 2010. Urban dwellers not only tend to increase their purchases but also spend on different items thereby giving a boost to consumption.
- (iii) Nuclear Families: The share of nuclear families has risen from 61% in 2006 to 66% in 2010 and the per capita spending of nuclear families is 20 to 50 per cent higher than traditional joint families.
- (iv) Gen I: connotes the generation of Indian spenders who have reached their prime consumption years. Members of Gen I believe in living in the present and have a higher propensity to spend having witnessed first-hand the opening of markets, influx of foreign brands and creation of wealth. This generation will be a strong driver of consumption and is expected to reorient the consumer market as deeply as Baby Boomers in the US have for the past five decades.

**Figure 4: India's Income Pyramid**

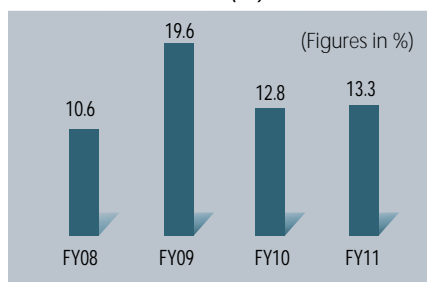


Source: Euromonitor, BCG analysis

As per this study, the Indian consumer market is poised to grow 3.6 times between 2010 and 2020, faster than most other emerging markets. Estimated at US\$ 991 billion in 2010, total consumption expenditure is expected to grow to nearly US\$ 3.6 trillion in 2020.

The demographic factors combined with rising per capita disposable incomes (refer Fig. 5) are expected to fuel consumption growth in India for a long period of time. Several indicators point in this direction, such as Nielsen's Global Survey of Consumer Confidence and Spending Intentions, as per which India was the world's most optimistic market in Q4 CY2011. India has retained this title for eight quarters in a row.

**Figure 5: Per capita Personal Disposable Income Growth Rate (%)**

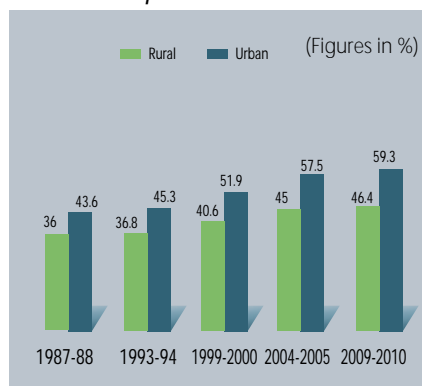


Source: CSO estimates

As income levels are rising there is also a clear trend of increase in share of non-food expenditure in both rural and urban India. The relative share of expenditure on non-food items is a strong indicator of economic development and prosperity as with economic well being people tend to spend more on categories other than food.

This is exactly what has happened in India with the share of non-food expenditure increasing from 36.0% in 1987-88 to 46.4% 2009-10 for rural India and from 43.6% to 59.3% in urban India (refer Fig. 6)

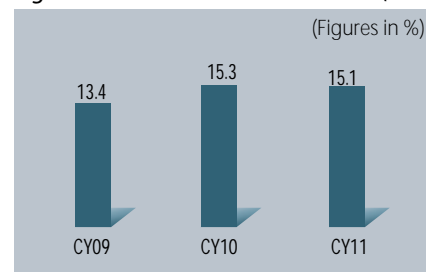
**Figure 6: Rural and Urban – Share of Non-Food Expenditure**



Source: Ministry of Statistics and Programme Implementation

The Indian FMCG sector, comprising branded food products, personal care, household care, baby care and OTC products was pegged at c. Rs. 1.7 trillion during FY 2011-12. The sector demonstrated its resilience to the economic upheaval and grew by 15.1% in the period January to December 2011. The sector has witnessed a steady growth trend during the last 3 years (refer Fig. 7).

**Figure 7: FMCG Sector Growth Rate (YoY)**



Source: AC Nielsen

Growth in rural India has been continuing on the back of expansion of rural consumers' wallet driven by factors such as higher Minimum Support Prices (MSPs) for agricultural produce, loan waivers and employment guarantee schemes. MSPs for Paddy and Wheat have grown at a CAGR of 13.2% and 11.4% respectively since 2006-07. These factors coupled with increase in per capita income in rural and semi urban areas have contributed to strong growth and expansion of rural consumption.

Rural consumers are now increasingly moving towards branded products. Gone are the days when the rural consumer was content with using mustard oil and plain soap on her hair and skin. Today, they are increasingly demanding branded products for their daily personal and health care needs. The rural consumers across income segments are exhibiting marked propensity towards spending on high quality products, which are backed by strong brand values.

## Dabur Performance Overview

The year 2011-12 was a landmark year for Dabur as the company surpassed the US\$ 1 billion or Rs. 5,000 crore turnover mark, making it one of the few companies

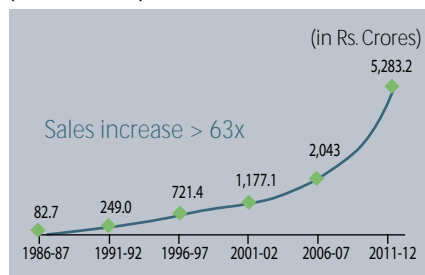


An over 100-year old brand, Dabur Chyawanprash is the largest branded chyawanprash in the country and controls around 66% share of the market.



in India having this distinction. This has been the outcome of the company's efforts to grow its revenues aggressively both organically and through acquisitions. In fact the company has witnessed the highest growth during the last 10 years as is presented in Fig. 8 which shows the company's revenues during the last 25 years.

**Figure 8: Dabur India Limited Revenues (in Rs. crores)**



FY2011-12 saw another landmark achievement with the company's Food business crossing the Rs. 500 crore mark. This is a creditable achievement for the Food business which has continued to grow at a strong pace and retained leadership in fruit based beverage

category through innovation, expansion and creating a huge consumer preference for its brands – Real and Activ.

What makes these achievements even more significant is the fact that they have been achieved in a year that would rank as among the most challenging ever for the industry with a slowing economy, rising input costs, disruptive competition and currency depreciation. The company coped well with these challenges through a mix of strategies and actions such as calibrated price increases and productivity enhancement measures thereby achieving strong growth in revenue and profitability. During the year the company undertook a distribution re-alignment exercise, in which Dabur's erstwhile strategic business units, Consumer Care Division (CCD) which focused on Healthcare, Home & Personal Care and Foods and Consumer Health Division (CHD) which focused on over-the-counter (OTC) healthcare brands and traditional Ayurvedic medicines were integrated into a unified structure or SBU

called Consumer Care Business. There was some impact on offtakes due to this transition during first half of the year. However, the business resumed strong momentum post the integration.

Innovation and new product development has always been a key growth driver at Dabur and we continue to move forward on this track. The year saw Dabur introducing a host of new products and variants, besides entering new product segments to keep up the growth momentum and excitement in the market. Some of the successful new launches during the year include Dabur Almond Hair Oil, mixed fruit flavoured variant of the flagship health supplement brand Dabur Chyawanprash, premium face masks and scrub under Dabur Uveda, a range of professional facial products and body bleach under the brand Fem, and Vatika Hair Gel in our overseas market, to name a few. All of these new launches have been well accepted and have garnered share of both the market pie and the consumer's mind space.

## Management Discussion & Analysis

We believe that with aspirations of rural consumers coming closer to their urban counterparts, just leveraging mainstream media is not sufficient to connect with rural consumers. Companies need to move beyond the traditional media options like radio, television and cinema, and enter into a direct engagement with consumer. These special initiatives not only engage the consumers but also give them an opportunity to touch, feel and experience the products. Be it through participation in haats, nukkad nataks, Kumbh Mela or innovative initiatives like Dabur Amla Banke Dikhao Rani rural beauty pageant, Dabur has very effectively captured the rural consumer mind-space.

In fact, availability of products and consumer connect are the two most important factors in determining a brand's success in these markets. And Dabur has stepped up its efforts on both counts. Distribution initiatives were undertaken during the year to expand Dabur's rural footprint. Robust IT-enabled tools were

also put in place to effectively capture sales data and improve sales forecasting, besides special consumer connect initiatives rolled out for various brands, all of which helped drive demand and generate growth.

### *The highlights of the Company's performance in fiscal 2011-12 on a consolidated basis are:*

- Consolidated Sales increased to Rs. 5,283.2 crores in fiscal 2011-12 from Rs 4,077.4 crores in fiscal 2010-11, registering a growth of 29.6%
  - Earnings before interest, taxes, depreciation and amortization (EBITDA) increased to Rs. 947.6 crores in 2011-12, from Rs. 833.4 crores in fiscal 2010-11, registering growth of 13.7%
  - Consolidated profits after tax (PAT) went up to Rs. 644.9 crores in fiscal 2011-12 from Rs. 568.6 crores, going up by 13.4%.
- Earnings per share (EPS) went up to Rs. 3.68 in fiscal 2011-12 from Rs. 3.25 in fiscal 2010-11

## Strategic Business Units

In order to meet the changing business requirements and capture greater efficiencies of scale the company has realigned its business structure. The erstwhile strategic business units, Consumer Care Division (CCD) and Consumer Health Division (CHD) have now been integrated into a unified structure or SBU called Consumer Care Business.

Each of these divisions had separate go to market teams and distinct strengths in servicing key channels. With a view to capture greater scale of the unified business and thereby enhance the quality of distribution in key channels, the entire back-end and front-end of both the divisions have been integrated into this unified structure.

**The year 2011-12 saw Dabur introduce over 40 new products and variants, across categories and geographies.**



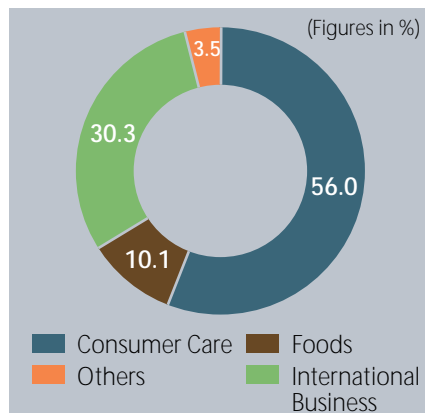


This has led to creation of a unified and integrated health care vertical which includes the health supplements and digestives portfolio as well as the OTC and ethical ayurvedic portfolio. This would enhance the company's position and prospects in healthcare market and channels by virtue of greater scale, focus and optimization of resources.

**The realigned business structure now stands as below:**

- Consumer Care Business, which incorporates the entire FMCG business of Dabur comprising Health care and Home & Personal care verticals accounts for 56% of the Company's consolidated revenues
- Foods, consisting of fruit-based beverages and culinary pastes business, contributes 10.1% of total sales
- International Business Division (IBD), which includes Dabur's organic overseas business as well as the acquired entities, Hobi Group and Namaste Laboratories LLC, accounts for 30.3% of Dabur's consolidated revenues.

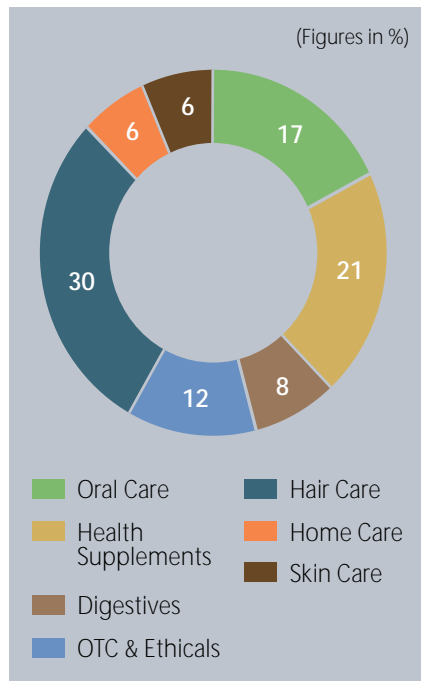
**Figure 9: SBU-wise Contribution to Sales (FY12)**



## Consumer Care Business

The Consumer Care Business is the largest segment, contributing to 56% of consolidated sales and grew by 11.4% during fiscal 2011-12. The segment is divided into the key verticals of Health care and Home and Personal care.

**Figure 10: Category-wise Share of Consumer Care Sales (FY12)**



## Health Care

With a legacy and experience of over 127 years, Dabur is today India's most trusted healthcare brand and the world's largest Ayurvedic and Natural Health Care Company. Health Care will be one of the important areas of growth for Dabur in the years to come. With the new unified distribution structure in place, Dabur is in a better position to roll out a slew of initiatives that would further deepen its commitment towards the health &

well-being of every household. The new initiatives are also well timed to cash in on the growing awareness among Indian consumers about health & wellness and their growing tendency to spend on products that deliver on the holistic and wellness promise. Dabur's healthcare vertical comprises Health supplements, Digestives, OTC and Ayurvedic ethical products.

## Health Supplements

There's a growing awareness today among Indian consumers about health and wellness, and increasingly, people are seeking healthier products. Given the stress and health issues that people in urban India face due to lifestyle related problems, consumers are increasingly turning to holistic and convenient solutions. Dabur is well placed to ride this trend, given its wide portfolio of natural and Ayurvedic health products. Dabur was this year ranked as the Most Trusted Brand in the healthcare category in the Brand Trust Report 2012, which is the most comprehensive list of India's Most Trusted Brands prepared by Trust Research Advisory.

The three key brands in the Health Supplements portfolio – Dabur Chyawanprash, Dabur Honey and Dabur Glucose are all Billion Rupee Brands i.e. with turnover in excess of a billion rupees. Your Company has rolled out a plethora of initiatives this fiscal to drive further growth for each of these brands.

During the year, Dabur expanded the Dabur Chyawanprash franchise with the launch of a Mixed Fruit flavoured variant. With this, Dabur Chyawanprash now comes in three fruit flavoured variants. The

## Management Discussion & Analysis

new variant is packed with 49 Ayurvedic ingredients like Amla, Ashwagandha and Guduchi which build immunity, and will provide the same immunity and health benefits as Dabur Chyawanprash, albeit in a tastier format. The sugar-free variant, Dabur Chyawanprakash also performed well during the year.

Research suggested that a large number of youth, particularly kids, find the taste of Chyawanprash an entry barrier. The new Chyawanprash variants are expected to bridge the gap between health and taste and bring more consumers into the Chyawanprash category. The variants have met with positive response and your Company is confident that they would go a long way in expanding the consumer base for this 100% natural health tonic.

The Company also rolled out two mega campaigns during the year, aimed at spreading awareness about strengthening immunity to fight a variety of cold, flu and other infections. The campaign was based on a clinical trial study which proved that just two spoonfuls of Dabur Chyawanprash every day can strengthen a person's immunity by 3 times. This campaign was very well received and helped the brand perform well during the year.

The brand also initiated a strong school contact programme in East India to take forward its highly successful Immune India initiative. A sustained campaign was held to educate consumers about how building immunity would help them protect themselves from various infections. Under this programme, the brand reached out to large number of school kids across East India educating them about the need

to build immunity, particularly during the onset of winters. Given the success of this initiative, the Company now plans to roll it out in more states going ahead.

In addition, the brand reached out to consumers through various melas and haats. Dabur Chyawanprash has now built its presence on the online world and a special microsite has been launched to inform consumers about immunity related health issues and benefits of using Chyawanprash. Riding on these initiatives, Dabur Chyawanprash reported double digit growth and today controls around two-thirds of the Chyawanprash category. Dabur Honey, the largest branded honey in India, witnessed strong growths across regions, SKUs and channels during the year largely driven by effective media campaigns. The new campaign – Apne Youth Ki Umar Badhao featuring Shilpa Shetty – sought to further establish the health and fitness benefits of Honey.

Dabur Glucose, however, had a lackluster year due to a weak summer. Dabur introduced a new litchi flavoured variant for Glucose during the year, which has been well accepted in the market. This adds to our existing portfolio of Orange and Lemon flavoured Glucose. Besides, Dabur kick-started a campaign in West Bengal, christened Dabur Glucose Energy Super Force which is targeted at school kids. Under this campaign, which reached out to over 1.5 lakh kids in West Bengal, Dabur Glucose conducted special endurance test and physical fitness tests to shortlist 20 school kids who formed part of the Dabur Glucose-D Energy Super Force team. This team will now be our brand ambassadors spreading health

awareness in their respective schools. In the coming fiscal, we will be enhancing this activity and take it to a much larger scale to cover the entire East India.

With summers already knocking on our doors, the company has prepared a number of initiatives to drive growth for Dabur Glucose going forward. As part of these the company has signed up two celebrities for endorsing the product and new campaigns featuring them would be launched shortly.

### Digestives

The Digestives business at Dabur till last year included only products offered under the master brand Hajmola. Following the business restructuring in 2011-12, a host of digestive brands – like Pudina Hara, Hingoli, Nature Care, Sat Isabgol, Lavan Bhaskar Churan and Triphala Churan -- that were part of the erstwhile Consumer Health Division have now been transferred to this vertical, making it a holistic digestive business with a wider range of products and formats.

The digestive tablets space continued to be dominated by Hajmola with new flavours, variants and packaging solutions further establishing the brand's post-meal connect and helping it report strong growth during the year. The Pudina variant of Hajmola tablets, which was launched about two years back, continued to be a big growth driver for Hajmola. The variant range was further expanded this year with the introduction of Hajmola in a saunf flavour. The company is now exploring the feasibility of introducing several other ethnic Indian flavours in Hajmola.



Your company has also introduced some packaging changes in Hajmola, including the introduction of a 'Hafta' (weekly) pack and a mega campaign was launched to promote the same. Special south-specific media campaigns were also launched, which have helped grow the brand in southern markets.

These sustained initiatives have helped Hajmola establish itself as a 'tasty & fun digestive' for post-meal consumption. Hajmola's huge success can be gauged by the fact that over 2.6 crore Hajmola tablets are consumed in India daily.

Hajmola's confectionary range – Hajmola Candy – is now firmly back on the growth track. Two new flavours were added to the Hajmola Candy franchise with the introduction of Pudina Chutney variant and Hajmola Mint Masti. This new format offers consumers the freshness of mint along with the digestive properties of Hajmola and is a unique candy developed by our in-house R&D.

With the consolidation of Pudina Hara franchise within the overall digestives vertical, plans are underway to take this brand to the next level. New promotional campaigns featuring a celebrity and new variants will continue to drive growth for Pudina Hara.

Dabur Hingoli and Sat Isabgol, the other digestive brands in this portfolio, performed well during fiscal 2011-12. Sat Isabgol (psyllium husk) was launched this year in new smaller packs of 50 gm, 100 gm and pouches, which filled an existing need gap in the market. The two Churan brands – Triphala and Lavan Bhaskar Churan, which were part of the erstwhile CHD portfolio, have now been added to the digestives category to expand the portfolio and drive growth for the basket of products.

The company is also focusing on initiatives to push faster growth for Nature Care brand which offers solutions for digestive problems. A new Orange-flavoured variant has already been test marketed in West

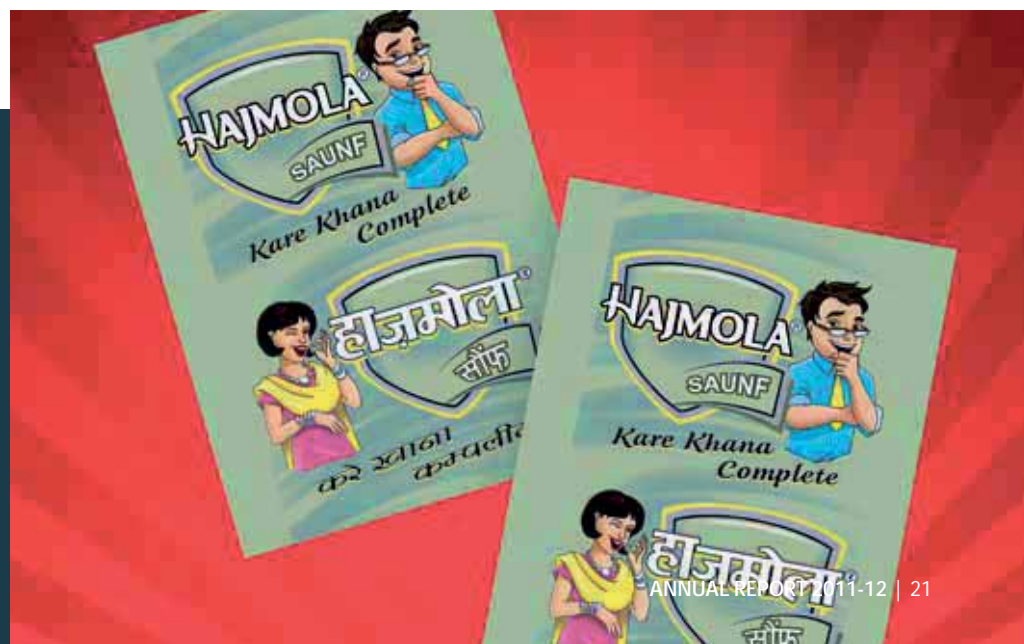
Bengal and the consumer response has been highly encouraging. The new fiscal will see Dabur launching this variant pan-India, besides introducing the same in a sugar-free avatar, targeting the diabetic population.

### OTC Products

The newly-carved out OTC portfolio offers a variety of products in sub-segments such as Women's Health care, Baby Care, Cough & Cold, Rejuvenation, Oils and proprietary products. This vertical now also includes products from the erstwhile Consumer Health Division, besides the baby massage oil brand - Dabur Lal Tail.

With the new distribution network in place, this division is well positioned to tap more growth opportunities in OTC segments and spread awareness about various products under its umbrella and their benefits across the length and breadth of India. New visibility campaigns are also being executed across chemist outlets to maximize reach and awareness for the various OTC brands.

**Hajmola is among the fastest-selling digestive tablet brand in the country, with over 26 million Hajmola tablets being consumed every day.**



**Dabur Honitus is now clinically proven to be on par with allopathic cough syrups in efficacy and safety, and more effective in treating throat irritation.**



Honitus has been a key growth driver for the category. The Company has, during the year, initiated a brand health study and clinical research on brand Honitus. The research proves that Honitus is as efficacious as allopathic brands yet at the same time it has no harmful side-effects. A new campaign based on this research will shortly be on air for educating consumers regarding the benefits of Honitus.

Dabur's flagship baby care brand – Dabur Lal Tail – continued to take forward its consumer education and awareness programme across the hinterland with an effective on-ground activation involving Mobile Health Units. The initiative sought to establish the functional benefits and superiority of Dabur Lal Tail over ordinary oil. Under this, the product was sampled with a large number of mothers with newly born babies in Uttar Pradesh and Maharashtra. A specially prepared Baby Box containing Dabur's baby care range was distributed in the hospitals in Tier-II towns in the two states.

The company also organized mega health camps across Uttar Pradesh, Bihar and Jharkhand to promote the entire range of Dabur's OTC health care brands. Health camps with free doctor check-ups were organized as part of this initiative, besides sampling of a variety of products among a large base of consumers.

Special visibility campaigns were also launched for Dabur's key healthcare brands for women - Dashmularishta and Ashokarishta Asavs. This visibility campaign was undertaken across 1,700 outlets and helped the two brands perform well. A sustained campaign and consumer contest was also undertaken for the Company's energizer brand Shilajit Gold. As part of its effort to provide consumers greater convenience while purchasing the product, Dabur has launched an online shopping portal for Shilajit Gold -- [www.daburshilajitgold.com](http://www.daburshilajitgold.com).

During fiscal 2011-12 Dabur announced the acquisition of OTC energizer brand,

'30-Plus' from Mumbai-based Ajanta Pharma Limited. 30-Plus is one of the oldest and strongest health care energizer brands in the country and the acquisition was part of Dabur's strategy to enhance capability in this space. A re-launch with new packaging and communication has been planned going ahead.

### **Ayurvedic Ethicals**

Dabur has a wider range of ethical healthcare products based upon the ancient system of Ayurveda. These medicines are derived from natural ingredients and form part of a holistic healthcare system which focuses on all round well being through natural treatments. Dabur is one of the largest and oldest votaries of Ayurveda and treats this as a very valuable storehouse of its healthcare expertise and knowledge.

The entire classical and Ayurvedic ethical health care portfolio of Dabur was launched in a contemporary avatar a year earlier. The new-look range was promoted through focused activities at



Dabur Ayurvedic Centres, in addition to special Health Camps and Vaid (Ayurvedic doctors) meets. The company organised 200 doctor meets and more than 300 direct consumer contact programmes during the year, which helped the category post accelerated growth.

The focus of this range would be on enhancing availability and visibility among the target consumer segments and increase its penetration.

## Home & Personal Care

The Home & Personal Care (HPC) vertical within the Consumer Care Business covers key segments of Hair Oils, Shampoos, Skin & Body Care, besides the range of Home Care products like Mosquito Repellents, Air Fresheners and Hard Surface Cleaners. The year gone by saw high competitive intensity in some of these categories. In addition, significant inflation in material costs put severe pressure on margins. Despite the tough market conditions, calibrated price increases along with a combination of sustained media campaigns and consumer contact programmes for its brands helped Dabur post good performance in the Home & Personal Care business.

### Hair Care

Dabur's Hair Care portfolio comprises Hair Oils and Shampoos. The segment grew by 16.0% during fiscal 2011-12 and contributed 30% to Consumer Care Business.

Hair Oils, which is one of Dabur's largest and oldest personal care businesses, continued to perform well with the key brands, Dabur Amla Hair Oil, Vatika

Enriched Coconut Hair Oil and Anmol Coconut Oil, growing well despite the dual pressures of intensified competitive activity and higher raw material prices. The cost pressures were negated by a mix of efficient buying and calibrated price increases.

It was encouraging that despite higher competitive intensity and significant price increases, Dabur's flagship hair oil brand Dabur Amla Hair Oil continued to grow in double digits. Dabur Amla has truly established itself as the largest and most preferred perfumed hair oil brand in the country with a consumer base of over 35 million users.

The company adopted a two pronged strategy for Dabur Amla, targeting the mustard oil users in the Hindi belt on one hand and communicating the benefit of Amla to new consumers in South India on the other hand. In the rural pockets of Uttar Pradesh, Bihar and Madhya Pradesh, Dabur continued with its highly popular beauty and talent hunt – Dabur Amla Sundar Susheel Yogya Pratiyogita. Under this initiative, women in the villages are educated about the benefits of Dabur Amla hair oil over loose mustard hair oil. This initiative also recognizes and rewards young girls for their beauty and talent and has been hugely successful across villages in these three states.

As part of its strategy to enhance presence in South India, Dabur has been conducting focused marketing initiatives specifically targeted at the south Indian consumers. During the year, Dabur Amla set a new record by hosting Hyderabad's longest ever non-stop hair massage session. Christened Dabur Amla Tala Massage

Marathon, the non-stop hair massage session lasted for 8 hours with over 300 women participating in the event. The event also offered the brand a platform to educate consumers about the fact that Dabur Amla Hair Oil is proven to make hair blacker than ordinary coconut hair oil. Popular Tamil cine star and Dabur Amla Hair Oil brand ambassador Sneha also graced the occasion.

In addition, Dabur Amla organised a Miss Beautiful Black Hair contest in Chennai. As part of this initiative, a team of Dabur Amla promoters visited 12 prominent colleges and hot spots in Chennai to promote the contest. In all, more than 1,500 girls from Chennai applied to participate in the contest making it one of the biggest beauty initiatives of Chennai in recent times.

Dabur Amla took forward this initiative to other parts of the country in the latter part of the year with a mega model hunt – Asli Amla Star Ki Khoj – which sought to identify the girl with the best hair in each town and offer her a chance to be featured in an advertisement with Dabur Amla Hair Oil brand ambassador Rani Mukherjee. Under this campaign, the Dabur Amla team visited 13 cities in Uttar Pradesh, Punjab, Rajasthan and Madhya Pradesh to hunt for the lady with the most beautiful hair in each town and crown her as the Dabur Asli Amla Star. The initiative was very well received across all cities. Riding on these initiatives, Dabur Amla Hair Oil reported strong double digit growth during the year.

The year 2011-12 also saw Dabur successfully foray into the light hair oil market with the launch of Dabur Almond

Fem, the most trusted facial bleach brand in the country, has been extended to the professional beauty market with the launch of body bleach and facial kits.



Hair Oil. The product offers superior nourishment keeping the hair 100% damage free. It has twice the amount of Vitamin E as compared to well known almond hair oils and Almond Protein, which are vital nutrients known for hair health. Dabur Almond Hair Oil is, in fact, the only product in the almond hair oil category with Almond Protein. The brand has clocked good revenues in the first six months of its launch and has met our internal expectations.

Dabur's flagship coconut hair oil brand Vatika Enriched Coconut Hair Oil also experienced sharp spike in raw material prices. Despite the cost pressures, the brand continued to establish its superiority over plain coconut oil and performed well during the year reporting strong growth. Dabur's mass market hair oil brand Anmol performed well during the fiscal.

The shampoo business, under the Vatika brand, faced pressure during the early part

of the year, hit by a combination of rising input costs and disruptive competition. However, the second half of the fiscal saw the business come back into positive growth territory with uptick in volume sales. Dabur responded to the increased competitive intensity and combated the same with focused marketing activities, which have revived the brand. Enhanced focus on the key variant, Vatika Smooth & Shine shampoo, which has herbs such as henna, green almonds and shikakai, was instrumental in revitalizing the brand. The company is planning to drive growth by focusing on the herbal aspects of the brand and providing strong marketing investments and support to the brand.

### Skin & Body Care

The Skin Care business, a relatively newer segment for Dabur, witnessed addition of new products and entry into emerging categories. The company entered anti-ageing and face scrub categories with its Ayurvedic skin care brand Uveda, besides the professional facials and

body care market with the launch of a range of facials kits and body bleach under the brand Fem.

The Gulabari franchise continued to expand its penetration, led by increased consumer activations like college-level beauty contests and focused campaigns around festivals. Dabur Gulabari has been hosting beauty contests in Uttar Pradesh, Hyderabad and North East, and these initiatives have helped build good equity for the brand. This year, Dabur Gulabari took this initiative to the national scale with the Dabur Gulabari Miss Rose Glow contest. Vanya Misra, the winner of this contest, won a wild card entry into the Pantaloons Femina Miss India top 20 finalists and won the Miss India title for this year. Vanya is now scheduled to participate in the Miss World pageant to be held in August this year. The Company is commemorating her win with the launch of a new-look Gulabari beauty queen pack, which will also mark the re-launch of the brand. In addition, Dabur Gulabari has also signed Bollywood cine star Sonakshi Sinha as the



brand ambassador and a new campaign featuring the star would hit the screens this summer with Sonakshi talking about the various usages of rose water for enhancing your beauty.

Fem, which has a range of skin lightening and depilatory products, registered strong growth during the year. The core products under the Fem personal care portfolio - bleaches and hair removal creams performed well and expanded their distribution reach through the new unified distribution structure. Fem has been the pioneer in bleach category in India for more than two decades now and its penetration has now been expanded to cover over half a million outlets.

Dabur continued its focused media investments and engagement programmes with the parlour and salon community. Dabur had last year tested waters in the Professional Facial market with the launch of OxyLife Professional Facial Kit. The company has now expanded the professional products offerings with the launch of a professional Gold facial kit and a professional Queen's Pearl facial kit, besides turmeric body bleach under the brand Fem. The new launches, which coincided with the wedding season, have been well accepted by the consumers.

The Ayurvedic Skin Care brand Dabur Uveda expanded its penetration and portfolio in a calibrated manner. Dabur Uveda is carving out a niche for itself in the Indian Skin Care market with its expertise in Ayurvedic Skin Care and is today available in nearly 300 cosmetic outlets and through online sales. Dabur Uveda portfolio was expanded this year with the launch of an anti-ageing range and a

face scrub and the portfolio includes a fairness range, a moisturizing range, a clarifying range, repair range and an anti-ageing range.

### **Oral Care**

The year 2011-12 was another good year for Dabur's Oral Care portfolio, a business that comprises two key product categories, Toothpaste and Toothpowder. The toothpaste portfolio, riding on strong demand across the three brands, saw its combined volume market share grow to 14.3% (Source: AC Nielsen MAT March 2012) during the year despite stiff competition.

With its strong differentiated positioning, Dabur Red Toothpaste delivered strong performance during the year and has helped the company establish a firm footing in South India in addition to North, East and West. Besides sustained media activity on the brand, Dabur rolled out a mega school contact programme which sought to increase oral hygiene awareness among children across the country. The brand reached out to a huge number of kids under this programme, which educated them about the need for oral hygiene and how Red toothpaste offers complete protection from all dental problems.

Backed by a strong value proposition to consumers and delivering on the key oral care benefits through natural ingredients, brand Babool has emerged as one of the most trusted and preferred entry-level toothpaste brand for non-dentifrice users who are new entrants into the toothpaste category. Babool is positioned as an economy product and has a strong preference among rural consumers.

Meswak, the third key pillar in Dabur's toothpaste market strategy, reported strong performance during the year driven by focused media initiatives and endorsement by cine star Bipasha Basu as the brand ambassador. Meswak toothpaste is a premium herbal toothpaste and is scientifically proven to reduce tartar and plaque. The brand provides complete oral care by fighting germs and bacteria to keep gums healthy, preventing tooth decay, eliminating bad breath and ensuring strong teeth.

Lal Dant Manjan, Dabur's toothpowder brand, performed well reporting moderate growth although the toothpowder category in itself witnessed stagnation. Growth in the brand was driven by rural activation programmes that sought to convert non-dentifrice users to toothpowder.

### **Home Care**

Dabur's Home Care portfolio continued on a strong growth trajectory, with focused media activity, new products launches and on-ground promotion and consumer-connect programmes. These initiatives helped Dabur develop a larger presence in this evolving yet under-penetrated category.

The air freshener brand Odonil was the star performer of the category during the year. The brand crossed Rs. 100 crore turnover mark, joining the elite rank of Dabur's Billion Rupee Brands. Several key innovations were done in products and packaging which led to strong growth in the brand in spite of competition from private label and unorganized sector. The company's toilet cleaner brand Sanifresh performed well during the year and has

## Management Discussion & Analysis

now emerged as the second largest player by volume in the category. Focus on the new formulation, which makes it twice better than competition in terms of its cleaning properties has helped the brand grow well in this competitive segment.

The mosquito repellent brand Odomos witnessed some decline during the year as the mosquito menace was relatively low. The brand, however, continued with its aggressive education and community service programmes across markets. A school contact programme was initiated in Chennai, besides a mega community drive conducted across slums in Delhi and Uttar Pradesh, aimed at educating people about the various mosquito-borne diseases and effective prevention against them.

### Foods

Dabur's Foods Business emerged as the star performer of 2011-12 as the category crossed Rs. 500 crores in sales. This marks a 10-fold jump in its sales in nine years, a

big achievement given the fact that this business is driven purely by packaged fruit juices -- a category that was almost non-existent a decade ago and was pioneered by Dabur. The Foods business at present includes fruit juices and nectars under the brands Réal and Réal Activ and culinary pastes under the brand Hommade.

Packaged juices under the brands Réal and Réal Activ were the key drivers of growth during 2011-12 led by strong demand for new variants like Plum and Apricot under Réal and Pomegranate-Berry, Grape and Fiber enriched juices under Réal Activ. Réal today has the largest fruit juice range in the country and highly differentiated variants that offer not just good taste but specific health benefits, and these have been driving growth for the brands. Special campaigns have been launched to educate consumers about the benefits of individual fruit ingredients. Riding on this, Réal has more than doubled its base for the pomegranate variant and this has now emerged as the fourth largest fruit juice variant for Dabur.

Réal special occasion gift packs have become hugely successful. Dabur had initially offered these gift packs during Rakhi and Diwali. Based on consumer response and their need for similar packs for other occasions and festivals, Dabur has now extended this range to cover Baisakhi and other regional festivals too. This has not just added excitement around the brand, but also helped Réal post industry-best growths despite the entry of newer players. Basis consumer feedback, one of the popular gift packs -- Réal Car Pack (a multi-pack option for 200ml SKUs) -- has now been converted into a regular packing option and is available on the shelves all through the year, targeting in-home consumption.

A host of trade and consumer initiatives were launched during the year, and the division participated in popular trade fairs which helped the brands reach out to a large number of consumers to sample the products. Réal also joined hands with Disney for its hit movie franchise 'Cars' to

**Dabur's Foods Business crossed the Rs. 5 billion (\$100 million) turnover mark in 2011-12. This marks a 10-fold jump in sales in nine years.**





reach out to kids with the 200 ml packs. Under this tie-up, specially designed 200 ml packs of Réal were introduced with Cars' popular characters on the front of the pack. The fiscal also marked the nation-wide launch of India's first fiber-enriched fruit beverage range - Réal Activ Fiber+. The new beverage range contains soluble dietary fiber that helps manage weight, keep digestive system healthy and maintain heart health. Made from 100% fruit juice with no added sugar and no preservatives, Réal Activ Fiber+ is now available in four exciting tasty variants - Multi Fruit (a blend of exotic fruits like Passion Fruit, Apricot, Guava, Orange & Apple); Orange Citrus Punch (a blend of tropical citrus fruits like Orange, Mandarine, Tangerine, Pineapple and Lemon); Banana Strawberry and Green Apple.

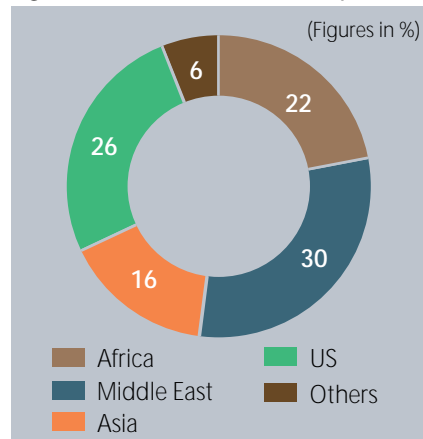
During the year the Hommade brand was extended with the launch of Hommade Bhuna Masala, ready to cook paste used for cooking Indian dishes. This is being test marketed in Delhi and Punjab.

## International Business

Dabur's International Business continued on a strong growth trajectory with sales growing by 78.3% to Rs. 1,616 crores. The International Business now contributes 30.3% to consolidated sales. Fiscal 2011-12 was the first full year of the two overseas acquisitions – Hobi Group and Namaste Laboratories, LLC under the Dabur fold. During the year, these acquisitions were assimilated and integrated with the existing organic overseas business. If we were to look at the growth in sales of the organic business excluding acquisitions, the business grew by 27.1% to Rs. 929.9 crores. Our key geographies by total

overseas revenues now are: Middle East, Africa, Asia and U.S. For region-wise sales breakdown please refer to Fig. 11.

**Figure 11: International Sales Split**



### Middle East

Middle East is our largest geography by revenues, contributing to 30% of our international sales. Our foray in Middle East during the 1980s was an outcome of demand for our products from the Indian diaspora in these markets. Consumer needs in some of these markets are very similar to Indian consumption habits and we were able to leverage upon our strong understanding of this consumer behaviour. Gradually, we started selling to the local population and set up manufacturing facilities in UAE. Today, majority of our products are sold to the local population in these markets.

The Gulf Co-operative Council (GCC) is one of our key markets and has performed well during fiscal 2011-12, growing by 28%. Our key categories in Middle East are Hair Oils, Hair Creams, Shampoos and toothpastes. Growth in the Middle East was impacted to some extent during the first half on account of political disturbances in some

markets but the sales showed a strong pick up in the second half of the year.

Within GCC, Kingdom of Saudi Arabia (KSA) and UAE are our biggest markets. In KSA, we dominate the Hair Oils category with 59.2% share of the market and hold 21.1% share of the Hair Cream category. In UAE, we command 30.6% market share in the Hair Oils category and 22.5% market share in Hair Creams. We have a good presence in other GCC markets as well, operating in hair care and oral care categories under the Dabur and Vatika brands.

With the acquisition of Hobi Group, we have extended our presence to Turkey in this region. The acquisition has given us access to a new and complementary product range in hair styling and other hair care, skin care and body care categories. As part of the strategy to derive synergy benefits from Hobi with our existing international business, we launched products out of the Hobi range in the Middle East and North African geographies and used their expertise in hair gels to launch Vatika Styling Hair Gels in some of these markets. Integration of Hobi Group was completed during the first half of the year and the business performed well with double digit growth in sales.

The Vatika shampoo range which was launched last fiscal witnessed strong momentum carving out a promising niche in this competitive category by focusing on high quality and value added herbal offerings.

A range of skin care products comprising Skin Serums, Skin Cream, Skin Lotions and Wet Wipes were introduced under the Dermoviva brand in some GCC markets

## Management Discussion & Analysis

keeping up a strong pace of innovation and new product introductions.

### Asia (ex-India)

Asia (ex-India) contributes to 16% of our international revenues. Our key markets in Asia (ex-India) are Nepal, Bangladesh and Pakistan.

Nepal, which contributes to 8% of international revenues, grew 21% during fiscal 2011-12 with strong growth in Foods, Hair Care, Digestives and Home Care. Despite, minor upheavals, the business environment in Nepal was relatively stable and the business saw revival during the year. The recently introduced Dabur Almond Hair Oil has been launched in Nepal as well. Besides the sales to local markets, Dabur Nepal also focuses in a big way on developing sustainable supply of endangered and rare herbs like Aswagandha, Chiratia, Daruheda. The company worked towards expanding cultivation of about 10-12 such herbs during the year.

Dabur's business in Bangladesh has witnessed robust growth in the last two years with a doubling of revenues over this period. Key categories in which the company operates are Hair Oils, Shampoos, Digestives and Honey. The business saw growth of 47.9% during fiscal 2011-12 largely driven by Hair oils, Shampoos and Honey. The company expanded its distribution footprint by increasing its coverage of number of towns, stockists and outlets which was instrumental in expanding its sales volumes. A Greenfield manufacturing facility is being set up near Dhaka to supplement the capacity and meet future requirements.

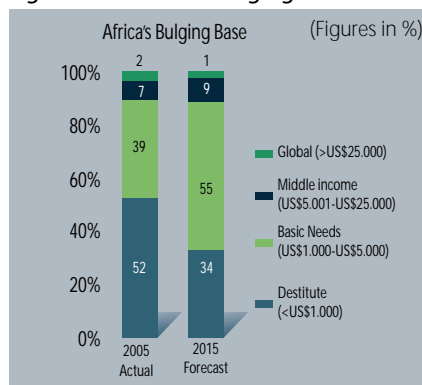
Dabur is setting up a fruit juice facility in Sri Lanka as an export oriented unit. This facility will be utilised for meeting requirements of the Indian market as well as local sales in Sri Lanka.

### Africa

Africa contributes to 22% of our international revenues. Africa offers tremendous opportunities for consumer product companies driven by factors such as:

- As per World Bank estimates, Africa's nominal GDP was US\$1.6 trillion in 2010 which is as big as India with nominal GDP of US\$ 1.7 trillion
- Expected increase in share of individuals with per capita income of more than US\$1,000 from 39% to 55% between 2005 and 2015 (refer Fig. 12)
- Rapidly emerging African middle class which could number as many as 300 million, out of a total population of one billion
- Expanding FMCG markets with increase in demand for personal care products for grooming and hygiene.

**Figure 12: Africa's Emerging Middle Class**



Source: Mckinsey on Africa, June 2010

We believe the sheer volumes and growth in the number of consumers with increasing disposable incomes creates huge opportunities for consumer products companies in Africa. We have channeled our efforts in this direction to exploit these opportunities. The acquisition of Namaste was a logical outcome of this strategy.

U.S. based Namaste's product offerings, which comprise hair care products for people of African origin, will help us enhance our overall product portfolio pan Africa, particularly in Sub-Saharan Africa. The biggest product segment in Namaste's portfolio is the relaxing and hair straightening products which are widely used among women of African origin. Other products comprise nourishment products such as olive oil based shampoos, conditioners and hair fertilizers etc. The Namaste portfolio already has a strong base in the United States, which contributes to around 70% of its sales. Rest of the sales are in Africa, Middle East, the Caribbean and Europe. We expect greater potential for these products in their natural market i.e. Africa and in other overseas markets. To feed the African markets, we have started manufacturing Namaste products in our Ras-al-Khaimah facility in UAE and are considering adding another line at our existing manufacturing facility in Nigeria.

Based on a combination of organic initiatives and acquisitions, we plan to significantly enhance Africa's contribution to our international revenues over the next 4 – 5 years. Currently Egypt and Nigeria are our key markets in Africa and we plan to extend our presence in a phased manner in other parts of Africa.



Egypt, which is our largest market in Africa grew by 29% and contributes to 9% of our international sales. Though there were political disturbances, particularly towards the first part of 2011, the situation improved in the second half of fiscal 2011-12. Our key product categories in Egypt are Hair Oils, Hair Creams and hair conditioning and treatment products. We dominate the Hair Oil market in Egypt with 59.4% market share (as per AC Nielsen for CY2011). This market share has increased from 51.2% in CY2010. We posted handsome gains in market shares in Hair Creams, with market share increasing to 25.2% in CY2011 as compared to 18.5% in CY2010. Category building initiatives and enhancing our presence in these categories have been the key growth drivers of continued strong growth in this market.

Nigeria, our second biggest market in Africa, grew by 34%. At present, our key category in Nigeria is toothpastes, wherein we have increased our market share to 9.7% in CY2011 as compared to 6.9% in CY2010.

### U.S.

Our U.S. business largely consists of Namaste Laboratories, LLC which we acquired in January 2011. Post acquisition the company has performed to our expectations recording double digit growth in its revenue during 2011-12.

Namaste offers a wide range of specialized hair care products for people of African origin and is an expert in African hair care. The company continued to perform well in the U.S. market and gained share in the Afro-American hair care category and is now the second biggest player in the category. The company's product portfolio comprises relaxer kits, hair conditioners, moisturizers, shampoos and gels with Olive Oil as a key ingredient in most of their products. The entire portfolio is operated under the brand 'Organic Root Stimulator' which enjoys good brand equity among this ethnicity.

With aggressive growth planned in markets like Africa, the share of non-U.S. markets is likely to increase in the future.

Integration of Namaste has progressed well with business practices being streamlined and aligned with the Dabur practices and platforms. The on-going sharing of information and knowledge across the organic international business and Namaste has opened up opportunities for learning and growth enhancement for both enterprises.

### Sales & Distribution

Brand Dabur touches millions of lives across the length and breadth of the country. And this is possible thanks to a highly developed sales and distribution network which ensures Dabur's presence in even the remotest corners of the country. We are proud to state that Dabur products are today available even in villages with a population of 3,000, and Dabur's most widely distributed product is available in 3.4 million outlets.

As mentioned earlier in this report, the year gone by marked the realignment of Dabur's overall business and sales & distribution structure, following the

**GCC, the largest region for Dabur's International Business, has grown by 28% in 2011-12, fuelled by innovations and new product launches in the Hair Care, Skin Care and Oral Care segments.**



## Management Discussion & Analysis

integration of erstwhile CCD and CHD businesses into a unified structure. Leveraging on our past experiences and successful integration of various acquired businesses, the business realignment exercise was carried out smoothly and has resulted in greater field efficiencies and improved the growth trajectory.

Detailed analysis of markets and businesses at town level were conducted to design the new architecture of stockist network & sales organization structure. The strategy was to integrate the entire portfolio of Dabur and create specialized networks to meet differential service needs of categories and channels. The sales structure has now been aligned along three distinct categories – Home & Personal Care, Health Care and Foods.

A category specialized stockist network was established in large markets with relevant scale of business. While the Home & Personal Care categories are largely grocery focused, the Health Care portfolio requires capabilities for servicing chemists and Ayurvedic channels, and the stockist

networks were configured appropriately. The Foods business, on the other hand, required a different orientation and hence, was aligned with specialized stockists.

The sales organization was also defined into three clear verticals in the large markets to significantly improve category focus and quality of customer interface. The footprints of the specialized field teams were retained to service channels like Ayurvedic products and Beauty Salons. While frontline field force and stockist salesmen were organised by the category verticals in these markets, the business was integrated at managerial levels.

The business was organised under a common umbrella in smaller towns and rural markets where the challenge was to increase reach and efficiencies, while managing costs. The sales system for these markets was structured under a common management & field teams.

The integration has provided greater distribution leverage in key channels and portfolio strength in Modern Retail and

rural markets as a unified entity of Dabur's Consumer Care Business. The integrated stockist network is providing scale and cost benefits to enable greater reach while category focus in larger markets has been ensured by exclusive sales teams.

### **Project Double – Rural expansion**

Rural India accounts for about 45 to 50% of Dabur's domestic sales, and is a strong driver of growth, thanks to increase in agricultural incomes and plethora of rural development programmes and initiatives launched by the Government in recent times. These initiatives have led to more employment generation and higher disposable incomes in the pockets of rural consumers, pushing up their aspirations and demand for branded consumer products.

During the year, Dabur kicked off a major initiative – christened Project Double – to significantly increase the rural reach of its brands. Comprehensive benchmarking was done on rural coverage across 10 key states: Uttar Pradesh, Punjab, Rajasthan, Bihar, West Bengal, Assam,

**Dabur products are available in villages with a population of 3000. Dabur's most widely distributed product is available in 3.4 million outlets.**





Orissa, Maharashtra, Madhya Pradesh and Karnataka, which contribute to around 72% of the rural FMCG potential.

Project Double is aimed at doubling the direct distribution reach in rural markets, customise trade promotions and provide focused servicing through a dedicated sales team in these markets. A new rural model of intensive resource deployment and market activation was piloted in Uttar Pradesh & Maharashtra during the year. Field resources were deployed in deep hinterland in the high-potential districts of these states to establish networks for doubling rural coverage and considerably increase contact frequencies. Mobile phone-based application was provided to the field resources to guide, track and administer their work. Web-enabled information dashboards provided real time visibility of all information.

The pilot initiatives undertaken in Uttar Pradesh and Maharashtra met action standards consistently on all key aspects of resource stability, coverage expansion and revenue realization from new markets. The efforts in increasing rural reach have resulted in greater penetration in rural availability across categories. Following the success of this pilot initiative, the project is now being rolled out across all 10 states. Dabur will continue its rural thrust in the new fiscal too with greater investments being planned for the same.

### Information Technology

Technology is key to Dabur's future growth strategy, particularly when it comes to improving efficiencies within the Sales & Distribution (S&D) network. The integration of the sales system called for a comprehensive revamp and

harmonization of all processes in sales across teams. Addressing this need, all processes have been harmonized during the year, resulting in a unified way of working across the Dabur sales system.

Substantial investments were made in Information Technology solutions, positively impacting various aspects of S&D. The stockist transaction software, Drishti covers about 75% of business, gathering real-time market information. Dynamic dashboards have been created to enable stockists and sales teams to focus their actions in the marketplace.

The Sales system implemented a Sales Forecasting System in the APO module of SAP during the year. The tool has significantly enhanced the forecast accuracy, resulting in improved stock availability across the year. A comprehensive IT-enabled Order Capture System was made available to all Stockists on Drishti.

### Retail Business - New U

Dabur operates its specialized beauty retail business under the brand 'New U'. This business is operated under Dabur's wholly-owned subsidiary H&B Stores Ltd. The stores merchandize a wide range of beauty care products and are located in premium high footfall malls. The store count at the end of fiscal 2011-12 stood at 47, with outlets spread across North and South India. The stores reported good increase in sales as the product range was enhanced and streamlined.

During the year private label products were introduced under the brand 'New U' in items such as nail enamels, nail enamel removers, cotton balls etc. and these will be expanded in months to come.

The Company also stepped up its joint marketing initiatives and in-store activations with top vendor partners such as L'Oreal, HUL, Nivea and P&G across stores, which gave the business a strong fillip. Some of the highly successful brand activations undertaken include Makeover Marathon, Festival of Beauty and Gals in the City.

On the people front, the chain has successfully conducted training for all in-store staff in a phased manner on customer service skills, selling skills and beauty skills. The year also saw New U introduce the concept of Gift With Purchase (GWP) as an add-on USP. Under this programme, free gifts are offered to all purchases made at the New U stores and the GWP slabs range from Rs. 250 to Rs. 2,000. New U's Customer Loyalty Program – Advantage U – has also seen a tremendous growth from 4,000 customers in April 2010 to almost 3 lakh customers today. These privileged customers now account for approximately 50% of sales.

Riding on these initiatives the business increased its revenues to Rs. 42.4 crores in FY2011-12 from Rs. 20.5 crores in FY2010-11.

### Operations

At Dabur, we recognize operations as an important source of competitive advantage. Dabur believes in continually striving for higher and better levels of quality not just in its products, but also in its operations, without losing sight of its commitments towards the environment and communities where it operates. A host of initiatives are continually rolled out by the company to improve productivity while reducing its energy usage.

### Procurement

It has been a tough year for consumer goods companies in India with input pressures and adverse currency movements squeezing margins. Controlling costs in an inflationary scenario was one of the biggest challenges faced by your Company during the year under review. Dabur effectively tackled this challenge with a mix of strategic planning and use of intelligent sourcing mechanisms like calibrated hedging and e-sourcing of raw materials.

### Domestic Manufacturing

Dabur today has manufacturing plants in 12 locations, Baddi (Himachal Pradesh), Pantnagar (Uttaranchal), Sahibabad (Uttar Pradesh), Jammu, Silvassa, Nasik, Alwar, Katni, Narendrapur, Pithampur, Newai (Rajasthan) and Siliguri (West Bengal). During 2011-12 the company added a Honey plant in Baddi. Another unit has been established in Baddi and commissioned in March 2012 to manufacture Chyawanprash, Toothpaste, Glucose and Odonil.

We are glad to announce that your Company has received the OHSAS 18001 and ISO 14001 certification for five units in Baddi, besides plants in Jammu, Newai and Alwar. This certification has been done by the external accreditation body TUV NORD. This standard is the foundation of overall health, safety and environment framework of Dabur. With this, eight of our manufacturing units have now been certified under this standard.

Various energy conservation techniques have been initiated and successfully implemented across all manufacturing units. These initiatives have been provided in detail in the Business Responsibility Report, a copy of which is available on the company's website [www.dabur.com](http://www.dabur.com)

Initiatives were also taken towards new product and pack introductions, improve safety awareness and quality improvement. Several existing units were upgraded and manufacturing capacity added for Hajmola, Gulabari and shampoo to meet the growing demand for these products.

### Overseas Manufacturing

Dabur's overseas manufacturing footprint today spreads across countries like Nepal, Bangladesh, UAE, Nigeria, Egypt and Turkey. Manufacturing capacity expansion is a continuous exercise at these locations in line with the growing demand for its products across the globe. The company recently commissioned a new facility in Egypt which has been added to enhance the capacities for manufacturing hair care and skin care products for Egyptian market.

In 2011-12 Dabur announced its entry into Sri Lanka with the setting up of an overseas subsidiary – Dabur Lanka (Pvt.) Ltd. Dabur Lanka signed an agreement with the Board of Investment of Sri Lanka in September 2011, to establish this venture. As part of this, a new export-oriented manufacturing facility will be set up for producing a range of fruit-based beverages in Gampaha, north of Colombo.

The new manufacturing facility will cost approximately Rs. 105 crores, phased over two years and will be commissioned in the

**Dabur's overseas manufacturing footprint today spreads across countries like Nepal, Bangladesh, UAE, Nigeria, Egypt and Turkey.**





latter part of fiscal 2012-13. A greenfield facility is also being set up in Bangladesh to keep pace with the growing needs of this market. This facility – which will produce a host of Dabur products, like Shampoo, Honey, Odonil, Hair Oils and Hajmola – is expected to be operational by the end of 2012.

## Human Resources

At Dabur, people are our most important asset and a source of competitive advantage. Dabur is committed to creating an open and transparent organization that is focused on people and their capability, and fostering an environment that enables them to deliver superior performance. The Human Resources strategy is aimed at talent acquisition, development, motivation and retention. The HR function acts as an effective lever for driving the company's strategic initiatives and helps in integrating and aligning all people practices to Dabur's business priorities.

The company has an unrelenting focus on talent development. The Balanced Scorecard based performance management system forms the backbone of this process, which also incorporates an institutionalized career development centre (CDC) that intends to identify and groom future talent.

Till date, the CDC process has enabled us to assess and upgrade nearly 1,000 employees. This process has helped in identifying potential talent, throw up leaders at the frontline level and help us plug our training gaps. Coupled with this is the customized learning opportunity that is offered to the employees. Dabur

does not agree to the One-Size-Fits-All approach, and believes in giving accelerated and customised learning opportunity especially for our top talent and leadership team.

During the year, Dabur embarked upon a Leadership development initiative called "LEAD - Leadership Excellence Achievement @ Dabur" in partnership with a renowned Global HR consulting company. This initiative has helped us develop a Dabur Leadership Framework for analyzing and addressing individual and team performance development opportunities.

The LEAD initiative is being rolled out for all managers in 2012. Key HR processes including selection of potential candidates, performance management system and CDC assessments have already been integrated with the new framework.

While on one hand, Dabur has sponsored members of its leadership team for Management Development Programmes at Ivy League B-Schools like Kellogg and ISB; on the other, it has developed a Beauty Advisor Sales Interaction with Customers (BASIC) programme for the Beauty Advisors, in an entirely in-house effort. Dabur has also focused on one-to-one development interventions such as coaching and mentoring.

As an organization, Dabur is working towards increasing the diversity of its leadership group, making conscious efforts to build an inclusive workplace that promotes cultural agility, global mindset and diversity of experience and thoughts. Towards this end, your Company is encouraging an increased percentage

of women to join the workforce through targeted hiring at B-School campuses. Dabur is proud to announce that today, 43% of our brand managers across categories are women. Around 25% of the management trainees recruited during the last two years were women.

Keeping this in mind, we celebrated International Women's Day at Dabur, which sought to reach out to the women employees and tell them about how special they are and their importance in Dabur's growth story.

That's not all. The Company has also been deliberately hiring employees from different cultural backgrounds, ideas, perspectives and business experiences.

Given the company's increased global footprint, the hiring process has also been stepped up to hire talent from outside India. Dabur also provides global experience to its managers through transfers to the International Business Division and creating a formal interaction forum.

As of 31 March 2012, the company employed 5,650 people in various parts of its business across the globe.

**Industrial Relations:** Dabur continues to have an excellent track record of cordial industrial relations. Dabur HR Team is also actively involved in Corporate Social Responsibility initiatives across various locations and works towards promoting health, education and alternative employment opportunities to the not so privileged members of the society.

## Management Discussion & Analysis

All these initiatives have helped Dabur to be ranked among the Top 10 'Best Companies to Work For' in the Manufacturing sector that includes FMCG, Durables and Non-Engineering companies (as per the Business Today magazine February 2012 edition). Dabur has been ranked 5th on the list, ahead of several multinational companies.

### Financial Review (on a consolidated basis)

During fiscal 2011-12, sales increased by 29.6% to Rs. 5,283.2 crores driven by a combination of volumes, price increases and acquisitions. Excluding acquisitions, sales grew by 18% in fiscal 2011-12. While sales growth was robust, the company continued to face headwinds with respect to inflation and other cost pressures. Though calibrated price increases were effected along with efficient management of costs to mitigate impact of cost pressures, there was still some compression in EBITDA margins during fiscal 2011-12.

The Profit After Tax (PAT) increased by 13.4% to Rs. 644.9 crores in fiscal 2011-12. The pressures on EBITDA margins percolated upto the PAT level with PAT margins at 12.2% in fiscal 2011-12 v/s 13.9% in fiscal 2010-11. Fig. 13 provides the Abridged P&L statement.

Material cost increased disproportionately during the year thereby putting pressure on gross margins of the company. Advertising and promotional expenses increased by 23.4% but were slightly lower in terms of percentage to sales at 12.5% as compared to 13.1% in the previous year. EBITDA increased by 13.7%, however the EBITDA margins compressed to 17.9% as compared to 20.4% in the previous fiscal.

**Figure 13: Abridged P&L Statement, on Consolidated Basis**

In Rs. Crores

	FY2011-12	FY2010-11	YoY(%)
<b>Net Sales</b>	<b>5,283.2</b>	<b>4,077.4</b>	<b>29.6%</b>
Other Operating Income	22.2	27.1	-17.9%
Material Cost	2,685.2	1,937.5	38.6%
Employee Costs	387.4	308.7	25.5%
Advertising & Promotion	659.5	534.6	23.4%
Other Expenses	683.1	522.5	30.7%
Other Non Operating Income	57.4	32.1	78.6%
<b>EBITDA</b>	<b>947.6</b>	<b>833.4</b>	<b>13.7%</b>
% of Sales	17.9%	20.4%	
Interest Exp. and Fin. Charges	53.8	30.3	
Depreciation and Amortization	103.2	95.2	
<b>Profit Before Tax (PBT)</b>	<b>790.5</b>	<b>707.9</b>	<b>11.7%</b>
Tax Expenses	146.4	139.0	5.3%
PAT(After exceptional Items)	644.1	568.9	13.2%
Minority Interest - (Profit)/Loss	-0.8	0.3	
<b>PAT (After Extra ordinary item &amp; Minority Int)</b>	<b>644.9</b>	<b>568.6</b>	<b>13.4%</b>
% of Sales	12.2%	13.9%	

During fiscal 2011-12, the net working capital of the Company improved to 26 days of sales as compared to 30 days in 2010-11. The company adopted initiatives to increase efficiency in inventory management and was reflected in reduction in days of inventories outstanding. Receivables and payables remained at similar level as previous year.

Financials for the year 2011-12 include the two acquisitions viz. Hobi Group and Namaste LLC which were acquired during 2010-11. This led to increase in capital employed of the consolidated entity.

The Company incurred Capital expenditure of Rs. 224.2 crores during the fiscal 2011-12 which was invested in

**Figure 14: Working Capital**

as days sales	FY 2011-12	FY 2010-11
Days Sales Outstanding (DSO)	32	32
Days Inventories Outstanding (DIO)	57	63
Days Payable Outstanding (DPO)	59	59
Net Working Capital (no. of days of sales)	26	30



**Dabur's increased focus on product innovation, coupled with judicious price increases and greater focus on cost efficiencies, helped deliver profitable and sustainable growth.**



expansion of manufacturing capacities in India and Egypt and regular maintenance expenditure. This includes capex on the new Sri Lanka facility which was initiated during the year.

The total dividend for the year has been at 130% of par value. This translates into a payout ratio of 49% of standalone net profit for fiscal 2011-12 fiscal.

### Internal Control Systems

Dabur has a robust internal audit and control system managed by qualified and experienced people. PriceWaterhouseCoopers is the internal auditor for the Company and its subsidiaries.

The Company follows Standard Operating Procedures (SOPs) that are in line with the best global practices, and have been laid down across the process flows, along with authority controls for each activity. Dabur has also introduced the COSO framework for internal controls and adequacy of

internal audit. Under this framework, various risks facing the Company are identified and assessed routinely across all levels and functions, and suitable control activities are designed to address and mitigate the significant risks.

The internal audit department reports to the Audit Committee of the Board of Directors, which recommends control measure from time to time. To read the report of the Audit Committee on internal control and adequacy, refer to the section on Corporate Governance of the Annual Report.

### Risk Management

Dabur, like any other enterprise having national as well global business interests, is exposed to business risks which may be internal as well as external. In the broadest sense, we define risk as the eventuality of not achieving our financial, operative, or strategic goals as planned. To ensure our long-term corporate success, it is

therefore essential that risks be effectively identified, analyzed and then mitigated by means of appropriate control measures. We have a comprehensive risk management system in place, which enables us to recognize and analyze risks early and to take the appropriate action. This system is implemented as an integral part of our business processes across the entire Dabur operations and includes recording, monitoring, and controlling internal enterprise business risks and addressing them through informed and objective strategies.

One of the key risks faced by the Company in today's scenario is the continued inflationary trend which is not only increasing cost pressures, but may also lead to demand compression for FMCG products. Increase of imitation/ fake products and brands can hamper our growth. Any unexpected changes in regulatory framework pertaining to fiscal benefits and health related issues which may impact parts of our business

## Management Discussion & Analysis

or profitability is one of risks faced by the Company. A slowdown in overall economic growth can lead to pressure on disposable incomes and spending power of people.

The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions.

### 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 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.



## REPORT ON CORPORATE GOVERNANCE

Corporate governance refers broadly to the rules, processes, or laws by which businesses are operated, regulated, and controlled. A well-defined and enforced corporate governance provides a structure that works for the benefit of everyone concerned by ensuring that the enterprise adheres to accepted ethical standards and best practices as well as to formal laws. Governance practices may vary but the principles are generic and universal, viz- commitment of the Board in managing business ethically and in a transparent manner with the profit objective balanced by long term value equitably for all stakeholders. Stakeholders would include everyone ranging from the board of directors, management, shareholders to customers, employees and society at large.

With the increasing complexities in business of organizations, sound governance practices are indispensable to build and sustain trust in all its stakeholders.

Dabur is committed to run its business in a legal, ethical and transparent manner with dedication that originates from the very top and permeate throughout the organization. Besides adhering to the prescribed corporate practices as per clause 49 of the Listing Agreement, it voluntarily governs itself as per highest ethical and responsible standard of business.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports Dabur's compliance with Clause 49 of Listing Agreement highlighting the additional initiatives taken in line with international best practices.

### **CORPORATE GOVERNANCE PHILOSOPHY**

Dabur's philosophy is to constantly achieve business excellence and optimize long term value through ethical business conduct. Being a value driven organization the Company envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations including everyone it works with, the community it is in touch with and the environment it has an impact. Strong Governance practices by the Company have boosted the level of stakeholder's confidence testified by improved market capitalization, high credit ratings and various awards bagged by the Company for its brands, stocks, environmental impact, etc. This has helped Dabur to pay uninterrupted dividends to its shareholders.

The corporate governance structure in the Company ensures that its Board of Directors is well informed and well equipped to fulfil its overall responsibility by way of providing strategic direction to the senior management, employees, etc. which is needed to meet the aspirations of all stakeholders, including societal expectations. It's initiatives towards adhering to highest standards of governance include: professionalization of the Board; fair and transparent processes and reporting systems; and going beyond the mandated Corporate Governance Code requirements of SEBI. At the highest level the Company continuously endeavours to improve upon these aspects on an ongoing basis and adopt innovative approaches for leveraging resources, converting opportunities into achievements through proper coordination, empowerment and motivation, fostering a healthy all round growth and development to take the Company forward.

### **BOARD OF DIRECTORS**

#### **Composition of the Board**

As on March 31, 2012, Dabur's Board consists of 12 members. Besides the Chairman, who is a Non-Executive Promoter Director, the Board comprises of two Executive Directors, three Non-Executive Promoter Directors and six Non-Executive Independent Directors. The composition of the Board as on 31st March, 2012 is in conformity with Clause 49 of the Listing Agreement, laying down an optimum combination of Executive and Non-Executive Directors, with not less than 50 per cent of the Board comprising of Non-Executive Directors, and at least one-half comprising of Independent Directors for a Board chaired by Non-Executive Promoter Director.

#### **Number of Board Meetings**

Minimum four prescheduled Board meetings are held every year. Additional meetings are held to address specific needs of the Company. In case of any exigency/ emergency, resolutions are passed by circulation. The Board of Directors met four times during the year: on April 27, 2011; July 27, 2011; October 27, 2011 and January 31, 2012. The maximum gap between any two meetings was less than four months, as stipulated under Clause 49.

#### **Directors' Attendance Record and Directorships held**

As mandated by Clause 49, none of the Directors is member of more than 10 Board level committees, or Chairman of more than five committees in which he is member.

Table 1 gives details of the Board as on March 31, 2012.



## REPORT ON CORPORATE GOVERNANCE

**Table 1: Composition of the Board of Directors of Dabur India Limited**

Name of the Directors	Category #	Attendance Particulars			No. of other Directorships and Committee Memberships / Chairmanships*		
		Number of Board Meetings		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
Anand Burman (Dr)	Chairman /PD / NED	4	4	Yes	8	0	0
Amit Burman	Vice Chairman/ PD/ NED	4	4	Yes	5	1	0
Pradip Burman**	PD / ED	4	4	Yes	NA	NA	NA
Mohit Burman	PD/NED	4	4	Yes	6	2	1
Saket Burman ***	PD/NED	0	0	NA	0	0	0
P D Narang	ED	4	4	Yes	4	0	1
Sunil Duggal	ED	4	4	Yes	1	1	0
P N Vijay	ID	4	4	Yes	2	1	1
S Narayan (Dr)	ID	4	4	No	5	3	1
R C Bhargava	ID	4	3	Yes	9	4	5
Albert Wiseman Paterson	ID	4	0	No	0	0	0
Analjit Singh	ID	4	0	No	11	0	0
Ajay Dua (Dr)	ID	4	4	No	1	1	0

# PD – Promoter Director; NED – Non-Executive Director ;ID – Independent Non-Executive Director; ED – Executive Director

\* 1. Excluding private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.  
2. Only two Committees viz. the Audit Committee and the Shareholders / Investors Grievance Committee are considered.

\*\* Ceased to be Director w.e.f. 31.01.2012.

\*\*\* Appointed as Additional Director w.e.f. 31.01.2012.

Details of Other Board Directorships are separately mentioned in Annexure 1

Shareholding of Non-Executive Directors

Name of Director	Category	No. of shares held (Re. 1 paid up)
Anand Burman (Dr)	PD / NED	660000
Amit Burman	PD / NED	0
Mohit Burman	PD / NED	0
Saket Burman	PD / NED	0
R C Bhargava	ID	0
P N Vijay	ID	0
S. Narayan (Dr)	ID	0
Albert Wiseman Paterson	ID	0
Analjit Singh	ID	0
Ajay Dua (Dr)	ID	0

As mandated by Clause 49, the Independent Directors on Dabur's Board:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its promoters, its Directors, its senior Management, its subsidiaries and associates, which may affect independence of the Director;
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- Have not been an executive of the Company in the immediately preceding three financial years;
- Are not partners or executives, or were not partners or executives during the preceding three years of any of the following:
  - Statutory audit firm or the internal audit firm those are associated with the Company, and
  - Legal firm(s) and consulting firm(s) that have a material association with the Company;
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director;
- Are not substantial shareholders of the Company i.e. owning two per cent or more of the block of voting shares;
- Are not less than 21 years of age.

### Information Supplied to the Board

The Board has complete access to all information with the Company. All Board meetings are governed by a structured agenda which is backed by comprehensive background information. During the year 2011-12, as a part of green initiative, the Company has



## REPORT ON CORPORATE GOVERNANCE

initiated to hold and convene its Board (including committee) meetings on Ipad, in paperless form. All agenda papers are uploaded in a web based programme for information, perusal and comments, etc. of the Board members.

The following information are regularly provided to the Board, as part of the agenda papers at least 2 weeks in advance of the Board meetings.

- Detailed Business Review.
- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Annual and Quarterly financial results for the Company and its operating divisions and business segments.
- Minutes of the meetings of the Audit Committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property and any other acquisition.
- Significant labour problems and their proposed solutions. Any significant development on Human Resources / Industrial Relations front, like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, etc.
- Details of investment of surplus funds available with the Company.
- Minutes of the Board Meetings of the subsidiary companies.
- Statement showing significant transactions and arrangements entered into by the subsidiary companies.
- Details of any merger or demerger actions.
- Details of dealings in Company's share by members of board/ senior management.
- Details of commercial dealings by firms/ companies in which members of the board/ senior management or their relatives hold shares with the Company.
- Details of Inter Corporate Loans, Investments and Guarantees made/ given by the Company.
- Detailed status on the Business Risks being faced by the Company and their mitigation plan.
- Changes in Shareholding Pattern of the Company.
- Details of transactions with Related Parties.
- Details of contingent liabilities.
- Statement on compliance with code of conduct.

An effective post board meeting follow up procedure exists. Action taken report on the decisions taken in a meeting are placed at the immediately succeeding meeting for information of the Board.

The Board has established procedures to periodically review compliance reports of all laws applicable to the Company, prepared by the Company, as well as steps taken by the Company to rectify instances of non-compliance.

### Role of Board Members

Dabur India Limited has laid down a clear policy defining the structure and role of Board members. The policy of the Company is to have a Non-Executive Chairman – presently Dr Anand Burman, a Chief Executive Officer (CEO) – presently Mr Sunil Duggal, and an optimum combination of executive and non executive promoter/ independent Directors. There is clear demarcation of responsibility and authority amongst them.

- **The Chairman:** His primary role is to provide leadership to the Board in achieving goals of the Company in accordance with the charter approved by the Board. He is responsible for transforming the Company into a world-class, next generation



## REPORT ON CORPORATE GOVERNANCE

organization that is dedicated to the well-being of each and every household, not only within India but across the globe. Also, as the Chairman of the Board he is responsible for all the Board matters. He is responsible, inter-alia, for the working of the Board and for ensuring that all relevant issues are placed before the Board and that all Directors are encouraged to provide their expert guidance on the relevant issues raised in the meetings of the Board. He is also responsible for formulating the corporate strategy along with the Board of Directors.

- **The CEO** and Executive Directors are responsible for implementation of corporate strategy, brand equity planning, external contacts, and other Management matters which are approved by the Board. They are also responsible for achieving the annual and long term business plan.
- **Non-Executive Directors**, including Independent Directors, play a critical role in imparting balance to the Board processes by providing an independent judgement on various issues raised in the Board meetings, like performance, business strategies etc. Fees and compensation, if any, paid to any Non-Executive Director, including Independent Director, is fixed by the Board of Directors and is previously approved by the shareholders at the General Body Meeting.

### Board Membership Criteria

The Nomination Committee works with the entire Board to determine the appropriate characteristics, skills and experience for the Board as a whole, as well as its individual members. The selection of Board members is based on recommendations of the Nomination Committee.

The skill profile of Independent Board members are driven by the key tasks defined by the Board, which are broadly based on:

- Independent Corporate Governance
- Guiding Strategy and Enhancing Shareholders' Value
- Monitoring Performance, Management Development & Compensation
- Control & Compliance

The constitution of the Board will be as follows:

- A Promoter Non Executive Chairman
- Three Promoter's Family members
- Two Executive members
- Six Non Executive Independent Directors constituting 50% of the Board

The matrix below highlights the skills and expertise required from individuals for the office of Independent Directors of the Company.

Key Skill Area	Essential	Desirable
Strategy/Business Leadership	2-3 years experience as a CEO, preferably of an MNC in India;	FMCG experience.
Corporate Strategy Consultant	Consultant/Academician with experience in FMCG Industry and business strategy;	Basic understanding of Finance.
Sales and Marketing experience	At least 10 years experience in sales and marketing; Good understanding of commercial processes; 2-3 years as head of sales or marketing ;	Experience with FMCG or other consumer products.
Corporate law	Expert knowledge of Corporate Law;	Experience in trade/ consumer related laws
Finance	At least 5 years as a CFO or as head of a merchant banking operation;	FMCG experience.
Trade Policy & Economics	Expert Knowledge of Trade & Economic Policies;	FMCG experience.
Administration & Government Relations	Retired Bureaucrat;	Basic understanding of finance and business.
Ayurvedic Specialist	Ayurvedic doctor with a minimum of 20 years experience as a practitioner/researcher;	Basic understanding of finance and business.

Other directors could be based on the Company's priority at a particular time viz:

- Knowledge of export markets that Dabur is focusing on;
- Expertise in commodity procurement.



## REPORT ON CORPORATE GOVERNANCE

### Remuneration paid to Directors

Table 2 below gives details of remuneration paid to Directors for the year 2011-12

Name of the Director	Sitting Fees	Salary and Perquisites	Superannuation Fund	Commission	(Amount in Rs.)
					Total
Pradip Burman	0	248,253	0	0	248,253
Anand Burman (Dr)	120,000	0	0	0	120,000
Amit Burman	135,000	0	0	0	135,000
P D Narang	0	48,333,452	2,477,441	0	50,810,893
Sunil Duggal	0	48,428,387	2,350,223	0	50,778,610
Mohit Burman	60,000	0	0	0	60,000
Saket Burman	0	0	0	0	0
P N Vijay	255,000	0	0	0	255,000
S Narayan (Dr)	225,000	0	0	0	225,000
R C Bhargava	135,000	0	0	0	135,000
Analjit Singh	0	0	0	0	0
Albert Wiseman Paterson	0	0	0	0	0
Ajay Dua (Dr)	225,000	0	0	0	225,000
<b>Total</b>	<b>1,155,000</b>	<b>97,010,092</b>	<b>4,827,664</b>	<b>0</b>	<b>102,992,756</b>

During 2011-12, the Company did not advance any loan to any of its Directors.

No Stock options were granted to Mr P D Narang and Mr Sunil Duggal during the year. However out of the stock options granted during the earlier years, Mr P D Narang and Mr Sunil Duggal have exercised 124822 & 124822 stock options, respectively, and were allotted equivalent number of shares.

Pursuant to the approval of shareholders in the Annual General Meeting held on September 9, 1998 and subsequently on September 5, 2002; July 13, 2007 and August 31, 2010 in addition to the above remuneration, certain Directors are entitled to post separation fee, as contained in the resolution passed in the aforesaid meeting, on cessation of their employment and directorship with the Company. The notice period for the two Executive Directors, namely Mr. P D Narang and Mr. Sunil Duggal, is of three months.

### CODE OF CONDUCT

Commitment to ethical professional conduct is a must for every employee, including Board members and senior management of Dabur. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct enjoins that each individual in the organization must know and respect existing laws, accept and provide appropriate professional views, and be upright in his conduct and observe corporate discipline.

The Code of Conduct is available on the website of the Company [www.dabur.com](http://www.dabur.com). All Board members and senior management personnel affirm compliance with the Code of Conduct annually. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

### COMMITTEES OF THE BOARD

Dabur has four Board level committees:

- |  |  |
|--|--|
| a) Audit Committee                         | c) Shareholders/Investors Grievance and Share Transfer Committee |
| b) Remuneration cum Compensation Committee | d) Nomination Committee.   |

The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference for members of various committees. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

#### a) **Audit Committee**

##### **Composition**

As on March 31, 2012, the Audit Committee comprises of four Independent Directors. They are Mr. P N Vijay (Chairman), Mr. R. C. Bhargava, Dr S. Narayan and Dr Ajay Dua.

##### **Meetings**

The Audit Committee held seven meetings during 2011-12: on April 27, 2011; May 10, 2011; July 27, 2011; September 28, 2011; October 31, 2011; January 31, 2012 and February 27, 2012. The time gap between any two meetings was less than four months.

##### **Attendance Record**

The details of attendance of the Audit Committee meetings are given in Table 3:



## REPORT ON CORPORATE GOVERNANCE

**Table 3: Attendance record of Audit Committee**

Name of Members (Category)	Status	No. of Meetings	
		Held	Attended
Mr P N Vijay (ID)	Chairman	7	5
Mr R C Bhargava (ID)	Member	7	6
Dr S Narayan (ID)	Member	7	7
Dr Ajay Dua (ID)	Member	7	7

The Director responsible for the finance function, the head of internal audit and the representative of the statutory auditors, internal auditors and cost auditors are permanent invitees to the Audit Committee. Mr. A K Jain, Sr. General Manager (Finance) & Company Secretary, is the Secretary to the Committee.

All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on July 15, 2011 to answer shareholders' queries.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub section (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the Management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing with the Management, the financial statements of subsidiaries and in particular the investments made by each of them.
- Reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of the proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the Management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow-ups there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle-Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e. the whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



## REPORT ON CORPORATE GOVERNANCE

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, wherever considered necessary.

Dabur has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management Discussion and Analysis of financial conditions and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- Appointment, removal and terms of remuneration of the Chief Internal Auditor.
- The uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results (whenever applicable).
- On an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice (whenever applicable).

The Audit Committee is also presented with the following information on related party transactions (whenever applicable):

- A statement, in summary form, of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties, which are not in the normal course of business.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis, along with the Management's justification for the same.

### **Audit Committee Report for the year ended March 31, 2012**

To the Board of Directors of Dabur India Limited,

Each member of the Audit Committee is an Independent Director, according to the definition laid down in Clause 49 of the Listing Agreement with the relevant stock exchanges.

The Management is responsible for the Company's internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the Indian GAAP and for issuing a report thereon. The Committee is responsible for overseeing the processes related to financial reporting and information dissemination.

In this regard, the Committee discussed with the Company's independent auditors the overall scope for their audits. The Committee also discussed the results of examinations made by Internal auditors, their evaluation of the Company's internal controls and the overall quality of financial reporting. The Management also presented to the Committee the Company's financial statements and also represented that the Company's financial statements had been drawn in accordance with the Indian GAAP.

Based on its review and discussions conducted with the Management and the independent auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with Indian GAAP in all material aspects.

The Committee has also reviewed Statement of contingent liabilities, Management Discussion and Analysis, Financial Statements of subsidiary companies, Statement of Significant Related Party Transactions, Directors' Responsibility Statement, compliance relating to financial statements and draft Auditors' report. The Committee also affirms that in compliance with the Whistle-Blower Policy no personnel had been denied access to the Audit Committee.

The Committee has reappointed M/s Price Waterhouse Coopers Pvt. Ltd. as Internal Auditors of the Company for the period from 1st October, 2011 to 30th September, 2012. The Committee is recommending to the Board the re-appointment of M/s G Basu & Co., Chartered Accountants, as Statutory Auditors of the Company, to carry out audit of the accounts of the Company for the financial year 2012-13.

In conclusion, the Committee is sufficiently satisfied that it has complied with the responsibilities as outlined in the Audit Committee's responsibility statement.

Place : New Delhi  
Date : 30th April, 2012

Sd/-  
P N Vijay  
Chairman, Audit Committee



### b) Remuneration cum Compensation Committee

#### Composition

As on March 31, 2012, the Remuneration cum Compensation Committee comprises of Mr. P. N. Vijay (Chairman) and Dr S. Narayan, being independent Directors and Dr Anand Burman, a Non-Executive Promoter Director.

#### Meetings

The Remuneration cum Compensation Committee held four meetings during 2011-12, on April 27, 2011; July 27, 2011; October 31, 2011 and November 29, 2011.

#### Attendance Record

The details of attendance of the Committee Meetings are given in Table 4 below:

**Table 4: Attendance details of Remuneration cum Compensation Committee**

Name of Members (Category)	Status	No. of Meetings	
		Held	Attended
Mr P N Vijay (ID)	Chairman	4	4
Dr S Narayan (ID)	Member	4	4
Dr Anand Burman(PD/NED)	Member	4	3

The Remuneration cum Compensation Committee of the Company, inter-alia, evaluates, recommends to the Board and approves the Executive Directors compensation plans, policies and programmes of the Company. This Committee also has the responsibility for administering Employee Stock Option Scheme of the Company. The responsibilities of the Committee include:

- Framing and implementing, on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of Executive Directors, including ESOP, pension rights and any compensation payment.
- Considering, approving and recommending to the Board changes in designation and increase in salary of the Executive Directors.
- Ensuring that the remuneration policy is good enough to attract, retain and motivate the Directors.
- Bringing about objectivity in determining the remuneration package, while striking a balance between the interests of the Company and the shareholders.
- Framing the ESPS/ESOS and recommending the same to the Board/shareholders for their approval and implementing the Scheme approved by the shareholders.
- Suggesting to Board/shareholders changes in the ESPS/ESOS.
- Deciding the terms and conditions of Employees Share Purchase Scheme (ESPS) and Employees Stock Option Scheme (ESOS) which, inter-alia, include the following:
  - Quantum of options to be granted under the Scheme per employee and in aggregate;
  - Vesting Period;
  - Conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - Specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
  - Grant, vest and exercise of option in case of employees who are on long leave;
  - Procedure for cashless exercise of options;
  - Forfeiture/cancellation of options granted;
  - All other issues incidental to the implementation of ESOS.
- To issue grant/award letters.
- To allot shares upon exercise of vested options.



## REPORT ON CORPORATE GOVERNANCE

### Remuneration Policy

The remuneration paid to the Directors of the Company is approved by the Board of Directors on the recommendations of the Remuneration cum Compensation Committee. The Company's remuneration strategy is market-driven and aims at attracting and retaining high calibre talent.

The strategy is in consonance with the existing industry practice and is directed towards rewarding performance, based on review of achievements, on a periodical basis. As per the shareholders' approval obtained at the Annual General Meeting of the Company held on July 13, 2007, commission is paid at a rate not exceeding 1% of the net profits per annum of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956.

#### 1. Non-Executive Chairman

Besides sitting fees, the Non-Executive Chairman is also entitled to commission out of the profits of the Company, as approved by the Board and within the overall limits prescribed by the Companies Act, 1956.

#### 2. Independent Directors

Non-Executive Independent Directors are entitled to sitting fees for attending meetings of the Board of Directors and committees thereof within the prescribed limits.

#### 3. Executive Directors

Remuneration of the Executive Directors consists of a fixed component and a variable performance incentive. The Remuneration cum Compensation Committee makes annual appraisal of the performance of the Executive Directors based on a detailed performance evaluation, and recommends the compensation payable to them, within the parameters approved by the shareholders, to the Board for their approval.

### Remuneration cum Compensation Committee Report for the year ended March 31, 2012

To the Board of Directors of Dabur India Limited,

The Remuneration cum Compensation Committee comprises of two Independent Directors and one Non Executive Promoter Director. The main responsibility of the Remuneration cum Compensation Committee is to incentivize and reward executive performance that will lead to long-term enhancement of shareholder performance.

The Committee reviewed and approved the stock options of all members of the Management team for the year 2011-12. In addition, the Committee reviewed the grant of sign-on and regular stock options to various other employees of the Company during the year. The Committee also reviewed and approved the revision in remuneration of Mr. P. D. Narang and Mr. Sunil Duggal, Executive Directors.

The Committee was also provided information on appraisal systems, the outcome of performance assessment programmes, compensation policies for employees and the information to decide on grant of options to various employees.

Place : New Delhi  
Date : 30th April, 2012

Sd/-  
P N Vijay  
Chairman, Remuneration cum Compensation Committee

### c) Nomination Committee

#### Composition

Dabur's Nomination Committee consists of Dr Anand Burman, Non-Executive Promoter Director, as Chairman and Mr Amit Burman, Non-Executive Promoter Director. Mr Pradip Burman, Non Executive Promoter Director resigned as Director w.e.f. 31.01.2012.

#### Meetings

The Nomination Committee held one meeting during 2011-12, on January 31, 2012.

#### Attendance Record

The details of attendance of the Committee Meetings are given in Table 5 below:

**Table 5: Attendance details of Nomination Committee**

Name of Members (Category)	Status	No. of Meetings	
		Held	Attended
Dr Anand Burman (PD/NED)	Chairman	1	1
Mr Amit Burman (PD/NED)	Member	1	1
Mr Pradip Burman (PD/ED)	Member	1	1

The primary role of this Committee is to make recommendations on appointments to the Board.



## REPORT ON CORPORATE GOVERNANCE

The functions of the Nomination Committee include:

- To identify and recommend suitable candidates to the Board of Directors for appointment as members of the Board.
- To engage the services of consultants and seek their help in the process of identifying candidates for appointments to the Board.
- To decide the remuneration of consultants engaged by the Committee.

### d) **Shareholders/Investor Grievance and Share Transfer Committee**

#### **Composition**

As on March 31, 2012, the Committee consists of four members, Mr. P. N Vijay, Independent Director as Chairman, Dr Ajay Dua, Independent Director, Mr. Amit Burman, Non Executive Promoter Director and Mr. P. D. Narang, Executive Director.

#### **Meetings**

The Committee met four times in the year under review, on April 27, 2011; July 27, 2011; October 31, 2011 and January 31, 2012.

#### **Attendance Record**

The details of attendance of the Committee meetings are given in Table 6 below:

**Table 6: Attendance Details of Shareholders/Investor Grievance and Share Transfer Committee**

Name of Members	Status	No. of Meetings	
		Held	Attended
Mr P N Vijay (ID)	Chairman	4	4
Mr P D Narang (ED)	Member	4	4
Mr Amit Burman (PD/NED)	Member	4	4
Dr Ajay Dua (ID)	Member	4	4

Mr. A. K. Jain, Sr. General Manager (Finance) and Company Secretary, is the Compliance Officer.

The Committee ensures cordial investor relations and oversees the mechanism for redressal of investors' grievances. The Committee specifically looks into redressing shareholders'/ investors' complaints/ grievances pertaining to share transfers, non-receipt of annual reports, non-receipt of dividend and other allied complaints.

The Committee performs the following functions:

- Transfer/Transmission of shares.
- Split-up/Sub-division and Consolidation of shares.
- Dematerialization/ Rematerialization of shares.
- Issue of new and duplicate share certificates.
- Registration of Power of Attorneys, Probate, Letters of Transmission or similar other documents.
- To open/close bank account(s) of the Company for depositing share/debenture applications, allotment and call monies, authorize operation of such account(s) and issue instructions to the Bank from time to time in this regard.
- To look into redressal of shareholders' and investors' complaints, like transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.
- Any allied matter(s) out of, and incidental to, these functions and not herein above specifically provided for.

Details of queries and grievances received and attended by the Company during the year 2011-12 are given in Table 7.

**Table 7: Nature of complaints received and attended to during 2011-2012.**

Nature of Complaint	Pending as on	Received	Disposed	Pending as on as
	1st April, 2011	during the year	during the year	31st March, 2012
1. Transfer / Transmission / Duplicate	0	5	5	0
2. Non-receipt of Dividend	0	6	6	0
3. Dematerialization /Rematerialization of shares	0	0	0	0
4. Others (Non receipt of bonus shares/ POA/ change of signatures/ address etc.)	0	0	0	0
5. Complaints received from:				
- Securities and Exchange Board of India	0	23	23	0
- Stock Exchanges	0	2	2	0
- Registrar of Companies/ Ministry of Corporate Affairs	0	0	0	0
<b>Total</b>	<b>0</b>	<b>36</b>	<b>36</b>	<b>0</b>



## REPORT ON CORPORATE GOVERNANCE

There were no complaints which were pending as on March 31, 2012. The Company obtains certificate from BSE & NSE on quarterly basis about pending complaints against the Company. As per these certificates as on 31.03.2012 there were no pending complaints against the Company.

In order to provide efficient services to investors, and for speedy redressal of the complaints, the Board of Directors has delegated the power of approving transfer and transmission of shares and other matters like split up / sub-division, and consolidation of shares, issue of new certificates on re-materialization, sub-division, consolidation and exchange, subject to a maximum of 10000 shares per case and for dematerialization upto a maximum of 40000 shares per case, jointly to any two of Mr. A K Jain, Sr. General Manager (Finance) and Company Secretary, Mr. Praveen Mudgal – Joint Company Secretary and Mrs. Sarita Agrawal - Manager (Secretarial).

### **Shareholders'/Investors' Grievance and Share Transfer Committee Report for the year ended March 31, 2012**

To the Board of Directors of Dabur India Limited,

The Shareholders'/Investors' Grievance and Share Transfer Committee comprises of four members. The main responsibility of the Committee is to ensure cordial investor relations and supervise the mechanism for redressal of investor grievances pertaining to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc. It performs the functions of Transfer/ Transmission/ Remat/ Demat/ Split-up/Sub-division and Consolidation of shares, issue of new and duplicate share certificates and allied matter(s).

The Committee approved 2617 cases of Transfer, 4 cases of Transmission, 31 cases of Re-materialisation, 3 case of Sub-division and 10 cases of issue of duplicate share certificates. The Committee also approved transfer/ demat of 3703885 unclaimed/ undelivered shares lying with the Company to an unclaimed suspense account in compliance with the Listing Agreement. The Committee reviewed the status of investors' grievances on quarterly basis. As at the close of the Financial Year there were no complaints pending for redressal.

Place : New Delhi  
Date : 30th April, 2012

Sd/-  
P N Vijay  
Chairman, Shareholders/Investor Grievance and Share Transfer Committee

### **MANAGEMENT COMMITTEES**

The Company has constituted separate Management Committees to look after the operations of each of its Divisions. The Charter of each Management Committee has been clearly defined. The Committees are broadly responsible for implementing the overall business strategy approved by the Board, identifying areas of further value creation, new initiatives for enhancing business competitiveness and implementing the business plans as approved by the Board of Directors.

### **SUBSIDIARY COMPANIES - MONITORING FRAMEWORK**

The Company monitors performance of its subsidiary companies, inter alia, by the following means:

- i) The Audit Committee reviews Financial Statements of the subsidiary companies, along with investments made by them, on a quarterly basis.
- ii) The Board of Directors reviews the Board meeting minutes and statements of all significant transactions and arrangements, if any, of the subsidiary companies.

Under Clause 49 of the Listing Agreement, a "material non-listed Indian subsidiary" shall mean an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Dabur does not have a material non-listed Indian subsidiary.

### **MANAGEMENT**

#### **Management Discussion and Analysis**

The Annual Report has a detailed chapter on Management Discussion and Analysis, which forms a part of this report.

### **DISCLOSURES**

#### **Related Party Transactions**

**Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large.**

The Senior Management personnel make disclosures to the Board periodically regarding

- their dealings in the Company's share; and
- all material financial and commercial transaction with the Company;

where they have personal interest, stating that the said dealings and transactions, if any, had no potential conflict with the interests of the Company at large.



## REPORT ON CORPORATE GOVERNANCE

The material, financial and commercial transactions where Key Management Personnel have personal interest forms part of the disclosure on related parties referred to in Notes in Schedule 23 to Annual Accounts, which was reported to the Board of Directors. Significant related party transactions (having value of Rs. 1 crore & above) are summarised herein below:-

### 1. Subsidiaries:

- Equity contribution of Rs. 14.83 crores has been given by the Company to Dabur international Limited.
- The total equity contribution of Rs. 48.50 crores held in H& B Stores Ltd. has been reduced by Rs. 44.89 crores pursuant to reduction of Capital as per Court Order.
- Loan of Rs. 16.00 crores has been given by the Company to H & B stores Limited.
- Goods worth Rs. 7.74 crores were sold to Dabur International Limited.
- Goods worth Rs. 1.86 crores were purchased from Dabur International Limited.
- Guarantees amounting to Rs. 140.67 crores have been given on behalf of Dabur International Limited, which also includes adjustment due to exchange rate fluctuation.
- Stock options worth Rs. 1.86 crores have been granted to employees of Dabur International Ltd.

### 2. Fellow Subsidiaries (subsidiary of a subsidiary):

- Goods worth Rs. 5.40 crores were sold to African Consumer care Limited.
- Goods worth Rs. 3.54 crores were sold to Weikfield International (U.A.E.) LLC.
- Goods worth Rs. 1.65 crores were sold to Dabur Nepal Pvt. Limited.
- Goods worth Rs. 3.51 crores were sold to Dabur Egypt Limited.
- Goods worth Rs. 14.48 crores were sold to Naturelle LLC.
- Goods worth Rs. 8.05 crores were sold to Asian Consumer care Pakistan (Pvt) Ltd.
- Goods worth Rs. 5.83 crores were sold to Asian Consumer care Pvt. Ltd.
- Goods worth Rs. 294.51 crores were purchased from Dabur Nepal Pvt. Limited.
- Guarantees amounting to Rs. 18.80 crore have been given on behalf of Dabur Egypt Limited, which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to Rs. 96.81 crores have been given on behalf of Dermoviva Skin Essentials Inc, which also includes adjustment due to exchange rate fluctuation.
- Guarantees amounting to Rs. 35.61 crores have been given on behalf of Dabur Lanka (Pvt) Ltd.

### 3. Joint Ventures, Associates & Entities under significant influence:

- General expenses amounting to Rs. 4.39 crores have been paid to Forum 1 Aviation Limited.
- Goods worth Rs. 3.41 crores were purchased from Sanat Products Ltd.

### 4. Key Management Personnel & their Relatives:

- For transactions with Key Management Personnel being Mr P D Narang, Mr Sunil Duggal and Mr Pradip Burman, kindly refer to Table 2 of this report.
- There were no relatives of key Management personnel who were paid remuneration / pension of Rs. 1 crore or more during the year.

The detailed related party transactions can be referred to in Notes in Schedule 23 to Annual Accounts.

### Disclosure of accounting treatment in preparation of financial statements

Dabur has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

### Details of non-compliance by the Company

Dabur has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

### Code for prevention of insider-trading practices

In compliance with the SEBI regulation on prevention of insider trading, the Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading, for its Management and staff. The Code lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of Dabur, and cautioning them of the consequences of violations. The Sr. General Manager (Finance) and Company Secretary has been appointed as Compliance Officer.

### Whistle-Blower Policy

The Company promotes ethical behaviour in all its business activities and in line with the best international governance practices, Dabur has established a system through which employees and business associates may report unethical business practices at work place without fear of reprisal. The Company has set up a direct touch initiative, under which all employees / business associates have



## REPORT ON CORPORATE GOVERNANCE

direct access to the Chairman of the Audit Committee, and also to a three-member direct touch team established for this purpose. The direct touch team comprises one senior woman member so that women employees of the Company feel free and secure while lodging their complaints under the policy. The Whistle-Blower Protection Policy aims to:

- Allow and encourage employees and business associates to bring to the Management notice concerns about unethical behavior, malpractice, wrongful conduct, actual or suspected fraud or violation of policies.
- Ensure timely and consistent organizational response.
- Build and strengthen a culture of transparency and trust.
- Provide protection against victimization.

The above mechanism has been appropriately communicated within the Company across all levels and has been displayed on the Company's intranet as well as on the Company's website [www.dabur.com](http://www.dabur.com). The Audit Committee periodically reviews the existence and functioning of the mechanism. It reviews the status of complaints received under this policy on a quarterly basis. The Committee has, in its Report, affirmed that no personnel have been denied access to the Audit committee.

### Dividend Policy

To bring transparency in the matter of declaration of dividend, and to better protect the interests of investors, Dabur has adopted a Dividend Policy which has been displayed on the Company's website, [www.dabur.com](http://www.dabur.com)

### CEO/ CFO certification

The CEO and CFO certification of the financial statements and the cash flow statement for the year is enclosed at the end of the report.

### Risk Management

Dabur has established comprehensive risk assessment and minimization procedures, which are reviewed by the Board periodically. At Dabur, we have a structure in place to identify and mitigate the various risks faced by the Company from time to time. At every Board meeting, the risk register is reviewed by the Board, new risks are identified, the same are then assessed, controls are designed, put in place and enforced through the process owner, and a fixed timeline is set for achieving the same.

The Company has adopted COSO framework for internal control. Under this framework, risks are identified as per each process flow, and control systems instituted to ensure that the risks in each business process are mitigated. The Chief Risk Officer (CRO) is responsible for the overall risk governance in the Company and reports directly to the Management Committee (MANCOM), which consists of various functional heads. The Board provides oversight and reviews the Risk Management Policy on a quarterly basis.

**Legal Compliance Reporting:** The Board of Directors reviews in detail, on a quarterly basis, the reports of compliance to all applicable laws and regulations. The Company has developed a very comprehensive Legal Compliance Manual, which drills down from the CEO to the executive-level person (who is primarily responsible for compliance) within the Company. The process of Compliance Reporting is fully automated, using the e-nforce Compliance Tool. System-based alerts are generated until the user submits the monthly Compliance Report, with provision for escalation to the higher-ups in the hierarchy. Any non-compliance is seriously taken up by the Board, with fixation of accountability and reporting of steps taken for rectification of non-compliance.

## SHAREHOLDERS

### Reappointment/Appointment of Directors

As per the Articles of Association of Dabur, one-third of its Directors retire every year and, if eligible, offer themselves for re-election at every Annual General Meeting. Consequently, Mr. Amit Burman, Dr S Narayan, Mr. Albert Wiseman Paterson and Mr. Analjit Singh, would retire this year and, being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 1956. Mr. Saket Burman appointed as additional director by the Board has been proposed to be appointed as Director in the forthcoming Annual general meeting. The Company has received a notice in writing from a member proposing his candidature for the office of Director. Their brief CVs are given below:

**Mr Amit Burman:** MBA (Cambridge University, England) was born in 1969 and was appointed as a member on the Board in 2001. He is a young and dynamic member from the promoter family. He was appointed as vice chairman of the Company in 2007. He has a rich and varied experience in food sector.

Currently he has no shareholding in the Company.

**Dr S Narayan (Retired IAS):** M.Sc, MBM, M Phil, Ph.D. For nearly four decades (1965 to 2004), he was in public service in the State and Central Government in development administration. Retired as Economic Advisor to the Prime Minister of India, he has rich experience in implementation of economic policies and monitoring of the special economic agenda of the Cabinet on behalf of the Prime Minister's Office, and is also experienced in formulation of macro-economic policy for the Government tariff and taxation policies, as well as initiatives for modernizing the capital markets.

Currently, he has no shareholding in the Company.

**Mr Albert Wiseman Paterson:** B.Sc.(Hons) Mathematics A.C.I.I UK and PG Certificate in Education. He was the CEO and MD of Aviva life Insurance Company India Ltd. In early stages of his career he served in various leadership roles in the actuarial business. He was appointed CEO, Aviva Turkey, in October 2002. He was Director-Aviva Europe before coming to India. He was Director Aviva International with responsibility for a portfolio of businesses.

Currently, he has no shareholding in the Company.



## REPORT ON CORPORATE GOVERNANCE

**Mr Analjit Singh:** B.A.(Hons) Economics, B.S (Business Administration) and MBA. (Boston). He is the Founder & Chairman of Max India Limited, Chairman of Max New York Life Insurance Company Limited and Chairman of Max Healthcare. He has been the driving force behind the Max India Group's sustained growth and success since the mid 1980s. Being one of India's leading business persons, he is a member of the Prime Minister's Joint Indo-US CEOs Forum and member of various key industry forums. He is a Director on the Board of several reputed companies. On the academic front, he is associated as Executive Board Member of various educational institutions. He is also actively involved in social activities.

Currently, he has no shareholding in the Company.

**Mr Saket Burman:** BBA in Marketing and Finance from the University of Wisconsin Madison. He has started up a number of companies in different industries in the UAE. He also serves as a member or an adviser on a number of entrepreneurial and angel investing groups. Currently he is also serving as a Board member of three subsidiaries of Dabur namely - Dabur International Ltd., Dabur Egypt Ltd. and Dabur Egypt Trading Ltd.

Currently, he has no shareholding in the Company.

None of the Directors of the Company are related inter-se, in terms of section 2(41) and section 6 read with schedule IA of the Companies Act, 1956.

### MEANS OF COMMUNICATION WITH SHAREHOLDERS

**Financial Results:** Dabur recognizes communication as a key element of the overall Corporate Governance framework, and therefore emphasizes on prompt, continuous, efficient and relevant communication to all external constituencies.

- Quarterly: The quarterly financial results are normally published in The Economic Times/ Times of India /Mumbai Mirror/Mint and Navbharat Times newspapers. Table 8 below gives details of the publication of the financial results in the year under review.
- Annual Report: Annual Report of the Company containing, inter-alia, Audited Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Report on Corporate Governance, Auditors Report and other important information is circulated to the members and others entitled thereto for each financial year. The Management Discussion and Analysis Report forms part of the Annual Report.

**Table 8: Publications of the financial results during 2011-2012**

Description	Date
Unaudited Financial Results for the quarter ended June 30, 2011	July 29, 2011
Audited Financial Results for the quarter / half year ended on September 30, 2011	November 02, 2011
Unaudited Financial Results for the quarter / nine months ended December 31, 2011	February 02, 2012
Audited Financial Results for the quarter/financial year ended on March 31, 2012	May 02, 2012 (tentative)

**News Releases/ Presentations:** Official press releases, presentations made to the media, analysts, institutional investors, etc. are displayed on the Company's website [www.dabur.com](http://www.dabur.com)

**Webcasting:** Dabur's quarterly results presentations are webcast. Webcasts are left on Company's website for upto 1 month.

**Website:** The Company's website [www.dabur.com](http://www.dabur.com) contains a separate section 'Investors Relations' for use of investors. The quarterly, half yearly and annual financial results, official news releases and presentations made to institutional investors and to analysts are promptly and prominently displayed on the website. Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other Corporate Communications made to the Stock Exchanges are also available on the website. Annual Report of subsidiary companies are also posted on the website.

The Investors Relation Section provides information on various topics related to transfer of shares, dematerialization, nomination, change of address, loss of share certificates, dividend, etc. In addition various downloadable forms required to be executed by the shareholders have also been provided on the website.

**Communication to shareholders on email:** As mandated by the Ministry of Corporate Affairs (MCA) documents like Notices, Annual Report, ECS advices for dividends, etc. were sent to the shareholders at their email address, as registered with their Depository Participants/ Company/ RTA. This helped in prompt delivery of document, reduce paper consumption, save trees and avoid loss of documents in transit.

**Corporate filing and dissemination system:** The Company has been complying with SEBI regulations for filing of its financial results, shareholding pattern, corporate governance report, other corporate filings under the Corp filing system. These are available on the website [www.corpfiling.co.in](http://www.corpfiling.co.in).

**Exclusive email ID for investors:** The Company has designated the email id [investors@dabur.com](mailto:investors@dabur.com) exclusively for investor servicing, and the same is prominently displayed on the Company's website [www.dabur.com](http://www.dabur.com).

### INVESTOR RELATIONS

Investor Relations (IR) at Dabur is aimed at having seamless two-way communication between the Company and the investor community based on the tenets of transparency, accuracy and timeliness of disclosures. We make a conscious effort towards effective dissemination of information to the financial community and stakeholders to communicate the company's long term vision, goals and strategies.



## REPORT ON CORPORATE GOVERNANCE

The growing requirements of disclosure, transparency and corporate governance have made it imperative for companies to manage information flow and communicate more effectively with stakeholders. The cornerstone of Dabur's IR policy is to disclose relevant information to the stakeholders which provides a fair and correct assessment of the Company's business situation at any given point in time and helps in making informed decisions.

We strive towards a diverse shareholder base in terms of investment horizon, investment style and geographical location. We frequently participate in investor meetings throughout the year, including conferences arranged by brokerages. The investor meetings and interactions act as a channel of two way communication and the investors' feedback is given due consideration by the Company's management.

Analyst meetings and conference calls are periodically arranged by the Company to discuss quarterly financial performance and material business events and these are simultaneously broadcast over the Internet or via telephone conference call.

In FY 2011-12, the IR department at Dabur, took care to reinforce and enhance the information provided to shareholders and multiplied the opportunities for meetings and exchanges with the financial community. The Company took a lead in electronic dissemination of shareholder communications and reached out to its shareholder base through innovative methods.

In order to ensure that investors get a good understanding of the Company, the IR department holds the following activities:

- One-on-one and group meetings with investors to brief them about the Company and respond to their queries and concerns.
- Provide detailed updates on the Company's performance to all investors immediately after the release of quarterly results
- Post the quarterly results, a webcast and conference call is arranged to discuss highlights of the Company's performance. All members of the financial community are invited for the same and an opportunity is provided to them to participate in the Q&A. Archived copy of the webcast and transcript is provided on the Company's website. The conference call is hosted by the Company in order to give a free and fair opportunity for all to participate.
- The Company holds analyst meetings from time to time to brief the research analysts about the Company's vision, business situation and plans at a strategic level and to answer their queries.
- The Company participates in investor conferences organized by leading institutional brokerage houses. During 2011-12 we attended, to name a few, conferences hosted by Morgan Stanley, CLSA, UBS, ICICI Securities, Edelweiss and Bank of America Merrill Lynch. During these conferences, the management had the opportunity to share their strategy with a number of institutional investors - both domestic and foreign.
- All historical and fresh information updates are promptly available on the Investor Relations page of the Company's website for ready access.

### GENERAL BODY MEETINGS

Table 9 gives the details of the last five General Body Meetings.

**Table 9: Location and time of the last 5 General Body Meetings**

Financial Year	Category *	Location of the meeting	Date	Time
2006-2007	AGM	Air Force Auditorium, Subroto Park, New Delhi-110 010.	July 13, 2007	11.00 AM
2007-2008	AGM	Same as above	July 10, 2008	11.00 AM
2008-2009	AGM	Same as above	July 15, 2009	11.00 AM
2009-2010	EGM (Court Convened Meeting)	FICCI Auditorium. Federation House, Tansen Marg, New Delhi-110001	February 1, 2010	12.00 noon
2009-2010	AGM	Air Force Auditorium, Subroto Park, New Delhi-110 010.	August 31, 2010	11.00 AM
2010-2011	AGM	Same as above	July 15, 2011	11.00 AM

\*AGM - Annual General Meeting; EGM - Extraordinary General Meeting

The following Special Resolutions were taken up in the last three AGMs, and were passed with requisite majority:

#### July 15, 2009

- Variation in the terms and conditions of remuneration of Mr Pradip Burman, Whole-time Director of the Company.
- Variation in the terms and conditions of remuneration of Mr Amit Burman, as Whole-time Director in Dabur Nepal Pvt. Ltd, a subsidiary of the Company.
- Variation in the terms and conditions of remuneration of Mr Chetan Burman, as Executive Director in Dabur Nepal Pvt. Ltd, a subsidiary of the Company.
- Appointment of Mr Aditya Burman as Whole-time Director in Dabur Nepal Pvt. Ltd, a subsidiary of the Company and further variation in terms and conditions of his remuneration.
- Variation in the term and condition of remuneration of Mr Mohit Burman as Whole-time Director of Dabur International Ltd, a subsidiary of the Company.



## REPORT ON CORPORATE GOVERNANCE

- Variation in the term and condition of remuneration of Mr Sidharth Burman as Whole-time Director of Dabur International Ltd, a subsidiary of the Company.
- Variation in the term and condition of remuneration of Mr Gaurav Burman as Whole-time Director of Dabur International Ltd, a subsidiary of the Company.
- Approval for Increase in number of shares to be issued to employees of the Company under Employee Stock Option scheme of the Company.
- Approval for commencing and carrying on of new business as specified under clause 7 of the other objects clause of Memorandum of Association of the Company.

### August 31, 2010

- Appointment of Dr. Ajay Dua as Director of the Company.
- Revision in terms of remuneration and reappointment of Mr Sunil Duggal as Whole-time Director, designated as Chief Executive Officer of the Company.
- Revision in terms of remuneration of Mr P D Narang, Whole-time Director of the Company.
- Authority to the Board to mortgage and/or create charge over assets of the Company for an aggregate amount of upto Rs. 20,00,00,00,000/-.
- Authority to the Board to borrow money for the business purposes of the Company, for an aggregate amount of upto Rs. 20,00,00,00,000/-.
- Capitalization of a sum of Rs. 87,01,29,834/- out of general reserves of the Company for allotment of fully paid up bonus shares to shareholders of the Company in the ratio of 1:1.
- Increasing of Authorised Share Capital of the Company from Rs.1,45,00,00,000/- divided into 1450000000 Equity shares of Re.1/- each to Rs. 2,00,00,00,000/- divided into 2000000000 Equity shares of Re.1/- each.
- Alteration in Article 4 of the Articles of Association of the Company regarding the increase in Authorised Share Capital from Rs. 1,45,00,00,000/- to Rs. 2,00,00,00,000/-.

### July 15, 2011

No Special Resolution was taken up in the AGM.

### Postal Ballot

During the year under review, no resolutions were passed through postal ballot.

## COMPLIANCE

### Mandatory requirements

Compliance Report of Dabur with the applicable mandatory requirements of Clause 49 is as under:

**Table 10: Compliance Report**

Particulars	Clause of listing agreement	Compliance status
I. Board of Directors	49 I	Yes
(A) Composition of Board	49 (IA)	Yes
(B) Non-executive Directors Compensation & Disclosures	49 (IB)	Yes
(C) Other provisions as to Board and Committees	49 (IC)	Yes
(D) Code of Conduct	49 (ID)	Yes
II. Audit Committee	49 (II)	Yes
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes
(B) Meeting of Audit Committee	49 (IIB)	Yes
(C) Powers of Audit Committee	49 (IIC)	Yes
(D) Role of Audit Committee	49 (IID)	Yes
(E) Review of Information by Audit Committee	49 (IIE)	Yes
III. Subsidiary Companies	49 (III)	Yes
IV. Disclosures	49 (IV)	Yes
(A) Basis of related party transactions	49 (IV A)	Yes
(B) Disclosure of Accounting Treatment	49 (IV B)	Yes
(C) Board Disclosures	49 (IV C)	Yes
(D) Proceeds from public, rights, preference issues etc	49 (IV D)	Not Applicable
(E) Remuneration of Directors	49 (IV E)	Yes
(F) Management	49 (IV F)	Yes
(G) Shareholders	49 (IV G)	Yes
V. CEO/CFO Certification	49 (V)	Yes
VI. Report on Corporate Governance	49 (VI)	Yes
VII. Compliance	49 (VII)	Yes



## REPORT ON CORPORATE GOVERNANCE

### ADOPTION OF NON-MANDATORY REQUIREMENTS

**a) Maintenance of the Chairman's office**

The Company maintains the office of Non-Executive Chairman and provides for reimbursement of expenses incurred in performance of his duties.

**b) Tenure of Independent Directors**

No specific tenure has been specified for the Independent Directors.

**c) Remuneration Committee**

Dabur has a Remuneration cum Compensation Committee that comprises of three members, two members being Independent Directors and one being Non-Executive Director. The Chairman of the Committee is an Independent Director.

**d) Audit Qualifications**

The Auditors have raised no qualification on the Financial Statements of the Company.

**e) Mechanism for evaluation of Non-Executive Directors**

The performance evaluation of Non-Executive Directors is done through a peer-to-peer performance evaluation of the Board of Directors. The Directors are marked on a scale of 1 to 5, with respect to three broad parameters namely - guiding strategy, monitoring Management performance and development /compensation and statutory compliance & Corporate Governance.

**f) Whistle-Blower Policy**

Dabur has a Whistle-Blower Policy in place. The details with regard to the functioning of this policy have been mentioned earlier in this report.

### ADDITIONAL SHAREHOLDER INFORMATION

#### Annual General Meeting

Date: July 17, 2012

Time: 11:00 am

Venue: Air Force Auditorium, Subroto Park, New Delhi - 110010

#### Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2012, results were announced on:

- July 27, 2011: First Quarter
- October 31, 2011: Half Yearly
- January 31, 2012: Third Quarter
- April 30, 2012: Fourth Quarter and Annual

For the year ending March 31, 2013, results will be announced by:

- 23rd July 2012 (tentative): First Quarter
- 31st October 2012 (tentative): Half Yearly
- End of January 2013: (tentative): Third Quarter
- End of April 2013 (tentative): Fourth Quarter and Annual

#### Book Closure

The dates of Book Closure are from the 29th day of June, 2012 to the 6th day of July, 2012, inclusive of both days.

#### Dividend Payment

Interim dividend of Re.0.55 per equity share was paid on November 15, 2011 for the financial year 2011-12. Final Dividend of Rs.0.75 per equity share for the Financial year 2011-12 has been recommended by the Board of directors to shareholders for their approval.

#### Dates of Transfer of Unclaimed Dividend

Pursuant to section 205A of the Companies Act, 1956, unclaimed dividend for Financial Year(s) upto 2003-04 (Final) and 2004-05 (interim), including unclaimed dividend for Financial Year 2004-05 (interim) pertaining to erstwhile Femcare Pharma Limited (FEM) (now merged with Dabur India Limited) have been transferred to the General Revenue Account of the Central Government/ Investor Education and Protection Fund (IEPF) established by the Central Government. The dividends for following years, which remain unclaimed for seven years, will be transferred to IEPF in accordance with the schedule given below. Shareholders who have not encashed their dividend warrants relating to the dividends specified in Table below are requested to immediately send their request for issue of duplicate warrants. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof either with the Company or IEPF.



**Table 11: Dividends declared in the past**

Financial Year	Type of Dividend	Dividend rate %	Date of Declaration	Due Date for transfer to IEPF
2004-2005	Final	150	15/07/2005	20/08/2012
2004-2005	Final (pertaining to FEM)	26	30/09/2005	06/11/2012
2005-2006	Interim	150	24/10/2005	30/11/2012
2005-2006	Final	100	08/07/2006	08/08/2013
2005-2006	Final (pertaining to FEM)	60	11/09/2006	18/10/2013
2006-2007	Interim	100	31/10/2006	04/12/2013
2006-2007	Interim	75	13/03/2007	16/04/2014
2006-2007	Final (pertaining to FEM)	70	28/09/2007	04/11/2014
2007-2008	Interim	75	24/10/2007	30/11/2014
2007-2008	Final	75	10/07/2008	16/08/2015
2007-2008	Final (pertaining to FEM)	70	30/09/2008	06/11/2015
2008-2009	Interim	75	28/01/2009	05/03/2016
2008-2009	Final	100	15/07/2009	21/08/2016
2009-2010	Interim	75	26/10/2009	02/12/2016
2009-2010	Final	125	31/08/2010	05/10/2017
2010-2011	Interim	50	27/10/2010	02/12/2017
2010-2011	Final	65	15/07/2011	20/08/2018
2011-2012	Interim	55	31/10/2011	06/12/2018

### Unclaimed/ Undelivered Share Certificates

As per the provisions of clause 5A of the Listing Agreement, the unclaimed shares lying in the possession of the Company are required to be dematerialized and transferred into a special demat account held by the Company. Accordingly unclaimed shares lying with the Company have been transferred and dematerialized in a 'Unclaimed Suspense Account' of the Company. This Account is being held by the Company purely on behalf of the shareholders entitled for these shares.

It may also be noted that all the corporate benefits accruing on these shares like bonus, split etc., if any, shall also be credited to the said 'Unclaimed Suspense Account' and the voting rights on these shares shall remain frozen until the rightful owner has claimed the shares.

Shareholders who have not yet claimed their shares are requested to immediately approach the Registrar & Transfer Agents of the Company by forwarding a request letter duly signed by all the shareholders furnishing their complete postal address along with PIN code, a copy of PAN card & proof of address, and for delivery in demat form, a copy of Demat Account - Client Master Report duly certified by the Depository Participant (DP) and a recent Demat Account Statement, to enable the Company to release the said shares to the rightful owner.

The status of equity shares lying in the Suspense Account is given in Table 12 below:

**Table 12: Status of Unclaimed Suspense Account**

Sl. No.	Particulars	No. of shareholders	No. of equity shares held
1	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	1566	3703885
2	Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	19	-
3	Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year;	9	26000
4	Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year	1557	3677885

Apart from the above, the Company is in the process of sending reminders to more shareholders whose share certificates have been received back as unclaimed, in accordance with the said clause.



## REPORT ON CORPORATE GOVERNANCE

### Listing

At present, the equity shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE), and the National Stock Exchange of India Ltd. (NSE). The annual listing fees for the financial year 2012-2013 to NSE and BSE has been paid.

**Table 13: Dabur's Stock Exchange codes**

ISIN No:	INE016A01026
Mumbai Stock Code:	500096
National Stock Code:	DABUR
Bloomberg Code:	DABUR IB
Reuters Code:	DABU.BO

### Equity Evolution during the year

As on March 31, 2011 the paid up Equity Share Capital of the Company was Rs.1740723798 consisting of 1740723798 equity shares of Re.1/- each. The table below gives details of equity evolution of the Company during the year under review:

**Table 14: Shares allotted during 2011-12**

Date	Particulars	Issued No. of equity shares of Re.1 each during the year	Cumulative
July 01, 2011	Allotment pursuant to exercise of Stock Options	1001598	1741725396
September 02, 2011	Allotment pursuant to exercise of Stock Options	321926	1742047322
November 29, 2011	Allotment pursuant to exercise of Stock Options	46657	1742093979
December 30, 2011	Allotment pursuant to exercise of Stock Options	6875	1742100854

### Stock Market Data

Table 15 and Chart A & B give details of stock market data.

**Table 15: High, Low and Volume of Dabur's shares for 2011-12 at BSE and NSE.**

Month	BOMBAY STOCK EXCHANGE LTD.			NATIONAL STOCK EXCHANGE OF INDIA LTD.		
	High (Rs.)	Low (Rs.)	Volume (No. of shares)	High (Rs.)	Low (Rs.)	Volume (No. of shares)
April 2011	105.00	96.15	3283798	105.20	96.00	33232570
May 2011	119.90	98.10	7435424	123.20	98.20	70512652
June 2011	122.00	110.25	3641937	120.90	110.30	30924653
July 2011	118.90	103.70	3029875	118.90	103.65	20986745
August 2011	110.95	98.40	2405240	111.45	95.30	19448563
September 2011	113.60	100.20	2510309	113.95	97.75	32857519
October 2011	104.90	95.00	2201309	105.00	94.75	22741849
November 2011	102.50	93.85	2182261	102.45	93.65	22190429
December 2011	105.20	93.50	1575380	105.50	93.20	21583680
January 2012	102.80	92.30	5763673	102.85	92.00	33186986
February 2012	106.90	92.05	9953553	106.90	94.20	36953196
March 2012	108.00	101.80	1826168	108.30	100.95	17513241

Chart A: Dabur's Share Performance versus BSE Sensex

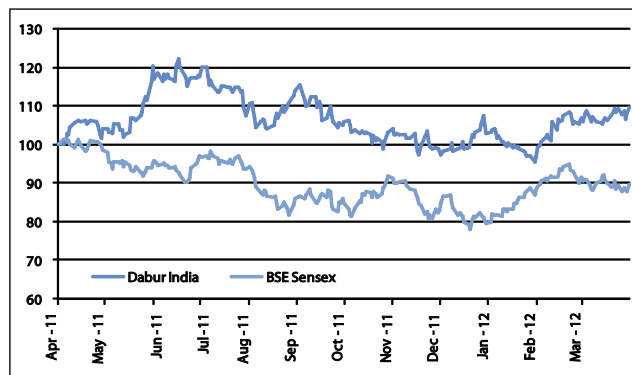
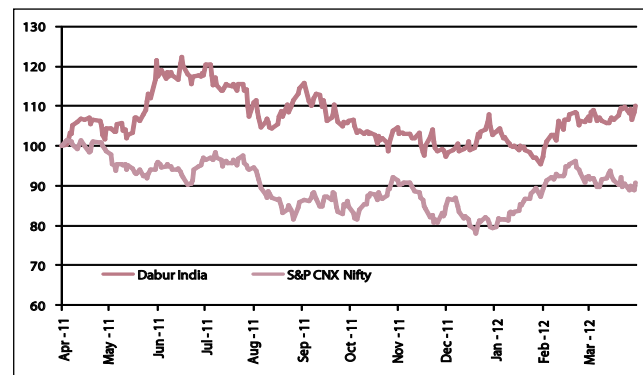


Chart B: Dabur's Share Performance versus Nifty



Note: The charts have share prices and indices indexed to 100 as on the first working day of 2011-12.



## REPORT ON CORPORATE GOVERNANCE

### Distribution of Shareholding

Tables 16 and 17 list the distribution of the shareholding of the equity shares of the Company by size and by ownership class, as on March 31, 2012. Table 18 lists the top 10 shareholders of the Company.

**Table 16: Shareholding pattern by size**

Number of equity shares held	Physical form		Dematerialisation form		Total number of share holders	% of share holders	Total number of shares	% of share holding
	No. of share holders	No. of shares	No. of share holders	No. of shares				
up to 5000	10095	4705496	109601	40989222	119696	95.96	45694718	2.62
5001 – 10000	675	4125961	3146	19841981	3821	3.06	23967942	1.38
10001 & above	68	1152002	1155	1671286192	1223	0.98	1672438194	96.00
<b>Total</b>	<b>10838</b>	<b>9983459</b>	<b>113902</b>	<b>1732117395</b>	<b>124740</b>	<b>100</b>	<b>1742100854</b>	<b>100</b>

**Table 17: Shareholding Pattern by ownership**

	As on 31st March 2012				As on 31st March 2011			
	No. of share holders	% of share holders	No. of shares held	% of share Holding	No. of share Holders	% of share Holders	No. of shares held	% of share Holding
Directors, promoters and family members	27	0.02	1196738850	68.70	27	0.02	1196638850	68.74
FIs	305	0.24	320883652	18.42	203	0.16	299725779	17.22
Mutual Funds	65	0.05	18762520	1.08	33	0.03	19234087	1.10
Financial Institutions/ Banks/ Insurance companies	34	0.03	93512566	5.37	21	0.02	103512996	5.95
NRIs	3270	2.62	6161909	0.35	3343	2.59	8394755	0.48
Corporates	1391	1.12	12277829	0.70	1582	1.23	13505855	0.78
Individuals	119648	95.92	93763528	5.38	123669	95.96	99711476	5.73
<b>Total</b>	<b>124740</b>	<b>100.00</b>	<b>1742100854</b>	<b>100.00</b>	<b>128878</b>	<b>100.00</b>	<b>1740723798</b>	<b>100.00</b>

**Table 18: Top ten shareholders as on 31/03/2012**

Name	No. of shares held	% of shareholding
Chowdry Associates	217934000	12.51
VIC Enterprises Private Limited	217734000	12.50
Gyan Enterprises Pvt. Ltd.	202237980	11.61
Puran Associates Private Limited	189212000	10.86
Ratna Commercial Enterprises Pvt. Ltd.	154960930	8.90
Milky Investment and Trading Company	106140970	6.09
Burmans Finvest Pvt. Ltd.	53012986	3.04
Genesis Indian Investment Company Limited - General Sub Fund	40666346	2.33
Oppenheimer Developing Markets Fund	30849134	1.77
Life Insurance Corporation of India	27617495	1.59

### Dematerialization of Shares and Liquidity

Trading in equity shares of the Company in dematerialized form became mandatory from May 31, 1999. To facilitate trading in demat form, in India, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Dabur has entered into agreement with both these depositories. Shareholders can open their accounts with any of the Depository Participant registered with these depositories.

- As on March 31, 2012, 99.43% shares of the Company were held in dematerialized form.
- The equity shares of the Company are frequently traded at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

### Dematerialization of Shares

For convenience of shareholders, the process of getting the shares dematerialized is given hereunder:

- Demat Account should be opened with a Depository Participant (DP).
- Shareholders should submit the Dematerialization Request Form (DRF) along with share certificates in original, to their DP.
- DP will process the DRF and will generate a Dematerialization Request Number (DRN).
- DP will submit the DRF and original share certificates to the Registrar and Transfer Agents (RTA), which is Karvy Computershare Pvt. Ltd.
- RTA will process the DRF and confirm or reject the request to DP/ Depositories.
- Upon confirmation of request, the shareholder will get credit of the equivalent number of shares in his Demat Account maintained with the DP.



## REPORT ON CORPORATE GOVERNANCE

### Consolidation of folios and avoidance of multiple mailing

In order to enable the Company to reduce costs and duplicity of efforts for providing services to investors, members who have more than one folio in the same order of names, are requested to consolidate their holdings under one folio. Members may write to the Registrars indicating the folio numbers to be consolidated along with the original shares certificates to be consolidated.

### Service of documents through Email

Ministry of Corporate Affairs ("MCA") has vide its Circular No.17 dated 21.4.2011 & Circular No. 18 dated 29.04.2011, undertaken a "Green initiative in the Corporate Governance" by allowing service of documents on members by a Company through electronic mode.

Accordingly the Company proposes to send documents like Shareholders Meeting Notice/ other notices, audited financial statements, directors' report, auditors' report or any other document, to its members in electronic form at the email address provided by them and/or made available to the Company by their Depositories. This will definitely help in prompt receipt of communication, reduce paper consumption and save trees as well as avoid loss of documents in transit.

Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/ updated either with their Depositories or by writing to the Company. Format of request letter is available in the Investor Centre page of the Company's website [www.dabur.com](http://www.dabur.com)

### Outstanding GDRs/ADRs/Warrants/Options

The Company has 18287210 outstanding Options as on March 31, 2012, with vesting period from 1 to 5 years from the date of grant.

### Details of Public Funding Obtained in the last three years

Dabur has not obtained any public funding in the last three years.

### Registrar and Transfer Agent

Securities and Exchange Board of India (SEBI), through its Circular No.D&CC/FITTC/CIR-15/2002 dated December 27, 2002, has made it mandatory for all work related to share registry, both in physical and electronic form, to be handled either wholly 'in-house' by companies or wholly by a SEBI-registered external registrar and transfer agent. Dabur had appointed MCS Limited as its registrar and transfer agent in 1994 for both segments, much before this was mandated by SEBI. During the year 2007-08, the Company appointed Karvy Computershare Private Limited as its Registrar. Details of the Registrar and Transfer Agent are given below-

- |  |   |
|--|---|
| 1. Karvy Computershare Private Limited<br>Unit: Dabur India Limited<br>305, New Delhi House, 27, Barakhamba Road,<br>New Delhi-110001.<br>Phone No.: 011- 43681700; Fax No. : 011-43681710<br>Website: <a href="http://www.karvy.com">www.karvy.com</a> ; Email id: <a href="mailto:delhi@karvy.com">delhi@karvy.com</a> | 2. Karvy Computershare Private Limited<br>Unit: Dabur India Limited<br>Plot No. 17-24, Vithal Rao Nagar, Madhapur,<br>Hyderabad- 50008.<br>Phone No.: 040- 44655000; Fax No. 040-23420814<br>Email id: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a> |
|--|---|

### Share Transfer System

All share transfer and other communications regarding share certificates, change of address, dividends, etc should be addressed to Registrar and Transfer Agents.

Shareholders/Investor Grievance and Share Transfer Committee is authorized to approve transfer of shares in the physical segment. The Shareholders/Investor Grievance and Share Transfer Committee has delegated the authority for approving transfer and transmission of shares and other related matters to the officers of the Company. Such transfers take place on fortnightly basis. A summary of all the transfers/ transmissions etc. so approved by officers of the Company is placed at every Committee meeting. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains from a Company Secretary in practice half yearly certificate of compliance with the share transfer formalities as required under clause 47(c) of the listing agreement, and files a copy of the same with the Stock Exchanges.

### Reconciliation of Share Capital Audit

Aggarwal & Ahluwalia, an independent firm of practicing Chartered Accountants, carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the reconciliation of total issued and listed Capital with that of total share capital admitted / held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Company's shares are listed and is also placed before the Shareholders and Investors Grievances Committee of the Board.

### Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards on various aspects of corporate law and practices. Though these standards are recommendatory in nature, the Company has voluntarily complied with each one of them.



## REPORT ON CORPORATE GOVERNANCE

### Company's Registered Office Address:

8/3, Asaf Ali Road, New Delhi-110002; Ph: 011-23253488.

### PLANT LOCATIONS

- **Sahibabad**  
**Unit I & II**, Plot No. 22, Site IV, Sahibabad, Ghaziabad-(U.P.) 201010. Ph 0120- 3008700 (30 Lines), Fax - 0120- 2779914 / 4376924
- **Baddi**  
**Hajmola Unit**, 109, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173205. Tel: 01795-244385, Fax : 01795-244090  
**Chyawanprash Unit**, 220-221, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173205. Tel: 01795-244385, Fax : 01795-244090  
**Amla/Honey Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173205. Tel: 01795-244385, Fax : 01795-244090  
**Glucose Unit**, Plot No. 12, Industrial Area, Baddi, Distt Solan, H.P. - 173205. Tel: 01795-244385, Fax : 01795-244090  
**Shampoo Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173205, Tel: 01795-244385, Fax : 01795-244090  
**Toothpaste Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173205. Tel: 01795-244385, Fax : 01795-244090  
**Honitus/Nature Care Unit**, 109, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173205, Tel: 01795-244385, Fax : 01795-244090  
**Food Supplement Unit**, 221, HPSIDC Industrial Area, Baddi, Distt Solan, H.P. - 173205, Tel: 01795-244385, Fax : 01795-244090  
**Oral Care Unit**, 601, Malku Majra, Nalagarh Road, Baddi, Distt Solan, H.P. - 173205, Tel : 01795-246363, Fax : 01795-244090  
**Green Field Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174101, Tel : 01795-244385, Fax : 01795-244090  
**Air Freshener Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173205, Tel: 01795-244385, Fax : 01795-244090  
**Toothpowder Unit**, Village Billanwali Lavana, Baddi, Distt Solan, H.P. - 173205, Tel: 01795-244385, Fax : 01795-244090  
**Skin Care Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174101, Tel : 01795-244385, Fax : 01795-244090  
**Honey Unit**, Village Manakpur, Tehsil Baddi, Distt Solan, H.P. - 174101, Tel : 01795-244385, Fax : 01795-244090
- **Pantnagar : Unit I and Unit II**, Plot No.4, Sector-2, Integrated Industrial Estate, Pantnagar, Distt. Udham Singh Nagar, Uttarakhand - 263146, Tel: 05944-398500; 9760013990, 991, 992 Fax: 05944 - 250064
- **Jammu : Unit I, II & III**, Lane No.3, Phase II, SIDCO Indl. Complex, Bari Brahmna, Jammu, Tel: 01923 - 220123, 221970, 222341; Fax: 01923 - 221970
- **Katni** : 10.4 Mile Stone, NH -7, Village Padua, KATNI, (M.P.) - 483442, Tel: 07622 - 262317, 262297, 297507
- **Alwar** : SP-C 162, Matsya Industrial Area, Alwar - 301 030, Rajasthan, Tel: 0144 - 2881542 / 5132101 / 5132102, Fax : 0144 - 2881302
- **Pithampur** : 86-A, Kheda Industrial Area, Sector-3, Pithampur - 454774, Distt. - Dhar (M.P.), Tel : 07292 - 400046 to 51, Fax : 07292 - 400112
- **Narendrapur** : 9, Netaji Subhash Chandra Bose Road, P.O. - Narendrapur, Kolkata - 700103, West Bengal, Tel : 033- 2477 2324 - 26, 2477 2620, 2477 2738, 2477 2740, (033)32919827/28, M - (0)9331048165, Fax : 033- 24772621
- **Silvassa** : Unit – I & II, Survey No. 225/4/1, Village Saily, Silvassa – 396230, Dadra & Nagar Haveli ( UT of India), Tel : 0260-2681071/72/73/74; Fax : 0260 - 2681075
- **Newai** : G 50-59, IID Centre, NH-12, Road No.1, Newai - 304020, Distt. Tonk ( Rajasthan) – 304020, Tel : 01438 -223342, 223783, 223892, Fax : 01438- 223010
- **Jalpaiguri** : Kartowa, P.O. Mahanvita, P.S. Rajganj, Distt. Jalpaiguri (West Bengal) Pin 735135, Tel: 09800008457,9800008456, 09933399800
- **Nashik** : D-55, MIDC, Ambad, Nashik – 422 010 (M.S.) India, Tel. No : 0253- 6623222, Fax : 0253- 2383146, 2383577

### ADDRESS FOR CORRESPONDENCE

- For share transfer / dematerialisation of shares, payment of dividend and any other query relating to shares:  
Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi 110001,  
Tel : 011-43681700, Fax: 011-43681710
- For queries of Analysts, FII's, Institutions, Mutual Funds, Banks and others:  
Mrs. Gagan Ahluwalia, Dabur India Limited, Punjabi Bhawan, 10 Rouse Avenue, New Delhi – 110002  
Tel: 011-42786000; Fax: 011-23222051
- For investors assistance:  
Mr. A K Jain Sr. General Manager (Finance) and Company Secretary, Dabur India Limited, Punjabi Bhawan, 10, Rouse Avenue, New Delhi – 110002. Tel: 011 – 42786000; Fax: 011 – 23222051



## REPORT ON CORPORATE GOVERNANCE

### CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Sunil Duggal, Chief Executive Officer and S Raghunathan, Chief Financial Officer, of Dabur India Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended 31st March, 12 and its entire schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
  - a. These statements do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading;
  - b. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the company, which are fraudulent, illegal or violate the Company's code of conduct.
4. The Company's other certifying officers and we are responsible for establishing and maintaining internal controls for financial reporting and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures pertaining to financial reporting.
5. The Company's other certifying officers and we have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the Audit Committee of the Company's Board of Directors:
  - a. All significant deficiencies in the design or operation of internal controls, which we are aware and have taken steps to rectify these deficiencies;
  - b. Significant changes in internal control over financial reporting during the year;
  - c. Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems over financial reporting;
  - d. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

Place : New Delhi  
Date : 27th April, 2012

Sd/-  
Sunil Duggal  
CEO, Dabur India Limited

Sd/-  
S Raghunathan  
CFO, Dabur India Limited

### CERTIFICATION BY CHIEF EXECUTIVE OFFICER OF THE COMPANY

I declare that all Board members and senior management have affirmed compliance with the code of conduct for the current year.

Place : New Delhi  
Date : 27th April, 2012

Sd/-  
Sunil Duggal  
CEO, Dabur India Limited



## REPORT ON CORPORATE GOVERNANCE

### ANNEXURE 1 - DETAILS OF OTHER DIRECTORSHIPS HELD

Name of the Director	Status	Directorship	Committee Membership	Committee Chairmanship
<b>Dr Anand Burman</b>	<b>CHAIRMAN/ PD/NED</b>	Aviva Life Insurance Co. India Ltd. Dabur Pharmaceuticals Ltd. H & B Stores Ltd. Hindustan Motors Limited Althea Lifesciences Ltd. Hero MotoCorp Ltd. Dabur Research Foundation Ester Industries Limited		
<b>Amit Burman</b>	<b>PD/NED</b>	H & B Stores Limited Q H Talbros Limited Jetage Infrastructure Ltd. Talbros Automative Components Ltd. Micromax Informatics Ltd.	Audit Committee	
<b>Mohit Burman</b>	<b>PD/NED</b>	Aviva Life Insurance Co. India Ltd. Dabur Ayurvedic Specialities Ltd. Mahindra Forgings Limited H & B Stores Limited Dabur Pharmaceuticals Ltd. Universal Sompo General Insurance Co. Ltd.	Audit Committee Audit Committee	Audit Committee
<b>Saket Burman</b>	<b>PD/NED</b>	NIL	NIL	NIL
<b>P D Narang</b>	<b>ED</b>	H & B Stores Limited Jetage Infrastructure Ltd. Aviva life Insurance Company India Ltd. Dabur Research Foundation		Audit Committee
<b>Sunil Duggal</b>	<b>ED</b>	H & B Stores Limited	Audit Committee	
<b>P N Vijay</b>	<b>ID</b>	Reed Relay & Electronics India Ltd. One97 Communications Ltd.	Shareholders Grievance Committee	Audit Committee
<b>Dr S Narayan</b>	<b>ID</b>	Godrej Properties Limited Apollo Tyres Ltd. Seshasayee Paper and Board Ltd. Aviva life insurance Company India Ltd. Teesta Urja Limited	Audit Committee Audit Committee Audit Committee	Audit Committee
<b>R C Bhargava</b>	<b>ID</b>	Idea Cellular Ltd. ILFS Limited Polaris Financial Technology Ltd. Grasim Industries Limited Optimus Global Services Ltd. Maruti Suzuki India Limited  Thomson Press Ltd. UltraTech Cement Co. Ltd.  Kokoyu Camlin Limited	Audit Committee Audit Committee    Shareholders Grievance Committee Audit Committee	Audit Committee  Audit Committee Shareholders Grievance Committee Audit Committee Audit Committee
<b>Albert Wiseman Paterson</b>	<b>ID</b>	Nil	Nil	Nil
<b>Analjit Singh</b>	<b>ID</b>	Max India Limited Hero MotoCorp Ltd Tata Global Beverages Limited Max New York Life Insurance Co. Ltd. Max Healthcare Institute Limited Vodafone India Limited Malsi Hotels Limited Malsi Holdings Limited Malsi Estates Limited Max Neeman Medical International Ltd. Max Bupa Health Insurance Co. Limited		
<b>Dr Ajay Dua</b>	<b>ID</b>	Aviva Life Insurance Co.India Ltd.	Audit Committee	

To,

The Members,

Your Directors have pleasure in presenting the 37th Annual Report on the business and operations of the Company, together with the Audited Accounts for the financial year ended March 31, 2012.

### Financial Results

Financial results are presented in Table 1.

**Table 1: Financial Results**

(Rs. in crore)

	2011-12	2010-11
Turnover (including other income)	<b>3812.68</b>	3306.96
<b>Profits before Tax</b>	<b>587.03</b>	596.26
Less : Tax Expenses	<b>123.79</b>	124.85
<b>Profit after Tax</b>	<b>463.24</b>	471.41
Add : Balance in Profit & Loss Account brought forward from the previous year	<b>714.22</b>	526.91
<b>Sub Total</b>	<b>1177.46</b>	998.32
<b>Less : Appropriation to</b>		
General Reserve	<b>50.00</b>	50.00
Capital Reserve	<b>0.14</b>	1.34
Interim Dividend – Paid	<b>95.81</b>	87.04
Final Dividend – Proposed	<b>130.66</b>	113.30
Corporate tax on Dividend	<b>36.74</b>	32.42
Balance in Surplus Account	<b>864.11</b>	714.22

### Dividend

The Company has paid an interim dividend of 55% (Re. 0.55 per share of Rupee one each) on November 15, 2011. We are pleased to recommend a final dividend of 75% (Rs. 0.75 per share of Rupee one each) for the financial year 2011-12. 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 130% (Rs.1.30 per share of Rupee one each) as against 115% (Rs.1.15 per share of Rupee one each) declared last year. The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is at 56.82%.

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, final dividend for the year 2003-04 and interim dividend for the year 2004-05 which remained unpaid or unclaimed for a period of 7 years, amounting to Rs.1271757/- and Rs.962765/- respectively has been transferred by the Company to the Investors' Education and Protection Fund (IEPF). Further interim dividend for the year 2004-05 pertaining to erstwhile Femcare Pharma Limited (FEM), now merged with the Company, which remained unpaid or unclaimed for a period of 7 years, amounting Rs. 108365/- has also been transferred by the Company to IEPF. The due dates for transfer of unpaid dividend to IEPF for subsequent years is given in Table 11 under Corporate Governance Report.

### Operations and Business Performance

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

### Corporate Governance

Dabur is committed to practising sound corporate governance in conducting business in a legal, ethical and transparent manner – a dedication that originates from the very top and permeate throughout the organization. Besides adhering to the prescribed corporate governance practices as per clause 49 of the Listing Agreement, it voluntarily governs itself as per highest standards of ethical and responsible conduct of business in line with local and global standards. 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.

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.



### Business Responsibility Report

At Dabur, fulfilment of environmental, social and governance responsibility is an integral part of the way the Company conducts its business. A detailed information on the initiatives of the Company as enunciated in the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' is provided in the Business Responsibility Report, a copy of which will be available on the Company's website.

### 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 rated as A1+ by CRISIL, has also been reaffirmed. This being the highest rating indicates a very strong degree of safety with regard to timely payment of interest & principal.

### Directors

During the year, w.e.f. 31.01.2012, Mr Pradip Burman, Executive Promoter Director had resigned from the office of Director of the Company and Mr. Saket Burman was appointed as additional Non Executive Promoter Director. Mr Saket Burman shall hold office upto the date of the ensuing Annual General Meeting of the Company and, being eligible, offer himself for reappointment.

In terms of Article 103 and 104 of the Articles of Association of the Company, Dr S Narayan, Mr Albert Wiseman Paterson, Mr Analjit Singh and Mr Amit Burman 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 except to the extent mentioned in notes to accounts;
- 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, 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:
  - 1001598 equity shares allotted on July 01, 2011.
  - 321926 equity shares allotted on September 02, 2011.
  - 46657 equity shares allotted on November 29, 2011.
  - 6875 equity shares allotted on December 30, 2011.

### 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 2012-13. The Company has received a letter dated April 4, 2012 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 28.04.2012 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.



## DIRECTORS' REPORT

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 for the financial year 2012-13 to conduct cost audit of the accounts maintained by the Company, in respect of the various products prescribed under Cost Audit Rules, 2011.

### 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 2011-12. Consolidated Turnover grew by 29.64% to Rs. 5362.82 crore as compared to Rs. 4136.66 crore in the previous year. Similarly, net profit after tax and after minority interest for the year at Rs. 644.89 crore is higher by Rs. 76.32 crore as compared to Rs. 568.57 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.

### 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 Zeki Plastik Imalat Sanayi Ve Ticaret Limited has ceased to be step down subsidiary of the Company due to its amalgamation with another step down subsidiary of the Company - Hobi Kozmetik Imalat Sanayi Ve Ticaret Anonim Sirketi.

Further Dabur Lanka (Pvt) Ltd. have been newly incorporated as a step down subsidiary of the Company in SriLanka to cater to the increased market demand of beverages. A new manufacturing plant is being set up in SriLanka.

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/ 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 that of its respective subsidiaries. The Financial Statements of each subsidiary shall also be available on Company's website [www.dabur.com](http://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.

### Employees Stock Option Plan

During the year, 1557412 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, 1377056 options were exercised by the employees after vesting. Accordingly, the Company made the allotment of 1001598 equity shares on July 01, 2011, 321926 equity shares on September 02, 2011, 46657 equity shares on November 29, 2011 and 6875 equity shares on December 30, 2011, 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 2' 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:-

A number of energy conservation techniques were initiated at large scale and successfully implemented. Energy was used more efficiently (2.33 GigaJoules to 2.17 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-

In the existing manufacturing units various initiatives were undertaken to conserve/ reduce environmental impact, by adapting to green manufacturing and concept of "Reduce, Reuse and Recycle", viz.

- Use of thermic fluid heating system in place of boiler in Fluid Bed Evaporator (FBE) for Hajmola manufacturing.
- Efficient Maintenance and daily monitoring of Capacitor Bank for improvement of Power Factor.
- Replacing energy inefficient equipments with new technologies which are energy efficient with AC Drives.
- Introduction of Herbal Extractor in place of Boiling Pan.
- Bio-Gas generated from ETP used in Canteen.
- 100% usage of Herbal Waste as Boiler Feed.
- Replaced electrical powered Turbo vents in roof of production hall with natural wind powered, to save electricity.
- Replaced old boiler with new to conserve on usage of HSD.

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

Additional Investment of Rs. 112.50 Lacs was made during the year for reduction of consumption of energy.

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

- Replacement of fossil fuel (FO) base thermic fluid to Pet coke.
- Replacement of electrical water heater with solar water heater.

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 209 Lacs and thereby lowered the cost of production by 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 3

#### B. Technology Absorption:

Efforts made in technology absorption as per Form B is attached herewith as Annexure 4.

#### 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, US and South Asian geographies, with manufacturing plants located across regions. Three new greenfield plants are under commissioning in Egypt, Bangladesh and Sri Lanka. The Company also has a private label business in USA, along with Guar gum exports, which takes place from its Indian plants.

*International Business:*

Dabur's International Business continued on a strong growth trajectory with sales growing by 78.3% to Rs. 1616.1 crores during fiscal 2011-12. The International Business now contributes 30.3% to consolidated sales. The fiscal 2011-12 was the first full year of the two overseas acquisitions – Hobi Group and Namaste Laboratories, LLC under the Dabur fold. During the year, these acquisitions were assimilated and integrated with the existing organic overseas business. The International Business excluding acquisitions grew by 27.1% to Rs. 929.9 crores. Our key geographies by total overseas revenues now are: Middle East, Africa, Asia and U.S.

The Company has built a robust brand architecture with brands like Dabur and Vatika in these geographies. Our key categories in International Business are hair oils, hair creams, shampoos and toothpastes. As per Nielsen Retail Audit, Dabur Amla Hair Oil is the largest brand in the hair oils category in Saudi Arabia. Dabur Amla brand has been extended into hair creams and other hair conditioning products such as serums etc. The Vatika brand now has a large portfolio including a wide variety of hair oils, shampoos, hair creams and Hamam Zaith. Performance of key brands in the International portfolio during FY2011-12 is as below:



## DIRECTORS' REPORT

### Dabur Amla

- Dabur Amla Hair Oil continues to retain the No. 1 position in Saudi Arabia with market share of 41.6% in the Hair Oil segment. Dabur Amla Gold has market share of 8.9% while Dabur Amla Jasmine has a market share of 6.2%. Overall, the Dabur Amla franchise of Hair Oils commands a market share of 59.2% in Saudi Arabia. Dabur Amla enjoys 30.6% share of hair oils category in UAE and is the No. 2 player in Egypt with market share of 16.9%.
- The brand has been extended into the styling hair cream segment with introduction of Dabur Amla Hair Creams which has notched up its share in the hair creams market.
- Dabur has recently launched two new variants of Hair Oils viz. Anti Dandruff Hair Oil and Cooling Hair Oil which have performed well.
- Recent launch of Amla Hair Serum in 3 variants: Repair Therapy, Frizz Control and Extreme Shine has reported a strong performance.

### Vatika

- There has been robust growth in the Vatika franchise which includes Vatika Enriched Hair Oil, Vatika Shampoo and Conditioners, Vatika Hamam Zaith, Vatika Hair Creams and this year's launch of Vatika Styling Hair Gels.
- Enriched Hair Oil range of Vatika Hair Oils registered strong growth. Two new variants of Enriched Hair Oil were introduced – Vatika Black Seed Hair Oil and Vatika Garlic Hair Oil. Vatika Enriched Hair Oil range is the No. 2 player in the segment with market share of 14.9% in Saudi Arabia. Vatika is also the No. 1 brand in Egypt with market share of 40.1%.
- Vatika Shampoo and Conditioners have shown strong performance. Three new Conditioner variants (Nourish & Protect, Repair & Restore and Volume & Thickness) and one new Shampoo variant (Volume & Thickness) were launched during the year.
- Vatika Hamam Zaith reported impressive growth during the year. The range was further strengthened through addition of two new variants – Black Seed Hamam Zaith and Garlic Hamam Zaith.
- Vatika Hair Cream has retained the No. 1 position in hair cream category in Saudi Arabia and Egypt (basis Retail Audit data). The brand has captured 21.1% market share in Saudi Arabia and 18.6% market share in Egypt in spite of the category witnessing stiff competition from established brands.
- Vatika also made an entry into the Styling Hair Gel market through 3 variants – Wet Look, Strong Hold and Extreme Hold.

DermaViva – This relatively new brand launched for the Personal Wash and Skin Care segments has performed well aided by strong growth in Personal Wash segment and launch of Skin Serums, Skin Cream, Skin Lotions and Wet Wipes in the Skin Care category during the year.

Fem – The Fem portfolio, including hair removal creams and wax strips, was re-launched during the year and has already garnered 2.4% market share in UAE and 1.2% market share in Saudi Arabia within few months after the re-launch.

Dabur Herbal Toothpaste – Dabur Herbal Toothpaste has grown strongly in the MENA region and has shown positive traction with consumers. The brand had an impressive performance in Nigeria where it retained the No. 2 position in the category touching 9.7% market share of the toothpaste segment.

Dabur Miswak Toothpaste – Dabur Miswak Toothpaste has shown strong double digit growth and has become the No. 3 player in Morocco with 16.4% market share and captured 6.7% market share in the Algerian market.

GCC, the largest region in the International Business Division has grown by 28% over last year fuelled by innovations and new product launches in the Hair Care, Skin Care and Oral Care segments.

Dabur Egypt Limited has witnessed another year of spectacular performance with 29% growth in sales.

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

Asian Consumer Care, Pakistan has grown by 22% in revenue over last year, with Hajmola and Dabur Amla emerging as the two strong brands for the region.

Asian Consumer Care, Bangladesh, has performed well with a growth of 47.9% during fiscal 2011-12. The growth has been led by increased distribution penetration and focussed brand approach.

Dabur Nepal Pvt Limited which manufactures fruit juices for India and also caters to local consumer market in Nepal recorded impressive growth of 21% in its sales to the domestic market of Nepal.

Efficient operations of the manufacturing plant in Ras Al Khaimah ensured 12 new SKU launches during the year and doubling of manufacturing and packing capacity for Shampoo. We also received Halal Certification for all products manufactured in the Ras Al Khaimah plant. 13 new SKUs were launched in Egypt during the year. In Nigeria, additional capacity was installed for toothpastes and our toothpaste products have received certification of Standard Organization of Nigeria.



## DIRECTORS' REPORT

With the acquisition of Hobi Group, we have access to a new and complementary product range in hair styling and other hair care, skin care and body care products. As part of the strategy to derive synergy benefits from Hobi with our existing international business, we launched products out of the Hobi range in the Middle East and North African geographies and used their expertise in hair gels to launch Vatika hair gels in some of these markets.

Africa continues to be an important growth driver which we believe offers tremendous opportunities. Currently, Egypt and Nigeria are our key markets in Africa and we plan to extend our presence in a phased manner in other parts of Africa leveraging the product portfolio of Namaste Laboratories.

### *Exports from India*

The Company also exports guar gum and private label oral care products from India. During fiscal 2011-12 the Company recorded Guar gum exports to the tune of Rs. 105.3 crores as compared to Rs. 52.7 crore in fiscal 2010-11. Exports of Guar gum reported high growth as the demand for Guar gum saw extraordinary increase worldwide particularly for the value added hydrating guar variants.

Sales in USA (Dabur Branded and Private label) grew from Rs. 45.1 crores to Rs. 47.6 crores. The Company caters to the ethnic Indian channels in the USA supplying the range of Dabur brands which are popular among the South Asian / Indian community. Retail penetration was extended by launching the range in retailers such as USA (Stop n Shop) and in Canada (Loblaws network). Dabur also exports some private label oral care products to USA which includes toothpastes, Mouthwash and Denture Adhesives.

### ii) Development of new markets for Products & Services:

New avenues for growth were opened up through expansion into the new markets of Turkmenistan, Senegal, Somalia, Zambia, Hong Kong, Ivory Coast, Togo, Sierra Leone and Seychelles. The Sales & Distribution infrastructure has been augmented by appointing new distributors in Saudi Arabia, Fiji, Cambodia and Philippines. Local resources have been enhanced in key markets of Middle East & North Africa, Nigeria, Egypt, East Africa and South East Asia to further 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 2011-12: Rs. 3357 lac.

Total Foreign Exchange Earned during 2011-12: Rs. 16719 lac.

## **Health, Safety and Environmental Review (HSE)**

Dabur India Ltd. is committed to keep up the good HSE performance delivered in earlier years. It has made huge progress in the area of process safety with no fatal accident reported during the period and implementation of Integrity Management System is well underway. With regard to other environmental focus areas, Dabur has greatly improved its waste management and has also reduced its GHG emissions.

To ensure focus and delivery of HSE activity, Dabur has conducted the 1st National Safety Meet with HSE Improvement Plan at manufacturing level. Focus is more on building an engaged safety culture where expectations are clear, people are trained, interventions are welcomed and consequences are understood. One key to build an engaged safety culture is through safety behaviour and Hazard observation. The tools used in Dabur to register safety behaviour / Hazard Observation is called SBO which is recorded through the inbuilt software called SURAKSHA. Beside this, all the manufacturing units have complied with statutory requirements laid by Government in terms of Act and Rules w.r.t. to Health, Safety and Environment. 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.

With an aim to certify all its operational locations with the Integrated Management system OHSAS 18001 and ISO 14001 - Occupational Health, Safety and Environment, Dabur has got externally accreditation for its nine (9) manufacturing location by TUV NORD. This standard is the foundation of the overall health, safety and environment framework of Dabur.

The environmental agenda of reducing environmental impact of Company's operations 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, being aware of its social corporate responsibility, is in the process of further strengthening its current resources for better health, safety and environment management.

Key Initiatives taken during the year are:

- Got certified its 9 manufacturing location with OHSAS 18001 and ISO 14001 integrated management system.
- Is in a process of preparing 5 more manufacturing location for the certification of OHSAS 18001 and ISO 14001 integrated management system.



## DIRECTORS' REPORT

- Risk assessment at all manufacturing locations done with a system of planned inspection product wise, resulted in reduction of All Injury Rate (AIR) and Total Recordable Frequency Rate (TRFR)
- Legally complied at unit level w.r.t to Safety and Environment Act and Rules.
- Environmental Monitoring was carried out at unit level to check the impact on environment.
- Different Guidelines and Standards rolled out for implementation at unit level and focus on the training (on job and off job) to minimize the TRFR (Total Recordable Frequency Rate).
- Installation of Fire Hydrant and Detector System as per latest technologies.
- Emergency preparedness plan is in place which was executed through mock drill.
- In house monitoring of sound, light and gas with 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.
- Safety Committee meetings were conducted regularly to make the work place safe and to get the maximum suggestion / input from employees.
- Installed Natural turbo ventilator & transparent FRP (Fiber Reinforced Plastic) for lighting in shop-floor.

### 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.

Place : New Delhi  
Date : 30th April, 2012

For and on behalf of the Board  
**DR ANAND BURMAN**  
Chairman

Annexure `1`

## 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, 2012, 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)

Place : New Delhi  
Date : 30th April, 2012

**S Lahiri**  
Partner  
Membership No. 51717

**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, 2012.**

	<b>For the Year</b>	<b>Cumulative</b>
1. Number of Options granted :	<b>1557412</b>	33746429
2. Pricing formula :	<b>Each option carries the right to the holder to apply for one equity share of the Company at par/discount to market value.</b>	
3. Options vested :	<b>1377056</b>	10904117
4. Options exercised :	<b>1377056</b>	10877467
5. Total number of shares arising as a result of exercise of option :	<b>1377056</b>	11379226
6. Options lapsed/cancelled :	<b>1520376</b>	4581752
7. Variation in terms of options :	<b>None</b>	None
8. Money realized by exercise of options :	<b>Rs. 672721/-</b>	Rs.10643641/-
9. Total number of options in force :	<b>18287210</b>	18287210
10. Employee-wise details of options granted during the year to:		
i. Senior managerial personnel	: Mr A Sudhakar      Sr. Executive Director– HR Mr Devendra Garg    Sr. Executive Director–CHD Mr George Angelo    Executive Director- Sales	882000 175000 110000
ii. Employees who received the options amounting to 5% or more of options granted during that year	: Mr A Sudhakar      Sr. Executive Director– HR Mr Devendra Garg    Sr. Executive Director–CHD Mr George Angelo    Executive Director- Sales	882000 175000 110000
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	: None	
11. Diluted Earning per share (EPS) pursuant to issuance of options under ESOP : Rs. 2.64		
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.	Impact on profit (i.e. profit would have been lower by)	83
	Earning per share (Rs.)	Basic      Diluted
	- As reported	2.66      2.64
	- As adjusted	2.65      2.64
	- Impact on EPS	0.01      0.00
	13. Weighted average exercise price (per option)	Rs. 50.90
	Weighted average fair value of per option:	
	(per intrinsic value method)	Rs. 111.90
	(per black scholes model)	Rs. 119.38
	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	6.90
	- Expected life	1 to 5 years
	- Expected volatility	28.63
	- Expected Dividend yield	1.15%
	- Price of underlying shares in the market at the time of option grant	Rs.101.84
	(Rs. in lacs)	
Net profit after tax, as reported in audited accounts	46324	
Add: Stock Option compensation expenses charged in above reported profit	2715	
Deduct: Stock option compensation expenses determined under fair value method (Black Scholes model)	2798	
Net profit after tax, as adjusted	46241	

**FORM - A**  
 (See Rule 2)

**Form of Disclosure of particulars with respect to Conservation of Energy**

	2011-12	2010-11
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Units	<b>36275215.00</b>	35191645.00
Total Amount – (Rs.)	<b>191285572.51</b>	173942164.00
Rate per Unit - (Rs.)	<b>5.27</b>	4.94
<b>b) Own Generation</b>		
i) Through Diesel generator		
Units	<b>2914989.02</b>	4149799.00
Unit per Litre of Diesel Oil	<b>0.00</b>	3.02
Cost per Unit - (Rs.)	<b>12.60</b>	11.29
Total Cost – (Rs.)	<b>36722062.99</b>	46847951.02
ii) Through Steam Turbine / Generator		
Units	<b>Nil</b>	Nil
Unit per Litre of Fuel Oil		
Cost per Unit - (Rs.)		
<b>2. Coal (Specify Quality and where used) -</b>		
(Bio Briquettes/ Pet Coke for steam generation- Boiler)		
Quantity (Tonnes)	<b>11615.01</b>	9460.57
Total Cost – (Rs.)	<b>75456121.82</b>	60976480.80
Average Rate per Tonne – (Rs.)	<b>6496.43</b>	6445.33
<b>3. Furnace Oil</b>		
Quantity (Tonnes / KL)	<b>1779.28</b>	2828.86
Total Cost – (Rs.)	<b>75165963.95</b>	90798391.00
Average Rate per Tonne – (Rs.)	<b>42245.06</b>	32097.18
<b>4. Others / Internal generation</b>		
<b>HSD</b>		
Quantity (Kilo Ltr)	<b>864.91</b>	510.61
Total Cost – (Rs.)	<b>32928583.28</b>	18084373.05
Average Rate per Kilo Ltr – (Rs.)	<b>38071.78</b>	35417.26
<b>LDO</b>		
Quantity (Kilo Ltr)	<b>117.15</b>	193.19
Total Cost – (Rs.)	<b>6415837.00</b>	8746957.00
Average Rate per Kilo Ltr – (Rs.)	<b>54766.00</b>	45276.45
<b>PNG</b>		
Quantity (SCM)	<b>521157.03</b>	Nil
Total cost	<b>19407933.00</b>	Nil
Average rate per SCM (Rs)	<b>37.24</b>	Nil
<b>B. Consumption per unit of production</b>		

The Company is engaged in production of variety of products, hence the figures of consumption per unit of production are not ascertainable.

**FORM - B**  
(See Rule 2)**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 activities carried out by the Company are dedicated to the 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 Health Care, Foods, Home Care and Personal Care products.

Healthcare:

Key areas of R&D were:

- a) Formulation development including new product development and process validation:  
Healthcare Research was engaged in developing new OTC and classical Ayurvedic products, health supplements and OTC Pharmaceutical products. Besides the above, research was also carried out in process validation and technology transfer.
- b) Clinical Research & Medical Services:  
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.  
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) Analytical Development:  
Analytical Development group extends analytical services to all the departments viz. Health Care, Foods, Personal Care, Home Care and Bioresources. It undertakes development of quality related analytical and validation protocols during the technology transfer. These inputs were provided to the Quality Assurance in the form of quality specifications for raw materials, in-process material, finished product and standard test procedures.  
In addition to this they also participated in the product development by way of conducting preservative efficacy tests, stability studies and microbial load testings. This Department also tests the samples for heavy metals, pesticides residues and aflatoxins which are currently the major safety concerns.
- d) Bio Resources Development:  
This group is engaged in sustainable development of medicinal plants which constitutes the core raw materials for product portfolio of Dabur. For this purpose it undertakes research in pharamcognosy, phytochemistry, plant biotechnology and agronomy. The inputs from these developmental projects are used to collaborate with farming groups for contract farming and resource management with the Forest Departments.  
In addition to this they also actively pursue research on substitutional development for unsustainable plant parts like tree barks.

Food:

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

- Beverages: Fruit and yoghurt drink, Carbonated beverages, Fruit and milk, superfruits, Coconut water.
- Hommade: Bhuna masala, pizza and pasta sauce.
- Consumer care division: Honey jam, Hajmola based jelly candy, variants of glucose.

Home Care:

R&D was carried out in categories of Hard surface cleaners, Repellents, Air Care & 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**Healthcare:

- a) Company has been able to launch several new products, viz.  
Proprietary Ayurvedic products
  - Dabur Chyawanprash - In Mixed Fruit Flavour
  - Hajmola Saunf - A tasty digestive Tablet in Saunf Flavour.
  - Nature Care Orange (Sugar Free) – A tasty formulation containing Isabgol and orange flavour for constipation without added sugar.
  - Dabur Nature for U range of capsules (Vegetarian) – For general wellness.



## DIRECTORS' REPORT

OTC Pharma products

- Sarbyna Strong - Tablets for symptomatic relief from pain, headache and fever.

Classical Ayurvedic products

- Pind Tail – For burning sensation and joint pain

Besides these initiatives, Healthcare Research has also developed other variants of Hajmola, Honitus lozenges & Flavoured Chyawanprash (for export).

b) Clinical Research & Medical Services

The R&D centre conducts required safety studies as well as proof-of-efficacy studies for its products. One example of recently completed study using modern scientific tools on Dabur Honitus cough syrup is given below:

Efficacy and safety of Dabur Honitus Cough Syrup

A clinical trial on Dabur Honitus Syrup in comparison with an Allopathic Cough Syrup was conducted (CTRI registration number CTRI/2011/05/001768) through a contract clinical research organization at three centers under supervision of the R&D Center. The clinical trial was conducted to evaluate the safety and efficacy of Dabur Honitus Syrup for symptomatic relief of dry cough and throat irritation.

Dabur Honitus Syrup was found to be safe and effective in reducing symptoms related to dry cough and throat irritation. Dabur Honitus Syrup was found to be equally effective with Allopathic Cough Syrup for dry cough and throat irritation, however it was found to be better in safety profile for drowsiness.

c) Analytical Development

- TLC fingerprint Atlas developed to ensure quality of raw materials/formulations as well as batch to batch consistency:
  - Ayurvedic Medicinal Plants – 120 No.'s
  - Ayurvedic Formulations – 60 No.'s
- Developed monographs of following essential oils for IP (Indian Pharmacopoeia) 2012: Basil Oil, Eucalyptus Oil, Lavender Oil, Rosemary Oil and Lemongrass Oil.
- Data generated for Lead, Arsenic, Cadmium and Mercury as per Ayurvedic Pharmacopoeia of India (API) for 90 medicinal plants.
- 20 New analytical methodology developed.
- Analytical assay method of 20 products validated as per ICH guidelines (viz. specificity, linearity, method precision, system precision, ruggedness, LOQ, LOD, recovery, robustness & stability of solution).
- 311 New specifications of raw materials, intermediates & finished products prepared.
- 60 New Standard Test Procedures (STP's) prepared.
- Anti-oxidant capacity data generated for 25 products.
- 8 Papers on analytical methodology & standardization published in national/international journals.

d) Bio Resources Development

- BRD achieved 100% self sufficiency of raw material in critical MAPS like Chirayita, Kustha, Pushkarmool, Manjistha and Daruharidra.
- Other MAPS sp put wastelands into use- for cultivation of Bhumi amalaki (*Phyllanthus amarus*)
- Molecular biology section: achieved DNA fingerprinting for 3 selections of *Plumbago zeylanica*, 4 selections of *Uria picta* and 4 selections of *Desmodium gangeticum*) using 25 RAPD primers.
- From Jeewanti Green House project at Dineshpur, Uttarakhand we shall be able to deliver Quality Planting Material (QPM) for the following critical medicinal and aromatic plants (MAPS) prioritized for greenhouse loading operations presently – *Kuth, Pushkarmool, Ateech, Kutki, Jatamansi, Kapurkachri, Sugandhbala, Chirata, Prishniparni, Shalparni, Jeewanti, Chitrak, Pippali, Anantmool, Punarnava, Guggul, Mandukparni, Bhumi-amaliki and Mulethi*
- In the Pharmacognosy and Phytochemistry Lab, we have characterized, Isolated and purified Active biomarker from Medicinal plants and accomplished Substitution work on Med. Plants (NMPB funded Brihat Panchamoola Project)

Foods:

Broadly the benefits derived are as follows:

Beverages - Combination of fruit with refreshing taste of yoghurt has been developed. For kids who doesn't like to consume milk, exciting options of blend of natural fruits along with goodness of milk that provides protein and calcium, have been developed. Research was carried out in creating varieties of super fruits and providing consumers with the antioxidant goodness of super fruits. Focus was also on packing coconut water in a format that will be available for consumer in the season when it is scarce in the market.

Homme - A hassle free product 'Bhuna Masala', a blend of fried paste of onion and tomato, has been developed. Another product that was worked upon is pizza and pasta sauces. It is a ready to use/cook cheese based preparation for making pasta and pizza sauce at home. It's a blend of best flavors of Italian lifestyle.



Consumer care division : A healthy way in lines of jam using honey as a base has been created. Fun filled jelly candies with hajmola in the center is also being worked upon. Another category being different flavors of glucose along with added goodness of vitamins has been created.

### Home care:

In the Hard surface cleaners category, two new products viz. Sanifresh 10X formulation & Odopic Bar in a new pouch packing were launched. The 10X formula has unique feature of a long lasting fragrance and 10 times better cleaning power than the regular cleaners. The new packing in Odopic bar allowed harmonization of the formulation thereby giving cost savings in raw materials. In the Repellants category, Odomos oil with improved efficacy was re-launched and the clinical safety studies for the same were completed. In Air care segment, Odonil occasions was introduced with new & superior formats of fragrance delivery, development of new longer lasting air freshener sprays was done and were introduced during the year. In the fabric care category Bambi was re launched with an improved formulation and packing.

### Personal Care:

The R&D efforts have lead to the development and launch of following products:

- Dabur Almond Hair Oil
- Uveda Face Scrub
- Uveda Age Renew 5 Cream
- Gold Facial Kit
- Pearl Facial Kit
- Turmeric Body Bleach
- Aloe vera H R Cream
- Dermoviva Skin Creams (4 variants)
- Aloederm F Cream under FEM Pharma
- Vatika Cactus Hair Oil
- Vatika Coconut Hair Oil
- Hamam Zeit Garlic Hair Mask
- Hamam Zeit Anti Dandruff Conditioner
- Babool Flavour value engineering
- Best Care Toothpaste for US (Pvt Label)
- Budget Toothpaste for US (Pvt Label)
- Iodent Flavoured Toothpaste Mint (Pvt Label)
- UEC Flavoured Toothpaste Mint (Pvt Label)

### **3. Future plan of action:**

#### Healthcare:

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.

R&D Centre and Marketing has jointly arrived at newer therapeutic areas for introduction of OTC products in next three years. These therapeutic areas cover the lifestyle disorders as well as gender and age specific healthcare needs. The products would start rolling out from the financial year 2012-2013 from R&D basket. Besides, R&D will continue to improve upon the existing products. Application of new technologies and new efficient equipments in manufacturing to reduce process loss shall also be focus areas in the coming years.

Bio Resources Development programme shall make use of Greenhouse for the purpose of producing and supplying quality planting materials to farmers under the buyback arrangements for the farming produce. In addition the department shall actively pursue long term collaboration with the Department of Forests in Orissa, Gujarat and Chattisgarh for projects on *in situ* resource augmentation.

#### Foods:

Future plans in this category are:

More research activities are being put into creating health based beverages so that along with taste, health arena as well is targeted. Extension of fruit in fruit chips/ purees etc. is also being explored. More variants, which are still unexplored but liked by the consumers is on cards. Other options of culinary paste like Thai gravies and onion paste which will make cooking even more simpler and easy is being created. The division is extending its current range and creating fibre biscuits.

#### Home Care:

Odomos if made available in smaller formats can reach a bigger consumer base, hence newer formats of repellents are being developed. Efforts to make it still long lasting and the option of fragrance variants will also be explored. In air freshener's, the focus is to deliver fragrances at lower cost & added value. Products like car fresheners, longer lasting perfume sprays, fragranced Gels with novel pouch packing & economical packs will be introduced. Sanifresh acidic fragrance variants with toilet protection concepts will be developed to give different choices to the consumers in toilet cleaning. Fabric softeners with long lasting perfume technology will be developed.

#### Personal Care:

New technologies and products will continue to be focused in all the major categories of Personal care for Indian and Overseas business.



**4. Expenditure on R&D (2011-12)**

a) Capital	Rs. 225 lacs
b) Recurring	Rs. 280 lacs
c) Total	Rs. 505 lacs
d) Total R&D expenditure as a percentage of Total Turnover	0.13%

**Technology Absorption, Adoption and Innovation**

- 1. Efforts, in brief, made towards technology absorption, adoption and innovation**      **2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.**

**Energy Conservation and Efficiency improvement**

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>● Use of energy efficient CFL lamps in all plants.</li> <li>● Recycling the Vacuum Pump cooling water for environment saving.</li> <li>● Usage of Natural Gas replacing Furnace Oil / Light Diesel Oil in Boiler / Furnaces.</li> <li>● 100% usage of Herbal Waste as Boiler Feed.</li> <li>● Pipe line modification done in process water line to save 22 KWH / Day.</li> <li>● Heaters used for Maintaining RH in Hajmola section instead of Steam heating – saving 1 L / month.</li> <li>● Maximum use of herbal Waste in Briquette Boiler.</li> <li>● Recirculation of cooling tower water has been done to save water.</li> <li>● Pipe line modification has been done at soft water to save 15 KWH / day.</li> </ul> | <ul style="list-style-type: none"> <li>● Reduction in power usage and thereby reducing cost of production.</li> <li>● Environmental saving</li> <li>● Improved efficiencies and productivity.</li> <li>● Better waste management</li> </ul> |
|---|---|

**Upgradation in manufacturing**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>● Pishti capacity enhanced by 25 % by providing 6 number of tilting kettles and 1 Amla pulping line.</li> <li>● One pulp concentration plant provided to improve productivity</li> <li>● Reengineering done in Steam generation / distribution / consumption.</li> <li>● Sleaving tunnel heating system replaced with finned heater against ceramic heater.</li> <li>● Manual cap pressing technique replaced with automatic cap pressing technique</li> <li>● New Line set up for Anmol packaging &amp; manufacturing with increased production capacity.</li> <li>● 5 number of 11 TR AC's installed at Red toothpaste &amp; Shampoo section for temperature control in summer to ensure healthy environment.</li> <li>● Condensate recovery pump has been installed.</li> <li>● Centralized RO / DM plant installed to cater to the requirement of Unit -1 &amp; Unit -2 in Pantnagar</li> </ul> | <ul style="list-style-type: none"> <li>● Product improvement</li> <li>● Increased productivity</li> <li>● Improved quality</li> <li>● Resulted in cost saving</li> <li>● Reduced Steam consumption</li> <li>● Safe working condition</li> <li>● Healthy environment</li> <li>● Manufacturing and packaging capacity enhanced.</li> <li>● Manpower cost reduced.</li> </ul> |
|--|--|

**Waste Management**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>● Use of ETP (Effluent Treatment Plant) treated water for gardening.</li> <li>● 100% usage of Herbal Waste as Boiler Feed.</li> <li>● Maximum use of Herbal Waste in Briquette Boiler.</li> </ul> | <ul style="list-style-type: none"> <li>● Cleaner environment.</li> <li>● Better waste disposal.</li> <li>● Improved hygiene conditions.</li> </ul> |
|--|--|

**2. 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 |



## AUDITORS' REPORT

To the Members of Dabur India Limited,

We have audited the attached Balance Sheet of Dabur India Limited ('the Company') as at 31st March, 2012 and its Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed 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. As required by the Companies (Auditors' Report) Order 2003, as amended, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of 'the Company' as we considered appropriate and according to the information and explanations given to us, we enclose herewith in the annexure a statement of the matter specified therein.
- 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 account, as required by law have been kept by the Company so far as appears from our examination of books of account.
- iv. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
- v. Balance Sheet and Profit & Loss Account have been prepared in due compliances of Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956.
- vi. On the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors of 'the Company' is disqualified for the Office of the director within the meaning of section 274 (1) (g) of the Companies Act, 1956.
- vii. In our opinion and according to the information and explanations given to us, the said accounts read in conjunction with Schedules 1 to 22 and read with other notes appearing in Schedule "23" 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 Balance Sheet, of the State of Affairs of 'the Company' as at 31st March 2012; and
  - b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) In the case of cash flow statement, of the cash flows for the year ended on that date.

For **G BASU & CO**  
Chartered Accountants  
Firm Registration No. 301174E

**ANIL KUMAR**  
Partner  
Membership No. 9390

Place : New Delhi  
Date : 30th April, 2012

### ANNEXURE TO THE AUDITORS' REPORT AS REFERRED TO IN PARA I OF THE SAID REPORT OF EVEN DATE.

1.
  - a. 'The Company' has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management at reasonable intervals. As informed, no material discrepancies between book records and the physical inventories have been noticed on such verification.
  - c. Fixed assets disposed of during the year were not material enough to affect the going concern identity of the Company.
2.
  - a. The inventories have been physically verified at reasonable intervals during the year by the management.
  - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of the records of inventory, we are of the opinion that 'the Company' is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.



3. 'The Company' has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of 'the Company' and the nature of its business for purchase of inventory and fixed assets and on the sale of goods. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the Company to correct major weakness in internal control system.
5.
  - a. Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which appear reasonable as per information available with 'the Company'.
6. 'The Company' has not accepted any deposits from the public.
7. In our opinion 'the Company' has an internal audit system commensurate with its size and nature of its business.
8. On the basis of records produced we are of the opinion that prima facie cost records and accounts prescribed by the Central Government under section 209 (i) (d) of the Companies Act, 1956 in respect of products of 'the Company' covered under the rules under said section have been maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
9.
  - a. According to information and explanations given to us, 'the Company' is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date of becoming payable.
  - b. There is no disputed due on account of wealth tax and cess. Dues on account of Sales Tax/ Income Tax/ Excise Duty /Service tax disputed by the Company and not being paid, vis-à-vis forums where such disputes are pending are mentioned below:-

Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Sales Tax	Classification of L.D.M.	19.72	1990-91	Pending with High Court
--do--	Classification of L.D.M.	34.19	1991-92	Pending with High Court
--do--	Classification of L.D.M.	35.08	1992-93	Pending with High Court
--do--	Sales Tax on Stock Transfer	28.60	1991-02	Pending before High Court, Patna
--do--	Classification of Hajmola Candy	27.78	1996-97	Pending before High Court, Calcutta
--do--	Classification of Hajmola Candy & Tablet	61.67	1997-98	Pending before Tribunal
--do--	Classification of Hajmola Candy & Tablet	25.96	1998-99	Pending before Tribunal
--do--	Classification of Hajmola Candy & Tablet	39.92	1999-00	Pending before Tribunal
--do--	Classification of Hajmola Candy	9.58	2000-01	Pending before Appellate & Revision Board
--do--	Classification of Hajmola Candy	11.66	2001-02	Pending before Appellate & Revision Board
--do--	Classification of Hajmola Candy	4.44	2002-03	Pending before Appellate & Revision Board
--do--	Classification of Hajmola Candy	5.53	2003-04	Pending before Appellate & Revision Board
--do--	Non submission of Form C	0.85	2003-04	Pending before Appellate & Revision Board
--do--	Classification of Hajmola Candy	5.65	2004-05	Pending before Appellate & Revision Board
--do--	Classification of Hajmola Candy & Tablet	24.47	2005-06	Pending before Tribunal
--do--	Classification of Hajmola Candy & Tablet	81.71	2006-07	Pending before Tribunal
--do--	Disallowed of Export Sales	2.17	2006-07	Pending before Tribunal
--do--	Disallowed of Export Sales	0.37	2007-08	Pending before Appellate & Revision Board
--do--	Disallowed of Export Sales	5.63	2008-09	Appeal pending before Asstt. Commissioner
--do--	Classification of Chywanprash & Isabgol	11.47	2008-09	Appeal pending before Add. Commissioner
--do--	Entry Tax matter	0.49	2003-04	Appeal pending before Asstt. Commissioner
--do--	Entry Tax matter	0.70	2004-05	Appeal pending before Asstt. Commissioner
--do--	Form F not considered	0.77	2010-11	Appeal pending before Asstt. Commissioner
--do--	Classification of Hajmola Candy	7.25	1993-94	Writ Petition filed before High Court
--do--	Classification of Hajmola Candy	7.03	1994-95	Writ Petition filed before High Court
--do--	Classification of Hajmola Candy	7.32	1997-98	Writ Petition filed before High Court
--do--	Classification of Hajmola Candy	13.15	1998-99	Writ Petition filed before High Court
--do--	Disallowed of Export Sales	6.79	2006-07	Pending before Appellate & Revision Board
--do--	Form F matter	0.33	2006-07	Pending before Appellate & Revision Board
--do--	Disallowed of Export Sales	1.51	2007-08	Pending before Appellate & Revision Board
--do--	Short Tax deposited	4.59	2000-01	Under Assessing Authority
--do--	Short Tax deposited	0.82	2001-02	Under Assessing Authority



## AUDITORS' REPORT

Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
<b>Sales Tax</b>	Short collection of Export Certificates	2.31	2003-04	Pending before Appellate & Revision Board
--do--	Dispute on Tax Rate	18.28	1999-00	Pending before Dy. Commissioner
--do--	Dispute on Tax Rate	30.12	2000-01	Pending before Dy. Commissioner
--do--	Sale Enhancement	1.38	2005-06	Pending before Appellate & Revision Board
--do--	Disallowed of Export Sales	6.32	2006-07	Pending before Appellate & Revision Board
--do--	Disallowance of Form C	0.78	2002-03	Appeal pending before Asstt. Commissioner
--do--	Disallowance of Form C	1.89	2003-04	Appeal pending before Asstt. Commissioner
--do--	Disallowance of Form C	2.80	2004-05	Appeal pending before Asstt. Commissioner
--do--	Interest on Turnover Tax & Surcharge	2.85	2001-02	Pending before Tribunal
--do--	Interest on Turnover Tax & Surcharge	3.70	2002-03	Pending before Tribunal
--do--	Interest on Turnover Tax & Surcharge	0.47	2003-04	Pending before Tribunal
--do--	Tax on free issue of CHD Products	13.06	2005-06	Appeal filed with J. Commissioner
--do--	Tax on free issue of CHD Products	12.04	2006-07	Demand raised by D. Commissioner
--do--	Tax on free issue of CHD Products	1.63	2007-08	Demand raised by D. Commissioner
--do--	Form related issues	5.64	2008-09	Demand raised by D. Commissioner
--do--	Dispute on taxability on Chyawanprash	34.72	2006-07	Pending before Dy. Commissioner Appeal
--do--	Dispute on taxability on Chyawanprash	39.71	2006-07	Pending before Dy. Commissioner Appeal
--do--	Dispute on coconut oil	3.95	2005-06	Pending before State High Court - Uttaranchal
--do--	Dispute on coconut oil	0.92	2005-06	Pending before State High Court - Uttaranchal
--do--	Dispute on coconut oil	3.64	2006-07	Pending before State High Court - Uttaranchal
--do--	Dispute on coconut oil	3.52	2007-08	Pending before State High Court - Uttaranchal
--do--	Dispute on coconut oil	54.53	2008-09	Pending before State High Court - Uttaranchal
--do--	Dispute on coconut oil	3.26	2009-10	Pending before State High Court - Uttaranchal
--do--	Dispute on tax rate of Juices	111.44	2004-05	Pending before Delhi Trade & Taxation Authority
--do--	Dispute on Tax Rate	0.14	2008-09	Pending before Delhi Trade & Taxation Authority
--do--	Dispute on Entry Tax	0.30		Appeal filed with Dy. Commissioner Appeals
--do--	Security deposited at Check Post	1.13	2011-12	Pending before the Assessing Authority
--do--	Truck detained at check post.	1.38	2007-08	Pending before Dy. Commissioner-appeal
--do--	Dispute on Form 18A	0.45	1999-00	Pending before Dy. Commissioner-appeal
--do--	Dispute on Local Tax of FEM products	2.00	2008-09	Pending before UP Trade & Taxation Authority
--do--	Dispute on taxability on odonil	2.21	2001-02	Pending before Dy. Commissioner-appeal
--do--	Dispute on taxability on odonil	3.87	2000-01	Pending before Dy. Commissioner-appeal
--do--	Dispute on taxability on odonil	0.90	2001-02	Pending before Dy. Commissioner-appeal
--do--	Damage destruction disallowed and brand issue	0.48	2001-02	Pending before Dy. Commissioner-appeal
--do--	Dispute on Stock Transfer Price	13.61	2001-02	Pending before Dy. Commissioner-appeal
--do--	Dispute on Stock Transfer Price	0.58	2002-03	Pending before Dy. Commissioner-appeal
--do--	Dispute on taxability on odonil	0.22	2002-03	Pending before Dy. Commissioner-appeal
--do--	Transporter related issue	4.20	2006-07	Pending before Dy. Commissioner-appeal
--do--	Truck detained at check post	2.28	2010-11	Pending before Dy. Commissioner-appeal
--do--	Classification of Hajmola Candy & Chyawanprash	19.24	2005-06 & 06-07	Pending before Dy. Commissioner-appeal
--do--	Classification of Hajmola Candy	5.52	2007-08	Pending before Dy. Commissioner-appeal
--do--	Truck detained at check post.	2.23	2004-05	Pending before Dy. Commissioner-appeal
--do--	Truck detained at check post.	1.45	2005-06	Pending before Dy. Commissioner-appeal
--do--	Truck detained at check post.	1.45	2005-06	Pending before Dy. Commissioner-appeal
--do--	Truck detained at check post.	1.45	2005-06	Pending before Dy. Commissioner-appeal
--do--	Dispute on VAT charged on Glucose	26.97	2006-10	Pending before Dy. Commissioner-appeal
--do--	Dispute on VAT charged on Glucose	4.44	2005-10	Pending before Asstt. Commissioner
--do--	Dispute on Excise Information	40.01	2000-01	Pending before High Court
--do--	Penalty on Stock Transfer Price	40.00	2000-01	Pending before Tribunal
--do--	Deposit against Penalty Order	10.07	2008-09	Pending before Addl. Commissioner
--do--	Deposit against Penalty Order	9.23	2009-10	Pending before Addl. Commissioner
--do--	Dispute on Tax Invoices	25.97	2008-09	Appeal filed with Addl. Commissioner
--do--	Non submission of Form C	15.17	2006-07	Appeal filed with Dy. Commissioner
--do--	Non submission of Form F	25.06	2006-07	Appeal filed with Dy. Commissioner
--do--	Truck seized at Sales Tax Barrier	1.08	2008-09	Appeal filed with Sales Tax Board
--do--	Dispute on interest on Entry Tax	52.00	2010-11	Stay from High Court
<b>Income Tax</b>	Demand u/s 143(3)	1.40	2008-09	CIT (A), Delhi
--do--	Demand u/s 158 BFA	7.76	1996-97 to 2002-03	CIT (A) Mumbai
--do--	Demand us/ 201(1A)	0.22	2006-07	--do--
--do--	--do--	286.44	2006-07	--do--
--do--	--do--	2.46	2008-09	--do--
--do--	--do--	1.37	2009-10	--do--
--do--	--do--	19.31	2010-11	--do--
--do--	Classification of Anmol Coco-nut Oil	514.60	1993-2001	Dy. Commissioner Appeals



Name of the Statute	Nature of the dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
<b>Excise Duty</b>	Modvat on Capital goods	0.82	1996	Dy. Commissioner
--do--	Modvat on in-puts (57H)	2.42	1998	Tribunal
--do--	Hajmola Candy	113.07	2004-05	Commissioner Appeals / High Court
--do--	Classification on Animal Feed supplement	174.75	1994-2003	Commissioner Appeals
--do--	Post manufacturing expenses	0.38	2004-05	Commissioner
--do--	Classification of Janma Ghunti	79.86	1994-2000	Commissioner
--do--	Kewra Water	3.00	01/00-02/02	Tribunal
--do--	S Tax on Royalty	125.61	04/01-03/05	Tribunal
--do--	Service tax on ISD	176.77	05/05-06/06	Tribunal
--do--	Service tax on FO	73.47	04/04-12/08	Commissioner Appeals
--do--	Classification of Processed Tamarind	84.85	2004-05	Tribunal
--do--	Mahachandanadi Tail/Erand Tail/Stimilux (Suo Moto Credit)	3.00	05/98-02/02	Tribunal
--do--	Post Manufacturing Expenses	442.96	2002	Commissioner Appeals
--do--	Capital Goods Removal	30.22	2005-06	Tribunal
--do--	Valuation of Docetaxel/Paclitaxel	498.34	1997-2003	Tribunal
--do--	Freight on Wt average	1.91	08/01-10/02	Commissioner
--do--	MOT Charges	4.60	04/03-03/08	Commissioner Appeals
--do--	Classification of Gulabari/Kewra Water/ Shilajit Caps	2261.50	04/07-10/10	Tribunal
--do--	Valuation of Odomos Cream	332.64	01/07 - 04/08	Tribunal
--do--	Chyawanprash Classification	2463.34	1988-2010	Tribunal
--do--	Gulabari/Keora Water/Shilajit	8.60	2006	Tribunal
--do--	PME	0.34	2006	Commissioner (Appeal)
--do--	Modvat on Capital Goods	0.33	1996	- do -
--do--	Refund of Edu/S H Educ Cess	68.04	10/07-07/08	Commissioner Appeals

10. `The Company' does not have accumulated losses at the end of the financial year. `The Company' has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that `the Company' has not defaulted in repayment of dues to any financial institution, bank or debenture holder.
12. `The Company' has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, `the Company' is not a Chit Fund/ Nidhi/ Mutual Benefit Fund/ Society. Accordingly, paragraph 4 (xiii) of the order is not applicable.
14. Based on our examination of the records and evaluations of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and contracts relating to shares, securities, debentures and other investments dealt in by `the Company' and timely entries have been made in the records. We also report that `the Company' has held the shares, securities, debentures and other investments in its own name except for those pending transfer in Company's name.
15. `The Company' has given guarantees for loans taken by others from banks or financial institutions. The terms and conditions there-of are not prima facie prejudicial to the interest of the Company.
16. The term loans taken by `the Company' have been applied for the purpose for which they were raised.
17. No short term fund has been applied for long term purpose.
18. `The Company' has made preferential allotment of shares under their ESOP Scheme to the parties covered in the register maintained under section 301 of the Companies act 1956 during the year. The price at which these shares were issued are not prima-facie prejudicial to the interest of the Company.
19. `The Company' has not issued any secured debentures during the year.
20. `The Company' has not raised any fund through public issue during the year.
21. Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by `the Company' noticed or reported during the year.

For **G BASU & CO**  
Chartered Accountants  
Firm Registration No. 301174E

**ANIL KUMAR**

Partner

Membership No. 9390

Place : New Delhi

Date : 30th April, 2012

**BALANCE SHEET**

as at March 31, 2012

(Rs. in lacs)

Particulars	Schedule No.	As at March 31, 2012	As at March 31, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Share holders' Funds</b>			
a) Share Capital	1	17,421	17,407
b) Reserves and Surplus	2	1,12,906	92,709
<b>2. Non-current liabilities</b>			
a) Long Term borrowings	3	114	551
b) Deferred Tax Liabilities (Net)	4	2,711	1,740
c) Long-term provisions	5	43,177	36,000
<b>3. Current Liabilities</b>			
a) Short-term borrowings	6	27,667	24,650
b) Trade payables ( Read with note no 21 of Schedule 23)		58,511	49,486
c) Other current liabilities	7	5,501	3,777
d) Short-term provisions	8	16,063	14,471
<b>Total</b>		<b>2,84,071</b>	<b>2,40,791</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed Assets	9		
i) Tangible assets		57,819	49,253
ii) Intangible assets		714	503
iii) Capital work-in-progress		1,158	437
iv) Intangible assets under Development		0	0
b) Non-current investments	10	15,948	10,211
c) Long-term loans and advances	11	39,987	32,361
d) Other non-current assets ( Read with note no 18 of Schedule 23)		5,383	8,294
<b>2. Current assets</b>			
a) Current investments	12	39,324	41,738
b) Inventories	13	52,857	46,059
c) Trade receivables	14	22,417	20,246
d) Cash and cash equivalents	15	29,129	19,241
e) Short-term loans and advances	16	14,113	9,134
f) Other current assets	17	5,222	3,314
Notes to Accounts	23		
<b>Total</b>		<b>2,84,071</b>	<b>2,40,791</b>

As per our report of even date attached

**for G. BASU & CO.**  
Chartered Accountants  
Firm Regn No : 301174E

**Dr. Anand Burman**  
Chairman

**P. D. Narang**  
Whole-time Director

**Sunil Duggal**  
Whole-time Director

**Anil Kumar**  
Partner  
Membership Number: 9390

**A. K. Jain**  
Senior G.M. (Finance)  
Cum Company Secretary

Place : New Delhi  
Date : 30th April, 2012



**PROFIT & LOSS ACCOUNT**  
for the year ended March 31, 2012

Financials

(Rs. in lacs)

Particulars	Schedule No.	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>I Revenue from operations</b>	18 (a)	<b>3,75,933</b>	3,28,061
<b>II Other Income</b>	18 (b)	<b>5,335</b>	2,635
<b>III Total Revenue (I +II)</b>		<b>3,81,268</b>	3,30,696
<b>IV Expenses</b>			
Cost of materials consumed		<b>1,48,370</b>	1,27,405
Purchase of stock in trade		<b>59,572</b>	45,491
Changes in inventories of FG, WIP & Stock in trade:			
Finished Goods		<b>(1,878)</b>	(5,778)
Work in Progress		<b>(3,191)</b>	(1,278)
Stock in trade		<b>(864)</b>	(775)
Employee benefits expenses	19	<b>24,337</b>	21,728
Finance costs	20	<b>1,410</b>	1,200
Depreciation and Amortisation expenses	21	<b>6,588</b>	6,790
Other Expenses	22	<b>83,732</b>	76,287
<b>Total Expenses</b>		<b>3,18,076</b>	2,71,070
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>63,192</b>	59,626
<b>VI Exceptional Items</b>		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>63,192</b>	59,626
<b>VIII Extraordinary Items (Refer Note no. 9 )</b>		<b>(4,489)</b>	-
<b>IX Profit before tax (VII - VIII)</b>		<b>58,703</b>	59,626
<b>X Tax expense</b>			
(1) Current tax		<b>11,445</b>	11,940
(2) Deferred Tax	4	<b>934</b>	545
<b>XI Profit/(Loss) for the year from continuing operations (IX - X)</b>		<b>46,324</b>	47,141
<b>XII Earnings per equity share ( before Extraordinary items)</b>			
(1) Basic		<b>2.92</b>	2.71
(2) Diluted		<b>2.90</b>	2.69
<b>XIII Earnings per equity share (after Extraordinary items)</b>			
(1) Basic		<b>2.66</b>	2.71
(2) Diluted		<b>2.64</b>	2.69
Notes to Accounts	23		

As per our report of even date attached

**for G. BASU & CO.**  
Chartered Accountants  
Firm Regn No : 301174E

**Dr. Anand Burman**  
Chairman

**P. D. Narang**  
Whole-time Director

**Sunil Duggal**  
Whole-time Director

**Anil Kumar**  
Partner  
Membership Number: 9390

**A. K. Jain**  
Senior G.M. (Finance)  
Cum Company Secretary

Place : New Delhi  
Date : 30th April, 2012



# STATEMENT OF CASH FLOW

(Pursuant to AS-3) Indirect Method

(Rs. in Lacs)

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	63,192	59,626
Add: Depreciation	3,873	3,773
Loss on Sale of Fixed Assets	37	22
Fixed Assets Discarded/Written Down	50	2
Miscellaneous Exp. Written Off	2,958	3,279
Provision for Contingent Liability	109	
Interest	1,410	1,293
Unrealised Loss on Financial Instruments amortisation Cost	(65)	-
Unrealised Loss / (Gain) in Foreign Exchange	89	72
	<b>8,460</b>	<b>8,441</b>
	<b>71,653</b>	<b>68,067</b>
Less: Interest Received	4,513	1,493
Profit on Sale of Investment	719	951
Profit on Sale of Assets	65	172
	<b>5,297</b>	<b>2,616</b>
Operating Profit Before Working Capital Changes	<b>66,356</b>	<b>65,451</b>
Working Capital Changes		
Increase/(Decrease) in Inventories	6,799	16,214
Increase/(Decrease) in Debtors	1,455	8,738
Increase/(Decrease) in Loans & Advances (Current)	3,718	2,321
Decrease/(Increase) in Trade Payables	(9,546)	(8,437)
Increase/(Decrease) in Working Capital	<b>2,426</b>	<b>18,836</b>
Cash Generated from Operating Activities	<b>63,930</b>	<b>46,615</b>
Tax Paid	<b>11,918</b>	<b>11,461</b>
<b>Cash Used(-)/(+)Generated for Operating Activities (A)</b>	<b>52,012</b>	<b>35,154</b>
<b>B. Cash Flow from Investing Activities</b>		
Acquisition of Fixed Assets	(14,239)	(7,456)
Sale of Fixed Assets	245	310
Purchases of Investment	(3,34,500)	(4,76,299)
Interest Received	3,670	1,044
Proceed of Sale of Investments	3,27,566	4,60,179
Repayment (-)/Proceeds(+) from Loan to Subsidiaries	(1,600)	(660)
<b>Cash Used(-)/(+)Generated for Investing Activities (B)</b>	<b>(18,858)</b>	<b>(22,882)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital & Premium	7	14
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	(585)	(510)
Repayment(-)/Proceeds(+) from Short Term Loans	991	(276)
Repayment(-)/Proceeds(+) from other Unsecured Loans	1,981	15,417
Payment of Dividend	(20,859)	(19,522)
Corporate Tax on Dividend	(3,390)	(3,252)
Interest Paid	(1,411)	(1,293)
<b>Cash Used(-)/(+)Generated in Financing Activities (C)</b>	<b>(23,266)</b>	<b>(9,422)</b>
<b>Net Increase(+)/Decrease (-) in Cash and Cash Equivalents (A+B+C)</b>	<b>9,888</b>	<b>2,850</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>19,241</b>	<b>16,391</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>29,129</b>	<b>19,241</b>
<b>Cash and Cash Equivalents (Year end)</b>		
Balances with banks	29,098	19,208
Cheques / drafts in hand	2	6
Cash-in-Hand	29	27

As per our report of even date attached

**for G. BASU & CO.**

Chartered Accountants  
Firm Regn No : 301174E

**Anil Kumar**

Partner  
Membership Number: 9390

Place : New Delhi

Date : 30th April, 2012

**Dr. Anand Burman**

Chairman

**P. D. Narang**

Whole-time Director

**Sunil Duggal**

Whole-time Director

**A. K. Jain**

Senior G.M. (Finance)  
Cum Company Secretary

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 1 - Share Capital**

## (a) Particulars of Shares

Class of Shares		Face value of one share	Authorised Capital		Issued, Subscribed & Fully Paid up		Number of shares held by entities each holding more than 5 % of total stake
			Total No. of Shares	Total Value	Total No. of Shares	Total Value	
Equity Shares	As at March 31, 2012	Re. 1	2000000000	20000	1742100854	17421	Chowdry Associates - 217934000 VIC Enterprises Private Limited - 217734000 Gyan Enterprises Pvt. Ltd. - 202237980 Puran Associates Private Limited - 189212000 Ratna Commercial Enterprises Pvt. Ltd. - 154960930 Milky Investment and Trading Company - 106140970
	As at March 31, 2011	Re. 1	(2000000000)	(20000)	(1740723798)	(17407)	Chowdry Associates - 217934000 VIC Enterprises Private Limited - 217734000 Gyan Enterprises Pvt. Ltd. - 202237980 Puran Associates Private Limited - 189212000 Ratna Commercial Enterprises Pvt. Ltd. - 154960930 Milky Investment and Trading Company - 106040970

Note: There is no restriction on transferability of shares

**Equity Shares (no.)**

	As at March 31, 2012	As at March 31, 2011
(b) Reconciliation of number of shares outstanding at the beginning and end of the year.		
Shares issued & subscribed as on 01/04/2011	<b>1740723798</b>	867585830
Add: Issued during the year towards:		
Bonus Issue	<b>0</b>	870361899
ESOP	<b>1377056</b>	1391449
Merger / Amalgamation	<b>0</b>	1384620
Shares issued & subscribed as on 31/03/2012	<b>1742100854</b>	1740723798
(c) Particulars for submission for a continuing period of 5 years		
A) Aggregate number of shares allotted as fully paid up without payment being received in cash	<b>1384620</b>	1384620
B) Aggregate numbers of shares allotted as fully paid bonus share	<b>870361899</b>	1157407450
C) Aggregate number and class of shares bought back	0	0
(d) Others		
i) Shares reserved for issue under options contracts / commitment for sale for shares / disinvestment*	<b>18287210</b>	19627230
ii) Term therein	Options granted to an employee is subject to cancellation under circumstances of his cessation of employment with the company on or before vesting date.	

\* Relates to options granted under "Employees Stock Option Scheme"

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 2 - Reserve & Surplus**

	Details	As at March 31, 2012	Details	As at March 31, 2011
Capital Reserve:				
Opening Balance	2,678		2,544	
Add: Addition during the year	14	2,692	134	2,678
Securities Premium Reserve:				
Opening Balance	1,074		0	
Add: Addition during the year	1,219	2,293	1,074	1,074
Investment Revaluation Reserve:	78	78	0	0
(Addition during the year pertaining to transitional adjustment towards financial assets - held for sale under AS - 30)				
ESOP Outstanding:				
Opening Balance	11,681		1,455	
Add: Addition during the year	928		11,511	
	12,609		12,966	
Less: depletion during the year	881		211	
Less: allotted during the year	1,219	10,509	1,074	11,681
General Reserve:				
Opening Balance	5,854		9,558	
Add: Transitional adjustment towards financial assets & liabilities under AS - 30 (net off deferred tax Rs. 37)	76		0	
	5,930		9,558	
Add: Transferred from surplus	5,000		5,000	
	10,930		14,558	
Less: Transferred to surplus	7	10,923	8,704	5,854
Surplus / (Deficit):				
Opening Balance	71,422		52,691	
Add: Profit/(Loss) for the year	46,324		47,141	
Transferred from general reserve	7		8,704	
Total	1,17,753		1,08,536	
Less: Bonus shares	7		8,704	
Transferred to General Reserve	5,000		5,000	
Transferred to Capital Reserve	14		134	
Interim Dividend	9,581		8,704	
Proposed Final Dividend	13,066		11,315	
Final Dividend for earlier years	0		-25	
Corporate Tax on Final Dividend	2,120		1,836	
Corporate Tax on Interim Dividend	1,554	86,411	1,446	71,422
<b>Total</b>		<b>1,12,906</b>		<b>92,709</b>

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 3 - Long term Borrowings**

Sl. No.	Nature of Borrowing	Period	Total	Secured	Unsecured	Nature of Security	Rate of Interest
i)	Foreign Currency Term Loans from Bank	As at March 31, 2012	0	0	0	First charge on Land, Plant & Machinery and Movable Assets of Nashik Unit and Fixed Assets of Research & Development Division.	0.5% + Libor
		As at March 31, 2011	(269)	(269)	0		
ii)	Deffered payment Liability	As at March 31, 2012	0	0	0	Hypothecation of Machines	12%
		As at March 31, 2011	(70)	(70)	0		
iii)	Deferred Sales Tax Liabilities	As at March 31, 2012	114	0	114		NIL
		As at March 31, 2011	(212)	0	(212)		
	Total	As at March 31, 2012	114	0	114		
		As at March 31, 2011	(551)	(339)	(212)		

Note: 1. There is no default in repayment of principal loan or interest thereon.

2. No Guarantee Bond has been furnished against any loan.

3. Repayment Schedule:

	Deferred Payment Liability (Amount)	Deferred Sales Tax Liabilities (Amount)	Foreign Currency Term Loans (Amount)
For 2012-2013	70	50	269
For 2013-2014	0	46	0
For 2014-2015	0	37	0
For 2015-2016	0	26	0
For 2016-2017	0	14	0

**Schedule 4 - Deferred Tax Liabilities (Net)**

	As at March, 31 2012	As at March, 31 2011
<b>Deferred Tax Liability :</b>		
Depreciation	5,067	3,868
Restatement of Financial Assets/Liabilities	37	
<b>Less: Deferred Tax Assets :</b>		
Provision for Disputed Liabilities	75	54
Provision for Service Benefits	1,511	1,619
Provision for Doubtful Advances	28	27
Provision for Doubtful Debts	404	375
Unrealized loss on Financial Instruments	18	
Others	357	53
<b>Net Deferred Tax Liability</b>	<b>2,711</b>	<b>1,740</b>
(Decrease)/Accretion in Deferred Tax Liability	971	545
Charged to Opening general reserve against transition provision under AS 30	37	-
<b>Deferred Tax Liability provided during the year</b>	<b>934</b>	<b>545</b>

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 5 - Long term provisions**

	As at March 31, 2012	As at March 31, 2011
For diminution in value of long term investments	27	27
For Retirement Benefits of Directors'	4,012	4,095
For Taxation	39,138	31,878
<b>Total</b>	<b>43,177</b>	<b>36,000</b>

**Schedule 6 - Short term Borrowings**

SI. No.	Nature of Borrowings	Period	Total	Secured	Unsecured
i)	Cash Credit from Banks	As at March 31, 2012	1912	1912	0
		As at March 31, 2011	(922)	(922)	0
ii)	Loan from Banks	As at March 31, 2012	15000	0	15000
		As at March 31, 2011	(21000)	0	(21000)
iii)	Packing Credit Loan from Banks	As at March 31, 2012	10301	0	10301
		As at March 31, 2011	(2319)	0	(2319)
iv)	Security Deposits	As at March 31, 2012	454	0	454
		As at March 31, 2011	(409)	0	(409)
	<b>Total</b>	As at March 31, 2012	27667	1912	25755
		As at March 31, 2011	(24650)	(922)	(23728)

- Note: 1. There is no default in repayment of principal loan or interest thereon.  
2. No Guarantee Bond has been furnished against any loan.  
3. Cash Credits are secured by hypothecation of inventories and book debts among bankers in consortium eg. Punjab National Bank, Standard Chartered Bank Ltd, Hongkong & Shanghai Banking Corporation Ltd., Royal Bank of Scotland, IDBI Bank Ltd, Citi Bank N.A. and HDFC Bank Ltd.

**Schedule 7 - Other Current Liabilities**

	As at March 31, 2012	As at March 31, 2011
Component of term loan repayable within a year	389	543
Unpaid dividends	401	364
Advances from Customers	1,088	373
Interest accrued but not due on loans	0	1
Statutory Liabilities	3,623	2,496
<b>Total</b>	<b>5,501</b>	<b>3,777</b>

**Schedule 8 - Short term Provisions**

	As at March 31, 2012	As at March 31, 2011
For Leave Encashment	137	199
For Gratuity Payable	471	906
For Post Separation benefit of Directors'	38	39
For Liability Disputed	231	176
For Proposed Dividend	13,066	11,315
For Dividend Tax	2,120	1,836
<b>Total</b>	<b>16,063</b>	<b>14,471</b>



# SCHEDULE

annexed to and forming part of the Balance Sheet as at March 31, 2012

Financials

## Schedule 9 - Fixed Assets

(All amounts in Indian Rupees in lacs except share data)

Sl. No.	Particulars of Assets	Gross Block				Depreciation / Amortisation				Net Block			
		Gross Cost / Value as on 01.04.11	Acquisition	Business Combination	Other Addition	Total as on 01.04.11	for the year	Impairment Loss	Reversal of Impairment Loss	Sale / Adjustment during this year	Total as on 31.03.12	W.D.V as on 31.03.12	W.D.V as on 31.03.11
i)	<b>Tangible Assets</b>												
	Land: Leasehold	970	-	-	-	970	10	-	-	105	865	875	
	Land: Freehold	3,697	-	-	-	3,697	-	-	-	-	3,697	3,697	
	Building	27,821	4,314	-	212	32,345	779	-	-	6,490	25,855	22,108	
	Plant & Equipment	33,905	6,772	-	190	40,305	2,267	-	-	15,754	24,551	19,957	
	Furniture & Fixtures	3,314	181	-	2	3,446	176	-	-	2,287	1,159	1,161	
	Vehicles	1,328	407	-	-	1,382	190	-	-	661	721	649	
	Office Equipment	3,483	440	-	-	3,609	259	-	-	2,638	971	806	
	Other (specify)	0	-	-	-	0	-	-	-	-	0	0	
	<b>Total</b>	<b>74,518</b>	<b>12,114</b>	<b>-</b>	<b>404</b>	<b>85,754</b>	<b>3,681</b>	<b>-</b>	<b>1,011</b>	<b>27,935</b>	<b>57,818</b>	<b>49,253</b>	
ii)	<b>Intangible Assets</b>												
	Goodwill	-	-	-	-	-	-	-	-	-	-	-	
	Brands/Trademarks	1,176	103	-	103	1,279	86	-	-	934	345	328	
	Computer Software	994	296	-	-	1,290	106	-	-	921	369	175	
	<b>Total</b>	<b>2,170</b>	<b>399</b>	<b>-</b>	<b>399</b>	<b>2,569</b>	<b>192</b>	<b>-</b>	<b>4</b>	<b>1,855</b>	<b>714</b>	<b>503</b>	
iii)	<b>Capital Work-in-progress</b>	<b>437</b>	<b>1,125</b>	<b>-</b>	<b>-404</b>	<b>1,158</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,158</b>	<b>437</b>	
	<b>Grand Total (i+ii+iii)</b>	<b>77,125</b>	<b>13,638</b>	<b>-</b>	<b>0</b>	<b>89,481</b>	<b>3,873</b>	<b>-</b>	<b>1,015</b>	<b>29,790</b>	<b>59,691</b>	<b>50,193</b>	
	Previous Year	69,664	9,010	-	9,010	77,125	3,773	-	469	26,932	50,193		

Note: Leasehold Land relates to:

- 94620 sq yards of land at Sahibabad taken on lease for a period of 90 years in the year of 1972.
- 1059 sq yards of land at Sahibabad taken on lease for a period of 90 years in the year of 1985.
- 6508 sq mtrs of land at Alwar taken on lease for a period of 99 years in the year of 1981.
- 58 Kanals of land at Jammu taken on lease for a period of 90 years in the year of 2002.
- 294.82 Katha of land at Pithampur taken on lease for a period of 30 years in the year of 1997.
- 7972 sq mtrs of land at Nashik taken on lease for a period of 95 years in the year of 1990.
- 3000 sq mtrs of land at Kaushambi taken on lease for a period of 90 years in the year of 1996.
- 16122.35 sq mtrs of land at Sandhila taken on lease for a period of 30 years in the year of 1997.
- 100.53 acres of land at Sandhila taken on lease for a period of 99 years in the year of 1999.
- 3640 sq mtrs of land at Mumbai taken on lease for a period of 99 years in the year of 1964.
- 67968.75 sq mtrs of land at Rudrapur taken on lease for a period of 90 years in the year of 2004.

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 10 - Non-Current Investments**

	As at March 31, 2012	As at March 31, 2011
A) <u>Trade Investment:</u>		
I) Investment in equity Instruments		
<u>Fully paid:</u>		
Forum I Aviation Ltd .(Joint Venture)	456	456
Sanat Products Ltd.	105	105
Dabon International Ltd. (Joint Venture)	27	27
Shivalik Solid Waste Management Ltd	2	2
II) Investment in partnership firm		
Balsara International	0	49
B) <u>Investment in subsidiaries in fully paid equity instruments</u>		
Dabur International Ltd.	5,949	4,466
H & B Stores Ltd.	361	4,850
Dermoviva Skin Essentials Inc.	254	254
C) <u>Other Investments:</u>		
I) Investment in equity investment		
<u>Fully paid:</u>		
Commerce Centre Co-operative Housing Society Limited	0	0
Capexil (Agencies) Limited	0	0
Dabur Employees Consumers Co-op Stores Limited	0	0
Dabur Employees Co-operative Credit Society Ltd	0	0
Co-operative Stores Limited, Super Bazar	0	0
Saraswat Co-op Bank Ltd	0	0
II) Investment in Government or Trust Shares / Securities		
National Saving Certificates	2	2
Kisan Vikas Patra	0	0
Power Finance Corporation	2,957	0
Rural Electrification Corporation	3,855	0
NHAI Bonds	381	0
Indian Railway Finance Corporation	1,599	0
<b>Total</b>	<b>15,948</b>	10,211
Note: 1 a) Aggregate cost of quoted investment	8,714	0
b) Aggregate market value of quoted investment	8,792	0
c) Aggregate amount of unquoted investments	7,156	10,211
2 Provision for dimunition in carrying amount of non-current-investment (forming part of long term provision)	27	27

**Schedule 11 - Long term Loans & Advances**

Advance Payment of Tax	Considered good	39,987	32,361
<b>Total</b>		<b>39,987</b>	32,361

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 12 - Current Investments**

	As at March 31, 2012	As at March 31, 2011
<b>Other than trade investment:</b>		
I) Investment in non convertible debentures		
A) RHC Holding Ltd.	2,500	0
B) Reliance Capital Limited	1,000	1,000
II) Investment in Mutual funds		
A) Deutsche Assets Management	0	964
B) Taurus Mutual Fund	2,301	0
C) L&T Mutual Fund	204	0
D) JP Morgan Mutual Fund	0	1,000
E) Principal Mutual Fund	4,036	
F) Reliance Mutual Fund	2,319	
G) IDFC Mutual Fund	0	202
H) HDFC Mutual Fund	289	
I) JM Financial Mutual Fund	0	1,500
J) Fidelity Mutual Fund	0	500
K) Bank of Baroda Pioneer Investments	3,081	3,706
L) Peerless Mutual Fund	0	500
III) Certificate of Deposits		
A) ING Vysya Bank	0	4,874
B) ICICI Bank	0	2,416
C) Punjab National Bank	0	2,397
D) AXIS Bank	0	2,337
E) Dena Bank	0	1,884
F) Dhanlaxmi Bank Limited	0	1,359
G) Corporation Bank	0	960
H) State Bank of Patiala	0	914
I) Dhanlaxmi Bank Limited	0	905
J) Punjab & Sind Bank Limited	5,689	0
IV) Commercial Papers		
A) Religare Finvest Ltd	0	2,431
B) JM Financial Products Limited	5,651	2,413
C) JM Financial Services Pvt. Ltd.	0	2,371
D) Reliance Capital Limited	0	2,366
E) Reliance Capital Limited	4,721	1,872
F) Religare Finvest Ltd	0	972
G) Religare Finvest Ltd	0	969
H) Religare Finvest Ltd	7,533	926
<b>Total</b>	<b>39,324</b>	<b>41,738</b>
Note: a) Aggregate cost of quoted investment	12,165	8,373
b) Aggregate market value of quoted investment	12,231	8,400
c) Aggregate amount of unquoted investments	27,093	33,365

**Schedule 13 - Inventories**

Raw Materials	22,274	21,407
Work-in-Progress	9,626	6,435
Finished goods	16,593	14,715
Stock-in-trade	4,320	3,456
Stores & Spares	44	46
<b>Total</b>	<b>52,857</b>	<b>46,059</b>

Note: Finished goods include stock-in-transit for Rs. 862, previous year Rs. 326

**Schedule 14 - Trade Receivables**

	Details As at March 31, 2012	Details As at March 31, 2011
<b>Unsecured:</b>		
Debts outstanding for a period of above 6 month		
Considered good	329	110
Considered doubtful	1,246	1,215
	1,575	1,325
Less: Provision for doubtful debts	1,246	1,215
Other debts: considered good	329	110
<b>Total</b>	<b>22,088</b>	<b>20,136</b>
<b>Total</b>	<b>22,417</b>	<b>20,246</b>

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 15 - Cash & Cash Equivalents**

	As at March 31, 2012	As at March 31, 2011
Balances with Banks	29,098	19,208
Cheques / drafts in hand	2	6
Cash-in-Hand	29	27
<b>Total</b>	<b>29,129</b>	<b>19,241</b>

Note: Balances with banks include -

a) Balance in unpaid dividend account	401	364
b) Bank deposit maturing after 12 months	3,001	0
c) Other commitment (Fixed Deposits pledged with Govt Authorities)	8	10

**Schedule 16 - Short term Loans & Advances**

	Details	As at March 31, 2012	Details	As at March 31, 2011
<b>Unsecured:</b>				
Capital Advance	Considered good	1,354		755
Loans & Advances to Related Parties	Considered good	2,650		1,050
Advances to Suppliers	Considered good	6,355	4,095	
	Considered Doubtful	86	86	
		6,441	4,181	
	Less: Provision for doubtful advance	86	86	4,095
Advances to Employees	Considered good	265	201	
	Considered Doubtful	20	20	
		285	221	
	Less: Provision for doubtful advance	20	20	201
Balance with Excise Authorities	Considered good	2,068		2,088
Other Loans & Advances	Considered good	1,421		945
<b>Total</b>		<b>14,113</b>		<b>9,134</b>

Additional Disclosure as per Clause 32 of the Listing Agreement:

	As at March 31, 2012	As at March 31, 2011
<b>a) Loans and advances to domestic subsidiary</b> (interest free and without stipulation of repayment)		
H & B Stores Ltd		
- Amount outstanding	2,650	1,050
- Maximum amount Outstanding during the year	2,650	1,050
<b>b) Loans and advances to foreign subsidiaries</b>		
(i) Dermoviva Skin Essentials INC (USA)		
- Amount outstanding	0	0
- Maximum amount outstanding during the year	0	390
- Rate of interest	0	3% pa plus libor
(ii) Dabur International Ltd.		
- Amount outstanding	0	0
- Maximum amount outstanding during the year	0	26,854
- Rate of interest	0	2.50% pa plus libor

**Schedule 17 - Other Current Assets**

Unsecured & considered good:		
Interest accrued on FD's, CP's, CD's and Government Bonds	1,356	514
Deposit with Govt. Authorities	742	900
Deposit with others	1,259	1,117
D.E.P.B & V.K.U.I Incentives	730	759
Income tax refund due	970	
Other Assets	165	24
<b>Total</b>	<b>5,222</b>	<b>3,314</b>

**SCHEDULE**

annexed to and forming part of Profit &amp; Loss Account for the year ended March 31, 2012

Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 18 (a) - Revenue from Operations**

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A Sale of Products</b>	<b>3,78,149</b>	3,29,536
Domestic	<b>3,59,735</b>	3,15,207
Export	<b>18,414</b>	14,329
<b>B Sale of Services</b>	<b>41</b>	61
<b>C Other Operating Revenues</b>	<b>1,615</b>	1,563
Capital Subsidy	<b>0</b>	6
Export Subsidy	<b>766</b>	431
Sale of Scrap	<b>654</b>	575
Miscellaneous Receipts	<b>195</b>	551
<b>D Less: Excise Duty</b>	<b>(3,872)</b>	(3,099)
<b>Total</b>	<b>3,75,933</b>	3,28,061

**Schedule 18 (b) - Other Income**

	For the year ended March 31, 2012	For the year ended March 31, 2011
A Interest Income (TDS Rs. 264, Previous Year Rs. 84)	<b>4,513</b>	1,493
B Dividend Income	<b>38</b>	19
C Net gain/(loss) on sale of Current Investments (other than trade)	<b>719</b>	951
D Gain on Sale of Fixed Assets	<b>65</b>	172
<b>Total</b>	<b>5,335</b>	2,635

**Schedule 19 - Employee Benefits Expenses**

A Salaries, Wages and Bonus	<b>20,708</b>	18,000
B Contribution to Provident and Other Funds	<b>1,627</b>	1,642
C Workmen and Staff Welfare	<b>983</b>	1,250
D Director's Remuneration	<b>1,018</b>	835
E ESOP Expenses	<b>1</b>	1
<b>Total</b>	<b>24,337</b>	21,728

**Schedule 20 - Finance Cost**

A Interest Expense	<b>1,184</b>	1,067
B Bank Charges	<b>156</b>	226
C Net (gain)/loss on foreign currency transaction	<b>(19)</b>	(186)
D Net (gain)/loss on translation of Foreign Currency Borrowing	<b>89</b>	93
<b>Total</b>	<b>1,410</b>	1,200

**Schedule 21 - Depreciation & Amortisations**

Depreciation on Tangible Fixed Assets	<b>3,681</b>	3,496
Amortisation of Intangible Fixed Assets	<b>191</b>	277
Amortisation of Deferred Employee Compensation under ESOP	<b>2,715</b>	3,017
<b>Total</b>	<b>6,587</b>	6,790



## SCHEDULE

annexed to and forming part of Profit & Loss Account for the year ended March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

### Schedule 22 - Other Expenses

	For the year ended March 31, 2012	For the year ended March 31, 2011
Provision for Doubtful Advances	0	5
Power and Fuel	4,641	4,239
Stores and Spares consumed	1,345	1,172
Repair to Building	368	281
Repair to Plant and Machinery	448	423
Repair to Others	737	678
Processing Charges	2,074	2,098
Rates and taxes	372	348
Rent	2,156	1,537
Insurance	361	286
Sales Tax	308	289
Freight and Forwarding Charges	7,196	6,287
Commission, Discount and Rebate	3,287	3,166
Advertisement and Publicity	39,766	39,019
Travel and Conveyance	3,318	3,007
Legal and Professional	1,537	2,159
Telephone and Fax Expenses	382	355
Security Expenses	560	446
General Charges	13,440	9,198
Director's Fees	12	13
Auditor's Remuneration	87	78
Donation	830	715
Contribution to Scientific Research	9	30
Research & Development Expenditure	271	338
Provision for Doubtful Debts	31	96
Loss on Sale of Fixed Assets	37	22
Fixed Assets Written Down	50	2
Provision for Liabilities disputed	109	0
<b>Total</b>	<b>83,732</b>	<b>76,287</b>



(All amounts in Indian Rupees in lacs except share data)

**SCHEDULE – 23 Accounting Policies & Notes to Accounts****A. ACCOUNTING POLICIES**

Significant accounting policies are summarized below:

**1. Accounting Convention:**

The accounts have been prepared in accordance with the historical cost convention (except for specifically excluded treatment of accounts referred to in B 16(a) under accrual basis of accounting as per Indian GAAP. Accounts and disclosures thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncements of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable.

Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liabilities pertaining to year, the financial statements relate to. Actual result could differ from such estimates. Any revision in accounting estimate is recognized prospectively from current year and material revision, including its impact on financial statement, is reported in notes to accounts in the year of incorporation of revision.

**2. Fixed Assets and Depreciation:**

- a. Fixed assets are stated at carrying amount i.e. subject to deduction of accumulated depreciation.
- b. Cost includes inward freight, duties, taxes and other expenses incidental to acquisition and installation.
- c. Depreciation on Fixed Assets has been provided on straight line method at rates specified in Schedule XIV of the Companies Act and as per the useful lives of the assets estimated by the management when useful life of the assets is deemed less except for part of 5/1 Unit Sahibabad, Alwar unit and Narenderpur unit and for Motor Vehicles where depreciation has been provided for on written down value methods at the rates specified in the aforesaid Schedule.
- d. Fixed Assets purchased for less than Rs. 5000/- have been depreciated at the rate of 100%.
- e. Patents and trademarks are being amortized over the period of ten years on straight line basis.
- f. Softwares are being amortized over the period of five years on straight line basis.
- g. For New Projects, all direct expenses and direct overheads (excluding services provided by employees in Company's regular payroll) are capitalized.
- h. Capital Subsidy received against fixed capital outlay is deducted from gross value of individual fixed assets, forming part of subsidy scheme granted, by way of proportionate allocation of subsidy amount thereon. Depreciation is charged on net fixed assets after deduction of subsidy amount.
- i. During sale of fixed assets, any profit earned towards excess of sale value over gross block of assets, is transferred from profit & loss account to capital reserve.

**3. Impairment /discarding of assets:**

The Company identifies impairable fixed assets based on cash generating unit concept for tangible fixed assets and asset specific concept for intangible fixed assets at the year-end in term of clause 5 to 13 of AS –28 and clause 83 of AS- 26 respectively for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, is charged against revenue of the year.

Apart from test of impairment within the meaning of AS 28, individual tangible fixed assets of various CGU's are identified for writing down on the ground of obsolescence, damage, redundancy & un-usability at the year end.

**4. Financial Assets & Liabilities:****a. Financial assets held for trading:**

These assets relate to equity instruments, mutual funds held for short term which are carried at fair value. The difference of cost and fair value is accounted for as loss or income, forming part of transitional provisions, adjustable against opening balance of General Reserves.

**b. Financial assets available for sale:**

These relate to non-current investments eg. Equity Instruments/ Government Securities held for long term carried at fair value. The difference between cost and fair value is accounted for in investment revaluation reserve forming part of equity.

**c. Other financial Assets/Liabilities – Loans, Receivables, Payables:**

These include all remaining items of assets and liabilities, (excluding equity, fixed (tangible & intangible) assets inventories and specific exemptions referred to in note 4(g) to follow), being carried at amortized cost. The difference between unamortized value and amortized value is accounted for as a loss or income, forming part of transitional provisions, adjustable against opening balance of revenue reserves.



## SCHEDULE

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(All amounts in Indian Rupees in lacs except share data)

No amortization is made for financial assets/ liabilities bearing floating rate of interest or where amortization has immaterial impact on profitability in AS - 30.

### **d. Financial Instruments:**

These relate to off - balance sheet exposure towards foreign exchange of the nature of currency fluctuation or forward contract, being mark to market, entered into with the object of hedging against adverse currency fluctuations (not being for trading and speculation) in respect of import/export commitments.

Financial Instruments are held at fair value and the profit or loss arising on year closing date on account of difference between contract rate and exchange rate (the latter being the fair value) on open contracts is recognized as profit or loss of the year appearing under broad head of "Finance Cost".

- e. Fair value of financial assets – held for trading is determined on the basis of market quotation/NAV issued by investees. In the absence of scope of determination of fair value, same are held at cost.
- f. Amortized cost is carried at by way of discounting future cash inflow/outflow in respect of relevant asset/liability as on reporting date against application of effective rate of interest.
- g. Interest in subsidiaries/associates/joint venture, employees related dues, obligation under financial lease (in the capacity of lessee/ lessor) have been left out of the purview of treatments referred to for financial assets/liabilities because of different accounting standards dealing with them.
- h. No amortized value of fiscal provision or advance tax has been considered because of period of uncertainty of their adjustment.

### **5. Investments in Subsidiaries, Joint Ventures and Associates:**

These are held for long term and valued at cost reduced by diminution of permanent nature therein, if any.

No profit or losses of subsidiaries are accounted for.

### **6. Deferred Entitlement on LTC :**

In terms of the opinion of the Expert Advisory Committee of the ICAI, the Company has provided liability accruing on account of deferred entitlement towards LTC in the year in which the employees concerned render their services.

### **7. Inventories:**

Stocks are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

- a. Raw materials, Packing materials, Stores & Spares : Moving weighted Average Basis
- b. Work-in-process : Cost of input plus overhead upto the stage of completion.
- c. Finished goods : Cost of input plus appropriate overheads.

### **8. Research and Development Expenses:**

Contributions towards scientific research expenses are charged to the Profit & Loss Account in the year in which the contribution is made.

### **9. Retirement Benefits:**

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

#### **a. Defined Benefit Plans :**

- i) Leave Salary of employees on the basis of actuarial valuation as per AS 15 (revised).
- ii) Post separation benefits of directors, which is of the nature of long term benefit, on the basis of actuarial valuation as per AS 15 (revised).
- iii) Gratuity Liability on the basis of actuarial valuation as per AS 15 (revised)

#### **b. Defined Contribution Plans:**

- i) Liability for superannuation fund on the basis of the premium paid to insurance company in respect of employees covered under Superannuation Fund Policy.
- ii) Provident fund & ESI on the basis of actual liability accrued and paid to trust / authority.

#### **c. VRS, if paid, is charged to revenue in the year of payment.**

### **10. Recognition of Income and expenses:**

- a. Sales and purchases are accounted for on the basis of passing of title to the goods.
- b. Sales comprise of sale price of goods including excise duty but exclude trade discount and sales tax / VAT.



# SCHEDULE

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Financials

(All amounts in Indian Rupees in lacs except share data)

- c. All items of incomes and expenses have been accounted for on accrual basis except for those income stipulated for recognition on realization basis on the ground of uncertainty under AS-9 or income or expenses referred to in appropriate paragraphs of A (4) above.

## 11. Income Tax & Deferred Taxation:

The liability of Company on account of income tax is estimated considering the provisions of the Income Tax Act, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years.

## 12. Contingent Liabilities:

Disputed liabilities and claims against the Company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.), pending in appeal/court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

## 13. Foreign Currency Translation:

- a. Transactions in foreign currencies are recognized at rate of overseas currency ruling on the date of transactions. Gain / Loss arising on account of rise or fall in overseas currencies vis-a-vis reporting currency between the date of transaction and that of payment is charged to Profit & Loss Account.
- b. Receivables/payables (excluding for fixed assets) in foreign currencies are translated at the exchange rate ruling at the year end date and the resultant gain or loss, is accounted for in the Profit & Loss Account.
- c. Increase / decrease in foreign currency loan on account of exchange fluctuation are debited / credited to profit and loss account.
- d. Impact of exchange fluctuation is separately disclosed in notes to accounts.

## 14. Employee Stock Option Purchase (ESOP):

Aggregate of quantum of option granted under the scheme in monetary term (net of consideration of issue to be paid in cash) in terms of intrinsic value has been shown as Employees Stock Option Scheme outstanding in Reserve and Surplus head of the Balance Sheet with corresponding debit in deferred Employee Compensation under ESOP appearing as Miscellaneous Expenditure under broad head of non-current assets as per guidelines to the effect issued by SEBI.

- a. With the exercise of option and consequent issue of equity share, corresponding ESOP outstanding is transferred to share premium account.
- b. Employees' contribution for the nominal value of share in respect to option granted to employees of subsidiary Company is being reimbursed by subsidiary companies to holding Company.

## 15. Merger / Amalgamation:

Merger / Amalgamation (of the nature of merger) of other Company / body corporate with the Company are accounted for on the basis of purchase method, the assets / liabilities being incorporated in terms of values of assets and liabilities appearing in the books of transferor entity on the date of such merger / amalgamation for the purpose of arriving at the figure of goodwill or amalgamation reserve.

## 16. Miscellaneous Expenditure:

- Deferred Employees Compensation under ESOP is amortized on straight line basis over vesting period.
- Share issue expenses and research fee paid to technical collaborators are charged to revenue in the year of its occurrence

## B. NOTES TO ACCOUNTS

- 1. Building constructed on leasehold land included in the value of building shown in Fixed Assets Schedule:

	As at March 31, 2012	As at March 31, 2011
Cost/Revalued	18745	17832
Written Down	14718	14220



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(All amounts in Indian Rupees in lacs except share data)

2. Loans and Advances include Rs.49 (Previous year Rs.49 ) paid by the Company to Excise authorities on behalf of Sharda Boiron Laboratories Limited, now known as SBL Limited, in respect of excise duty demand of Rs. 68 raised by the District Excise Officer, Ghaziabad, against the Company and Sharda Boiron Laboratories Limited. The Hon'ble Supreme Court of India had concurred with the order of the District Excise Officer, Ghaziabad.

The Company had filed the review petition before Division Bench of the Hon'ble Supreme Court of India, which was also decided against the Company. Pursuant to the indemnity bond executed by M/s Sharda Boiron Laboratories Limited in favour of the Company and as per the terms and conditions of the contract executed with them, the recovery proceedings have been initiated by the Company against Sharda Boiron Laboratories Limited for Rs. 49 by invoking the arbitration clause. The matter is pending before Hon'ble High Court of Delhi for the appointment of an arbitrator. The balance amount of Rs. 21 along with interest demanded by the Excise Authorities has been paid directly by Sharda Boiron Laboratories Limited to Excise Authorities. During the year 1991-92 the Company had received a refund of Rs. 6, pursuant to the decision of Hon'ble Supreme Court in this regard. Necessary adjustments in respect of recovery/refund will be made as per the arbitration proceedings.

3. a. Further to para A (3) above, Company has assessed recoverable value of each cash generating units (CGUs) and each intangible assets based on value-in-use method. Such assessment indicated the value in use of corresponding assets higher than corresponding carrying cost of assets thereby ruling out the cause of further arriving at their net-selling-price and exigency of provision against impairment loss.
- b. CGUs include Narenderpur plant, Sahibabad plant, each of plants situated at Nashik /Baddi/Jammu, Rudrapur Plant, Silvasa Plants, Pitampur Plant, Kanpur Plant, Alwar Plant, Newai Plant and Jalpaiguri Plant.
- c. Annual discount rate considered for arriving at value-in-use of assets of each CGUs is 7.50% i.e the average interest rate of external borrowing plus risk factor @ 2.00 % per annum.
- d. Plant & Machinerries worth Rs. 50 lacs (previous year Rs. 2 lacs) in terms of written down value have been discarded on the ground of losing utility.

4. Contingent Liabilities :

- a. Claims against the Company not acknowledged as debts:

- i. In respect of civil suits filed against the Company Rs. 770 (previous year Rs. 772)
- ii. In respect of claims by employees Rs. 44 (previous year Rs. 30)
- iii. In respect of excise duty disputes pending with various judicial authorities Rs. 7611 (previous year Rs. 5035).
- iv. In respect of Sales Tax under appeal Rs. 1070 (previous year Rs. 1202)
- v. In respect of Income tax under appeal Rs. 319 (previous year Rs. 940)
- vi. In respect of letters of credit Rs. 390 (previous year Rs. 179)

- b. Guarantees given:

In respect of Guarantees furnished by the Company Rs. 122303 (previous year Rs. 93172)

- c. Information pursuant to AS 29:

Brief particulars of provisions on disputed liabilities:

Nature of Liability	Particular of dispute	Opening Liability	Provision made during the year	Provision adjusted during the year	Closing Provision	Forum where the dispute is pending
VAT	Short payment of VAT	41	0	41	0	
Sales Tax	Classification of Laldant Manjan	36	0	0	36	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	0	1	0	Appeal filed before the D.C. Appeal
Entry Tax	Entry tax on car	1	0	0	1	
Sales Tax	Classification of Hajmola Candy	28	0	0	28	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	29	0	0	29	Pending before High Court
Sales Tax		10	0	10	0	
Excise	Hajmola Candy classification matter	0	109	0	109	Tribunal
Excise	Capital Goods removal	30	0	0	30	DC appeal
		<b>176</b>	<b>109</b>	<b>54</b>	<b>231</b>	

- i) Resulting outflows against above liabilities, pending before Sales Tax DC/Tribunal/CCT's, if mature, are expected to be in succeeding financial year.



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- ii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.
- iii) Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in para 4 (a) and 4 (b) above.

5. Commitments: Estimated Amount of contract remaining to be executed on capital Account Rs. 1665 (Previous year Rs. 2725)

### 6 A. Expenditure in Foreign Currency:

- Professional, Consultation Fees & Others
- Others (Travelling, Conveyance & administration)
- Royalty

	31-03-2012	31-03-2011
	193	403
	84	58
	10	09
	287	470

### B. CIF Value of Imports:

- Raw Materials
- Stores & Spares (Including packing material)
- Capital Goods

	31-03-2012	31-03-2011
	1,773	1,340
	80	28
	1,217	631
	3,070	1,999

### C. Earning in Foreign Exchange:

- Export sales at FOB
- Interest Income

	31-03-2012	31-03-2011
	16,719	13,169
	-	247

### D. Value of raw materials, Packing Material consumed:

	Raw Material				Packing Material				Stores & Spares consumed			
	31.03.2012		31.03.2011		31.03.2012		31.03.2011		31.03.2012		31.03.2011	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Imported	854	0.92%	724	0.94%	48	0.09%	38	0.08%	79	5.87%	0	0.00%
Indigenous	92,200	99.08%	76,610	99.06%	55,268	99.91%	50,033	99.92%	1266	94.13%	1172	100.00%
	93,054	100.00%	77,334	100.00%	55,316	100.00%	50,071	100.00%	1345	100%	1172	100%

### E. Net Dividend remitted in foreign currency:

	2011-12	2010-11
Amount of dividend remitted	5	5
The year to which dividend relates	2011-12	2010-11
Total number of non-resident shareholder	155	163
Total number of shares held by them on which dividend was due	888000	708500

### 7a) Particulars of major items of raw material:

Item	Purchase		Consumption	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
Coconut Oil	7,699	6,089	7,911	5,695
Paradichlorobenzene	2,907	1,925	2,781	1,859
Light Liquid Parafin	7,293	5,463	7,399	5,196
Gold	2,162	1,735	2,094	1,714
Sorbitol Solution 70 % IP	2,129	2,165	2,125	2,067
Amla Green	1,107	1,003	1,139	1,068
Others	68,486	54,144	69,605	59,735
<b>Total</b>	<b>91,783</b>	<b>72,523</b>	<b>93,054</b>	<b>77,334</b>



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### b) Particulars of stock in trade:

Item	Purchase	
	As at March 31, 2012	As at March 31, 2011
Hair Oils	496	277
Tooth Powder & Paste	3,123	4,057
Hajmola	2,417	2,543
Fruits, Nector & Drinks	19,692	16,170
Vegetable Pastes	530	366
Others	33,315	22,077
<b>Total</b>	<b>59,572</b>	<b>45,491</b>

### c) Closing stock of work in progress:

Item	As at	
	March 31, 2012	March 31, 2011
Chyawanprash	80	78
Asava - Arishta	490	393
Hair Oils	441	392
Hajmola	118	205
Tooth Powder & Paste	353	434
Honey	236	282
Others	7,907	4,651
<b>Total</b>	<b>9,626</b>	<b>6,435</b>

8. The Company's freehold land situated at Sahibabad measuring about 7.58 acres was acquired by U.P. Government under Land Acquisition Act and the State Government had allotted and given possession of about 4.72 acres of land on lease to the Company in lieu of acquired land. The Company has filed a claim for compensation of Rs. 572 before the Office of Special Land Acquisition Officer, Ghaziabad against the land so acquired. However, keeping in view the generally accepted accounting practice, the said claim has not been considered in the books of accounts.
9. Extra ordinary items relates to investment in H&B Stores limited, a wholly owned subsidiary, written off on account of Honorable High Court Delhi approving investee's application for reduction for share capital against cancellation of 448938127 number of equity shares of Re 1 each not being represented by tangible/ intangible assets.

### 10. Employee related Dues :

Particulars		Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director	Total
<b>A. Defined Benefit Plan</b>					
<b>Expenses recognized during the period:</b>					
A. Past Service Cost		0	0	0	0
B. Current Service Cost	CY	280	181	120	581
	PY	273	185	122	580
C. Interest Cost	CY	236	81	351	668
	PY	208	68	278	554
D. Expected return on Plan Assets	CY	(168)	(68)	0	(236)
	PY	(130)	(47)	0	(177)
E. Accumulated Loss/Gain	CY	(296)	(107)	(298)	(701)
	PY	(210)	(70)	217	(63)
F. Total expenses recognized during the year (A+B+C+D+E)	CY	52	87	173	311
	PY	140	137	616	893



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Particulars		Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director	Total
<b>B. Reconciliation of opening &amp; closing balances of obligations :</b>					
I. Obligation as on 01.04.2011	CY	2776	957	4133	7866
	PY	2767	910	3700	7377
II. Past service cost	CY	0	0	0	0
	PY	0	0	0	0
III. Current service cost	CY	280	181	120	580
	PY	273	185	122	580
IV. Interest cost	CY	236	81	351	668
	PY	208	68	278	554
V. Actuarial Gain/ (Loss)	CY	(189)	(48)	(298)	(535)
	PY	(315)	(61)	217	(159)
VI. Settlement	CY	(150)	(176)	(257)	(583)
	PY	(157)	(145)	(182)	(484)
VII. Obligation as on 31.03.2012	CY	2953	995	4049	7997
	PY	2776	957	4133	7866
<b>C. Change in Plan Assets :</b>					
(Reconciliation of opening and closing balances)					
I. Fair Value of Plan Assets as on 01.04.2011	CY	1870	758	0	2628
	PY	1442	522	0	1964
II. Expected Return on Plan Assets	CY	168	68	0	236
	PY	130	47	0	177
III. Actuarial Gain/ (Loss)	CY	108	59	0	167
	PY	(105)	8	0	(97)
IV. Employer Contribution	CY	485	150	0	635
	PY	560	326	0	886
V. Settlement	CY	(150)	(176)	0	(326)
	PY	(157)	(145)	0	(302)
VI. Fair value of Plan Assets as on 31.03.2012	CY	2481	859	0	3340
	PY	1870	758	0	2628
<b>D. Closing obligation vis-à-vis planned assets</b>					
(i) Obligation as on 31.03.2012	CY	2953	995	4049	7997
	PY	(2776)	(957)	(4133)	(7866)
(ii) fair value of planned assets as on 31.03.2012	CY	2481	859	-	3340
	PY	(1870)	(758)	(-)	(2628)
	CY	471	137	4050	4657
	PY	(906)	(199)	(4134)	(5238)
E. Investment detail of plan assets as on 31.03.2012:	100% in reimbursement Insurance Company for fund managed by it				
F. Actuarial Assumption :					
Discount rate (%)					8.50%
Estimated rate of return on plan assets (%)					9.00%
Salary escalation ratio inflation (%)					10.00%
Method	Project unit credit method.				
G. The basis used for determination of expected rate of return is average return on long term investment in Government bonds					
H. The estimate of future salary increase take in-to account regular increment, promotional increases and Inflationary consequence over price index.					



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- I. Demographics assumptions take in to account mortality factor as per LIC (1994-96) ultimate criteria, employees and normal retirement age at 58.
- J. Particulars on planned assets have been ascertained on the basis of last confirmation from Insurance Company.
- K. CY - Current year, PY - Previous year
- L. **Defined Contribution Plan :**  
Company's contribution to different defined contribution plans :-

	2011-12	2010-11
Provident Fund	854	753
Employees State Insurance	129	116
Employees Superannuation Fund	357	334

### 11A. Related party Disclosures

#### Related party disclosures as required under AS 18 :

##### (a) Related parties where control exists :

H & B Stores Limited	- (Domestic Wholly Owned Subsidiary)
Dermoviva Skin Essentials Inc.	- (Foreign wholly Owned Subsidiary)
Asian Consumercare Pvt Ltd., Dhaka	- (Foreign Subsidiary)
Dabur Nepal Pvt. Ltd., Nepal	- (Foreign Subsidiary)
Dabur Egypt Ltd., Egypt	- (Foreign Wholly Owned Subsidiary)
Dabur (UK) Ltd., UK	- (Foreign Wholly Owned Subsidiary)
Dabur International Ltd., UAE	- (Foreign Wholly Owned Subsidiary)
Weikfield International (UAE) LLC	- (Foreign Subsidiary)
African Consumercare Limited, Nigeria	- (Foreign Wholly Owned Subsidiary)
Asian Consumercare Pakistan (Pvt) Ltd., Pakistan	- (Foreign Subsidiary)
Naturelle LLC, UAE	- (Foreign Wholly Owned Subsidiary)
Dabur Egypt Trading Ltd., Egypt	- (Foreign Wholly Owned Subsidiary)
Hobi Kozmetik	- (Foreign Wholly Owned Subsidiary)
Ra Pazarlama	- (Foreign Wholly Owned Subsidiary)
Namaste Laboratories	- (Foreign Wholly Owned Subsidiary)
Hair Rejuvenation & Revitalization Nigeria Ltd.	- (Foreign Wholly Owned Subsidiary)
Healing Hair Lab International LLC, USA	- (Foreign Wholly Owned Subsidiary)
Urban Lab International LLC, USA	- (Foreign Wholly Owned Subsidiary)
Dabur Lanka (Pvt.) Ltd, Sri Lanka	- (Foreign Wholly Owned Subsidiary)

##### (b) Other related parties in transaction with the Company:

###### (I) Joint venture /Partnership

Forum 1 Aviation Limited.

###### (II) Key management personnel

###### ( Whole time directors)

1. P. D. Narang
2. Sunil Duggal
3. Pradip Burman (upto 31.01.2012)

###### (III) Entities over which Key Management Personnel are able to exercise significant influence:

- 1 Sanat Products Ltd (upto 31.01.2012)

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**11B. Related Party Transactions as on 31.03.2012**

	Subsidiary	JV/ Partnership	Key Management Personnel	Entity Under Significant Influence	Total	Outstanding as on 31.03.2012
<b>(A) Profit &amp; Loss a/c *</b>						
1. Purchase of Goods	<b>29706</b> (21960)	<b>0</b> (-)	<b>0</b> (-)	<b>341</b> (264)	<b>30047</b> (22224)	<b>35</b> (46)
2. Sale of Goods	<b>5023</b> (3610)	<b>0</b> (-)	<b>0</b> (-)	- (-)	<b>5023</b> (3610)	<b>1766</b> (1147)
3. Royalty Expense	<b>10</b> (9)	- (-)	- (-)	- (-)	<b>10</b> (9)	<b>19</b> (9)
4. General Expenses	<b>0</b> (-)	<b>439</b> (452)	- (-)	- (-)	<b>439</b> (452)	<b>49</b> (37)
5. Interest Received on Loan	<b>9</b> (247)	- (-)	- (-)	- (-)	<b>9</b> (247)	<b>0</b> 0
6. Rent Paid	- (-)	- (-)	- (60)	- (-)	<b>0</b> (60)	<b>0</b> (0)
7. Remuneration/Exg./ Pension	- (-)	- (-)	<b>1018</b> (746)	- (-)	<b>1018</b> (746)	<b>0</b> (-)
8. Employee Stock Option Scheme	<b>244</b> (262)	- (-)	<b>1290</b> (1357)	- (-)	<b>1533</b> (1619)	<b>0</b> (1619)
9. Interest Received on Sec. Deposit	- (-)	<b>2</b> (2)	- (-)	- (-)	<b>2</b> (2)	<b>0</b> 0
<b>(B) Balance Sheet*</b>						
10. Loan Given	<b>1600</b> (27904)	-	-	-	<b>1600</b> (27904)	<b>2650</b> (1050)
11. Repayment of Loans given	<b>0</b> (27244)	- (-)	- (-)	- (-)	<b>0</b> (27244)	<b>0</b> 0
12. Investment	<b>(4,489)</b> (-)	- (-)	- (-)	- (-)	<b>(4,489)</b> (-)	<b>7,125</b> (9,569)
13. Equity Contribution	<b>1483</b> (326)	- (-)	- (-)	- (-)	<b>1483</b> (326)	<b>7125</b> (9570)
14. Security Deposit	- (-)	- (-)	- (-)	- (-)	- (-)	<b>38</b> (38)
<b>(C) Off Balance Sheet Item</b>						
15. Guarantees & Collaterals	<b>29189</b> (87199)	<b>0</b> (-)	- (-)	- (-)	<b>29189</b> (87199)	<b>121690</b> (92501)

\*Previous Balance as on 31.03.2011

- A. Item referred to in 1 above includes Purchases from Dabur Nepal Pvt. Ltd. And Dabur International Ltd. Rs.29451 and Rs.186 (Rs. 21719 & 241) respectively.
- B. Item referred to in 2 above includes Sales to, Dabur International Ltd., Weikfield International (UAE) Ltd., Naturelle LLC, African Consumer Care Ltd., Asian Consumer Care Pakistan (Pvt) Ltd. Rs. 774, Rs. 354, Rs.1448, Rs. 540, and Rs.805 respectively (Rs. 651, Rs. 421, Rs. 869, Rs. 661, & Rs. 384 respectively).
- C. Items referred to in 5 above includes Interest received on loan given to Dermoviva Skin Essentials Inc. and Dabur International Limited, Rs. 9 and Rs. Nil respectively (Rs. 1 & Rs. 246).
- D. Item referred to in 10 above relates to loan given to Dabur International Rs.Nil (26854) and H & B Stores Ltd. Rs.2650 (Rs. 1050).
- E. Item referred to in 11 above relates to loan repaid by Dabur International Rs.Nil (26854) and Dermoviva Skin Essentials Inc. Rs.Nil (Rs.390).
- F. Items referred to in 15 above includes Guarantees & Collaterals to Dabur Egypt, Naturelle LLC, Asian Consumer Care Pakistan Ltd., Asian Consumer Care Pvt. Ltd., Dermoviva Skin Essentials INC., Dabur International Ltd., Dabur Lanka (Pvt) Ltd. and Forum 1 Aviation Ltd. Rs. 3372, Nil, Nil, Nil, Rs. 54940, Rs. 59103, Rs. 3561 & Rs. 714 respectively (Rs.1492, Nil, Nil, Nil, Rs. 45259, Rs. 45036, Nil & Rs. 714), which also includes adjustment due to exchange rate fluctuation.
- G. Figures in bracket relate to Previous year.



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12. Partner, Holding 1% share of the firm Balsara International, a partnership firm wherein investment of the Company amounted to Rs. 49 (99% share ), resigned during the year, with his share of dues been paid off. Being reduced to the status of sole proprietary firm, it became imperative to consolidate the assets and liabilities therein in Company's account merged herein, in this connection, are net fixed assets Rs. 22, Cash and Bank balances Rs. 2, Advance Tax Rs. 33 and Trade Creditors Rs. 7. Excess of investment over net assets inherited, working out of Rs. 16, has been charged off to General Charges.

### 13. Auditors Remuneration

	For the Year ended	
	31/03/2012	31/03/2011
Audit Fees	55	43
Certification and Others	11	16
Reimbursement of Expenses	21	17
<b>Total</b>	<b>87</b>	<b>76</b>

14. Exchange gain works out to Rs. 2275 (Previous Year Rs. 93) and exchange loss Rs. 2345 (Previous year Rs. 2027) and their net impact has been debited to Profit & Loss Account under the head "Finance Cost".

15. Information pursuant to AS 19 issued by ICAI relating to operating lease:

i) The future minimum lease payment under non-cancelable operating lease :-	Not Later than	Later than 1 year not	Later than 5 year
	1 year	later than 5 year	
Building & Machine	38	13	0
	(39)	(30)	(0)
Cars	57	78	0
	(46)	(66)	(0)

- ii) Lease rent debited to Profit & Loss account of the year. Rs. 67 (Previous year Rs. 58)
- iii) Irrevocable lease agreement relates of flat & vehicle, lease period not exceeding five years in respect of any arrangement.
- iv) Figures in bracket relate to previous year.

### 16. AS 30, 31 & 32:

- a. Pursuant to implementation of AS 30, 31 and 32 all assets and liabilities excluding equity, fixed assets (tangible and intangible), inventories and specific exceptions referred to in accounting policy no. A (4) of schedule 23 have come to be recognized within the purview of financial assets and financial liabilities. This also includes off balance sheet exposures in derivative instruments referred to in accounting policy no. A(4)(d), schedule 23. This read with deferred tax and impairment provision on tangible and intangible assets, marks departure from historic concept of accounts otherwise followed by the Company.
- b. Financial assets/liabilities available for sale are of the nature of loans, receivables and payables, (not being receivable/payable in short term context), call for measurements at amortized value as defined in accounting policy no. 4 (b). Schedule 23 unless amortized value does not materially differ from unamortized value or assets /liabilities are held at floating rate of interest.

Effective rate of interest applicable for arriving at discounted value of relevant liabilities & assets as on date, hereby described as amortized value, has been considered on the basis of appropriate Government Bond rate ruling as on 31-03-2012 i.e. 8.4%. Such benchmarking of effective rate is attributed to expected cognizance taken by government of the market risk, commodity price index, foreign exchange reserve, inflationary & deflationary impact on internal rates & cyclic / non cyclic fluctuations in fiscal & monetary system for the purpose of arriving at the rate of bond.

- c. Implementation of AS 30, 31 & 32 led to change in the treatment of financial assets / liabilities / instruments which during the year added to the opening General reserve, deferred tax liability and investment revaluation reserve by Rs. 76, Rs. 37 & Rs. 78 respectively with consequent rise in current investment, non-current investment by Rs. 65 and Rs. 78 respectively and decline in long term borrowing by Rs. 48.



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d. Particulars on financial assets/liabilities where fair value/amortized cost differ from book balance.

	Original value / contract rate	Fair value	Amortized value	Profit/ (loss)	Head of account profit/(loss) being accounted for
<b>A. Financial Assets</b>					
a. Held for Trading					
Equity Instruments					Opening General Reserve
Mutual Funds	12,165	12,231		65	----do----
Other Listed Securities					----do----
b. Available for Sale					
Government Bond	8,714	8,792		78	Investment Revaluation Reserve
<b>B. Financial Liabilities</b>					
Long term Borrowing	212	164		48	Opening General Reserve
<b>C. Financial Instruments</b>					
a. Instrument hedging adverse currency fluctuation against Off Balance Exposure in Foreign Currency	0	10		10	Finance Cost
b. Instrument hedging adverse currency fluctuation against borrowing in foreign currency	0	(63)		(63)	Finance Cost

e. This being the first financial year of implementation of above accounting standard figures of previous years are not applicable for table in 'b' above.

f. Unrealized hedging loss forming part of financial assets of Rs. 53 against off balance sheet exposure appear in the current liabilities in the balance sheet.

g. Value of equity instruments, financial assets not carried at fair value except for those having negligible impact or bearing floating rate of interest .

Rs. 107 towards non-current investment

Rs. 3000 of term deposit with bank maturing little after one year.

h. All financial assets and financial liabilities, not being referred to in above table, being short term in nature and not tradable in primary or secondary market, have been carried at unamortized cost.

i. This being the first year of implementation of AS 30, 31 & 32 question of change in market value, fair value and market risk vis a vis previous year does not occur.

j. The Company has no exposure involving credit risk included inloan or receivable.

k. Rs. 8 of fixed deposit is pledged with government authorities towards excise bond.

l. Outstanding overseas exposure hedged by forward option/ contract against adverse currency fluctuation:

		Foreign Currency	Local Currency	Nature of risk hedged
i) Packing Credit Loan	CY	USD	203	INR 10,265 Adverse currency
	PY	USD	52	INR 2,308 Fluctuations
ii) Off balance sheet exposure towards sale instrument of foreign exchange	CY	USD	33	INR 1,664 Adverse currency
	PY	USD	52	INR 2,326 Fluctuations

m. Outstanding overseas exposure not being hedged against adverse currency fluctuation:

i) Export Receivable	CY	EUR	2	INR 132	
	PY	EUR	4	INR 227	
	CY	GBP	1	INR 34	
	PY	GBP	1	INR 34	
	CY	USD	74	INR 3,603	
	PY	USD	62	INR 2,772	
ii) Overseas Creditors	CY	AED	23	INR 291	
	PY	AED	23	INR 220	
	CY	AUD	1	INR 18	
	PY	AUD	1	INR 25	
	CY	EUR	2	INR 165	
	PY	EUR	1	INR 7	
	CY	GBP	0	INR 1	
	PY	GBP	0	INR -	
	iii) Foreign Currency Loan	CY	JPY	433	INR 269
		PY	JPY	1,299	INR 702



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### 17. Investment in Joint Venture Information (pursuant to AS-27) :

- (a) The Company is a party to joint venture agreement controlling the management of Forum 1 Aviation Limited, a domestic jointly controlled corporate entity (JCE) with part of its operation akin to jointly controlled operation, the main object of the JCE being maintenance of aircraft for use of venturers or otherwise. The contributions of venturers are towards capital build up of the JCE and periodic contribution towards cost of maintenance of air craft. Variable component of cost of maintenance is borne by user of the aircraft in proportion to their actual usage and fixed component is shared by all the venturers in proportion to their capital contribution. The participation of the venturers in the affairs of the management of the JCE is through representation in the composition of Board of Directors as agreed in share holder's agreement.
- (b) Share of the Company in assets, outside liability, net worth, income and expenses not being accounted for herein works out to Rs. 1011 (Previous year 1219), Rs. 441 (Previous year 553), Rs. 114 (Previous year 173), Rs. 396 (Previous year 422) and Rs. 362 (Previous year 357) respectively in respect of year under audit as per un-audited accounts of the JCE.
- (c) Stake of the Company in terms of percentage of total subscribed and paid up capital of JCE is 14.28%. Said amount (Rs. 456) appears under investment head in balance sheet of the Company.
- (d) Company's commitment towards revenue expenditure of the JCE amounting to Rs. 439 (Previous year Rs. 452) has been charged to profit and loss account under the head general charges.
- (e) The Company has furnished guarantee bond for Rs. 714 (previous year Rs. 714) in respect of borrowing availed by the JCE for acquisition of aircraft which forms part of para B 4 (b)(i) of this schedule.
- (f) No income from said investment, unless realized in cash, is recognized in this stand alone account.

### 18. Other Non Current Assets:

This includes miscellaneous expenditure as follows:

	As at March 31, 2012	As at March 31, 2011
Miscellaneous Expenditure		
Deferred Employee Compensation under ESOP		
Opening balance	8,294	273
Addition during the year	928	11,511
Less : Cancelled during the year	881	211
	8,341	11,573
Less: Amortisation related to Subsidiary	243	262
Less: Amortised during the year	2,715	3,017
<b>Total</b>	<b>5,383</b>	<b>8,294</b>

### 19. (a) Movement of provision for doubtful debts

	For the year ended on March 31, 2012	For the year ended on March 31, 2011
Opening Provision	1,215	1,194
Provision made during the year	31	96
	1,246	1,290
Excess provision withdrawn	0	56
Charged to Bad Debts (off the Balance Sheet)	0	19
Closing Provision	1,246	1,215

### (b) Movement of provision against inventories (netted with the value of inventories)

Opening provision	200	200
Provision made during the year	130	0
	330	200
Charged off during the year	200	0
Closing Provision	130	200



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Financials

(All amounts in Indian Rupees in lacs except share data)

### (c) Movement of provision tax

	For the year ended on March 31, 2012	For the year ended on March 31, 2011
Opening provision	31,878	23,288
Provision made during the year (net off excess provision written back during the year Rs. 766, previous year Nil)	11,445	11,940
	<b>43,324</b>	35,228
Adjustment during the year with advance tax	4,186	3,350
Closing Provision	<b>39,138</b>	31,878

### 20. Earnings per Share :

	2011-12	2010-11
A. Profit after Tax (after adjustment of tax for earlier years)	46324	47141
Less/Add : Extraordinary Expenses / Income	4489	
B. Profit before consideration of Extraordinary items	50813	47141
Weighted average no. of shares outstanding		
Basic	1741680390	1740375960
Diluted	1752664018	1749664278
Earnings per share (of face value of Re 1/-)		
Basic	2.92	2.71
Diluted	2.90	2.69
C. After consideration of Extraordinary items	46324	47141
Profit after tax (after adjustment of tax for earlier years)		
Weighted average no. of shares outstanding		
Basic	1741680390	1740375960
Diluted	1749664278	1749664278
Earnings per share (of face value of Re 1/-)		
Basic	2.66	2.71
Diluted	2.64	2.69

21. Trade Payables include Creditors for goods and services.
22. Information pursuant to AS-17 issued by ICAI (Refer Page no. 104).
23. Amount due to Micro & Small enterprises under MSMED Act, 2006 is Rs. 566 (previous year Rs. 172). Identification of such enterprises have been made on the basis of their disclosure in correspondences, bills to the effect as mandated for them. No interest liability has been accrued on account of default in payment to relevant enterprises like previous year.
24. Sale of Services Rs. 41 CY relate to hiring charges paid by customers for using Company's machines.
25. (a) Figures for the previous year have been rearranged/ regrouped as and when necessary in terms of current year's grouping.  
(b) Figures are rounded off to nearest rupees lacs.

Signatures to the Schedules " 1 " to " 23 " Annexed to and forming part of the Accounts.

As per our report of even date attached

**for G. BASU & CO.**  
Chartered Accountants  
Firm Regn No : 301174E

**Dr. Anand Burman**  
Chairman

**P. D. Narang**  
Whole-time Director

**Sunil Duggal**  
Whole-time Director

**Anil Kumar**  
Partner  
Membership Number: 9390

**A. K. Jain**  
Senior G.M. (Finance)  
Cum Company Secretary

Place : New Delhi  
Date : 30th April, 2012



## SCHEDULE

annexed to and forming part of the Accounts for the year ended March 31, 2012

### 22. Information Pursuant to AS - 17 Issued by ICAI.

(All amounts in Indian Rupees in lacs except share data)

	Consumer Care Business		Foods		Others		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>REVENUE</b>										
External Sales	3,06,341	2,74,833	53,434	43,795	14,502	7,809			3,74,277	3,26,437
Inter-segment sales										
<b>Total Revenue</b>	<b>3,06,341</b>	<b>2,74,833</b>	<b>53,434</b>	<b>43,795</b>	<b>14,502</b>	<b>7,809</b>			<b>3,74,277</b>	<b>3,26,437</b>
<b>RESULT</b>										
Segment result	77,842	77,020	9,686	8,134	367	239			87,895	85,393
Unallocated corporate expenses							27,806	25,967	27,806	25,967
<b>Operating profit</b>	<b>77,842</b>	<b>77,020</b>	<b>9,686</b>	<b>8,134</b>	<b>367</b>	<b>239</b>	<b>(27,806)</b>	<b>(25,967)</b>	<b>60,089</b>	<b>59,426</b>
Interest expense							1410	1,293	1,410	1,293
Interest income							(4,513)	(1,493)	(4,513)	(1,493)
Income Tax(Current + Deferred)							12,379	12,485	12,379	12,485
<b>Profit from ordinary activities</b>	<b>77,842</b>	<b>77,020</b>	<b>9,686</b>	<b>8,134</b>	<b>367</b>	<b>239</b>	<b>(37,082)</b>	<b>(38,252)</b>	<b>50,813</b>	<b>47,141</b>
Extraordinary item							(4,489)		(4,489)	
Minority Interest										
<b>Net profit</b>	<b>77,842</b>	<b>77,020</b>	<b>9,686</b>	<b>8,134</b>	<b>367</b>	<b>239</b>	<b>(41,571)</b>	<b>(38,252)</b>	<b>46,324</b>	<b>47,141</b>
<b>OTHER INFORMATION</b>										
	<b>As on 31/03/12</b>	<b>As on 31/03/11</b>	<b>As on 31/03/12</b>	<b>As on 31/03/11</b>	<b>As on 31/03/12</b>	<b>As on 31/03/11</b>	<b>As on 31/03/12</b>	<b>As on 31/03/11</b>		
Segment assets	89,287	69,792	15,924	11,587	13,031	2,489			1,18,242	83,868
Unallocated corporate assets							1,60,446	1,48,601	1,60,446	148,601
<b>Total assets</b>	<b>89,287</b>	<b>69,792</b>	<b>15,924</b>	<b>11,587</b>	<b>13,031</b>	<b>2,489</b>	<b>1,60,446</b>	<b>1,48,601</b>	<b>2,78,688</b>	<b>232,469</b>
Segment liabilities	13,030	12,470	1,137	466	10,007	84			24,174	13,020
Unallocated corporate liabilities							1,29,566	1,17,628	1,29,566	117,628
<b>Total liabilities</b>	<b>13,030</b>	<b>12,470</b>	<b>1,137</b>	<b>466</b>	<b>10,007</b>	<b>84</b>	<b>1,29,566</b>	<b>1,17,628</b>	<b>1,53,740</b>	<b>130,648</b>
<b>Capital Expenditure</b>	<b>10,017</b>	<b>4,250</b>	<b>445</b>	<b>671</b>	<b>270</b>	<b>149</b>	<b>3,507</b>	<b>2,386</b>	<b>14,239</b>	<b>7,456</b>
Depreciation	2,078	2,005	403	389	255	247	1,137	1,132	3,873	3,773
Non-cash expenses other than depreciation							2,715	3,017	2,715	3,017



## CONSOLIDATED FINANCIAL STATEMENTS

### AUDITOR'S REPORT

The Board of Directors,  
Dabur India Limited,

We have audited the attached consolidated balance sheet of Dabur India Limited group, as at 31st March, 2012 and also the consolidated profit and loss account and the consolidated cash flow statement for the 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 prepared, in all material aspects, in accordance with an identified financial reporting frame work and 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.

Also consolidated herein on proportionate basis in application of AS-27 is the unaudited accounts of Forum I Aviation Limited, a domestic jointly controlled corporate entity, the parent company being one of the joint venturers therein. Proportionate total net assets, profit and net cash inflow amounting to Rs. 570 lacs, Rs. 34 lacs and Rs. 7 lacs respectively of the jointly controlled corporate entity have been consolidated with this financial statement on the basis of accounts of said entity as certified by it's management which has not been audited by us.

We report that the 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 issued by the Institute of Chartered Accountants of India.

Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:-

- a) In the case of the consolidated balance sheet, of the state of affairs of Dabur India Ltd. group as at 31st March, 2012;
- b) In the case of the consolidated profit and loss account, of the profit of Dabur India Limited group for the year ended on that date; and
- c) In the case of the consolidated cash flow statement, of the cash flows of Dabur India Ltd. group for the year ended on that date.

For **G BASU & CO**  
Chartered Accountants  
Firm Registration No. 301174E

**ANIL KUMAR**  
Partner  
Membership No. 9390

Place : New Delhi  
Date : 30th April, 2012



# BALANCE SHEET

as at March 31, 2012

(Rs. in Lacs)

Particulars	Schedule No.	As at March 31, 2012	As at March 31, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Share holder's Funds</b>			
a) Share Capital	1	17,421	17,407
b) Reserves and Surplus	2	1,54,270	1,21,704
<b>2. Minority Interest</b>	3	330	408
<b>3. Non-current liabilities</b>			
a) Long Term borrowings	4	72,718	71,739
b) Deferred Tax Liabilities (Net)	5	2,740	1,894
c) Long-term provisions	6	65,757	57,766
<b>4. Current Liabilities</b>			
a) Short-term borrowings	7	34,714	30,341
b) Trade payables (Read with note no. 16 of Schedule 23)		85,916	66,111
c) Other current liabilities	8	11,980	10,850
d) Short-term provisions	9	16,385	14,074
<b>Total</b>		<b>4,62,231</b>	<b>3,92,294</b>
<b>II ASSETS</b>			
<b>1. Non-current assets</b>			
a) Fixed Assets	10		
i) Tangible assets		84,225	69,991
ii) Intangible assets		79,898	79,879
iii) Capital work-in-progress		2,676	3,238
b) Non-current investments	11	8,928	185
c) Long-term loans and advances	12	43,266	33,991
d) Other non-current assets (Read with note no. 12 of Schedule 23)		7,191	10,102
<b>2. Current assets</b>			
a) Current investment	13	39,324	41,781
b) Inventories	14	82,392	70,853
c) Trade receivables	15	46,168	35,547
d) Cash and cash equivalents	16	44,843	28,045
e) Short-term loans and advances	17	15,426	12,672
f) Other current assets	17(a)	7,894	6,010
Notes to Accounts	23		
<b>Total</b>		<b>4,62,231</b>	<b>3,92,294</b>

As per our report of even date attached

**for G. BASU & CO.**

Chartered Accountants  
Firm Regn No : 301174E

**Anil Kumar**

Partner  
Membership Number: 9390

Place : New Delhi

Date : 30th April, 2012

**Dr. Anand Burman**  
Chairman

**P. D. Narang**  
Whole-time Director

**Sunil Duggal**  
Whole-time Director

**A. K. Jain**  
Senior G.M. (Finance)  
Cum Company Secretary



**PROFIT & LOSS ACCOUNT**  
for the year ended March 31, 2012

Consolidated Financials

(Rs. in lacs)

Particulars	Schedule No.	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>I Revenue from operations</b>	18 (a)	<b>5,30,542</b>	4,10,451
<b>II Other Income</b>	18 (b)	<b>5,740</b>	3,215
<b>III Total Revenue (I +II)</b>		<b>5,36,282</b>	4,13,666
<b>IV Expenses</b>			
Cost of materials consumed		<b>2,27,880</b>	1,80,684
Purchase of stock in trade		<b>50,943</b>	25,224
Changes in inventories of FG, WIP & Stock in Trade:			
Finished Goods		<b>(5,454)</b>	(4,032)
Work in Progress		<b>(2,571)</b>	(1,244)
Stock in trade		<b>(2,280)</b>	(6,880)
Employee benefits expenses	19	<b>38,742</b>	30,866
Finance cost	20	<b>5,384</b>	2,913
Depreciation & Amortisation Expenses	21	<b>10,324</b>	9,520
Other Expenses	22	<b>1,34,265</b>	1,05,828
<b>Total Expenses</b>		<b>4,57,233</b>	3,42,879
<b>V Profit before exceptional and extraordinary items and tax (III - IV)</b>		<b>79,049</b>	70,787
<b>VI Exceptional Items</b>		-	-
<b>VII Profit before extraordinary items and tax (V - VI)</b>		<b>79,049</b>	70,787
<b>VIII Extraordinary Items</b>		-	-
<b>IX Profit before tax (VII - VIII)</b>		<b>79,049</b>	70,787
<b>X Tax expense</b>			
(1) Current tax	5	<b>13,829</b>	13,297
(2) Deferred Tax		<b>809</b>	601
<b>XI Profit/(Loss) for the year from continuing operations (IX - X)</b>		<b>64,411</b>	56,889
<b>XII Minority Interest</b>		<b>(78)</b>	32
<b>XIII Profit after Minority Interest</b>		<b>64,489</b>	56,857
<b>XIV Earnings per equity share ( before Extraordinary items)</b>			
(1) Basic		<b>3.70</b>	3.27
(2) Diluted		<b>3.68</b>	3.25
<b>XV Earnings per equity share (after Extraordinary items)</b>			
(1) Basic		<b>3.70</b>	3.27
(2) Diluted		<b>3.68</b>	3.25
Notes to Accounts	23		

As per our report of even date attached

**for G. BASU & CO.**  
Chartered Accountants  
Firm Regn No : 301174E

**Dr. Anand Burman**  
Chairman

**P. D. Narang**  
Whole-time Director

**Sunil Duggal**  
Whole-time Director

**Anil Kumar**  
Partner  
Membership Number: 9390

**A. K. Jain**  
Senior G.M. (Finance)  
Cum Company Secretary

Place : New Delhi  
Date : 30th April, 2012



# STATEMENT OF CASH FLOW

(Pursuant to AS-3) Indirect Method

(Rs in Lacs)

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	79,049	70,787
Add:		
Depreciation	7,287	6,240
Loss on Sale of Fixed Assets	256	88
Fixed Assets discarded	50	2
Miscellaneous Exp. Written Off	3,037	3,279
Translation Reserve	(6,280)	(1,147)
Provision for Contingent Liability	109	-
Interest	5,384	3,034
Unrealized Loss on Financial Instrument amortization cost	(65)	-
Unrealised Loss / (Gain) in Foreign Exchange	89	72
	<b>9,867</b>	<b>11,568</b>
	<b>88,916</b>	<b>82,355</b>
Less:		
Interest Received	4,872	2,033
Profit on Sale of Investment	719	953
Profit on Sale of Assets	111	229
	<b>5,702</b>	<b>3,215</b>
Operating Profit Before Working Capital Changes	<b>83,214</b>	<b>79,140</b>
Working Capital Changes:		
Increase/(Decrease) in Inventories	11,539	28,231
Increase/(Decrease) in Debtors	10,799	22,271
Increase/(Decrease) in Loans and Advances (current)	3,500	16,487
Decrease/(Increase) in Trade Payables	(18,229)	(53,455)
	<b>7,609</b>	<b>13,534</b>
Increase/(Decrease) in Working Capital	<b>7,609</b>	<b>13,534</b>
Cash Generated from Operating Activities	<b>75,605</b>	<b>65,606</b>
Tax Paid	<b>13,567</b>	<b>12,496</b>
<b>Cash Used (-)/(+)Generated for Operating Activities (A)</b>	<b>62,038</b>	<b>53,110</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(23,272)	(93,127)
Proceeds of Sale of Fixed Assets	852	528
Purchases of Investment	(3,33,067)	(4,75,019)
Interest Received	4,872	1,583
Sale of Investments	3,27,566	4,60,444
<b>Cash Used (-)/(+)Generated for Investing Activities (B)</b>	<b>(23,049)</b>	<b>(1,05,591)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital & Premium	7	14
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	39,414	(323)
Repayment(-)/Proceeds(+) from Short Term Loans	454	215
Repayment(-)/Proceeds(+) from other Unsecured Loans	(32,605)	87,162
Interest Paid	(5,212)	(2,999)
Payment of Dividend	(20,859)	(19,522)
Corporate Tax on Dividend	(3,390)	(3,252)
<b>Cash Used (-)/(+)Generated in Financing Activities (C)</b>	<b>(22,191)</b>	<b>61,295</b>
<b>Net Increase(+)/Decrease (-) in Cash and Cash Equivalents (A+B+C)</b>	<b>16,798</b>	<b>8,814</b>
<b>Cash and Cash Equivalents Opening Balance</b>	<b>28,045</b>	<b>19,231</b>
<b>Cash and Cash Equivalents Closing Balance</b>	<b>44,843</b>	<b>28,045</b>
<b>Cash and Cash Equivalents year end</b>		
Balances with Banks	44,123	27,846
Cheques / Drafts in Hand	358	149
Cash-In-Hand	362	50

As per our report of even date attached

**for G. BASU & CO.**

Chartered Accountants

Firm Regn No : 301174E

**Dr. Anand Burman**

Chairman

**P. D. Narang**

Whole-time Director

**Sunil Duggal**

Whole-time Director

**Anil Kumar**

Partner

Membership Number: 9390

Place : New Delhi

Date : 30th April, 2012

**A. K. Jain**

Senior G.M. (Finance)

Cum Company Secretary

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 1 - Share Capital**

Particulars of Shares:

Class of Shares	Face value of one share		Authorised Capital		Issued, Subscribed & Fully Paid up		As at March 31, 2012
			Total no. of Shares	Total Value	Total no. of Shares	Total Value	
Equity Shares	CY (PY)	Re. 1 Re. 1	2000000000 (2000000000)	20000 (20000)	1742100854 (1740723798)	17421 (17407)	17421 (17407)

Note: There is no restriction on transferability of shares

CY: Current Year; PY: Previous Year

**Schedule 2 - Reserve & Surplus**

	As at March 31, 2012	As at March 31, 2011
Capital Reserve	2,089	2,074
Investment Revaluation Reserve	78	-
(Addition during the year pertaining to transitional adjustment towards financial assets - held for sale under AS - 30)		
Securities Premium Reserve	2,293	1,074
Legal Reserve	1,557	1,558
Special Fund	314	314
Employee Housing Reserve Fund	609	683
ESOP Outstanding	10,509	11,681
Exchange Fluctuation Reserve	-7,468	-1,187
General Reserve	6,390	4,540
Surplus / (Deficit)	1,37,899	1,00,967
<b>Total</b>	<b>1,54,270</b>	<b>1,21,704</b>

Note:

- Investment revaluation reserve relates to the difference between fair values of investment available for sale vis-a-vis cost accounted for during the year towards transitional provision under AS 30.
- Opening general reserve has been added by Rs. 76 being the difference between fair / amortized value and cost of investment held for trading and other financial assets / liabilities netted against deferred tax liability amounting to Rs. 38, towards transitional adjustment under AS 30.
- Rs 1493 out of legal reserve & entire special reserve represents statutory reserve inherited from 2 subsidiaries (Previous year 3), all incorporated in Turkey, having joined the group during financial year 2010-11 which has been retained as above against corresponding debit in the amalgamation adjustment account.
- Reconciliation of Exchange Fluctuation reserve ( pursuant to Clause 40 (b) of AS 11 )

Opening Balance	-1,187
Add: Exchange loss against translation of current assets (Net of outside liabilities)	-7,185
	-8,372
Less : Exchange gain against translation of Revenue Items	904
Closing Balance	-7,468

- Reserve & Surplus has been netted off by Interim Dividend Rs. 111.35 Cr ( PY Rs. 101.50 cr ), Proposed Dividend Rs. 151.86 Cr ( PY Rs. 131.51 Cr ) and Bonus issue of Rs. 0.07 Cr ( PY Rs. 87.04 Cr ) .

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 3 - Minority Interest**

	As at March 31, 2012	As at March 31, 2011
Share Capital	203	203
Share Premium	9	9
Capital Reserve	127	127
General Reserve	11	11
Surplus	(20)	58
<b>Total</b>	<b>330</b>	408

**Schedule 4 - Long term Borrowing**

Sl. No.	Nature of Borrowing	As at March 31, 2012			As at March 31, 2011		
		Secured	Unsecured	Total	Secured	Unsecured	Total
i)	Term Loans from Bank	40,344	32,260	72,604	37,582	33,875	71,457
ii)	Deferred payment Liability	-	-	-	70	-	70
iii)	Deferred Sales Tax Liabilities	-	114	114	-	212	212
	<b>Total</b>	<b>40,344</b>	<b>32,374</b>	<b>72,718</b>	37,652	34,087	71,739

Note: There is no default in repayment of principal loan or interest thereon.

**Schedule 5 - Deferred Tax Liabilities (Net)**

	As at March 31, 2012	As at March 31, 2011
<b>Deferred Tax Liability :</b>		
Depreciation	5,096	4,022
Restatement of Financial Assets/Liabilities	37	-
<b>Less: Deferred Tax Assets :</b>		
Provision for Disputed Liabilities	75	54
Provision for Service Benefits	1,511	1,619
Provision for Doubtful Advances	28	27
Provision for Doubtful Debts	404	375
Unrealized loss on Financial Instruments	18	-
Others	357	53
	<b>2,393</b>	2,128
<b>Net Deferred Tax Liability</b>	<b>2,740</b>	1,894
(Decrease)/Accretion in Deferred Tax Liability	846	827
Less Deferred Tax Liability inherited from new entrants	-	226
Charged to Opening general reserve against transition provision under AS 30	37	-
<b>Deferred Tax Liability provided during the year</b>	<b>809</b>	601

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 6 - Long term provisions**

	As at March 31, 2012	As at March 31, 2011
For diminution in Value of Long Term Investments	27	27
For Retirement Benefits (Directors)	4,012	4,095
For Leave Encashment	408	350
For Gratuity	349	1,167
For Contingent Consideration Money	18,011	18,011
For Provision for Taxation	42,950	34,116
<b>Total</b>	<b>65,757</b>	<b>57,766</b>

**Schedule 7 - Short term Borrowings**

Sl. No.	Nature of Borrowing	As at March 31, 2012			As at March 31, 2011		
		Secured	Unsecured	Total	Secured	Unsecured	Total
i)	Cash Credit from Banks	1,912	6,878	8,790	6,009	-	6,009
ii)	Packing Credit Loan from Banks	-	10,301	10,301	-	-	-
iii)	Other Loans from Banks	-	15,000	15,000	889	22,924	23,813
iv)	Security Deposits	-	623	623	-	519	519
	<b>Total</b>	<b>1,912</b>	<b>32,802</b>	<b>34,714</b>	6,898	23,443	30,341

Note: There is no default in repayment of principal loan or interest thereon.

**Schedule 8 - Other Current Liabilities**

	As at March 31, 2012	As at March 31, 2011
Component of term loan repayable within a year	4,915	3,020
Unpaid dividends	401	364
Advances from Customers	1,279	1,456
Interest accrued but not due on loans	232	60
Statutory Liabilities	5,153	5,950
<b>Total</b>	<b>11,980</b>	<b>10,850</b>

**Schedule 9 - Short term Provisions**

For Leave Encashment	184	142
For Gratuity Payable	500	137
For Post Separation Benefit of Director	38	39
For other provision	193	376
For disputed Liabilities	284	229
For Proposed Dividend	13,066	11,315
For Dividend Tax	2,120	1,836
<b>Total</b>	<b>16,385</b>	<b>14,074</b>



# SCHEDULE

annexed to and forming part of the Balance Sheet as at March 31, 2012

## Schedule 10 - Fixed Assets

(All amounts in Indian Rupees in lacs except share data)

Sl. No.	Particulars of Assets	Gross Block					Depreciation / Amortisation				Net Block		
		Gross Cost/ Value as on 01.04.11	Acquisition	Addition		Gross Balance as on 31.03.12	Total as on 01.04.11	for the year	Reversal of Impairment Loss	Sale / Adjust-ment during this year	Total as on 31.03.12	W.D.V as on 31.03.12	W.D.V as on 31.03.11
				Business Combination	Other Adjust-ment								
i)	<b>Tangible Assets</b>												
	Land: Leasehold	1,678	-	35	-	1,713	103	30	-	-	133	1,580	1,575
	Land: Freehold	4,553	-	1,098	-	5,651	-	-	-	-	-	5,651	4,553
	Building	39,710	4,314	3,028	212	47,262	8,079	1,371	-	16	9,434	37,828	31,632
	Plant & Equipment	54,120	6,772	3,085	1,912	65,327	26,552	4,640	-	-425	31,617	33,710	27,568
	Furniture & Fixtures	5,130	181	149	49	5,458	2,516	303	-	170	2,649	2,809	2,614
	Vehicles	2,030	407	248	-	2,332	1,091	276	-	258	1,109	1,223	939
	Office Equipment	4,184	440	75	14	4,399	3,073	341	-	439	2,975	1,424	1,111
	Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total:</b>	<b>1,11,405</b>	<b>12,114</b>	<b>7,718</b>	<b>2,187</b>	<b>22,019</b>	<b>41,414</b>	<b>6,961</b>	<b>-</b>	<b>458</b>	<b>47,917</b>	<b>84,225</b>	<b>69,991</b>
ii)	<b>Intangible Assets</b>												
	Goodwill	78,495	-	-	-	78,268	5	-	-	-	5	78,263	78,490
	Brands/ Trademarks	1,705	103	167	-	1,975	852	86	-	-	938	1,037	853
	Computer Software	1,770	296	2	-	2,068	1,234	240	-	4	1,470	598	536
	<b>Total:</b>	<b>81,970</b>	<b>399</b>	<b>169</b>	<b>-</b>	<b>82,311</b>	<b>2,091</b>	<b>326</b>	<b>-</b>	<b>4</b>	<b>2,413</b>	<b>79,898</b>	<b>79,879</b>
iii)	<b>Capital Work-in-progress</b>	<b>3,238</b>	<b>1,125</b>	<b>500</b>	<b>-2,187</b>	<b>-562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,676</b>	<b>3,238</b>
	<b>Grand Total (i+ii+iii)</b>	<b>1,96,613</b>	<b>13,638</b>	<b>8,387</b>	<b>0</b>	<b>22,025</b>	<b>43,505</b>	<b>7,287</b>	<b>-</b>	<b>462</b>	<b>50,330</b>	<b>1,66,799</b>	<b>1,53,108</b>
	Previous Year	99,393	98,417		98,417	1,197	33,907	10,145	547	43,505	1,53,108		



## SCHEDULE

annexed to and forming part of the Balance Sheet as at March 31, 2012

Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

### Schedule 11 - Non-Current Investment

	As at March 31, 2012	As at March 31, 2011
A) <u>Trade Investment:</u>		
I) Investment in Equity Instruments		
<u>Fully paid:</u>		
Sanat Products Ltd.	105	105
Dabon International Ltd.	27	27
Shivalik Solid Waste Management Ltd .	2	2
II) Investment in partnership firm		
Balsara International	0	49
B) <u>Other Investment:</u>		
I) Investment in Equity Instruments		
<u>Fully paid:</u>		
Commerce Centre Cooperative Housing Society Limited	0	0
Capexil (Agencies) Limited	0	0
Dabur Employees Consumers Co-op Stores Limited	0	0
Dabur Employees Cooperative Credit Society Ltd.	0	0
Co-operative Stores Limited, Super Bazar	0	0
Saraswat Co-op Bank Ltd.	0	0
II) Investment in Government or Trust Shares / Securities		
National Saving Certificates (inherited from merged entity Rs. 0.53)	2	2
Kisan Vikas Patra	0	0
Power Finance Corporation	2,957	0
Rural Electrification Corporation	3,855	0
NHAI Bonds	381	0
Indian Railway Finance Corporation	1,599	0
<b>Total</b>	<b>8,928</b>	185
Note: 1		
a) Aggregate cost of quoted investments -	8,714	0
b) Aggregate market value of quoted investments -	8,792	0
c) Aggregate amount of unquoted investments -	136	185
2		
Provision for diminution in carrying amount of non-current investments (forming part of long term provision)	27	27

### Schedule 12 - Long Term Loans & Advances

Advance Payment of Tax	(Considered good)	43,266	33,991
<b>Total</b>		<b>43,266</b>	33,991



## SCHEDULE

annexed to and forming part of the Balance Sheet as at March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

<b>Schedule 13 - Current Investment</b>		<b>As at March 31, 2012</b>	As at March 31, 2011
a)	<u>Other than trade investment:</u>		
I)	<u>Investment in non convertible debentures</u>		
A)	RHC Holding Ltd.	2500	0
B)	Reliance Capital Limited	1000	0
II)	<u>Investment in Mutual funds</u>		
A)	Deutsche Assets Management	0	964
B)	Taurus Mutual Fund	2301	0
C)	L&T Mutual Fund	204	0
D)	JP Morgan Mutual Fund	0	1,000
E)	Principal Mutual Fund	4,036	0
F)	Reliance Mutual Fund	2,319	0
G)	IDFC Mutual Fund	0	202
H)	HDFC Mutual Fund	289	0
I)	JM Financial Mutual Fund	0	1,500
J)	Fidelity Mutual Fund	0	500
K)	Bank of Baroda Pioneer Investments	3,081	3,706
L)	Peerless Mutual Fund	0	500
M)	Prudential Mutual Fund	0	43
III)	<u>Other Current Investment</u>		
a)	<u>Certificate of Deposits</u>		
A)	ING Vysya Bank	0	4,874
B)	ICICI Bank	0	2,416
C)	Punjab National Bank	0	2,397
D)	AXIS Bank	0	2,337
E)	Dena Bank	0	1,884
F)	Dhanlaxmi Bank Limited	0	1,359
G)	Corporation Bank	0	960
H)	State Bank of Patiala	0	914
I)	Dhanlaxmi Bank Limited	0	905
J)	Punjab & Sind Bank Limited	5,689	0
K)	Reliance Capital Ltd.	0	1,000
b)	<u>Commercial Papers</u>		
A)	Religare Finvest Ltd.	0	2,431
B)	JM Financial Products Limited	5,651	2,413
C)	JM Financial Services Pvt. Ltd.	0	2,371
D)	Reliance Capital Limited	0	2,366
E)	Reliance Capital Limited	4,721	1,872
F)	Religare Finvest Ltd.	0	972
G)	Religare Finvest Ltd.	0	969
H)	Religare Finvest Ltd.	7,533	926
	<b>Total</b>	<b>39,324</b>	<b>41,781</b>
Note: 1	a) Aggregate cost of quoted investments -	12,165	8,416
	b) Aggregate market value of quoted - investments -	12,231	8,416
	c) Aggregate amount of unquoted investments -	27,093	33,365

### Schedule 14 - Inventories

Raw Materials	35,098	35,072
Work-in-Progress	10,381	7,811
Finished goods	27,715	21,090
Stock-in-trade	9,132	6,880
Stores & spares	66	-
<b>Total</b>	<b>82,392</b>	<b>70,853</b>

Note : Finished goods include stock in transit for Rs. 3,390, Previous year Rs. 3,552

**SCHEDULE**

annexed to and forming part of the Balance Sheet as at March 31, 2012

Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

**Schedule 15 - Trade Receivables**

Unsecured:		
Debts outstanding for a period of above 6 months		
Considered good	393	110
Considered doubtful	1,533	1,662
	1,926	1,772
Less: Provision for doubtful debts	1,533	1,662
	393	110
Other debts : Considered good	45,775	35,437
<b>Total</b>	<b>46,168</b>	<b>35,547</b>

**Schedule 16 - Cash & Cash Equivalents**

Balances with Banks	44,123	27,846
Cheques / drafts in Hand	358	149
Cash-in-Hand	362	50
<b>Total</b>	<b>44,843</b>	<b>28,045</b>

Note: Balances with banks include -

a) Balance in unpaid dividend account	401	364
b) Bank deposit maturing after 12 months	3,001	0
c) Other commitment ( Fixed deposits pledged with Govt. Authorities )	8	10

**Schedule 17 - Short term Loans & Advances**

		As at March 31, 2012	As at March 31, 2011
Unsecured:			
Capital Advance	Considered good	2,081	1063
Advances to Suppliers	Considered good	7,716	6,888
	Considered doubtful	86	86
		7,802	6,974
	Less: Provision for doubtful advance	86	86
		7,716	6,888
Advances to Employees	Considered good	484	602
	Considered doubtful	20	20
		504	622
	Less: Provision for doubtful advance	20	20
		484	602
Balance with Excise Authorities	Considered good	2,068	2,443
Other Loans & Advances	Considered good	3,077	1,676
<b>Total</b>		<b>15,426</b>	<b>12,672</b>

**Schedule 17(a) - Other Current Assets**

		As at March 31, 2012	As at March 31, 2011
Unsecured and Considered Good:			
Interest accrued on FDs, CP's, CD's and Govt. Bonds		1,356	514
Deposit with Govt. Authorities		742	467
Deposit with others		3,931	4,246
D.E.P.B. & V.K.U.I. Incentives		730	759
Income Tax Refund due		970	0
Other Assets		165	24
<b>Total</b>		<b>7,894</b>	<b>6,010</b>

**SCHEDULE**

annexed to and forming part of Profit &amp; Loss Account for the year ended March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

**Schedule 18(a) - Revenue from Operations**

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A) Sale of Products</b>	<b>5,32,482</b>	4,10,985
Domestic	4,78,724	3,70,940
Export	53,758	40,045
<b>B) Sale of Services</b>	<b>41</b>	61
<b>C) Other Operating Revenues</b>	<b>2,184</b>	2,647
Capital Subsidy	0	6
Export Subsidy	766	431
Sale of Scrap	1,062	846
Miscellaneous Receipts	356	1,364
<b>D) Less: Excise Duty</b>	<b>(4,165)</b>	(3,242)
<b>Total</b>	<b>5,30,542</b>	4,10,451

**Schedule 18(b) - Other Income**

	For the year ended March 31, 2012	For the year ended March 31, 2011
A) Interest Income	4,872	2,033
B) Dividend Income	38	0
C) Net Gain/(Loss) on Sale of Current Investments (other than trade)	719	953
D) Gain on Sale of Fixed Assets	111	229
<b>Total</b>	<b>5,740</b>	3,215

**Schedule 19 - Employee Benefits Expenses**

A) Salaries, Wages and Bonus	33,367	25,594
B) Contribution to Provident and other Funds	2,287	2,239
C) Workmen and Staff Welfare	1,799	2,026
D) Director's Remuneration	1,288	1,006
E) ESOP Expenses	1	1
<b>Total</b>	<b>38,742</b>	30,866

**Schedule 20 - Finance Cost**

A) Interest Expense	3,039	2,470
B) Bank Charges	504	564
C) Net (gain)/loss on Foreign Currency Transaction	1,752	(214)
D) Net (gain)/loss on reinstatement of Foreign Currency Borrowing	89	93
<b>Total</b>	<b>5,384</b>	2,913



## SCHEDULE

annexed to and forming part of Profit & Loss Account for the year ended March 31, 2012 Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

### Schedule 21 - Depreciation & Amortisations

	For the year ended March 31, 2012	For the year ended March 31, 2011
Depreciation on Tangible Fixed Assets	6,962	5,840
Amortisation of Intangible Fixed Assets	326	400
Amortisation of Deferred Employee Compensation under ESOP	3,037	3,280
<b>Total</b>	<b>10,325</b>	<b>9,520</b>

### Schedule 22 - Other Expenses

Provision for Doubtful Advances	0	4
Power and Fuel	6,544	5,677
Stores and Spares Consumed	2,087	1,591
Repair to Building	649	486
Repair to Plant and Machinery	925	689
Repair to Others	1,454	1,172
Processing Charges	2,619	2,631
Rates and taxes	521	560
Rent	3,824	2,625
Insurance	1,220	658
Sales Tax	1,148	830
Freight and Forwarding Charges	10,725	9,804
Commission, Discount and Rebate	8,634	4,567
Advertisement and Publicity	65,951	53,456
Travel and Conveyance	4,699	4,002
Legal and Professional	3,682	2,992
Telephone and Fax Expenses	679	612
Security Expenses	802	640
General Charges	15,601	11,324
Director's Fees	12	13
Auditor's Remuneration	194	149
Donation	846	718
Contribution to Scientific Research	9	30
Research & Development Expenditure	365	338
Provision for Doubtful Debts	660	170
Loss on Sale of Fixed Assets	256	88
Fixed Assets Written Down	50	2
Provision for Liabilities Disputed	109	0
<b>Total</b>	<b>1,34,265</b>	<b>1,05,828</b>



## SCHEDULE

annexed to and forming part of the Accounts for the period ended March 31, 2012

(All amounts in Indian Rupees in lacs except share data)

### Schedule 23 - Accounting Policies & Notes to Accounts

#### A. ACCOUNTING POLICIES

Significant accounting policies are summarized below:

##### 1. Accounting Convention:

The accounts have been prepared in accordance with the historical cost convention (except for specifically excluded treatment of accounts referred to in B. (15)(a) of this Schedule) under accrual basis of accounting as per Indian GAAP. Accounts and disclosures thereon comply with the Accounting Standards specified in Companies (Accounting Standard) Rules, other pronouncements of ICAI, provisions of the Companies Act, 1956 and guidelines issued by SEBI as applicable.

Indian GAAP enjoins management to make estimates and assumptions that affect reported amount of assets, liabilities, revenue, expenses and contingent liability pertaining to year, the financial statements relate to. Actual result could differ from such estimates. Any revision in accounting estimate is recognized prospectively from current year and material revision, including its impact on financial statement, is reported in notes to accounts in the year of incorporation of revision.

##### 2. Principles of consolidation:

The Consolidated Financial Statement relates to Dabur India Limited (the parent Company) and H&B Stores Limited (a wholly owned subsidiary Company incorporated in India), Dabur International Ltd., (a wholly owned subsidiary body corporate incorporated in Isle of Man), Dermoviva Skin Essentials INC (a wholly owned subsidiary body corporate incorporated in USA, 2.21% stake wherein is held by Dabur India Ltd. & 97.79% stake wherein is held by Dabur International Ltd.), Dabur (UK) Ltd. (a wholly owned subsidiary body corporate incorporated in British Virgin Island, 100% stake wherein is held by Dabur International Ltd.), Dabur Nepal Pvt. Ltd. (a subsidiary body corporate incorporated in Nepal, 97.5% stake wherein is held by Dabur International Ltd.), Dabur Egypt Ltd. (a wholly owned subsidiary body corporate incorporated in Egypt, 76% & 24% of stake wherein are held by Dabur (UK) Ltd. and Dabur International Ltd. respectively), Asian Consumer care Pvt. Ltd. (a subsidiary body corporate incorporated in Bangladesh, 76% stake wherein is held by Dabur International Ltd.), Weikfield International (UAE) LLC (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), African Consumer Care Ltd (a wholly owned subsidiary body corporate incorporated in Nigeria, 90% stake wherein is held by Dabur International Ltd & 10% stake held by Dabur (UK) Ltd ), Asian Consumer Care Pakistan (Pvt) Ltd (a subsidiary body corporate incorporated in Pakistan, 99.99% stake where in is held by Dabur International Ltd) , Naturelle LLC (a wholly owned subsidiary body corporate incorporated in Emirate of Ras Al Khaimah, 100% stake wherein is held by Dabur International Ltd), Dabur Egypt Trading Ltd. (a wholly owned subsidiary body corporate, incorporated in Egypt, 99% & 1% of stake wherein are held by Dabur International Ltd. and Dabur Egypt Ltd. respectively), Namaste Laboratories LLC (a wholly owned subsidiary body corporate, incorporated in USA, 100% right shares wherein is exercised by Dermoviva Skin Essentials INC), Urban laboratories International LLC (a wholly owned subsidiary, 100% right shares wherein is exercised by Namaste Laboratories LLC), Healing Hair Laboratories International LLC (a body corporate incorporated in USA, 100% rights shares wherein is exercised by Namaste Laboratories LLC), Hair Rejuvenation and Revitalization Nigeria Ltd.(a body corporate incorporated in Nigeria, 100% stake wherein is held by Urban Laboratories International LLC) , two wholly owned overseas body corporate incorporated in Turkey named Hobi Kozmetik and RA Pazarlama (100% stake in each is held by Dabur International Ltd., UAE) and Dabur Lanka (Pvt) Ltd (a wholly owned subsidiary 100% stake wherein is held by Dabur International Ltd.)

The consolidated financial statements have been prepared on the basis of AS-21, under pooling of interest method read with the following basic assumptions:

- I. The financial statements of the parent company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting in unrealized profits or losses.

Entities joining business combination during the year / earlier years are accounted for at immediate post merger / amalgamation / acquisition point in terms of accounting policy no A (15) of this schedule which provides their initial basis of worth of assets , liabilities & reserves for consolidation. Subsequent accountal thereon remain on line to line basis.

Investments of parent company in subsidiaries are eliminated against respective proportionate stake of parent company therein on the respective dates when such investments were made by way of debiting/crediting the difference of the two in goodwill/ capital reserve except for Dabur Nepal Pvt. Ltd. where the same is adjusted against share premium account.



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In respect of foreign subsidiaries, rise in the value of stake of parent company in terms of reporting currency upto the date of commercial production (i.e. the date, their assets were due for capitalization) on account of exchange fluctuation has been credited to capital reserve. Subsequent generation of reserve other than that of the nature of capital reserve including gain/ loss arising on account of translating the transactions of the year, year-end assets and liabilities of the foreign subsidiaries for the purpose of consolidating with parent company's assets at exchange rates ruling on year-end-date has been recognized as reserve specifically earmarked for the purpose.

- II The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's separate financial statements unless stated otherwise.
- III. Minority interest, where lying, in the net income of consolidated subsidiaries have been adjusted against the income of the group so as to arrive at net income attributable to the parent company. Minority interest, consisting of equity attributable to them on the date such investments were made by the parent company and movement in their equity since the date of parent subsidiary relationship, has been disclosed in the consolidated financial statement separately from liability and equity of shareholders of parent company.

### 3. Translation of overseas subsidiaries from foreign currencies to reporting currency:

Current assets/ outside liabilities and income/expenses of overseas subsidiaries have been translated in reporting currency in terms of exchange rates prevailing on year-end date and average monthly rate respectively on the basis of non-integral operation approach as per revised AS-11 there by accounting for against the aggregate net impact of exchange fluctuation in this regards as exchange reserve shown under the head of Reserve and Surplus.

Fixed assets of the overseas subsidiaries have been accounted for in terms of the exchange rate ruling at the point of capitalization of such assets or takeover of the subsidiary, whichever is later.

### 4. a. Fixed Assets and Depreciation:

- Fixed assets are stated at carrying amount subject to deduction of accumulated depreciation.
- Fixed assets inherited from entry of new entity in business combination pursuant to its acquisition by the group are carried at price corresponding assets were held in the books of newly acquired entity at the point of its acquisition.
- Cost includes inward freight, duties, and taxes and expenses incidental to acquisition and installation.
- Depreciation has been provided at rates provided in schedule XIV of Companies Act.
- In respect of fixed assets of new entrants in the group having followed different basis of charging depreciation, prior to the date of their takeover, written down value of their assets are subjected to depreciation charge under straight line method at rate which enables respective assets to be amortized within their respective life span assessed under Schedule XIV of the Companies Act, 1956.
- Capital Subsidy received against fixed capital outlay is deducted from gross value of individual fixed assets, forming part of subsidy scheme granted, by way of proportionate allocation of subsidy amount thereon. Depreciation is charged on net fixed assets is subject to deduction of subsidy amount.
- In respect of part of 5/1 Sahibabad, Narenderpur and Alwar Unit and for Motor Vehicles of the parent company and Asian Consumer care Pvt. Ltd., Dhaka, depreciation on fixed assets have been provided on written down value method at rates prescribed under schedule XIV for remaining fixed assets, depreciations have been provided on straight line method at the rates prescribed under schedule XIV.
- Patent and trade marks are amortized equally over a period of ten years.
- Software's are amortized over the period of five years on straight line basis.
- Stores and fixtures in H & B Stores Limited are amortized over a period of eight years.
- Fixed Assets purchased for less than Rs. 5000/- have been depreciated at the rate of 100%.
- During sale of fixed assets, any profit earned towards excess of sale value over gross block of assets, is transferred from profit & loss account to capital reserve.
- For New project, all direct expenses & direct overheads (excluding services provided by employees engaged in the routine affairs ) are capitalized.

### b. Impairment /discarding of Assets:

The company identifies impairable fixed assets based on cash generating unit concept for tangible fixed assets and asset specific concept for intangible fixed assets at the year-end in term of clause 5 to 13 of AS 28 and clause 83 of



## SCHEDULE

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AS 26 respectively for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss, when crystallizes, is charged against revenue of the year.

Apart from test of impairment within the meaning of AS 28, individual tangible fixed assets of various CGU's are identified for writing down on the ground of obsolescence, damage, redundancy & un-usability at the year end.

### 5. Financial Assets & Liabilities:

#### a. Financial Assets held for Trading:

These assets relate to equity instruments, mutual funds held for short term which are carried at fair value. The difference of cost and fair value is accounted for as loss or income, forming part of transitional provisions, adjustable against opening balance of General Reserves.

#### b. Financial Assets available for Sale:

These relate to non-current investments eg. Equity Instruments/ Government Securities held for long term carried at fair value. The difference between cost and fair value is accounted for in investment revaluation reserve forming part of equity.

#### c. Other Financial Assets/Liabilities – Loans, Receivables, Payables:

These include all remaining items of assets and liabilities, (excluding equity, fixed (tangible & intangible) assets inventories and specific exemptions referred to in note 5(g) to follow), being carried at amortized cost. The difference between unamortized value and amortized value is accounted for as a loss or income, forming part of transitional provisions, adjustable against opening balance of revenue reserves.

No amortization is made for financial assets/ liabilities bearing floating rate of interest or where amortization has immaterial impact on profitability in AS 30.

#### d. Financial Instruments:

These relate to off - balance sheet exposure towards foreign exchange of the nature of currency fluctuation or forward contract, being mark to market, entered into with the object of hedging against adverse currency fluctuations (not being for trading and speculation) in respect of import/export commitments.

Financial Instruments are held at fair value and the profit or loss arising on year closing date on account of difference between contract rate and exchange rate (the latter being the fair value) on open contracts is recognized as profit or loss of the year appearing under broad head of "Finance Cost".

- e. Fair value of financial assets – held for trading is determined on the basis of market quotation/NAV issued by investees. In the absence of scope of determination of fair value, same are held at cost.
- f. Amortized cost is carried at by way of discounting future cash inflow/outflow in respect of relevant asset/liability as on reporting date against application of effective rate of interest.
- g. Interest in subsidiaries/associates/joint venture, employees related dues, obligation under financial lease (in the capacity of lessee/ lessor) have been left out of the purview of treatments referred to for financial assets/liabilities because of different accounting standards dealing with them.
- h. No amortized value of fiscal provision or advance tax has been considered because of period of uncertainty of their adjustment.

### 6. Deferred entitlement on LTC:

In terms of the opinion of the Expert Advisory Committee of the ICAI, the parent company has provided liability accruing on account of deferred entitlement towards LTC in the year in which the employees concerned render their services.

### 7. Inventories:

Stocks are valued at lower of cost or net realizable value. Basis of determination of cost remain as follows:

- Raw materials, Packing materials, Stores & Spares :- On Moving Weighted Average Basis
- Work-in-process :- At cost of input plus overhead upto the stage of completion.
- Finished goods :- At cost of input plus appropriate overhead.

### 8. Research and Development Expenses:

Contributions towards scientific research expenses are charged to the Profit & Loss Account in the year in which the contribution is made.



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### 9. Retirement Benefits:

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

#### i. Defined Benefit Plans:

- Leave Salary of employees on the basis of actuarial valuation as per AS 15 (revised).
- Post separation benefits of directors, which is of the nature of long term employees benefit, on the basis of actuarial valuation as per AS 15 (revised).
- Gratuity Liability on the basis of actuarial valuation as per AS 15 (revised).

#### ii. Defined Contribution Plan:

- Liability for superannuating fund on the basis of the premium paid to the Life Insurance Corporation of India in respect of employees covered under Superannuating Fund Policy.
- Provident fund, ESI, payroll taxes and 401K, match, on the basis of actual liability accrued and paid to trust / authority.
- Other employee's benefits as per actual liability accrued.

### 10. Recognition of Income and Expenses:

- Sales and purchases are accounted for on the basis of passing of title to the goods.
- Sales comprise of sale price of goods including excise duty and exclude sales tax and discount.
- All items of incomes and expenses have been accounted for on accrual basis except for those income recognized on realization basis on the ground of uncertainty as laid down under AS 9 issued by ICAI or income or expenses referred to in appropriate paragraphs of A (5) above.

### 11. Income Tax & Deferred Taxation

Income Tax is estimated considering the provisions of the Statute. Deferred tax is recognized for entities where the same is mandatory applicable subject to the consideration of prudence, on time differences being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods.

### 12. Contingent Liabilities:

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax , Income Tax, Excise etc.), pending in appeal/court for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

### 13. Foreign Currency Translation:

- a. In respect of foreign branches/offices integral foreign operation approach has been adopted as per revised AS 11 and accordingly revenue items have been converted at average of month end exchange rates during the year. Fixed assets have been converted at the rates prevailing on dates of purchase. Assets & Liabilities other than fixed assets are converted at the year-end exchange rate. Exchange gain or loss arising out of above is accounted for in Profit & Loss Account.
- b. Transactions of parent and domestic subsidiaries with overseas parties are recognized at currency rate ruling on the date of transaction. Gain or loss arising towards rise/fall of overseas currency vis a vis reporting currency is accounted for in profit and loss account.
- c. Impact of exchange fluctuation on integral operation charged to profit and loss account is separately disclosed in notes to accounts.

### 14. Employees Stock Option Purchase (ESOP):

- Aggregate of quantum of option granted under the scheme in monetary term (net of consideration of issue to be paid in cash) in terms of intrinsic value has been shown as Employees Stock Option Scheme outstanding in Reserve and Surplus head of the Balance Sheet by way of debiting deferred Employee Compensation under ESOP as per Guidelines to the effect issued by SEBI.
- With the exercise of option and consequent issue of equity share, corresponding ESOP outstanding is transferred to share premium account.
- Employee's contribution for the nominal value of share in respect to option granted to employees of subsidiary company is being reimbursed by subsidiary companies to holding company.



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### 15. Business Combination:

#### a. Merger/Amalgamation:

Merger / Amalgamation (of the nature of merger) of other company / body corporate with the group is accounted for on the basis of purchase method, the assets / liabilities being accounted for in terms of book values of assets, liabilities appearing in transferor entity on the date of such merger / amalgamation for the purpose of arriving at the figure of goodwill or amalgamation reserve.

#### b. Acquisition:

Any new entity joining business combination consequent upon acquisition of its shares/rights by any of the entities in group is accounted for under purchase method, assets and liabilities of the new entrant been accounted for as per book value of assets, liabilities appearing in books of new entrant on the date of its take over for the purpose of arising at the figure of goodwill/capital reserve.

#### c. During the course of merger/amalgamation/acquisition under purchase method excess/shortfall of consideration money over vis-à-vis net assets (gross assets less outside liabilities) inherited under such deal is accounted for as goodwill/amalgamation or capital reserve.

If balance sheet of transferor/acquired entity has any compulsory/statutory reserve at point of its transfer/acquisition, said reserves are retained subsequently under the Reserve & Surpluses against creation of new head called "Amalgamation Adjustment Account" accounted for under the head of Miscellaneous Expenditure in assets side of the balance sheet.

### 16. Miscellaneous Expenditure:

- Deferred Employees Compensation under ESOP is amortized on straight-line basis over vesting period. Employee compensation in respect to option granted to subsidiary company employees is being reimbursed by subsidiary companies to holding company.
- Share issue and preliminary expenses are charged to revenue in the year of incurrence.
- Statutory/compulsory reserves inherited from merger/amalgamation/acquisition of new entities are shown under this head as "Amalgamation Adjustment Account" for the purpose of their retention under "Reserves and Surplus" head in liability side.

Amalgamation Adjustment Account is reversed only after withdrawal of relevant statutory/compulsory reserve following expiry of fulfillment of statutory period/objective or cessation of statutory obligation.

## B: NOTES TO ACCOUNTS

1. Building constructed on leasehold land included in the value of building shown in Fixed Assets Schedule:

	As at March 31, 2012	As at March 31, 2011
Cost/Revalued	18,745	17,832
Written Down	14,718	14,220

2. Loan and Advances includes Rs.49 (Previous year Rs.49) paid to Excise Authorities on behalf of Sharda Laboratories Limited, now known as SBL Limited, in respect of excise duty demand of Rs.68 raised by the District Excise Officer, Ghaziabad, against the parent company and Sharda Bioron Laboratories Limited. The Hon'ble Supreme Court of India had concurred with the order of the District Excise Officer, Ghaziabad.

The parent company had filed the review petition before Division Bench of the Hon'ble Supreme Court of India, which was also decided against the parent company. Pursuant to the indemnity bond executed by Sharda Laboratories Limited in favour of the company and as per terms and conditions of the contract executed with them, the recovery proceedings have been initiated by the parent company against Sharda Boiron Laboratories Limited for Rs. 49 by invoking the arbitration clause. The matter is pending before Hon'ble High Court of Delhi for the appointment of an arbitrator. The balance amount of Rs. 21 along with interest demanded by the Excise Authorities. During the year 1991-92 the parent company had received a refund of Rs.6 pursuant to the decision of Hon'ble Supreme Court in this regard. Necessary adjustments in respect to recovery/refund will be made as per arbitration proceeding.

3.
  - a. Further to Para A(4)(b) above, recoverable value of cash generating units (CGUs) have been assessed based on value-in-use method, which for each CGUs worked out to be much higher than corresponding book value of net assets thereby not warranting further exercise of arriving at their net-selling-price. This further confirmed absence of exigency of making any provision against impairment loss.
  - b. Beside those referred to in parent company financial statements, each plant of each subsidiary constitutes independent CGU.



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- c. Annual discount rate considered for arriving at value-in-use of assets pertaining to each CGU are as per normal rate of borrowing plus risk factor at a rate of 2.00% per annum.

#### 4. Contingent Liabilities :

- a) Claims against the company not acknowledged as debts:
- In respect of civil suits filed by third parties Rs. 791 (previous year Rs. 826)
  - In respect of claims by employees Rs. 44 (previous year Rs. 30)
  - In respect of excise duty disputes pending with various judicial authorities Rs. 7,611 (previous year Rs. 5,305)
  - In respect of Sales Tax under appeal Rs. 1,234 (previous year Rs. 1,202)
  - In respect of Income tax under appeal Rs. 386 (previous year Rs. 982)
  - In respect of letters of credit Rs. 3,971 (previous year Rs. 718)
- b) Guarantees Given:  
In respect of Guarantees executed Rs. 2,867 (previous year Rs.1,073)
- c) Information pursuant to AS 29:  
Brief particulars of provisions on disputed liabilities:-

Nature of Liability	Particular of dispute	Opening Liability	Provision made during the year	Provision adjusted during the year	Closing Provision	Forum where the dispute is pending
VAT	Short payment of VAT	42	0	42	0	
Sales Tax	Classification of Lal Dant Manjan	36	0	0	36	Filed review application with High Court
Sales Tax	Classification of Gulabari	1	0	1	0	
Entry Tax	Entry tax on car	1	0	0	1	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	28	0	0	28	Appeal pending before ST Appellate
Sales Tax	Tax Paid purchase	29	0	0	29	Pending before High Court
Sales Tax		10	0	10	0	
Excise	Capital Goods removal	30	0	0	30	DC appeal
Excise	Hajmola Candy Classification	0	109	0	109	
General Expense	Product claim lodged by third party	33	0	0	33	Management
Income Tax	Ex promoter USA Liability	20	0	0	20	Management
	<b>Total</b>	<b>229</b>	<b>109</b>	<b>54</b>	<b>284</b>	

- Resulting outflows against above liabilities pending before Sales Tax DC/Tribunal/CCT's, if mature, are expected to be in succeeding financial year.
  - Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.
  - Remote risk possibility of further cash outflow is presumed pertaining to contingent liabilities listed in para 4 (a) and 4 (b) above.
  - Consideration money , towards acquisition of USA based entities , include Rs 18,011 may be payable by the group over a period of 4yrs to their erstwhile promoters since the date of acquisition of the entity i.e. Namaste Laboratories LLC subject to achievement of year wise target as per earn-out agreement. Considering confidence of the group on the ability of erstwhile promoters to achieve targets laid down in reasonable terms, provisioning against the said liability became imperative within the meaning of AS 29. Said provision brought forward from previous year , has not been withdrawn during the year for obvious reasons.
5. Commitments: Estimated Amount of contract remaining to be executed on Capital Account Rs. 6,467 (previous year Rs. 7,768).



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### 6. Employee related Dues:

#### A) Defined Benefit Plan

Pursuant to adoption of AS 15 (revised) treatment of defined benefits obligations have been changed in terms of standard with the following adjustments incorporated in accounts.

Particulars		Gratuity	Leave Salary	Post Separation Benefits of Director	Total
<b>A. Expenses recognised during the period:</b>					
A. Past Service Cost	CY	-	-	-	-
	PY	11	-	-	11
B. Current Service Cost	CY	397	385	120	902
	PY	406	291	122	819
C. Interest Cost	CY	282	115	351	748
	PY	245	87	278	610
D. Expected return on Plan Assets	CY	-185	-70	-	-255
	PY	-145	-48	-	-193
E. Accumulated Loss/(Gain)	CY	-384	-221	-298	-903
	PY	-296	-74	217	-153
F. Total Expenses recognized during the year (A+B+C+D+E)	CY	110	209	173	492
	PY	221	256	617	1,094
<b>B. Reconciliation of opening &amp; closing balances of obligations:</b>					
I. Obligation as on 01.04.2011	CY	3,334	1,360	4,133	8,827
	PY	3,266	1,162	3,700	8,128
II. Past service cost	CY	-	-	-	-
	PY	11	-	-	11
III. Current service cost	CY	397	385	120	902
	PY	405	291	122	818
IV Interest cost	CY	282	115	351	748
	PY	245	87	278	610
V Actuarial Gain/(Loss)	CY	-273	-161	-298	-732
	PY	-405	-65	217	-253
VI. Settlement	CY	-222	-229	-257	-708
	PY	-188	-207	-182	-577
VII. Obligation as on 31.03.2012	CY	3,518	1,470	4,049	9,037
	PY	3,334	1,268	4,135	8,737
<b>C. Change in Plan Assets : (Reconciliation of opening and closing balances)</b>					
I. Fair Value of Plan Assets as on 01.04.2011	CY	2,042	775	-	2817
	PY	1,584	540	-	2,124
II. Expected Return on Plan Assets	CY	185	70	-	255
	PY	145	48	-	193
III. Actuarial Gain/(Loss)	CY	111	60	-	171
	PY	-110	8	-	(102)
IV. Employer Contribution	CY	511	150	-	661
	PY	578	326	-	904
V. Settlement	CY	-180	-177	-	(357)
	PY	-167	-147	-	(314)
VI. Fair value of Plan Assets as on 31.03.2012	CY	2,669	878	-	3,547
	PY	2,030	775	-	2,805
<b>D. Closing Obligation vis-a-vis planned assets</b>					
I. Obligation as on 31.03.2012	CY	3,518	1,470	4,049	9,037
	PY	3,334	1,268	4,135	8,737
II. Fair Value of Planned Assets as on 31.03.2012	CY	2,669	878	-	3,547
	PY	2,030	775	-	2,805
	CY	849	592	4,049	5,490
	PY	1,304	493	4,135	5,932
<b>E. Payable within 1 Year</b>					
Payable within 1 Year	CY	500	184	38	722
	PY	137	142	39	318
Payable after 1 Year	CY	349	408	4,012	4,769
	PY	1,167	350	4,095	5,612

CY – Current Year; PY – Previous Year



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- F. Investment detail of plan assets as on 31.03.2012 100% in reimbursement right from insurance company for fund managed by it.

**G. Actuarial Assumption :**

Discount rate	8.50%
Estimated rate of return on plan assets	9.00%
Salary escalation ratio inflation	10.00%
Method	Projected unit credit method

- H. The basis used for determination of expected rate of return is average return on long term investment in government bonds

- I. The estimate of future salary increase take into account regular increment , promotional increases and inflationary consequence over price index.

- J. Demographics assumptions take in to account mortality factor as per LIC (1994-96) ultimate criteria, employees turnover at FS 20% , GS 20% Director , MS , OS – 12% and SM, APP - 6% and normal retirement age at 58.

**B) Defined Contribution Plan**

Company's contribution to different defined contribution plans :-

	2011-12	2010-11
Provident Fund	1,045	768
Employees State Insurance	134	119
Employees Superannuation Fund	357	355
Payroll Taxes	24	56
401K Match	120	22

**7. Related party Disclosures (Pursuant to AS 18)**

- (a) Related party where control exists: None  
(b) Other related parties in transaction with the group:

(i) **Joint Venture**

Forum 1 Aviation Ltd.

(ii) **Key management personnel (KMP)**

**Relatives of Key Management Personnel**

(Whole time directors)

Pradip Burman ( Upto 31.01.2012)

P D Narang

Sunil Duggal

Anup Sharma

Rukma Rana

Sikandar T Tiwana

Mete Buyurgan (Effective from 14th February 2011)

Gary Gardner

Kyle Gardner

Clyde Burks

(iii) **Entity under significant influence (owned by a KMP):**

Sanat Products Ltd ( Upto 31.01.2012)

	J V / Partnership	Key Management Personnel	Relatives Of Key Management Personnel	Entity Under Significant Influence	Total	Outstanding as on 31.03.2012
<b>(A) Profit &amp; Loss A/c*</b>						
1. Purchase of Goods	0	0	0	341	341	0
	(-)	(-)	(0)	(264)	(264)	(33)
2. General Expenses	439	-	0	-	439	49
	(452)	(-)	(0)	(-)	(452)	(37)
3. Interest Received on Security	2	0	0	0	2	0
	(2)	(-)	(0)	(-)	(2)	(-)



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	JV / Partnership	Key Management Personnel	Relatives Of Key Management Personnel	Entity Under Significant Influence	Total	Outstanding as on 31.03.2012
4. Remuneration/ Exg./Pension	0 (-)	1488 (972)	0 (-)	0 (-)	1488 (972)	0 (-)
5. Employee Stock Option Scheme	0 (-)	1290 (1357)	0 (-)	0 (-)	1290 (1357)	1290 (353)
6. Staff Welfare	0 (-)	0 (-)	2 (2)	0 (-)	2 (2)	0 (-)
<b>(B) Balance Sheet*</b>						
7. Security Deposit	0 (-)	0 (-)	0 (-)	0 (-)	0 (-)	38 (38)
<b>(C) Off Balance Sheet Item</b>						
8. Guarantees & Collaterals	0 (714)	0 (-)	0 (-)	0 (-)	0 (714)	714 (714)

\*Previous Balance as on 31.03.2011

Figures in brackets are of previous year

Note :

A) Item no. 2 refers to Joint Venture Expenses to JCE (Forum 1 Aviation Ltd.)

B) Item no. 8 refers to Joint Venture Expenses to JCE (Forum 1 Aviation Ltd.)

8. The parent company's freehold land situated at Sahibabad measuring about 7.58 acres was acquired by U.P. Government under Land Acquisition Act and the State Government had allotted and given possession of about 4.72 acres of land on lease to the company in lieu of acquired land. The company has filed a claim for compensation of Rs. 572 before the Officer of Special Land Acquisition Officer, Ghaziabad against the land so acquired. However, keeping in view the generally accepted accounting practice, the same claim has not been considered in the books of accounts.

### 9. Information (to the extent applicable) pursuant to AS 19 issued by ICAI:

Operating Lease :-

- i) The future minimum lease payment under non-cancelable operating lease:-

	Not Later than 1 year	Later than 1 year but not later than 5 year	Later than 5 year
Building & Machine	781 (914)	1942 (1992)	351 (400)
Cars	57 (46)	78 (66)	0 0

- ii) Lease rent debited to Profit & Loss account of the year Rs. 223 (previous year 595).

- iii) Figures in bracket relate to previous year.

10. Exchange Gain works out to Rs. 2,936 (Previous Year Rs.142) - and exchange loss Rs. 4,777 (Previous year Rs. 2,048) which has been debited to Profit & Loss Account.

### 11. Investment in Joint Venture:

- (a) The parent company is a party to joint venture agreement controlling the management of Forum 1 Aviation Limited, a domestic jointly controlled corporate entity (JCE) with part of its operation akin to jointly controlled operation, the main object of the JCE being maintenance of aircraft for use of venturers or otherwise. The contributions of venturers are towards capital build up of the JCE and periodic contribution towards cost of maintenance of air craft. Variable component of cost of maintenance is borne by user of the aircraft in proportion to their actual usage and fixed component is shared by all the venturers in proportion to their capital contribution. The participation of the venturers in the affairs of the management of the JCE is through representation in the composition of Board of Directors as agreed in share holder's agreement. The stake of the company in the joint venture arrangement is 14.28%.
- (b) Parent company's commitment towards revenue expenditure of the JCE amounting to Rs.439 (Previous year Rs.394) has been charged to profit and loss account under the head general charges.



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- (c) Incorporated in CFS on proportionate basis are the assets and liabilities as on 31.03.2012 and income and expenses for the year ended on that date, being the proportionate share of parent company estimated from unaudited financial statements of the JCE.

### Assets & Liability of JCE as on 31.03.2012 is incorporated herein:

	31.03.2012	31.03.2011
Secured Loan	357	468
Creditors	46	27
Fixed Assets	679	823
Investment	1	30
Advance to employee	1	0
Cash & Bank	27	20
Debtors	47	36
Other Advances	256	291

### Income and Expenses for the year ended as on 31st March, 2012 is incorporated herein :

	For the year ended March 31, 2012	For the 8 months ended March 31, 2011
<b>Income</b>		
Misc Receipt (include revenue from flying Rs. 395)	396	422
<b>Total</b>	396	422
<b>Expenses</b>		
Operation Expenses	110	97
Payment to and provision for employees	50	41
Administrative Expenses	150	159
Financial Expenses	52	60
<b>Total</b>	362	357
Profit (forms part of profit in consolidated Profit & Loss A/c)	34	65

- (d) Parent company has furnished guarantee bond for Rs. 714 to banks of the JCE against its share of Commitment against loan obtained by the JCE for acquisition of aircraft which forms part of para B (4) (b) of this schedule.

## 12. Other Non Current Assets:

This relates to miscellaneous expenditure in terms of following breakup:

	As at March 31, 2012	As at March 31, 2011
Deferred Employee Compensation under ESOP		
Opening balance	8,295	274
Addition during the year	928	11,511
Less : Cancelled during the year	802	210
	8,421	11,575
Less: Amortised during the year	3,037	3,280
Miscellaneous Expenditure	5,384	8,295
Amalgamation Adjustment Account	1,807	1,807
	7,191	10,102

Note : Amalgamation adjustment account refers to adjustment of retaining statutory and compulsory reserves of entities merged in the earlier years under Purchase method.

13. During the year ( i.e. w.e.f. 31.01.2012) one of the wholly owned subsidiaries incorporated in Turkey i.e. Zeki Plastiks Limited was amalgamated with Hobi kozmetik limited another wholly owned subsidiary incorporated in Turkey. Pursuant to merger, Dabur International Limited, another entity in consolidation, which independently held entire shares of two entities in amalgamation, was issued 13, 62,700 equity shares of Hobi Kozmetik in lieu of 550,000 equity Shares in Zeki Plastiks limited formerly held by it. Such transfer included capitalization of profits of Rs. 227 by way of issuance of shares.



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This led to reduction in the consolidation goodwill & balance of surplus by Rs. 227 each.

### 14. Information on Subsidiaries pursuant to Clause (iv) of General Circular No.- 2/2011 dated 8th February 2011 issued by MCA. Subsidiaries at Glance

Name of Subsidiaries	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investment in subsidiary)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Tax	Proposed Dividend
<b>Domestic:</b>										
H & B Stores Ltd	361	(1,163)	2,866	2,866	0	4,351	(1,163)	0	(1,163)	0
<b>Overseas:</b>										
Dabur Nepal Pvt Ltd	499	9,344	26,997	26,997	0	42,920	39	46	(8)	0
Dabur International Ltd	1,295	25,591	77,088	77,088	0	48,117	6,443	7	6,436	0
Weikfied International (UAE) LLC	200	15	671	671	0	2,619	(183)	0	(183)	0
Asian Conumer Care Pvt Ltd	665	(427)	1,791	1,790	0	4,706	139	26	112	0
African Consumer Care Ltd	1,847	1,100	4,353	4,353	0	4,942	498	6	491	0
Dabur Egypt Ltd	253	6,274	11,356	11,356	0	14,725	2,520	498	2,023	0
Dabur (UK) Ltd	244	(35)	215	215	0	0	0	0	0	0
Asian Consumer Care Pakistan (Pvt) Ltd	540	(572)	1,374	1,374	0	2,590	35	91	(56)	0
Naturelle LLC	393	(88)	10,807	10,807	0	22,520	81	0	81	0
Dermovia Skin Essentials INC	11,489	(4,409)	63,477	63,476	0	4,809	4,012	1,652	2,360	0
Dabur Egypt Trading Ltd	4	(0)	4	4	0	0	(0)	0	(0)	0
Hobi Kozmetik	4,102	7,366	14,066	14,066	0	11,223	587	142	446	0
RA Pazarlama	248	416	5,195	5,195	0	11,591	184	29	155	0
Dabur Lanka (Pvt.) Ltd	1,241	14	1,264	1,264	0	1	(11)	0	(11)	0
Namaste Laboratories LLC	0	13,403	19,819	19,819	0	55,030	6,633	(238)	6,871	3,724
Urban Laboratories International LLC	0	(133)	1,933	1,933	0	952	(287)	0	(287)	0
Hair Rejuvenation & Revitalization Nigeria Ltd	0	0	0	0	0	0	0	0	0	0
Healing Hair Laboratories International LLC	0	0	0	0	0	0	0	0	0	0

### 15. AS 30, 31 & 32:

- Pursuant to implementation of AS 30, 31 and 32 all assets and liabilities excluding equity, fixed assets (tangible and intangible), inventories and specific exceptions referred to in accounting policy no. A (4) of schedule 23 have come to be recognized within the purview of financial assets and financial liabilities. This also includes off balance sheet exposures in derivative instruments referred to in accounting policy no A(5)(d) schedule 23. This read with deferred tax and impairment provision on tangible and intangible assets marks departure from historic concept of accounts otherwise followed by company.
- Financial assets/liabilities available for sale are of the nature of loans, receivables and payables, (not being receivable/ payable in short term context), call for measurements at amortized value as defined in accounting policy no. A(4)(b) Schedule 23 unless amortized value does not materially differ from unamortized value.

Effective rate of interest applicable for arriving at discounted value of relevant liabilities & assets as on date hereby described as amortized value, has been considered on the basis of appropriate Government Bond rate as ruling as on 31-03-2012 i.e. 8.4 %. Such benchmarking of effective rate is attributed to expected cognizance taken by government of the market risk, commodity price index, foreign exchange reserve, inflationary & deflationary impact on internal rates & cyclic / non cyclic fluctuations in fiscal & monetary system for the purpose of arriving at the rate of bond.



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No financial assets / liabilities of overseas subsidiaries calls for reinstatement under these standards.

- c. Implementation of AS 30, 31 & 32 lead to change in the treatment of financial assets / liabilities / instruments which during the year added to the opening General Reserve , Deferred Tax liability and Investment Revaluation Reserve by Rs. 76, Rs. 37 & Rs. 78 respectively with consequent rise in net financial assets .
- d. Particulars on financial assets/liabilities where fair value/amortized cost differ from book balance.

	Original Value / Contract Rate (Amt.)	Fair Value (Amt.)	Amortized Value (Amt.)	Profit/ (Loss) (Amt.)	Head of Account Profit/ (Loss) being Accounted for
<b>A. Financial Assets</b>					
a. Held for Trading					
- Equity Instruments	-	-	-	-	Opening General Reserve
- Mutual Funds	12,165	12,231		65	----do----
- Other Listed Securities	-	-	-	-	----do----
b. Available for Sale					
- Government Bond	8714	8792	-	78	Investment Revaluation Reserve
<b>B. Financial Liabilities</b>					
Long term Borrowing	212	164	-	48	Opening General Reserve
<b>C. Financial Instruments</b>					
a. Instrument hedging adverse currency fluctuation against Off Balance Exposure in Foreign Currency	0	10	-	10	Finance Cost
b. Instrument hedging adverse currency fluctuation against borrowing in foreign currency	0	(63)	-	(63)	Finance Cost

- e. This being the first financial year of implementation of above accounting standard, figures of previous years are not applicable for table in 'd'above.
  - f. Unrealized hedging loss forming part of financial assets of Rs. 53 against off balance sheet exposure appear in the current liabilities in the balance sheet.
  - g. Value of equity instruments, financial assets not carried at fair value except for those having negligible impact or bearing floating rate of interest:
    - Rs. 107 towards noncurrent investment
    - Rs. 3,000 of term deposit with bank maturing little after one year.
  - h. All financial assets and financial liabilities, not being referred to in above table, being short term in nature and not tradable in primary or secondary market, have been carried at unamortized cost.
  - i. This being the first year of implementation of AS 30, 31 & 32 question of change in market value, fair value and market risk, vis-a-vis previous year does not occur.
  - j. The company has no exposure involving credit risk included in loan or receivable.
  - k. Rs. 8 of fixed deposit is pledged with government authorities towards excise bond.
16. Trade payables include Creditors for goods and services.

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**17. Information Pursuant to AS - 17 issued by ICAI.**

(All amounts in Indian Rupees in lacs except share data)

	Consumer Care		Foods		Retail		Others		Unallocated		Total Consolidated	
	Business											
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>REVENUE</b>												
External Sales	4,48,964	3,48,130	60,220	49,331	4,237	2,050	14,899	8,232	-	-	5,28,320	4,07,743
Inter-segment sales												
<b>Total Revenue</b>	<b>4,48,964</b>	<b>3,48,130</b>	<b>60,220</b>	<b>49,331</b>	<b>4,237</b>	<b>2,050</b>	<b>14,899</b>	<b>8,232</b>	<b>-</b>	<b>-</b>	<b>5,28,320</b>	<b>4,07,743</b>
<b>RESULT</b>												
Segment result	97,547	89,748	11,107	9,410	-1,163	-914	733	364	-	-	1,08,224	98,608
Unallocated corporate expenses	-	-	-	-	-	-	-	-	28,662	26,819	28,662	26,819
<b>Operating profit</b>	<b>97,547</b>	<b>89,748</b>	<b>11,107</b>	<b>9,410</b>	<b>(1,163)</b>	<b>(914)</b>	<b>733</b>	<b>364</b>	<b>(28,662)</b>	<b>(26,819)</b>	<b>79,562</b>	<b>71,789</b>
Interest expense	-	-	-	-	-	-	-	-	5,384	3,034	5,384	3,034
Interest income	-	-	-	-	-	-	-	-	(4,872)	(2,033)	(4,872)	(2,033)
Income Tax(Current + Deferred)	-	-	-	-	-	-	-	-	14,638	13,898	14,638	13,898
<b>Profit from ordinary activities</b>	<b>97,547</b>	<b>89,748</b>	<b>11,107</b>	<b>9,410</b>	<b>(1,163)</b>	<b>(914)</b>	<b>733</b>	<b>364</b>	<b>(43,812)</b>	<b>(41,718)</b>	<b>64,412</b>	<b>56,890</b>
Exceptional item	-	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	32	-	32
<b>Net profit</b>	<b>97,547</b>	<b>89,748</b>	<b>11,107</b>	<b>9,410</b>	<b>(1,163)</b>	<b>(914)</b>	<b>733</b>	<b>364</b>	<b>(43,812)</b>	<b>(41,750)</b>	<b>64,412</b>	<b>56,858</b>
<b>OTHER INFORMATION</b>	As on 31/03/12	As on 31/03/11	As on 31/03/12	As on 31/03/11	As on 31/03/12	As on 31/03/11	As on 31/03/12	As on 31/03/11	As on 31/03/12	As on 31/03/11	As on 31/03/12	As on 31/03/11
Segment assets	1,87,850	1,52,015	38,035	32,651	1,545	1,252	13,831	3,171	-	-	2,41,261	1,89,089
Unallocated corporate assets	-	-	-	-	-	-	-	-	2,07,429	1,93,080	2,07,429	1,93,080
<b>Total assets</b>	<b>1,87,850</b>	<b>1,52,015</b>	<b>38,035</b>	<b>32,651</b>	<b>1,545</b>	<b>1,252</b>	<b>13,831</b>	<b>3,171</b>	<b>2,07,429</b>	<b>1,93,080</b>	<b>4,48,690</b>	<b>3,82,169</b>
Segment liabilities	71,138	64,194	16,280	15,817	1,110	883	10,237	138	-	-	98,765	81,032
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	1,85,420	1,72,122	1,85,420	1,72,122
<b>Total liabilities</b>	<b>71,138</b>	<b>64,194</b>	<b>16,280</b>	<b>15,817</b>	<b>1,110</b>	<b>883</b>	<b>10,237</b>	<b>138</b>	<b>1,85,420</b>	<b>1,72,122</b>	<b>2,84,185</b>	<b>2,53,154</b>
<b>Capital Expenditure</b>	<b>10,442</b>	<b>7,447</b>	<b>4,308</b>	<b>3,238</b>	<b>317</b>	<b>324</b>	<b>570</b>	<b>955</b>	<b>6,783</b>	<b>4,225</b>	<b>22,420</b>	<b>16,189</b>
Depreciation	3,742	2,933	1,303	1,235	163	155	390	371	1,689	1,546	7,287	6,240
Non-cash expenses other than depreciation	-	-	-	-	-	-	-	-	3,037	3,280	3,037	3,280



## SCHEDULE

annexed to and forming part of the Accounts for the period ended March 31, 2012 Consolidated Financials

(All amounts in Indian Rupees in lacs except share data)

### 18. Earnings per Share :

	2011-12	2010-11
A. Profit after Tax (after adjustment of tax for earlier years)	<b>64,489</b>	56,857
Less/Add : Extraordinary Expenses / Income.		
B. Profit before consideration of Extraordinary items	<b>64,489</b>	56,857
Weighted average no. of shares outstanding		
Basic	<b>1741680390</b>	1740375960
Diluted	<b>1752664018</b>	1749664278
Earnings per share (of face value of Re 1/-)		
Basic	<b>3.70</b>	3.27
Diluted	<b>3.68</b>	3.25
C. Profit/After consideration of Extraordinary items	<b>64,489</b>	56,857
Profit after tax (after adjustment of tax for earlier years)		
Weighted average no. of shares outstanding		
Basic	<b>3.70</b>	3.27
Diluted	<b>3.68</b>	3.25

19. Partner, holding 1% share of the firm Balsara International, a partnership firm wherein investment of the company amounted to Rs. 49 (99% share), resigned during the year , with his share of dues been paid off. Being reduced to the status of sole proprietary firm, it became imperative to consolidate the assets and liabilities therein in company's account merged herein, in this connection, are net fixed assets Rs 22, Cash and Bank balances Rs. 2, Advance Tax Rs. 33 and Trade Creditors Rs. 7. Excess of investment over net assets inherited, working out of Rs. 16, has been charged off to General Charges.
20. During the year , share capital of H&B Stores Limited was reduced within the meaning of Section 100(1)(b) of Companies Act, 1956 by way of cancellation of 448938127 no. of equity shares of Re. 1 each against extinguishment of loss of equivalent amount. This , however had no financial impact on the consolidated financial statements.
21. (a) Grouping and heads of accounts of the subsidiaries have been rearranged in terms of Presentation of those of parent company as and when necessary.
- (b) Entities under consolidation incorporated in Turkey & USA having joined the business combination in third and fourth quarter respectively of previous financial year, to the extent figures in the profit & loss account are not comparable with previous year.
- (c) Figures for the previous year have been rearranged/ regrouped as and when necessary in terms of current year's grouping.
- (d) Figures are rounded off to nearest rupees lacs.

Signatures to the Schedules "1" to "23" Annexed to and forming part of the Accounts.

As per our report of even date attached

**for G. BASU & CO.**

Chartered Accountants  
Firm Regn No : 301174E

**Anil Kumar**

Partner  
Membership Number: 9390

Place : New Delhi

Date : 30th April, 2012

**Dr. Anand Burman**

Chairman

**P. D. Narang**

Whole-time Director

**Sunil Duggal**

Whole-time Director

**A. K. Jain**

Senior G.M. ( Finance)  
Cum Company Secretary

 **NOTICE**

Notice is hereby given that the 37th Annual General Meeting of the Members of Dabur India Limited will be held on Tuesday, the 17th July, 2012 at Air Force Auditorium, Subroto Park, New Delhi – 110010 at 11.00 AM to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 and Profit and Loss Account for the year ended on that date along with the Reports of Auditors and Directors thereon.
2. To confirm the interim dividend already paid and declare final dividend for the financial year ended 31st March, 2012.
3. To appoint a Director in place of Dr. S Narayan who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Albert Wiseman Paterson who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Mr. Analjit Singh who retires by rotation and being eligible offers himself for reappointment.
6. To appoint a Director in place of Mr. Amit Burman who retires by rotation and being eligible offers himself for reappointment.
7. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS**

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-  
“RESOLVED THAT Mr. Saket Burman who was co-opted by the Board as an Additional Director with effect from 31st January, 2012 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-  
“RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the reappointment of Mr P D Narang as a Whole-time Director of the Company, for a period of 5 years w.e.f. 01.04.2013 on such remuneration and terms & conditions as set out in the explanatory statement attached to this notice.”  
“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.”
10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:-  
“RESOLVED THAT in accordance with the provisions of Section 309 of the Companies Act, 1956 and subject to approval of Central Government, wherever required, the consent of the Company be and is hereby given to pay to its Directors (other than the Directors in the whole time employment of the Company) for a period of five years commencing from 1st April, 2012, such commission (at the discretion of the Board, the payment of such commission may be made on a pro-rata basis every month or on annual basis or partly monthly and partly on an annual basis) as the Board may from time to time determine (to be divided amongst them in such proportion/manner as may be determined by the Board from time to time), in addition to the sitting fee for attending the meetings of the Board of Directors or any Committee thereof, but so that such commission shall not exceed 1% of the net profits of the Company in any financial year to be computed in the manner provided in Section 198(1) of the Companies Act, 1956.”  
“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.”

Regd. Office:  
8/3, Asaf Ali Road, New Delhi - 110002

Date : 30th April, 2012

By Order of the Board  
for **DABUR INDIA LIMITED**

**(A K JAIN)**  
Sr. General Manager (Finance) & Company Secretary

**NOTES**

1. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no. 8 to 10 of the notice set out above is annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE COMMENCEMENT OF 37TH ANNUAL GENERAL MEETING.



## NOTICE

3. The Share Transfer Books and Register of Members of the Company will remain closed from Friday, 29th June, 2012 to Friday, 6th July, 2012 (both days inclusive).
4. Members holding shares in physical form are requested to notify/send the following to the Registrar & Transfer Agent of the Company-Karvy Computershare Pvt Ltd., 305, New Delhi House, 27 Barakhamba Road, New Delhi-110001:-
  - i) particulars of their bank account and email id, in case the same have not been sent earlier;
  - ii) any change in their address/e-mail id/ECS mandate/ bank details;
  - iii) share certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholding into one account.
5. Members holding shares in the dematerialized form are requested to notify to their Depository Participant:-
  - i) their email id.
  - ii) all changes with respect to their address, email id, ECS mandate and bank details.
6. The Securities and Exchange Board of India has notified that the shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their Income Tax Permanent Account Number (PAN) card to the Company / RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) in physical form are requested to furnish a certified copy of their PAN card to the Company/ RTA while transacting in the securities market including transfer, transmission or any other corporate action.
7. The shares of the Company are under compulsory Demat trading. Members holding shares in physical form are requested to convert their shares into dematerialized form in their own interest and convenience purpose.
8. Ministry of Corporate Affairs ("MCA") has vide Circular No. 17/2011 dated 21.04.2011 & No. 18/2011 dated 29.04.2011 allowed the service of documents on members by a Company through electronic mode. Accordingly, as a part of its Green Initiative in Corporate Governance and in terms of circulars issued by Ministry of Corporate Affairs allowing paperless compliances through electronic mode, soft copy of the Annual Report for the year ended 31st March, 2012 has been sent to all the members whose email address is registered with the Company/Depository Participant(s) unless any member has requested for a hard copy of the same. All those members, who have not yet registered their email address with the Company/Depository Participant are requested to do the same at the earliest. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post/courier free of cost.

The Annual Report for 2012 (including Notice of the 37th Annual General Meeting) will also be available on the Company's website [www.dabur.com](http://www.dabur.com) for download by the members. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours up to the date of Annual General Meeting.
9. The Shareholders/Proxies are requested to produce at the Registration Counter(s) the attached attendance slip, duly completed and signed, for admission to the meeting hall.
10. In case you have any query relating to the enclosed Annual Accounts you are requested to send the same to the Company Secretary at the Registered Office of the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
11. Pursuant to provisions of Section 205C of the Companies Act, 1956 the amount of dividends remaining unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, till date the Company has transferred the unpaid and unclaimed amount pertaining to interim dividend for the financial year 2004-2005 including unclaimed dividend for Financial Year 2004-05 (interim) pertaining to erstwhile Femcare Pharma Limited (FEM) (now merged with Dabur India Limited) to the IEPF. Members who have not yet encashed their dividend warrants for the financial year 2004-05 (final dividend) onwards are requested to make their claims to the Company immediately. Members may please note that no claim shall lie either against the Fund or the Company in respect of dividend which remain unclaimed and unpaid for a period of seven years from the date it is lying in the unpaid dividend account and no payment shall be made in respect of such claims.
12. As a measure of economy, copies of Annual Reports will not be distributed at the venue of the Annual General Meeting. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.
13. All the documents referred to in the accompanying notice and Register of Directors' Shareholding are open for inspection at the registered office of the Company on all working days between 11.00 am to 1.00 pm up to the date of Annual General Meeting. Register of Directors' Shareholding shall also be open for inspection upto 3 days after the Annual General Meeting.
14. The Certificate from Auditors of the Company certifying that the Employee Stock Option Scheme of the Company is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the General Body Meetings will be placed at the Annual General Meeting.
15. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar & Transfer Agents of the Company the prescribed Form 2B, which can be downloaded from our website [www.dabur.com](http://www.dabur.com).
16. The Register of Directors' shareholding will be available for inspection at the meeting.

**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No.8**

The Board of Directors has appointed Mr Saket Burman as an Additional Non Executive Director of the Company in the Promoters category w.e.f. 31st January, 2012 in terms of Section 260 of the Companies Act, 1956.

Pursuant to section 260 of the Companies Act, 1956 he shall hold office only upto the date of ensuing Annual General Meeting. Valid Notice along with requisite deposit under section 257 of the Companies Act, 1956 has been received from a member of the Company proposing the candidature of Mr Saket Burman for the office of Director of the Company.

Mr Saket Burman has done BBA in Marketing and Finance from the University of Wisconsin, Madison. Mr Saket Burman has a rich experience in Business Management, Finance and operations. He is presently on the Board of Dabur International Limited, Dabur Egypt Ltd, Dabur Egypt Trading Limited and also serves as a member/ adviser on a number of entrepreneurial & angel investing groups.

The Board considers that his association as a Director will be beneficial to and in the interest of the Company.

The Board of Directors recommends for your approval his appointment as Director of the Company, liable to retire by rotation.

Mr Saket Burman belongs to promoters family. Besides, he is not related to any other director of the Company in terms of Section 2(41) and section 6 read with Schedule 1A of the Companies Act, 1956.

None of the Directors other than Mr Saket Burman, himself, is concerned or interested in the resolution.

**Item No. 9**

The existing tenure of Mr P D Narang as Whole time Director of the Company will expire on 31.03.2013. The Board of Directors of the Company in its meeting held on 30th April, 2012 has reappointed him as Whole-time Director of the Company, for a further period of five years w.e.f. 01.04.2013 on the remuneration and terms and conditions, as under.

The Remuneration cum Compensation Committee in its meeting held on 30.04.2012 also approved the reappointment of Mr P D Narang and recommended the same to the Board for their approval.

**A. Basic Salary**

Rs.2,00,00,000 per annum with an authority to the Board to increase the same from time to time in accordance with the limits specified in Schedule XIII of the Companies Act, 1956, as amended from time to time. The annual or other increments will be merit based and will take into account the Company's performance.

**B. Special Allowance**

Not exceeding Rs.1,30,00,000 per annum with authority to Board to fix his special allowance within this limit from time to time.

**C. Performance linked incentive**

As per rules of the Company as determined by the Board of Directors from time to time.

**D. Perquisites & Allowances**

In addition to the prescribed salary, special allowance and performance linked incentives Mr P D Narang will also be entitled to perquisites and allowances like furnished accommodation or house rent allowance in lieu thereof, house maintenance allowance, medical reimbursement, coverage under medical and personal accident insurance, coverage under keyman insurance scheme, leave travel allowance/concession for self and his family, any other special allowance by whatever name called, contribution to PF, superannuation fund and payment of gratuity, club fees, tax u/s 192(1A) of the Income Tax Act, paid by employer on behalf of employee and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board with Mr P D Narang; such perquisites and allowances will be subject to ceiling of 400% of the basic salary.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

However, the following perquisites & allowances shall not be included in the computation of perquisites and allowances for the purpose of calculating the ceiling of 400% of the basic salary:-

- Provision for use of the Company's car with driver for official duties and telephones at residence (including payment of local calls and long distance official calls, mobile phone, internet facility, any other communication facility).
- Encashment of unavailed leave as per the rules of the Company.
- Long Service Award as per rules of the Company.

**E. In addition to the above Mr P D Narang will also be entitled for Stock Options as may be decided from time to time by the Remuneration cum Compensation Committee in terms of Employees Stock Option Scheme of the Company.****F. Following benefits on cessation of his whole time directorship and directorship in the Company under any circumstances or disablement whilst in service:-**

- a) Ex-gratia equivalent to three years basic pay to be computed on the basis of last salary drawn.



## NOTICE

- b) Monthly pension equivalent to 50% of the last salary drawn (to be linked with inflation).
- c) Medical reimbursement for self and family members for the actual amount incurred by him during his lifetime.
- d) To continue to use and occupy for his lifetime the housing accommodation/HRA provided by the Company.
- e) To continue to use chauffeur driven car and telephone of the Company for his lifetime.

The spouse will, after death of the appointee, continue to get all the benefits listed under para F for her lifetime.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of tenure of aforesaid director, the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances to the said director subject to compliance with the applicable provisions of Schedule XIII of the Companies Act, 1956, and if necessary, with the approval of Central Government.

The above remuneration payable to Mr P D Narang is subject to the condition that the total remuneration including perquisites shall not exceed 5% of the net profits individually and 10% of the net profits collectively payable to all the Managing Directors/ Whole Time Directors as calculated in accordance with Sections 198 and 309 of the Companies Act, 1956 or any amendment thereto or any other provisions as may be applicable.

The terms of appointment and remuneration given herein above be altered, varied and increased from time to time by the Board of Directors of the Company, as it may at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any modification or re-enactment thereof for the time being in force or any amendments made thereto as may be agreed by the Board of Directors and the concerned director. The Board of Directors is also authorised to fix the quantum of benefits payable to the appointee under aforesaid para F after considering his performance and length of service and on fulfillment of other criteria laid by the Board from time to time.

Mr. P D Narang does not belongs to promoters family. Besides, he is not related to any other director of the Company in terms of Section 2(41) and section 6 read with Schedule 1A of the Companies Act, 1956.

The copy of resolution passed by the Board of Directors of the Company in its meeting held on 30th April, 2012 approving the aforesaid proposal alongwith other documents is available for inspection by the members of the Company at its registered office between 11.00 AM to 1.00 PM on all working days till the date of the Annual General Meeting.

This explanatory statement together with the accompanying notice may also be treated as an abstract under section 302 of the Companies Act, 1956.

The Board of Directors recommends the resolution for your approval.

None of the Directors other than Mr. P D Narang, himself, is concerned or interested in the resolution.

### **Item No.10**

The approval accorded by the Company for payment of commission for an amount not exceeding 1% of the net profit of the Company (such net profit to be computed in the manner prescribed in Section 198 (1) of the Companies Act, 1956), as provided under Section 309(4) of the Companies Act, 1956, to non executive directors has expired on 31st March, 2012. As Board is of the view that nature of work and responsibilities of Non-executive Directors will continue to remain significant, it has in its meeting held on 30th April, 2012 approved the payment of commission for each of the 5 years commencing from 1st April, 2012, for an amount not exceeding 1% of the net profit of the Company as provided under Section 309(4) of the Companies Act, 1956 or any amendments or modifications thereto, in addition to the fee which they are getting for attending the meetings of the Board or any Committee thereof, to be divided amongst Directors aforesaid in such manner as the Board of Directors of the Company may from time to time determine.

Such commission may be paid to non-executive directors on a pro-rata basis every month or on an annual basis or partly monthly and partly on an annual basis as the Board of Directors deem fit, subject to the approval of Central Government wherever required.

The Board of Directors recommends the resolution for your approval.

All the non-whole time directors may be deemed to be concerned or interested in this resolution.



## NOTICE

### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN ANNUAL GENERAL MEETING FIXED FOR 17TH JULY, 2012

#### **Dr S Narayan**

**Date of birth** : 20.06.1943  
**Date of Appointment** : 27.07.2005  
**Qualification** : M.Sc-Physics, MBM Finance,  
M.Phil-Cambridge, Ph.D. IIT Delhi,  
IAS(Retd.)

#### **Expertise in specific functional area :**

For nearly 4 Decades (1965 to 2004) he was in public service in the State and Central Government, in development administration. Retired as economic advisor to the Prime Minister of India, he has rich experience in formulation of macro –economic policy for the government tariff and taxation policies as well as initiatives for modernizing the capital markets.

#### **List of public companies in which outside directorship held :**

- |                                 |                         |
|---------------------------------|-------------------------|
| 1. Godrej Properties Limited    | 4. Teesta Urja Limited  |
| 2. Apollo Tyres Ltd.            | 5. Aviva Life Insurance |
| 3. Seshasayee Paper & Board Ltd | Company India Ltd.      |

#### **Chairman/Member of the Committee of Board of Directors of Companies :**

Audit Committee:-

- |                          |                        |
|--------------------------|------------------------|
| • Dabur India Ltd.       | • Teesta Urja Limited  |
| • Godrej Properties Ltd. | • Seshasayee Paper and |
| • Apollo Tyres Ltd.      | Board Ltd.             |

Remuneration cum Compensation Committee:-

- Dabur India Limited

#### **Shareholding in the Company : Nil**

#### **Mr Albert Wiseman Paterson**

**Date of birth** : 07.08.1958  
**Date of Appointment** : 30.10.2008  
**Qualification** : B.Sc. (Hons) Mathematics, ACII, Post  
Graduate Certificate in Education.

#### **Expertise in specific functional area :**

Mr Albert Wiseman Paterson in early stages of his career has served in various leadership roles in the actuarial, planning and strategy areas of the Aviva group. As a CEO he looked into, life insurance and pension businesses and was also responsible for a portfolio of business units of Aviva Plc. Including Turkey, Czech Republic, Romania, Hungary and India.

#### **List of public companies in which outside directorship held : NIL**

#### **Chairman/Member of the Committee of Board of Directors of the Companies : NIL**

#### **Shareholding in the Company : Nil**

#### **Mr Analjit Singh**

**Date of birth** : 11.01.1954  
**Date of Appointment** : 30.10.2008  
**Qualification** : BA, BS, MBA (Boston)

#### **Expertise in specific functional area :**

He is the Founder & Chairman of Max India Limited, Chairman of Max New York Life Insurance Company Limited and Chairman of Max Healthcare. He has been the driving force behind the Max India Group's sustained growth and success since the mid 1980s. Being one of India's leading business persons, he is a member of the Prime Minister's Joint Indo-US CEOs Forum and

member of various key industry forums. He is a Director on the Board of several reputed companies. On the academic front, he is associated as Executive Board Member of various educational institutions. He is also actively involved in social activities.

#### **List of public companies in which outside directorship held :**

- |   |   |
|---|---|
| 1. Max India Ltd.                       | 7. Malsi Hotels Ltd.                      |
| 2. Hero MotoCorp Ltd.                   | 8. Malsi Holdings Ltd.                    |
| 3. Tata Global Beverages Ltd.           | 9. Malsi Estates Ltd.                     |
| 4. Max New York Life Insurance Co. Ltd. | 10. Max Neeman Medical International Ltd. |
| 5. Max Healthcare Institute Ltd.        | 11. Max Bupa Health Insurance Co. Ltd.    |
| 6. Vodafone India Ltd.                  | 12. Sofina, Belgium                       |

#### **Chairman/Member of the Committee of Board of Directors of the Companies : NIL**

#### **Shareholding in the Company : Nil**

#### **Mr. Amit Burman**

**Date of birth** : 16.07.1969  
**Date of Appointment** : 01.11.2001  
**Qualification** : MBA, Cambridge University, England

#### **Expertise in specific functional area :**

Mr. Amit Burman is responsible for the growth of foods business of the Company which under his dynamic leadership has achieved a phenomenal growth.

As a Promoter Director of Lite Bite Foods Pvt. Ltd. he had got rich experience in Foods Business.

#### **List of public companies in which outside directorship held :**

- |                                       |                                   |
|---------------------------------------|-----------------------------------|
| 1. H&B Stores Ltd.                    | 5. Micromax Informatics Ltd.      |
| 2. Q H Talbros Limited                | 6. Hobi Kozmetik                  |
| 3. Jetage Infrastructure Ltd.         | 7. Dermoviva Skin Essentials Inc. |
| 4. Talbros Automotive Components Ltd. | 8. Dabur International Ltd.       |

#### **Chairman/Member of the Committee of Board of Directors of the Companies :**

Audit Committee :- H & B Stores Ltd.

Shareholders/ Investors Grievance Committee:- Dabur India Ltd.

#### **Shareholding in the Company : Nil**

#### **Mr. Saket Burman**

**Date of birth** : 10.03.1977  
**Date of Appointment** : 31.01.2012  
**Qualification** : BBA in Marketing and Finance from the University of Wisconsin, Madison.

#### **Expertise in specific functional area :**

He has started up a number of companies in different industries in the UAE. He also serves as a member or as an adviser on a number of entrepreneurial and angel investing groups.

#### **List of public companies in which outside directorship held :**

- |                             |                             |
|-----------------------------|-----------------------------|
| 1. Dabur International Ltd. | 3. Dabur Egypt Trading Ltd. |
| 2. Dabur Egypt Ltd.         |                             |

#### **Chairman/Member of the Committee of Board of Directors of the Companies : NIL**

#### **Shareholding in the Company : Nil**

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## Dabur India Limited

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