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**Dabur India Limited**

ANNUAL REPORT 2007-2008

# Introduction

Built on a legacy of quality and experience of 124 years, Dabur India Limited is today the largest Indian FMCG company and the most trusted name in natural health care. Dabur is also a company that continues to grow and rejuvenate, bringing in new innovations to the market in the form of contemporary & pathbreaking products and ventures.



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# Ten Year Highlights

RS Crores	FY99	FY00	FY01*	FY02**	FY03	FY04***	FY05	FY06#	FY07^	FY08
<b>Operating Results:</b>										
Sales	863	982	1100	1200	1285	1236	1417	1757	2080	2396
Other Income	23	34	19	12	7	9	9	13	26	34
EBITDA	98	128	137	144	162	164	217	300	376	443
EBITDA Margins (%)	11.3	13.0	12.5	12.0	12.6	13.3	15.3	17.1	18.1	18.5
Profit Before Tax(PBT)	52	81	85	82	106	124	176	257	319	384
Taxes	2	4	7	14	14	15	19	30	39	52
Tax Rate (%)	2.9	4.5	8.5	16.6	13.3	12.0	10.8	11.7	12.1	13.4
Profit After Tax (PAT)	50	77	78	64	85	107	156	214	282	333
PAT Margins(%)	5.8	7.9	7.1	5.4	6.6	8.6	11.0	12.2	13.5	13.9
<b>Financial Position:</b>										
Fixed Assets (Net)	239	251	243	371	257	250	295	512	379	465
Current Assets,Loans & Advances	344	412	393	504	522	340	408	471	640	774
Current Liabilities & Provisions	83	108	158	183	241	294	400	436	452	732
Net Working Capital	260	304	235	322	281	46	8	35	189	42
Days of Sales	110	113	78	98	80	14	2	7	33	6
<b>TOTAL ASSETS</b>	<b>556</b>	<b>609</b>	<b>558</b>	<b>705</b>	<b>640</b>	<b>433</b>	<b>543</b>	<b>624</b>	<b>670</b>	<b>749</b>
Share Capital	29	29	29	29	29	29	29	57	86	86
Reserves & Surplus	233	292	334	365	388	257	335	440	393	531
SHARE HOLDERS FUNDS	262	320	362	393	417	286	364	497	480	618
Loan Funds	295	289	196	304	964	132	164	121	160	99
<b>TOTAL CAPITAL EMPLOYED</b>	<b>556</b>	<b>609</b>	<b>558</b>	<b>705</b>	<b>640</b>	<b>433</b>	<b>543</b>	<b>624</b>	<b>670</b>	<b>749</b>
RoCE(%)	15.1	17.0	19.5	12.6	16.1	28.6	31.3	39.0	45.7	47.7
RONW (%)	19.9	24.7	22.0	16.6	20.6	38.1	43.5	46.1	61.3	55.3
<b>Equity Share Data:</b>										
Earnings Per Share( Rs)	17.6	27.1	2.7	2.3	3.0	3.7	5.4	3.7	3.3	3.9
Dividend Per Share(Rs)	5.0	10.0	1.0	0.5	1.4	2.0	2.5	1.8	1.42	1.5
No of Shares( In Crs)	2.9	2.9	28.5	28.6	28.6	28.6	28.6	57.3	86.3	86.4

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

\* Stock split from Rs 10/share to Rs 1/ share

\*\* Consolidated results from FY02 onwards

\*\*\*Dabur Pharma got de-merged.

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

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

# Dabur



## Hajmola®



# Anmol

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

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

A tasty fun-filled digestive available in interesting formats, like tablets and candies, that are appealing to all age groups.

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

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



# Board of directors

Board as at 31<sup>st</sup> March 2008

Dr Anand Burman  
Mr Amit Burman  
Mr Pradip Burman  
Mr Mohit Burman  
Mr P. D. Narang  
Mr Sunil Duggal  
His Highness Maharaja Gaj Singh  
Mr R. C. Bhargava  
Mr P. N. Vijay  
Mr S. Narayan

Chairman  
Vice Chairman  
Director  
Director  
Director  
Director  
Director  
Director  
Director  
Director

GM (Finance) &  
Company Secretary  
Mr Ashok Jain

## **Auditors**

M/s G. Basu & Co.  
Chartered Accountants

## **Internal Auditors**

Price Waterhouse Coopers Pvt. Ltd.

## **Bankers**

Punjab National Bank  
Standard Chartered Bank  
HSBC Ltd.  
State Bank of India  
ABN Amro Bank NV  
Citibank NA  
United Bank of India  
HDFC Bank Ltd.  
IDBI Bank Ltd.



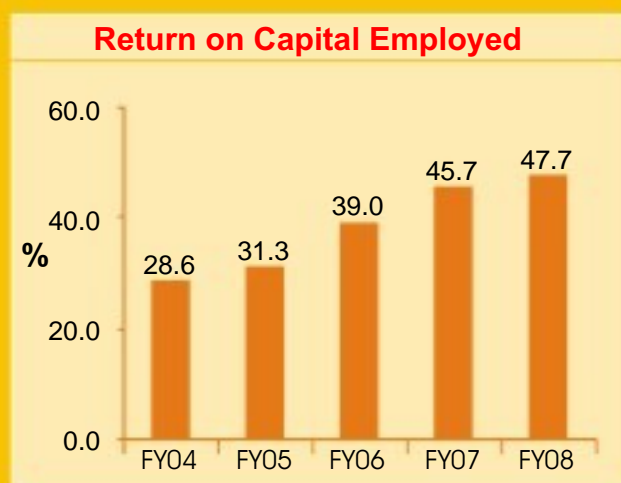
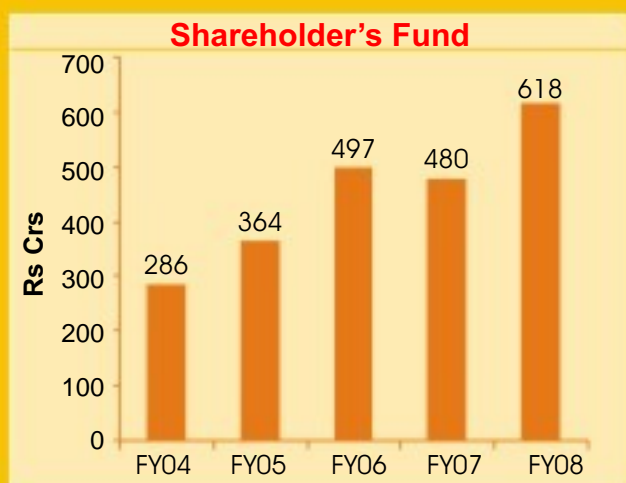
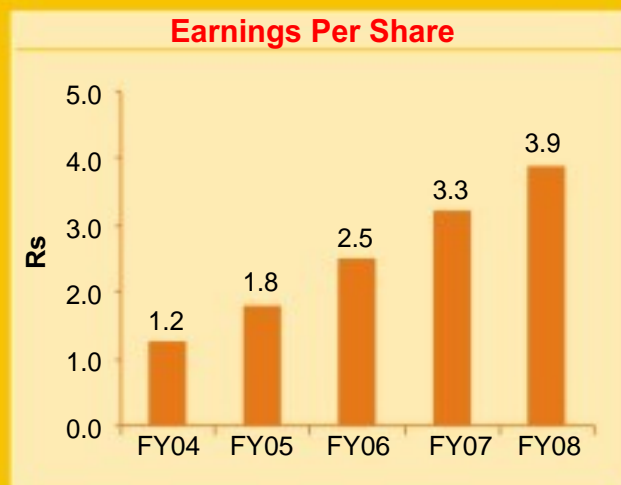
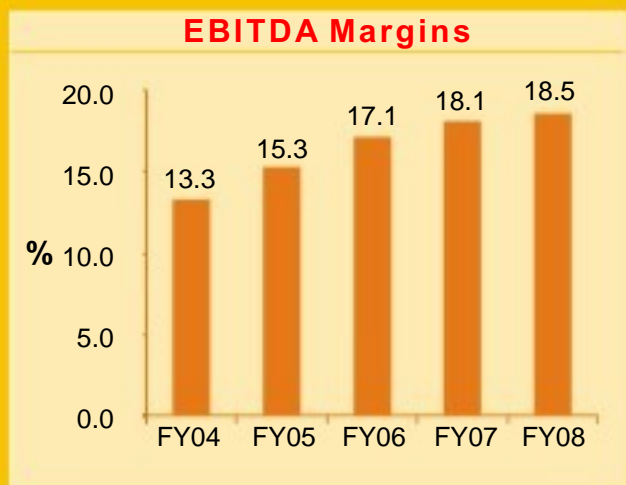
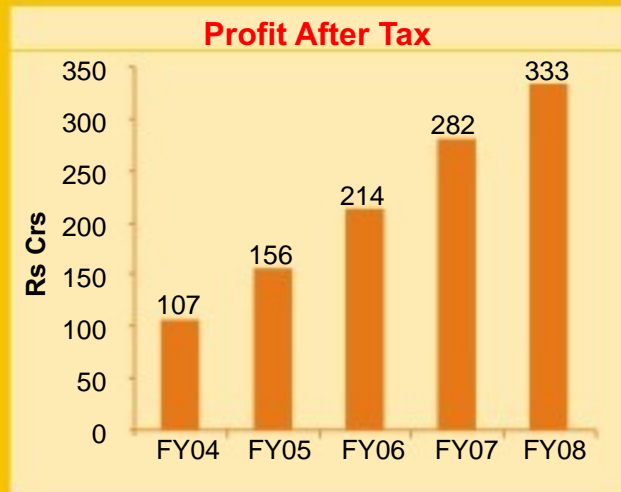
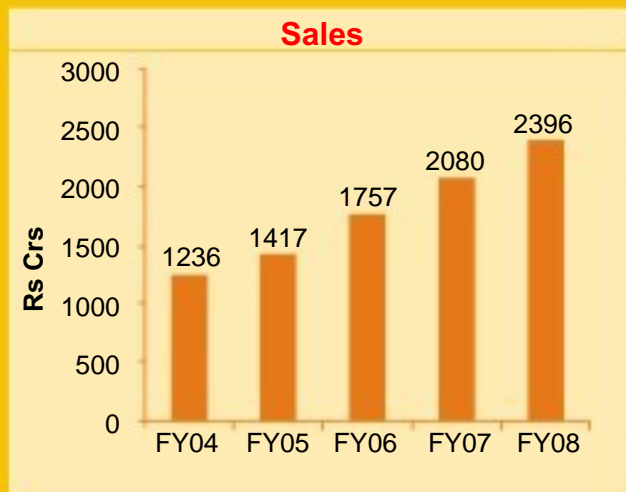
## **Corporate Office**

Dabur India Limited,  
Dabur Tower,  
Kaushambi, Sahibabad,  
Ghaziabad, 201 010,  
Uttar Pradesh, India  
Tel.: 0120 - 3982000,  
3001000  
Fax: 0120 - 4374935  
Website: [www.dabur.com](http://www.dabur.com)  
Email: [investors@dabur.com](mailto:investors@dabur.com)

## **Registered Office**

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

# Performance At A Glance



Based on consolidated financials of Dabur India Limited

# Chairman's Message

Dear Shareholders,

It gives me great pleasure to communicate with you at the end of another successful year for Dabur.

During the year 2007-08, your company has continued on its growth path. On a consolidated basis, Revenues have increased by 15.2% to Rs. 2,396 Crores and Profit after Tax (PAT) increased by 18.2% to Rs. 333 Crores. With our talented management team Dabur has continued to maintain its leadership position in the Fast Moving Consumer Goods (FMCG) market in India, and deliver results on a consistent basis. During the last five years, your company has recorded compound annual growth rates of 18% in net Revenues, and even more satisfactorily, a compounded growth rate of 33% in Profit after Tax.

In the process of delivering these results, Dabur has successfully test marketed and introduced various new products, developed and maintained many brands, and put into place systems and teams which are ready to deliver much more.

Our achievements for the year 2007-08 have been detailed in the section on Management Discussion and Analysis. In this communication, I would like to address some of the opportunities and challenges facing us in the months and the years ahead, and how your company is gearing up to address these issues in the future.

In spite of a global slowdown, India continues to be a high growth economy, and a significant portion of this growth is driven by private consumption. This growth will continue to throw up great opportunities for consumer product companies. For Dabur, it is imperative that we take cognizance of the nuances of India's changing consumer patterns and appropriately position ourselves to take full advantage of these market dynamics.

Over the next 20 years or so, over a 100 million households will enter the organised market. This will make India, along with China, one of the most important markets for



consumer goods companies. It is expected that the market will expand at all socio-economic levels.

The successful companies will build volume and market share by providing competitively priced products with a high degree of functionality, offering great value to the consumer. Dabur has been catering to this market for decades, and we understand the consumer needs very well. The challenge remains in adapting our product offerings in line with changing consumer requirements in the future.

Another key challenge in reaching out to this enlarged market will be to build and maintain a robust distribution and supply chain to cater to our customers in urban, semi urban and rural settings. The supply and distribution chain that Dabur has put into place will serve us well in reaching out to our customers in villages, small towns alongside the urban consumer in large cities. With increasing competition and the emergence of well informed, discerning consumers, we will continue to focus on the improvement of our productivity, product innovation and product presentation.

Dabur has addressed the demands of the growing organised retail sector. While this sector occupies a small fraction of the total retail trade today, its importance in the years ahead will continue to increase. We continue to build on our learnings and capabilities in this area to be able to optimise the value proposition to the company and the retailer, to capture the opportunities in this fast evolving distribution channel.

We at Dabur constantly take cognisance of the challenges facing us and factor them into our long term business strategy. Your Company has undertaken several initiatives in the year gone by to position itself in order to meet these challenges. These include entering new emerging categories, brand re-furbishing, connecting with the customers through newer relevant communications and packaging innovations. The overall focus is on creating a product portfolio that focuses on efficacy, has a more modern visage and addresses the specific needs of our customers. You will see more of this in the years ahead.

While the year 2007-08 ended well, we foresee several challenges ahead such as rising costs, pressure on retaining quality manpower, wage inflation and cut throat competition. However in spite of all these challenges, I can assure you that the company will do all it can to deliver healthy financial figures to meet and exceed your expectations.

I believe that over the years, our strength has been in identifying business opportunities early and creating value by growing niche segments. Recently, we have entered the Health and Beauty Retail segment which is an emerging retail category in India and is an accepted and popular retail format in other parts of the world. We believe that this fits well with our positioning in health and beauty categories and offers us an opportunity to be a part of the fast expanding retail market in a focused manner. The company has rolled out its first few stores through its 100% subsidiary H&B Stores Limited and they have received a good response.

Continuing with our long-term strategy to innovate, expand and acquire we seek to build growth drivers in all our existing categories and have sufficient opportunities to drive sustainable long term growth of the business. While innovation and expansion has been, and will always be, the cornerstones of all our businesses, we will only undertake those acquisitions that fit with our long-term strategy.

My vision for Dabur is to continue to excel and target high standards of organizational and operational efficiency. I thank all the stakeholders for their continuing support to our endeavours. There are huge growth opportunities in India. With the dedication of our employees and your encouragement, Dabur aims to make the best of these.

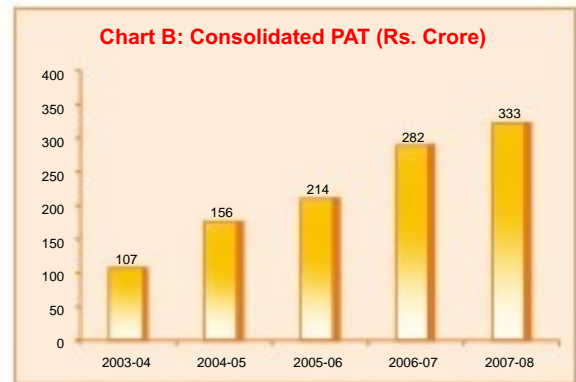
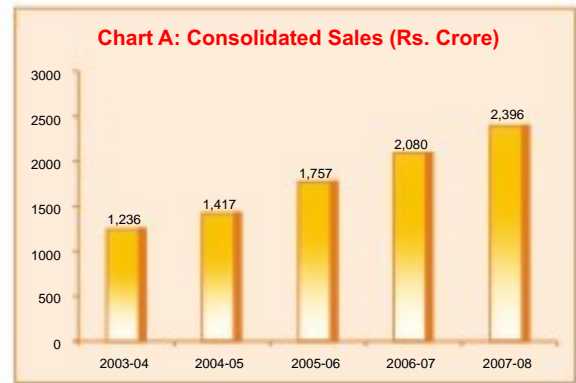
Dr. Anand Burman  
Chairman

# Management Discussion and Analysis

While there has been a mild slowdown in the last quarter, India still continues to follow a high growth path. With advance estimates from the Central Statistical Organisation (CSO) suggesting an annual real GDP growth of 8.7% in 2007-08, the Indian economy has sustained the 8.7% Compound Annual Growth Rate (CAGR) witnessed in the four preceding years. And, Dabur India Limited (referred to as "DIL" or "the company") continues to capitalise on the opportunities presented by the rapidly expanding economy.

This is reflected in the healthy sales and profit growths recorded in 2007-08. The highlights of the company's performance on a consolidated basis in 2007-08 are:

- Increase in consolidated sales from operations by 15.2% from Rs. 2080.3 crore in 2006-07 to Rs. 2396.3 crore in 2007-08
- Growth in consolidated earnings before interest, depreciation, taxes and amortisation (EBIDTA) by 18.0% from Rs. 375.6 crore in 2006-07 to Rs. 443.3 crore in 2007-08
- Growth in Consolidated profits after tax (PAT) after accounting for minority interests and exceptional items grew by 18.2% from Rs. 281.7 crore in 2006-07 to Rs. 333 crore in 2007-08

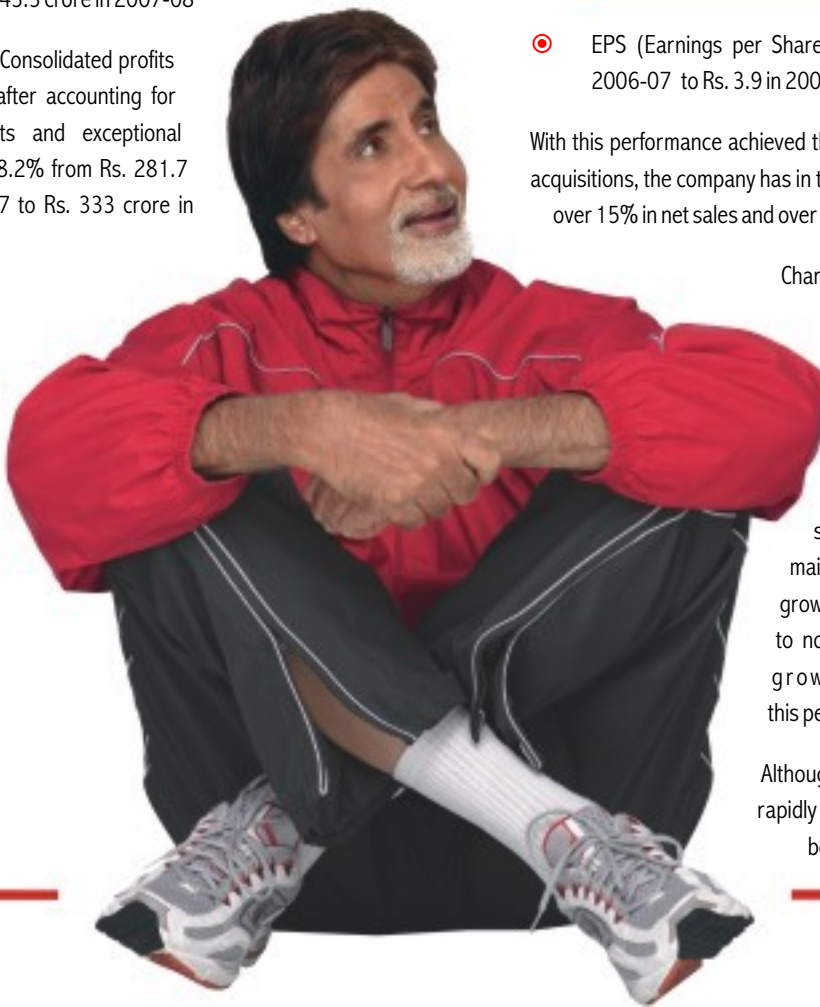


- EPS (Earnings per Share) post-bonus rose from Rs. 3.3 in 2006-07 to Rs. 3.9 in 2007-08

With this performance achieved through organic growth and strategic acquisitions, the company has in the last five years recorded a CAGR of over 15% in net sales and over 33% in profit after tax (PAT).

Charts A and B plot the rising trend in DIL's consolidated net sales and PAT during this period—the first five years since giving off the pharmaceutical business and streamlining operations as a focused FMCG player. As the charts show, DIL has succeeded in maintaining a steady and sustained growth in sales and profits. It is pertinent to note that the company's profits have grown more than threefold in this period.

Although the economy has been growing rapidly over the last five years, all has not been well for the FMCG industry. There



were several complex challenges facing the sector. On the revenue side, there were periods of industry-wide slump in demand. For example, 2003-04 saw both the shampoo and toothpaste segments recording negative growth, and the others growing at low single-digits. Since then, while the demand conditions have improved, there have been many new entrants in terms of companies and products across several categories - making some of these categories extremely competitive.

On the distribution side, it has been a tough task for all FMCG players to reach out to consumers deep in India's heartland - the up-country-rural space that now represents new demand opportunities in the country. There has also been the all-important task of continuously providing value propositions for consumers who have been experiencing rapid changes in preferences and tastes. On inputs, too, there has been regular pressure from spiralling costs of several key raw materials, mainly primary goods and petroleum and petroleum-based products.

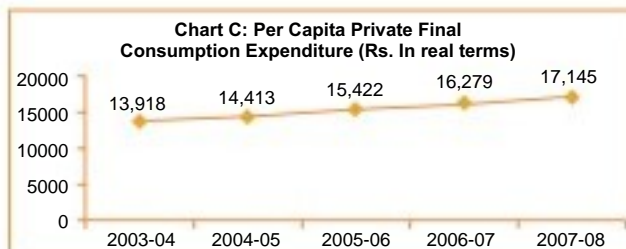
Thus, there have been several external pressures to dampen top-line and profit growth for FMCG companies in India. In this milieu, Dabur has remained resilient against adversities and has leveraged opportunities to regularly deliver superior results over the last five years. In doing so, the company has steadily transformed itself to remain ahead of the changing times.

At this juncture, as the company is poised to move into its next phase of business opportunities and challenges, it is useful to step back and reiterate the key elements of Dabur's long-term growth story. It consists of two building blocks: strategic impetus and the focus on execution thrust.

On the strategic front, there were two distinct phases: the first one between 2003-04 and 2005-06, while the second one commenced from April 2006 and with clear milestones for 2010.

The first phase saw DIL implementing a four-fold strategy, whose key elements were:

- ✦ Emphasis on driving higher growth by drawing on its core strength of being India's most well recognised herbal specialist company



- ✦ Focusing on five key brands-Dabur, Vatika, Anmol, Hajmola and Real-and backing these up by new and innovative product launches, stronger advertising and higher marketing spends
- ✦ Substantially streamlining and strengthening the distribution network
- ✦ Undertaking organisational changes to drive efficiencies and synergies across all its FMCG brands

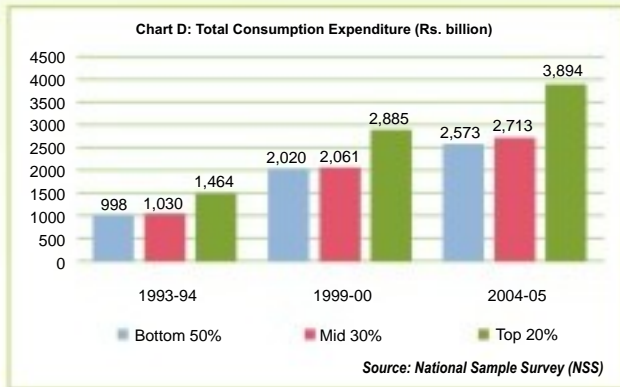
The aim was to transform an ayurvedic products company to a rapidly growing modern FMCG player based on the herbal platform- one that would embody all the characteristics of a FMCG company while creating a niche for itself with an herbal based product portfolio. There was a clear focus on positioning Dabur as one of the FMCG leaders in India.

All of this was backed up by excellence in execution. Six of the company's brands record sales of over Rs.100 crore each. Dabur has a portfolio of over 350 products that are sold through a wide distribution network, which reaches out to over 2.5 million retail outlets. And, the company has been rated as one of the three most respected FMCG companies in India (BusinessWorld, March 2007).

The first phase of the journey has been successfully completed. As targets were met, an organisation-wide transformation began to take place. In the course of this makeover, the experience and skills that the company developed in marketing and brand management, sales and distribution, manufacturing and purchase, supply-chain and finance put Dabur in a position to take on far greater challenges.

In April 2006, Dabur embarked on its next strategic phase





and unveiled 'Vision 2010'. The focus of this initiative is to continue rapid growth in revenue and profits leveraging three key strategic drivers-Expansion, Acquisition and Innovation. In this roadmap, while Dabur will continue to be positioned as a herbal specialist leveraging its knowledge and credentials, it will also widen its business canvass by extending its products and organisation capabilities to service the entire 'Health and Wellness' space. Vision 2010, is designed to address the changing macroeconomic trends in India. As India grows, there are some distinct transformations happening within the Indian consumer class. Much of India's growth has come from higher levels of consumption expenditure. Between 2003-04 and 2007-08, private consumption expenditure increased at a CAGR of 6.9%. As Chart C shows, this growth has raised real per capita private consumption by 23% in a space of four years - from Rs.13, 918 per annum in 2003-04 to Rs.17,145 per annum in 2007-08.

With the growth in per capita consumption, many areas in the vast Indian up-country, which were hitherto non-viable markets due to relatively low purchasing power, have started becoming important demand centres. Dabur's DARE initiative has a special focus to tap such rural markets.

Also, there has been a disproportionate growth in consumption spends among the



higher income groups. According to the National Sample Survey (NSS), the top 20% accounts for 45% of the consumer market in India (see Chart D). Their significantly greater spends have opened up new opportunities at the higher end of the FMCG market - a segment that focuses on quality, global trends and the finer elements of life. This is a fast growing and an increasingly profitable market. It also has positive spillover by creating a demonstration effect on the middle-income groups, thus raising their aspirations as well.

There is a steady shift in structure of our population towards younger ages. According to the Census of India, the proportion of population in the age group of 15-19 has increased from 10.1% in 2001 to 10.7% in 2006. Similarly, for the age group 20-24, the share has increased from 8.9% in 2001 to 9.3% in 2006. While in percentage terms these changes are not dramatic, but in actual head count terms it means a great deal.

Therefore, given these macro level developments, it is clear that the Indian consumer class has become younger and more affluent. They are much more conscious about lifestyle related issues that affect their health and well-being. As an "herbal specialist", Dabur was already focusing on regular therapeutic cures to health related issues. It is only natural for the company to connect closely with the new set of Indian customers and extend its offerings across the larger and wider "health and wellness" space. In pursuing 'Vision 2010', while the company continues to develop its traditional markets, which are primarily in second tier cities having a close affinity to ayurvedic products, it has recognised the imperative to devise products and propositions that appeal to a more affluent and younger Indian consumer. The company is in the process of re-orienting itself to meet this challenge. Thus, about 15 different brands and products have been re-launched in the last two years, coupled with completely revamped communication and packaging. Moreover, recognising that customers are increasingly becoming more discerning towards the products they buy, the company has made concerted efforts to promote efficacy of its products through clinical studies. The idea is that the customer must be provided scientific proof to realise the effectiveness of Dabur's products.

2007-08 was a critical year in this overall long-term strategic framework for the company. Without taking its eyes off operational excellence and financial parameters, a lot of energy was spent in consolidating the positives within the company, creating the building blocks and gearing up for the next round of transformation of Dabur to culminate in realising 'Vision 2010'.

A key element of this consolidation process has been the folding in of the wholly owned subsidiary, Dabur Foods, into the parent company Dabur India Limited. On 22nd January 2008 the Delhi High Court

approved the reverse merger of Dabur Foods into DIL, which has become effective from 1 April 2007.

Since its inception 10 years ago, Dabur Foods, a subsidiary of DIL, developed the group's specialised foods business around the beverages product platform. It grew from a small division to become Rs. 270 crore plus business, emerging as one of the key growth drivers for Dabur.

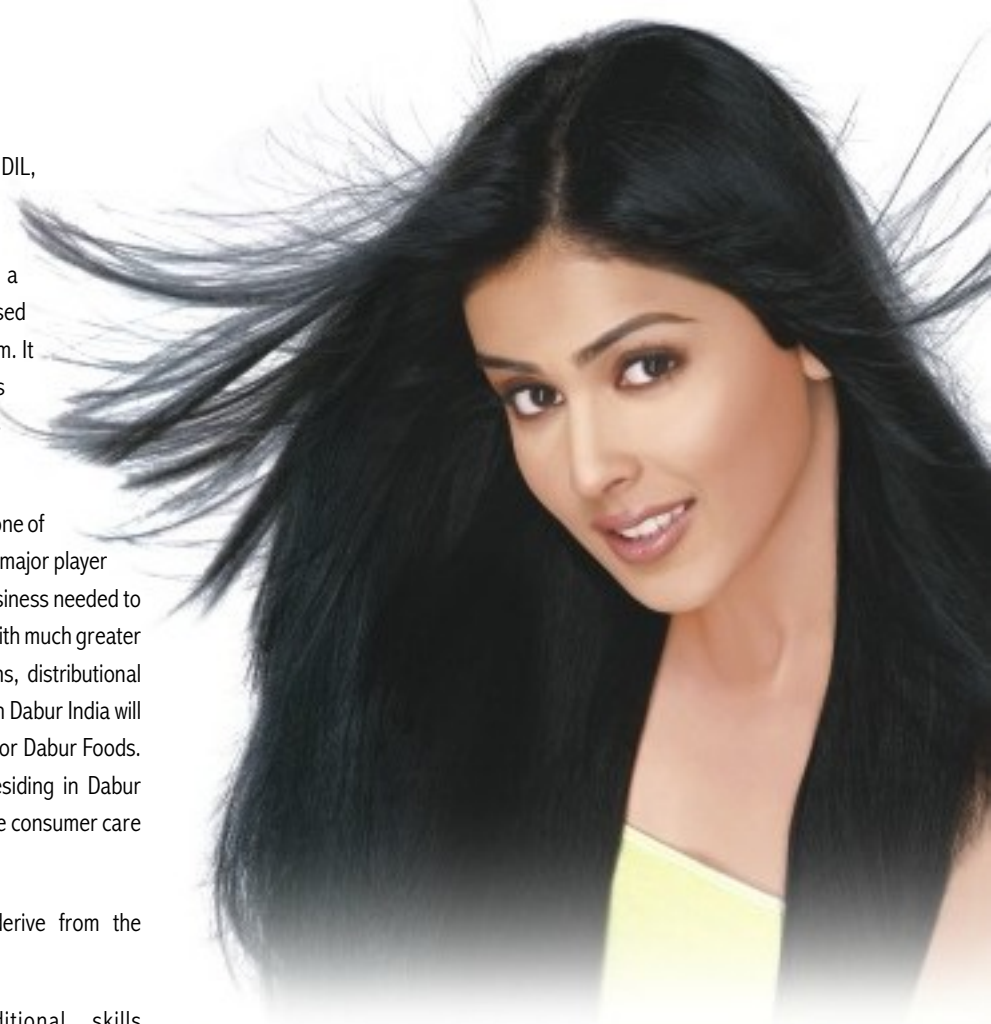
The processed food industry in India is expected to be one of the fastest growing sectors; and Dabur is keen to be a major player in this segment. To fulfil this goal, the existing foods business needed to be scaled up rapidly. This required a re-organisation, with much greater back-end support from Dabur in terms of operations, distributional channels and marketing relationships. The merger with Dabur India will extract synergies and unlock operational efficiencies for Dabur Foods. It will marry the specialised knowledge and skills residing in Dabur Foods with the powerful FMCG machinery existing in the consumer care division of DIL.

Four clear benefits that the food business will derive from the integration are:

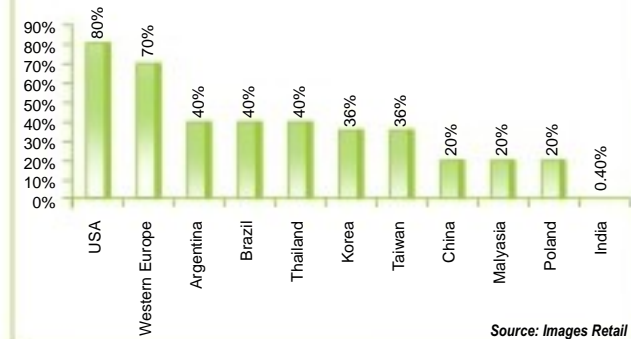
- The foods business acquiring additional skills required for and managing large brands
- Using the large and widespread sales and distribution network that exists within DIL to enhance the distribution reach of food products
- Leverage the existing relationships of the larger CCD network for organized retail
- Further improving its operations, manufacturing practices and back-end supply chain to improve productivity

The other key development in 2007-08 has been the company's foray into the retail business. Last year the company had announced its strategic entry into the retail business through its subsidiary company, H&B Stores Limited. On 13 March 2008, the company successfully launched its first fully operational beauty, health and wellness retail outlet in New Delhi. The retail outlets are named 'New U' and have a truly international appeal.

DIL intends to be at the specialised end of the retail market with differentiated and focused offerings in beauty, health and wellness.



**Chart E: Modern Trade (Market Penetration)**



Given the very low penetration of modern retail in India (see Chart E), the company expects rapid growth in this segment in line with the overall growth of the Indian economy. Initially the business will be in an investment phase but will start generating returns as it attains certain size and increases its footprint. The company's investments in retail has resulted in a minor negative impact on the consolidated PAT of the company during 2007-08, and will continue having such an impact over a couple of years. However, the company believes that this is a minor cost for a business that could be a prime growth driver and value creating initiative in the future.



During 2007-08, much of the ground work has been done to create a next generation Dabur. The company has laid the platform for several new initiatives. Some of these are:

- DIL has already test launched and is ready for the national launch of its new brand 'Dazzl' in the homecare space. This is the first new brand launch from Dabur since 'Real' was launched 12 years ago.
- The company has developed products and put a strategy in place for launching a new brand in skincare in the second half of 2008-09.
- It has tested and is poised for a larger national launch for its offering, Chyawanprash Junior, in the new category of malted food drinks.

- It is introducing a new men's range of personal grooming products

During 2007-08 while the company's different businesses sharpened their execution skills, it also was a period of consolidation within the strategic business units (SBU) that has geared Dabur for meeting tomorrow's challenges. Let us proceed to analyse DIL's different businesses.

## Strategic Business Units

Dabur today has four SBUs, each of which has a unique role in the company's overall strategy.

- By far the largest SBU is the consumer care division (CCD). This division deals in FMCG products across a wide spectrum of market segments. It leverages economies of scale and is the DIL's growth engine, accounting for 76% of the company's consolidated revenues (see Chart F).
- The international business division (IBD) is the second largest SBU contributing 16% to the company's consolidated revenues. IBD focuses on developing Dabur's business abroad. It understands the requirements of different international markets and develops and often customises Dabur's products to meet different consumer needs.
- With a share of 6%, the consumer healthcare division (CHD) is the third largest SBU in Dabur's portfolio. This SBU deals in the classical and OTC range of products that are grantha based and follow strict Ayurvedic formulations. This is where smaller brands and product portfolios are incubated and developed in Dabur's classical markets.
- The fourth segment, retail is in the development phase.

## Consumer Care Division (CCD)

With the integration of the foods business and a re-orientation of its business thrust, CCD has undergone a change in its organisation structure and portfolio segmentation. Today, it has four clear business portfolios: personal care, health care, home care and foods, each of which caters to a wide spectrum of consumer product segments. Chart G gives the relative share of each of these segments to CCD's sales.

The division continued to focus on celebrity endorsements, effective brand communication, product and packaging development and strong support from its sales and distribution network to consolidate its

business and penetrate new markets in urban and semi-urban India. Sales of the CCD (Including foods) increased by 14.5% from Rs.1599 crore in 2006-07 to Rs.1830 crore in 2007-08.

## Health Care

With a share of 45%, this portfolio has the largest contribution to CCD sales. It comprises of three categories: health supplements, oral care, and digestives and confectionery.

**Health Supplements:** Dabur's sales in this category grew by 16.4% in 2007-08. Within this category, while Glucose and Honey grew rapidly by 32% and 26% respectively, Chyawanprash continued to maintain its market leadership position of over 60% in a market, which showed moderate growth during this year.

While the Chyawanprash market remained flat, Dabur's sales increased by 6%. The focus in the Chyawanprash business has been to connect directly with consumers and continuously use innovation backed with scientific data to prove the efficacy of the product in meeting specific health requirements. The year saw considerable ground-level activation including programmes with Resident Welfare Associations (RWA) and at joggers' parks. There were also several rounds of rural activations that penetrated into over 600 villages. The product has also been given a modern outlook through new packaging.

During the year, a new variant viz. sugar free Chyawanprash, called Chyawanprakash, and was launched across India. The product has been well received in the market. The Chyawanprash franchise has been extended to the malted food drink category with the test launch of Chyawan Junior in two states. The product is still in the sampling stage and holds good promise for penetration into a new customer segment.

Dabur Glucose has crossed sales of Rs.50 crore. Through aggressive consumer activation in focused markets and introduction of new

variants, Dabur Glucose managed to gain market share by growing at 32% when the category sales increased by 9%. Another critical component pushing sales was the successful creation of brand salience for 'Dabur Glucose' in what is largely a commodity market.

Much of the activation during the year was focussed around sports including sponsoring a school level football tournament in West Bengal. The newly introduced orange flavour witnessed a doubling of sales. The company is actively working on introducing new flavours, and on increasing its thrust in the south Indian market with Dabur Glucose.

Being the leading branded honey player, the focus in honey has been to increase the category and convert sugar users to honey. The entire communication strategy has been to get honey onto the regular palate of the Indian consumer. The strategy appears to have worked well. Dabur Honey grew by 26% during 2007-08 and is now a brand with sales exceeding Rs.100 crore. The company proposes to place greater emphasis on the south Indian market for increasing honey sales, it being a significant market for honey.

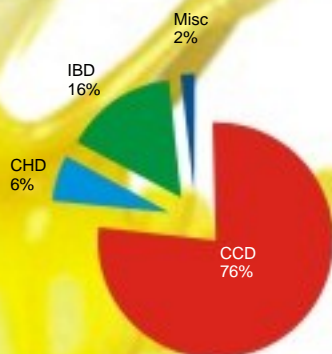
**Oral Care:** Dabur is fast emerging as a leader in this category. Amongst the three major companies in this business, DIL is the fastest growing. While the oral care category grew by 15%, Dabur's toothpaste portfolio recorded a 27% increase in sales. This growth has been uniform across the different offerings that exist in different segments of the toothpaste market. While sales of the premium brand Meswak increased by 40%, the mid-segment Red toothpaste recorded a 23% sales growth, and the economy end Babool grew by 30%.

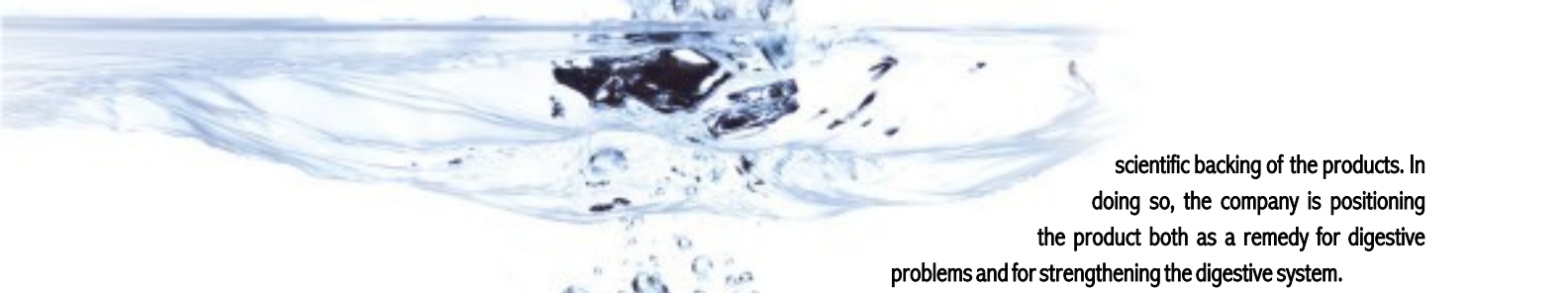
Despite a slight slowdown in the overall economy segment in 2007-08, Babool continued to do well. The brand also witnessed a significantly higher growth in sales post its re-launch in August 2007. The company continues to push its proposition of quality oral care at an affordable price. It has launched a new variant called Babool Neem, extending the brand to another herbal ingredient 'Neem' which is widely used for dental hygiene in India.

Like Babool, Red toothpaste benefited from its mid-year re-launch. It is encouraging to note that there was good growth in the higher sized packs, indicating customers' longer-term preference for the product. During the year, the company introduced samples and trials in urban schools and touched over 7 lakh students across India.

The premium toothpaste market witnessed low growth of 3%. Despite this, sales of Meswak grew by 39% - thoroughly outperforming the market. The company is re-launching Meswak with a new campaign and a completely new packaging to leverage the brand's equity and propel further growth.

**Chart F: % Share in Consolidated Revenues**





scientific backing of the products. In doing so, the company is positioning the product both as a remedy for digestive problems and for strengthening the digestive system.



## Personal Care

With a share of 35%, this portfolio has the second largest contribution to CCD sales. The portfolio comprises three categories: hair care, skin care and baby care

Hair care: The category comprises hair oils and shampoos. DIL continued to keep pace with the hair oil market growing at 13% in line with category growth. Most impressive was the 18% growth in Amla in 2007-08. Given that the Amla franchise already posts sales of over Rs.250 crore, the growth is on a fairly large base. Amla was promoted consistently over the year around the proposition of converting mustard oil users. There was focused promotion across small towns and on special festivals. The company also penetrated the rural markets and held rural beauty pageants. While the mustard oil conversion is intrinsic to DIL's strategy, Dabur has also introduced a mustard and amla hair oil mix under the Anmol brand.

Anmol coconut oil also did well growing at 17.3%. And much of this growth came from better and enhanced distribution.

In shampoos, the company has outperformed the market growing at 25% compared to an overall market growth of 15%. The focus here is in establishing Dabur's shampoos as natural / herbal shampoos-as a credible herbal alternative to existing shampoos in the market. The Vatika shampoo now has much more modern packaging and communication. The newly launched Vatika Black Shine Shampoo has been well received in the market.

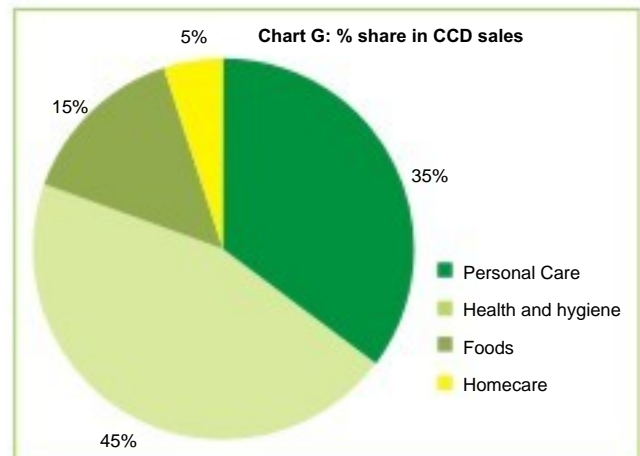
Growth in toothpaste sales in the economy segment often occurs at the expense of toothpowder sales. Indeed, the toothpowder segment's market growth occurs only among the non-dentifrice population - those who use products like ash or twigs for their dental hygiene. DIL's toothpowder, Lal Dant Manjan, recorded a modest 2% growth in sales. The company continues to aggressively promote this product in non-dentifrice areas, especially in Eastern UP and Bihar.

Digestives and Confectionery: DIL is reorganizing its digestives portfolio into three buckets: serious digestives, tasty digestives and just tasty. While Pudín Hara and Hingoli are offered under serious digestives, the classical Hajmola tablet is a tasty digestive and Hajmola candy is just tasty.

Hajmola sales grew by 9% with increased off-take of pouches. Sales growth was also driven by the successful acceptance of the new lemon variant in the market place. Since a large part of Hajmola purchase is impulse buying, the company is laying more emphasis on touch-point activations including programmes at offices, food courts and with retail chains. Dabur is completely revamping its Hajmola communication campaign, with the focus to make consumers have Hajmola after every meal.

While the candy market is growing well, it market is both crowded and fragmented. The company's focus here is to extend the Hajmola brand and increase its presence in the consumer's mind space. Having said that, DIL's candy portfolio recorded a 22% increase in sales. The company launched three new flavours: Kachcha Aam, Natkhat Nimbu and Mint Masala.

Pudín Hara sales increased by 16%. This is a segment where people rely a great deal on home remedies. The focus here is to strengthen the



**Skin care:** The Company has identified this category as one of the key future growth drivers. Dabur's current offering in this category is Gulabari or rose water. Gulabari sales increased by 26.4% driven mainly by highlighting of its cosmetic credentials, improved supply chain and the successful campaign of replacing water with rose water for cosmetic use. During the year, the company also test marketed its extensions of the Gulabari franchise to lotions and creams. Both the products have been well received by the market and are poised for a national launch.

**Baby care:** The baby care portfolio grew at 4.2%, which was in line with the growth of the category as a whole. The company's flagship products, gripe water, Janamghunti and Lal Tail, have been brought together under the Dabur Ayurvedic Baby range.

## Home Care

DIL's homecare sales increased by 10.3% in 2007-08. With a share of 5%, this portfolio is smallest in CCD. This is also the newest business category for DIL and became a part of its portfolio after the acquisition of Balsara.

Dabur intends to become a significant player in this category and is in the process of making strategic investments to grow the business. In line with this strategy, Dabur has launched a new brand called Dazzl. This brand, Dazzl, will focus on hard surface cleaners, and has already had a soft launch in Tamil Nadu and Karnataka.

As of now there are two product offerings under the Dazzl brand - the anti-bacterial kitchen cleaner and the disinfectant floor cleaner. The category where they operate is small but growing at a rapid pace, and DIL expects to gain a sizeable share of the market in the near future. Both the products have unique offerings. While the kitchen cleaner has specific anti-bacterial characteristics, the floor cleaner is based on a novel dirt trap technology that flocculates dirt. Noted actress Juhi Chawla has been roped in as brand ambassador for Dazzl.

Apart from the new launch, DIL is in three categories in the homecare portfolio: air care, mosquito repellents and toilet cleaners.

**Air care** is a fast growing category comprising solids, room fresheners and car fresheners. DIL has a large market share in solids with Odonil. Sales from Odonil increased by 18% in 2007-08. The Odonil brand was re-launched in August-September 2007 with four new fragrance variants and new range of Odonil room fresheners was introduced in November 2007. The company is also introducing gel based air fresheners.


The market for mosquito repellents comprises three groups of products: liquid vaporisers, coils and personal applications. The company's brand Odomos is primarily a personal application product, where it has a high market share. The company is focusing on using natural additives in the product, and has already secured an Indian Medical Association (IMA) endorsement for product safety and efficacy.

In toilet cleaners, DIL's Sani Fresh compares well with any existing product in the market. Sanifresh recorded a growth of 13.5% in 2007-08. The company is investing behind the brand to increase its scale and presence.

## Foods

Foods is the latest addition to CCD's business portfolio. After being operated under a wholly owned subsidiary, this business has been merged back into the





parent company to give it renewed focus. The rationale behind this has been stated earlier in this report.

The foods (Excluding exports) business continued to revolve around juices and culinary additives. Sales increased by 19% from Rs. 202 crore to Rs. 241 crore. These were driven by a 20% increase in the Real range of fruit juices, while the culinary additives also recorded strong growth.

Also, there is a renewed focus on creating products and propositions that are differentiable in the market place. Special emphasis is being laid on developing and enhancing the back-end, especially the supply chain. A conscious effort is being made to re-align the product offerings under the three umbrella brands - Activ and Real for the beverages and Hommade for culinary products.

New campaigns

will be launched based on this structure that highlights the unique differentiation in each sub-category. The company is also focusing on developing strong ties in modern trade, as that will increasingly become a major distribution channel for this division.

Now as an integral part of CCD, this business is poised for capturing next horizon of strategic opportunities in the fast expanding processed foods category. As stated earlier the business would now have a much larger distribution footprint and will explore multiple growth avenues to maintain its high growth trajectory.

## International Business Division (IBD)

With a share of 16% of total sales, IBD is the second largest division in Dabur. Sales of IBD increased by 25.5% from Rs299 crore in 2006-07 to Rs.376 crore in 2007-08. While in the early stages the international business focused mainly on the Indian diaspora across the globe, the strategy today has become much more zone centric. Already, the Middle-Eastern countries and North Africa have become a significant market for Dabur products. As a next step, the company is poised for a more aggressive foray in to the other parts of these regions. A key learning that Dabur has now integrated into its international business

strategy is that different zones have unique set of preferences and it is essential to customise products to meet global market needs.

IBD's business hinges on:

- Sharply defined brand portfolio strategy in sync with Company's brand architecture
- Localisation of product portfolio
- Geographical expansion

In the Middle East and North African (MENA) market, the company has built its brand architecture with two mega brands: Dabur and Vatika. Most of its offerings are under either of these two brands. The Dabur Amla portfolio performed very well in markets such as Saudi Arabia and increased its market share. The Vatika franchise has grown at a healthy pace on the back of new product launches in hair care category. Following up on the successful launch of Vatika Olive, the company launched another variant Vatika Cactus, extending the Vatika brand equity. Vatika Hair oils range has registered a 90% growth in value across the Middle East and North African region. The newly launched Vatika Hair Creams also performed exceedingly well in the first year of its launch.

Implementing an open innovation strategy, the company has outsourced Italian technology and launched a range of intensive hair treatment masks viz. Vatika Naturals Hamam Zaith, which has been a great success and has become a key brand in the portfolio just one year after launch.

Dabur Meswak oral care brand has grown by 60% over last year, and has performed very well in the North African markets.

The key contributing markets to the international business growth have been the GCC, Egypt, Nigeria, Iraq, Libya, Yemen, Jordan and Syria. Driven by innovations and new product launches in the hair care and oral care business, GCC has registered a growth of 32%. In North Africa, Dabur Egypt Limited has again been one of the top performers, with sales growth of 63% in 2007-08. Nigeria, which had been identified as one of the key markets for future growth, has more than doubled its turnover in 2007-08.

Dabur sees its international business as a crucible of quantum growth and expansion in the coming years.

## Consumer Healthcare Division (CHD)

CHD comprises Dabur's range of healthcare products that provide ayurveda-based solutions to health related issues. Although the

business is relatively small and contributes 6% of DIL's revenues, the company recognises the criticality of this division in its future plans. For one, it is here that the foundation is laid for many offerings that become future growth drivers for the company's FMCG business. For another, given the low levels of market penetration and the growing preference for holistic health remedies without side effects, there is considerable scope of developing this business. The division is divided into over the counter (OTC) products and classical products.

CHD has been in a consolidation phase. Sales increased by 5.4% from Rs. 147 crore in 2006-07 to Rs. 155 crore in 2007-08. In the second half of 2007-08, CHD sales increased by a healthy 12% as the benefits of consolidation are now coming through.

Within the OTC segment, the business is following a two-pronged approach. The first is to build the equity of existing offerings by driving ayurveda, promoting products using a brand ambassador and bringing in modernisation of the products and packaging. The second is to aggressively launch new products across different OTC categories. As examples of the latter, the Honitus franchise grew by 35%, Shilajit by 16% and Badam Tail, which was a new launch, recorded sales in excess of Rs.4 crore.

Over 50% of the OTC portfolio has undergone extensive packaging up-gradation. This involves the complete Asav range including Dashmularishta and Ashokarishta, Trifla and the complete Churna portfolio. New product development includes the launching of the Dabur Active Blood Purifier in March 2008, Bhringaraj Ayurvedic Tail in April 2008 and the re-launch of Dabur Super Thanda Tail in March 2008. Honitus offerings in the cough and cold market are being extended through new formats and variants.

For the ethical portfolio, the focus is on scaling up the visibility of Dabur by distributing "Asar Dikhta Hai" boards at the ayurvedic outlets. There is also strong focus on prescription generation and activation with over 3,000 v aids, including strengthening of the Dabur Anmol Ratan Vaid programme and providing clinical signage. DIL is further developing a new umbrella theme around Dabur Ayurveda, which will promote ayurveda as a trustworthy and effective medical field.

## Sales and Distribution

The entire CCD machinery is ably supported by a strong sales and distribution team. Dabur had initiated a program titled 'DARE - Driving Achievement of Retail Excellence' aimed at improving distribution

effectiveness to achieve its revenue growth targets, and 2007-08 saw concerted efforts on the DARE front.

Based on DARE, Dabur has re-configured the distribution system focusing on the shopper and the shopping environment. The aim is to create service elements and activation models focused on the key channels in urban areas and rural areas. Here are some key elements of the new sales and distribution thrust:





**Channel focus:** The strategy has been devised focusing on strategic attractiveness and total-cost-to-serve principles. Key segments of focus in urban markets were wholesale trade, grocers, chemists, and organised retail. Since almost 50% of the company's revenues are from the rural markets, special focus was given in six key rural states. Sales teams have been re-organised on the lines of channel expertise in both urban and rural markets.

**Activating key customers:** Through an activation programme like the 'Dabur KINGS' Wholesale Program, the focus is on targeting key wholesalers across the country. About 10,000 wholesalers (accounting for 80% of sales in this channel) across the country are enrolled in the Kings programme. It has delivered great results in increasing availability of brands across markets.

**Large grocers play a crucial role in servicing a significant portion of the monthly shopping basket of consumers.** After extensive research, a programme called 'Dabur Parivaar' was developed. This was rolled out across 3,000 outlets in top 17 towns in the country - providing a strong platform for building brand awareness.

**Enhancing brand visibility in the market:** A visibility programme called Jharokha was rolled out during the year to enhance the visibility of Dabur brands across 130 key markets across the country. Merchandising teams have been set up across key markets. And overall merchandising investments have been tripled to deliver the required impact.

**Modern retail:** A comprehensive strategy was developed and rolled out

during the year to improve the share of Dabur brands in the modern retail formats. The strategy focused on:

- Building an effective servicing and activation system to address complexities of multiple formats and supply chain configurations
- Creating a distinct identity for Dabur brands that is relevant for shoppers
- Aligning organisational structure and developing information management capability

The strategy in modern retail has helped Dabur achieve significant market share gains across key categories, led by hair oil and oral care. Brands like Odonil were among the largest gainers in home and personal care category.

**Rural:** As part of the rural module of DARE, Dabur identified six rural focus states where focused initiatives were rolled out to improve distribution reach, develop innovative trade promotions and provide focused servicing through a dedicated sales team exclusive to these markets. Initiatives were rolled out to improve the effective direct distribution reach by over 20% in these high potential markets. The rural trade opportunity is being leveraged through a programme called 'Dabur Apnaao, Lashmi Laao' in the focus states.

**Non-trade channel:** The institutions business for Dabur's consumer care division has delivered good results. Key agreements were signed with Indian Oil and Bharat Petroleum to sell Dabur products through their networks. Collaborative consumer activation with large corporate houses also helped expand brand awareness and consumption in the health care category. The foods services business also delivered strong results of over 30% growth for the third year in a row through this channel.

During the previous year, Dabur had initiated the task of integrating the distribution network into its IT network for gathering real time market information. This was enabled through the roll out of transaction software called Drishti for Stockists. Drishti is helping to improve business efficiency, reduce costs and improve decision making at all levels of the sales hierarchy. Its footprint covers almost 50% of the business, and efforts are on to expand this to increase the coverage to over 80%.

Development of a comprehensive IT tool to integrate all aspects of the Modern trade channel, including account wise network info, tracking effectiveness of service levels, investments and activation has been initiated during the year.

## The Retail Business - newU

Dabur's foray into retail is through a wholly owned subsidiary H&B Stores Limited. It will operate a pan-India chain of beauty, health and wellness retail outlets under the brand name 'newU'. The stores are presenting the latest in branded colour cosmetics, fragrances, skin & face care, besides baby & family care, fashion accessories & jewellery, and are offering customers great quality and competitive prices.

The 'new U' brand combines a modern global attitude with cultural relevance. The store's tone and manner have been created to provide customers with a total shopping experience. A modern interior offers a relaxed and soothing ambience for customers to discover a new world of beauty, health and wellness. 'new U' will seek to be differentiated from competitors through its store environment, wide range of international products and store service - which will provide the customers assistance in making purchasing decisions.

The stores will be located in high street markets, in specialised locations like airports and business parks and in carefully selected malls. Initially, the focus is on North and South India. Today, there are outlets operational in Delhi and Hyderabad; and the company intends to set up 12-13 outlets by the end of 2008-09.

Much of 2007-08 was utilised in laying the foundation for the launch and development of NewU. From 2008-09, the stores will launch its private label initiative, which will also provide a gamut of products leveraging the company's expertise in herbal and ayurvedic remedies.

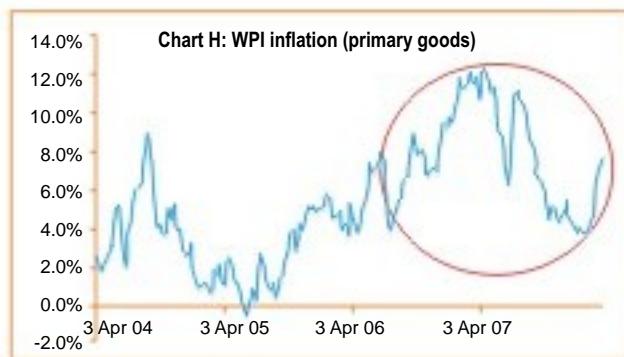
As stated earlier, in the initial years, the business will require investments and is expected to reach optimal scale in about 2 years time. The company believes that this format is unique in the Indian retail market and offers a lot of value creation potential as these markets evolve and expand.

## Operations

DIL's businesses are supported by a strong back-end in procurement, manufacturing, product development, IT and human resource management. There were many key initiatives in these areas.

## Procurement

Two key groups of products that Dabur purchases - primary commodities and petroleum downstream products - witnessed a surge in prices. Chart H shows that primary good inflation has been at very high levels in 2007-08. While there was a slight easing out in the third quarter, prices again surged in the last quarter of 2007-08.



Added to this was the fact that oil prices were at global highs of over US\$80 a barrel for most of 2007-08, even crossing US\$100/barrel during some periods.

Dabur combated these developments through a very effective set of processes. An efficient internal team of buyers predicted commodity price movements fairly accurately throughout 2007-08, and helped the company to take optimal positions in the commodity exchanges. All DIL's activities in the exchanges are for hedging against price variation; and given the way prices rose in 2007-08, a company that took long forward positions early on in the year - as Dabur did - came out on top. It needs to be stated that there is no speculative element to these transactions. Positions are taken only on commodities that form DIL's purchase





basket. Often opposite positions are taken across different product categories so that the effects even out and DIL operates on a zero inflation input cost environment.

Effective procurement went a long way in helping DIL maintain its profit margins. While the company managed input cost inflation in 2007-08, this is becoming increasingly difficult in 2008-09 due to increased volatility in commodities and other inputs; the scope for reducing the effect of input price inflation through hedging activities is expected to be lower in 2008-09.

## Manufacturing

DIL has 14 manufacturing facilities across the globe. In India the facilities are in Sahibabad, (U.P), Rudrapur (Uttaranchal), Baddi (H.P), Jammu (J&K), Katni (M.P), Siliguri (W.B), Newai (Rajasthan) and Silvassa. Internationally, the facilities are in Nepal, Bangladesh, Dubai, Egypt and Nigeria. The company is setting up a new plant in Ras-al-Khaima (UAE).

The success of DIL's manufacturing lies in its ability to regularly produce and meet requirements of the sales plan. This is achieved through an efficient production planning system that is a part of the overall supply chain initiative called project Garuda. The initiative has helped reduce stocks and, therefore, requirement of space with the CFAs. The ability to sustain much higher levels of growth with the same level of inventory as 2006-07 bears testimony to efficiency of DIL's production and supply chain system.

In terms of product development, the company introduced and commercially produced several new products. These include the cream and lotion range of Gulabari, the granulated Chywan Junior, the sugar

free Chyawanprash, the Dazzl range of surface cleaners, Vatika black shine shampoo and the new Odonil air fresheners. There were also several new packaging initiatives for Asavs, Lal Dant Manjan and Vatika shampoos.

To meet growing market requirements, expansion and up-gradation work was carried out at Uttaranchal, Jammu and Baddi. These resulted in increased capacity for Chyawanprash, Hajmola, shampoo, glucose and toothpaste.

During the year, the entire manufacturing operation of the foods business has been integrated into DIL's mainstream manufacturing fold. A state-of-the-art spin cap manufacturing line for fruit juices has been installed at Newai. The foods facility at Nepal has also been expanded with an additional high speed Tetrapak machine, along with a matching steriliser.

On the international front, DIL is setting up a green-field unit at Ras-al-Khaima, about 75 km north of Dubai. This will consolidate the manufacturing facilities in Dubai into a single unit in addition to upgradation of technology and efficiency. With an investment of Rs.32 crore, the unit will initially manufacture hair oils, creams, toothpastes and shampoos. It is expected to be fully operational in the first quarter of 2008-09. The manufacturing facility at Egypt is also in the process of being expanded.

## Human Resource

DIL recognises that its people are the key to its continued expansion and growth. Therefore, the Company puts a great deal of emphasis on talent acquisition, development, retention and motivation. On the acquisition front, the company has a well-developed Young Managers' Development Programme (YMDP), which is a cross-departmental training programme designed for new recruits, and ensures a regular talent flow within the company.

On the training and development front, DIL has spent considerable time in enhancing skills of its sales force. Through audio-visual and real time sessions, the sales teams are trained intensively on various nuances of different sales channels.

In HR there were two specific challenges this year - the foods integration and developing the retail organisation. The company has successfully integrated the foods business into CCD. There were challenges of bringing together the different skills of the two businesses residing within their respective people. This has been achieved not only at the corporate level but also across foods manufacturing facilities.



In order to further strengthen the people processes the Company has launched an innovative initiative named “Applause”. It is a reward and recognition scheme covering all permanent employees of Dabur.

Objectives of the scheme are:

- To reward contribution of employees beyond normal monetary rewards;
- To recognize and applaud for immediate recognition;
- To promote positive behaviors in the organization. There are five award categories namely:
  - ✦ Rising Star: Most promising new comer award.
  - ✦ Trailblazers: Employee of the half-year.
  - ✦ Honors Club: Employee of the year.
  - ✦ SPOT Recognition: On the spot recognition for wonderful job done.
  - ✦ Eureka: An Idea Generation Award.

APPLAUSE programme seeks to create more employee touch points and deliver recognition on both formal & informal basis. Through this programme, the Company has the opportunity to recognize its employees and create a higher level of employee engagement.

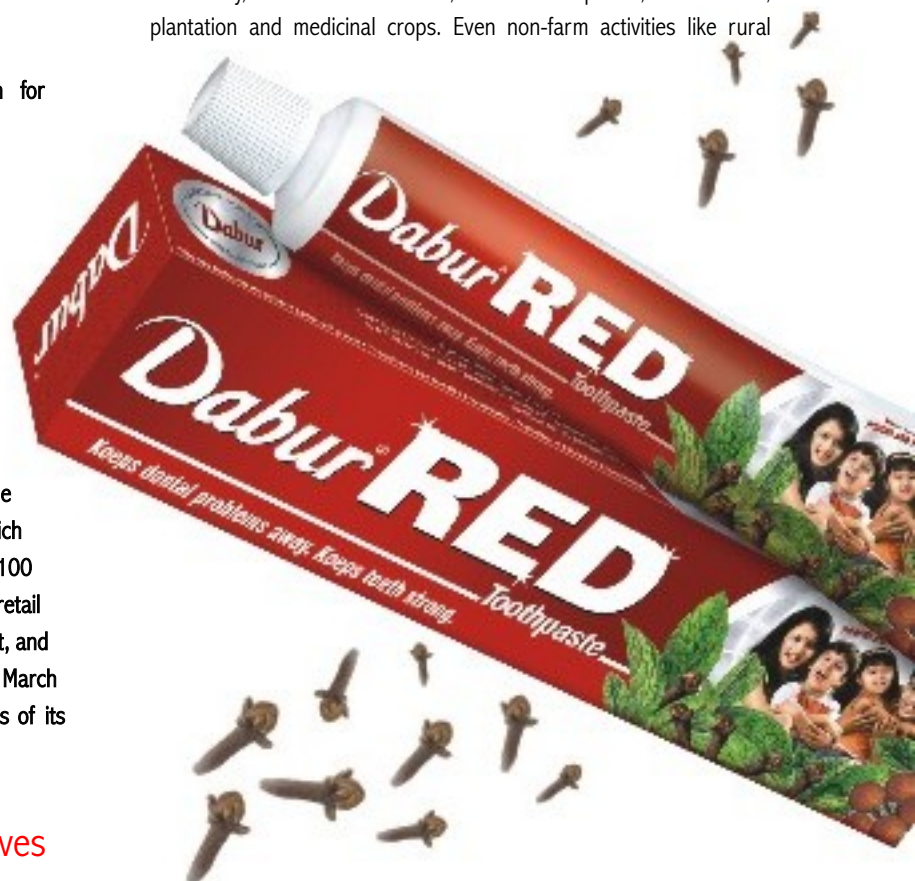
For the newly launched retail business, a detailed organisation structure had to be developed and created. The company put together the managerial structure in retail, which includes a healthy mix of Indians and expatriates. Around 100 people have been recruited to work in different areas of the retail business. During the year, industrial relations were excellent, and not a day's work was lost due to industrial disputes. As of 31 March 2008, the company employs 2527 people in various parts of its business.

## Corporate Social Responsibility Initiatives

As a responsible corporate citizen, the Company has put in place several initiatives to fulfil its social responsibility and contribute actively to society. One of the key initiatives in this direction is SUNDESH Integrated Rural Upliftment Centre (SIRUC). Sundesh - short for Sustainable Development Society - is an NGO based in village Chouna in Gautam Budh Nagar District, Uttar Pradesh and is supported by Dabur.

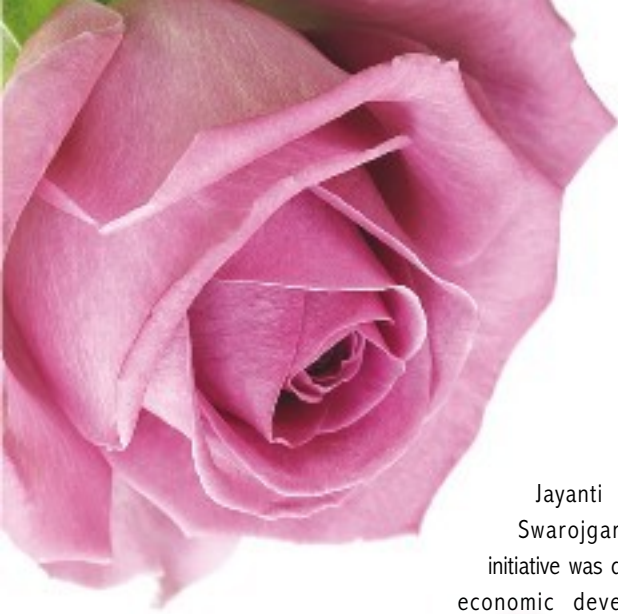
SIRUC is the resource centre that works towards the development and upliftment of the rural populace. SIRUC offers a range of facilities – from health posts to skill development - for the rural community. It also acts as an in-house training and information centre for farmers.

Sundesh has several programmes such as Adult literacy, diagnostic and healthcare facilities, organizing health camps, cutting and tailoring training, bee keeping training, animal husbandry and self-help groups for farm development and reducing poverty. One of the key programmes is Promotion of Self-Help Groups through National Bank for Agriculture and Rural Development (NABARD). The mission of this programme is to promote sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives. Under this initiative, finance is provided for farm activities like minor irrigation, animal husbandry, farm mechanization, land development, horticulture, plantation and medicinal crops. Even non-farm activities like rural



industries, artisans, handcraft, handlooms, rural housing, etc are financed under this programme. Today, there are 94 active groups with SUNDESH under NABARD, of which 54 groups had been graded, while 48 groups are linked to the bank.

Another initiative taken for alleviating poverty in rural areas is the Swarn



Jayanti Gramin Vikas Swarojgar Yojna. This initiative was designed for the economic development and upliftment of families living below the poverty line.

Today, the programme boasts of over 63 SHGs, influencing the lives of over 700 poor people, and 48 Groups that are credit linked. The total number of groups under this project has topped 63. Of this, 55 groups were 1st graded by the bank and CCL was done for 49 groups. About 29 other groups had been 2nd graded and 27 groups were sanctioned loan by the bank.

## Financial Review (on a consolidated basis)

While taking initiatives for future growth, the company continued to focus on execution and delivered healthy results in 2007-08. Table 1 gives the abridged profit and loss statement for DIL on a consolidated basis.

Leveraging opportunities in the market, both in India and its focus international markets, DIL increased its Sales on a consolidated basis by 15.2% from Rs. 2,080 crore in 2006-07 to Rs. 2,396 crore in 2007-08. Even in an inflationary business environment, the company has been successful in marginally increasing its operating margin (EBIDTA/Net sales) from 18.1% in 2006-07 to 18.5% in 2007-08 (see table 2). Consequently, there has been 18.0% growth in EBIDTA and 18.2% growth in PAT. Much of this improvement was brought about by a reduction in material costs to sales ratio by 63 basis points to 46.0% in 2007-08.

Both EBIDTA and PAT were marginally impacted by the investments into retail. In 2007-08, Dabur had two distinct businesses – the core FMCG business and the newly launched retail venture. The retail venture is at a seeding stage and will absorb investments for some of its initial years. In 2007-08, the retail business recorded losses worth Rs.7.6 crore, which has had a minor negative impact on profitability of DIL on a consolidated basis. For like to like comparison, it would be pertinent to compare the performance of DIL in 2006-07 with that of DIL in 2007-08 without the accounts of the retail venture. As one finds in table 2, there is a marked

**Table 1: DIL's Abridged Profit and Loss Statement, on a consolidated basis (Rs.crore)**

	2007-08	2006-07
<b>Sales</b>	2396.3	2080.3
<b>Other Income</b>	34.0	25.9
<b>EBIDTA</b>	443.0	376.0
<b>Depreciation</b>	42.0	41.0
<b>Interest</b>	16.8	15.4
<b>PBT</b>	384.4	319.5
<b>PAT (after minority interest)</b>	332.9	281.7

**Table 2: Key financial ratios of DIL, on a consolidated basis (Rs.crore)**

	2007-08		2006-07
	DIL (without retail)	DIL (with retail)	DIL Cons
<b>EBIDTA/Net Sales</b>	18.8%	18.5%	18.1%
<b>PAT/Total Income</b>	14.2%	13.9%	13.6%
<b>ROCE</b>	47.8%	47.7%	45.9%
<b>RONW</b>	55.2%	55.3%	61.6%

improvement in all the profitability ratios and return on assets of DIL, without the retail venture.

The highlights of the performance of Dabur without account for the Retail venture are:

- ✦ EBIDTA increased by 20% to Rs. 451 crore in 2007-08
- ✦ PAT increased by 20.9% to Rs. 341 crore in 2007-08
- ✦ Return on Capital Employed (ROCE) increased from 45.9% in 2006-07 to 47.8% in 2007-08

The increase in ROCE is particularly noteworthy, as it has happened on the back of addition of fixed assets to the tune of Rs. 124 crore across Dabur operations in India and abroad. While much of this has been due to higher profits, this also reflects the company's strong cash position. In a year of investments, DIL has actually reduced its consolidated debt outstanding from Rs. 159.9 crore at the end of 2006-07 to Rs. 99.2 crore at the end of 2007-08. In addition, the company has further tightened its working capital management - net working capital was reduced to 6 days of sales in 2007-08 compared to 22 days in 2006-07 on like to like basis, after adjusting for dividend which was paid in March last year.

The company declared total dividend of 150% for the financial year 2007-08 which translates to a payout ratio of 48%.

## Internal Control Systems

Dabur has a robust internal audit and control system. PriceWaterhouse Coopers is the internal auditor for the company and its subsidiaries. Dabur's independent internal audit function is staffed with qualified and

experienced people. Standard Operating Procedures (SOPs) are in line with the best global practices, and have been laid down across the process flows, along with authority controls for each activity.

In the year under review, Dabur has 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

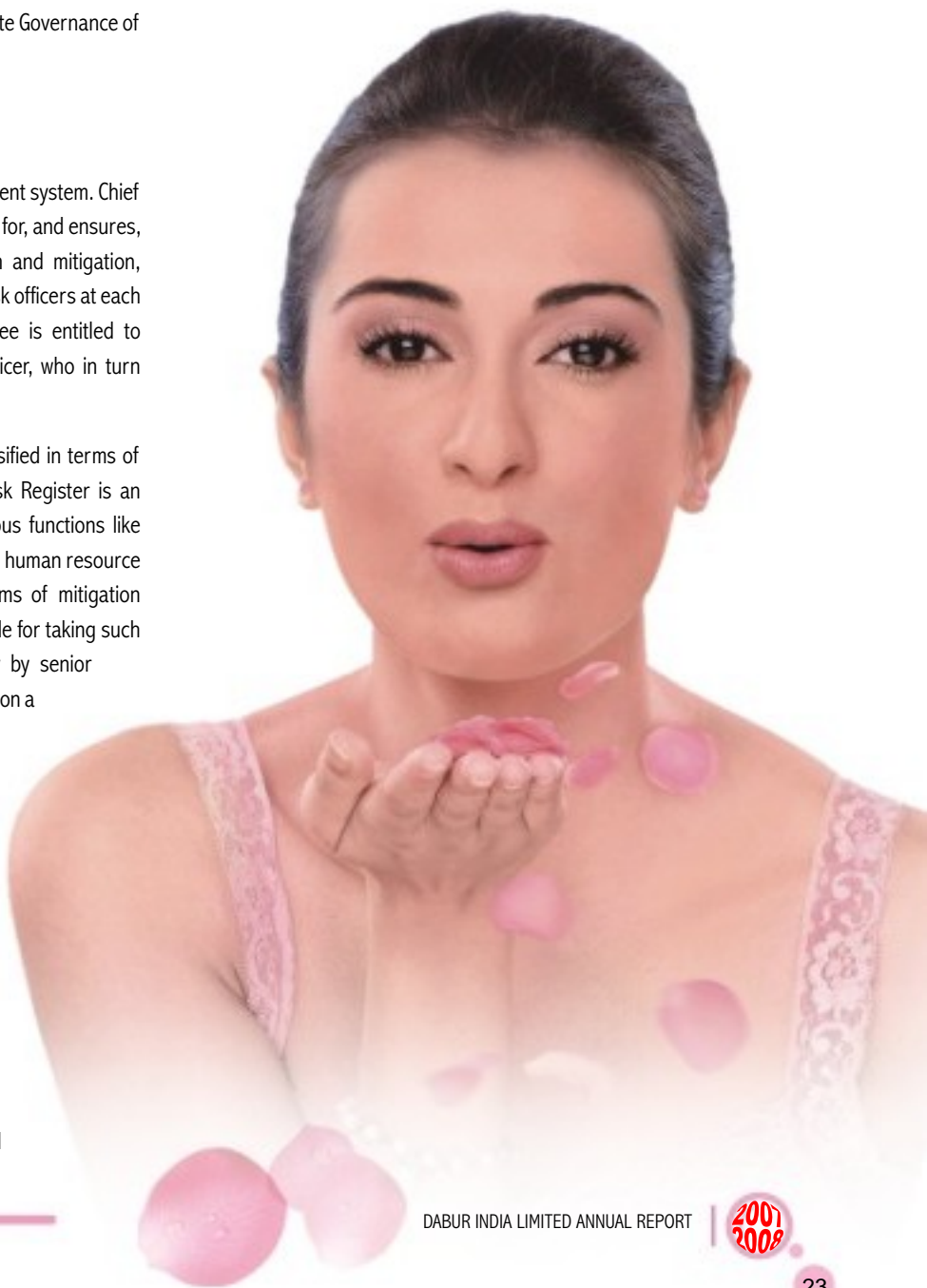
Dabur has a robust and well structured risk management system. Chief Risk Officer (CRO) of the company, who is responsible for, and ensures, effective risk management - both risk identification and mitigation, champions the risk management system. A team of risk officers at each company location supports the CRO. Each employee is entitled to identify risk and report it to the concerned risk officer, who in turn reports it to the CRO.

The risks are reported in the Risk Register and classified in terms of their impact and probability of occurrence. The Risk Register is an inventory of risks affecting Dabur, and covers various functions like marketing, operations, regulatory affairs, finance and human resource development. The risks are further mapped in terms of mitigation action to be taken and the people who are responsible for taking such actions. The Risk Register is reviewed periodically by senior management and is presented to the Audit Committee on a quarterly basis.

While there is a systematic risk identification and mitigation framework in place, there are certain business risks, which are external to the company. Over these risks the company has very little control. Some of these include a general downturn in market demand conditions, loss of value to the "ayurveda" equity due to false claims about the product constitution or efficacy, look-alike products in the market, escalation in raw material prices and changes in regulatory frameworks pertaining to health related issues and fiscal benefits.

## Cautionary Statement

Statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include a downward trend in the domestic FMCG industry, rise in input costs, exchange rate fluctuations, and significant changes in political and economic environment in India, environment standards, tax laws, litigation and labour relations.



# Report on Corporate Governance

The pursuit of achieving the highest standards of Corporate Governance is an ongoing process at Dabur. The company's primary objective is to create and adhere to a corporate culture of fairness, accountability, transparency and ethical practices that are the corner stone of long term values of an all round performing organisation. Beyond merely complying with mandatory requirements, the Board of Directors, management and employees, are committed to preserving trust and interest of all stakeholders including the society at large.

This section, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information shows the compliance standards of your company with respect to statutory listing agreement under clause 49 as well as with international best practices.

## Corporate Governance Philosophy

Dabur India Limited is committed to good Corporate Governance practices. The Company's philosophy is to achieve business excellence and optimise long term shareholders' value on a sustained basis by ethical business conduct. The company is committed to transparency in all its dealings and places strong emphasis on business ethics. Looking after the welfare of multiple stakeholders is a fundamental shared value of Dabur's Board of Directors, management and employees and critical to the company's long term success. This value system translates into institutionalising structures and procedures that enhance the efficacy of the Board and inculcates a culture of transparency, accountability and integrity across the Company. Dabur's initiative towards this end include - driving professionalism of the Board, create fair and transparent process and reporting systems and go beyond mandated Corporate Governance Code requirements of SEBI.

## Board of Directors

### Composition of the Board

As on 31st March, 2008 Dabur's Board consists of 10 Members. Apart from the Chairman, who is a Non-Executive Promoter Director, the Board comprises of three Executive Directors (of whom one is Promoter Director), two Non Executive Promoter Directors and four Non-Executive Independent Directors. The composition of the Board as on 31st March, 2008 is in conformity with Clause 49 of the listing agreement, which stipulates that 50 per cent of the Board should comprise of Non-Executive Directors, and if the Chairman is Non-Executive, one-third of the Board should be Independent.

During the year there was a reorganisation of the Board. Mr V C Burman resigned from the Board and gave up his chairmanship on 23<sup>rd</sup> July, 2007. On the same day Dr. Anand Burman was appointed Chairman of the Board, Mr Amit Burman, the Vice-Chairman of the Board and Mr Mohit Burman became a member of the Board as an Additional Director.

### Number of Board Meetings

The Board of Directors met 5 times during the year on 8th May, 2007, 11th July, 2007, 23rd July 2007, 24th October, 2007 and 29th January, 2008. The intervening period between any two meetings was never more than 4 months as stipulated under clause 49.

### Directors' attendance record and Directorships held

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

Table 1 gives the details of the Board as on 31<sup>st</sup> March, 2008.

**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 Held	Attended	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
V C Burman*	PD / NED	3	3	Yes	NA	NA	NA
Pradip Burman	PD / ED	5	4	Yes	5	1	0
Dr. Anand Burman	Chairman, PD / NED	5	3	No	7	2	1
Amit Burman	Vice Chairman, PD / NED	5	5	Yes	5	2	0
P D Narang	ED	5	5	Yes	7	6	0
Sunil Duggal	ED	5	5	Yes	2	2	0
Mohit Burman\$	PD/NED	3	3	NA	9	1	0
HH Gaj Singh	ID	5	3	No	4	0	0
P N Vijay	ID	5	4	No	3	1	1
S. Narayan	ID	5	4	Yes	1	1	0
R C Bhargava	ID	5	5	No	8	4	4

# PD – Promoter Director, NED – Non-Executive Director, ID – Independent Non-Executive Director, ED – Executive Director  
\*Ceased to be a member w.e.f. 23<sup>rd</sup> July, 2007, \$ Appointed as additional Director w.e.f. 23<sup>rd</sup> July, 2007, \*\* Excluding private limited companies

## Shareholding of Non-Executive Directors

Name of Director	Category	No. of shares held
V C Burman*	PD / NED	15000
Dr Anand Burman	PD / NED	111000
Amit Burman	PD / NED	0
Mohit Burman	PD / NED	0
HH Gaj Singh	ID	6000
R C Bhargava	ID	0
P N Vijay	ID	0
S. Narayan	ID	0

Details of other Board Directorships is separately mentioned in 'Annexure 1'

As mandated by the 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 the:
  - ▶ Statutory audit firm or the internal audit firm that is 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 and
- Are not substantial shareholders of the company i.e. do not own two percent or more of the block of voting shares.

## Information Supplied to the Board

The Board is presented with all relevant information that is materially significant. All Board meetings are governed by a structured agenda. To enable the Board members to take informed decisions, all major items are backed by comprehensive background information. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting.

- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.

- Quarterly results for the Company and 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.
- Significant labour problems and their proposed solutions. Any significant development in 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 the steps taken by 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 & arrangements entered into by the subsidiary companies.

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-compliances.

### Role of Board Members

Dabur India Limited has laid down a clear policy defining the structure and roles of different Board members. The policy of the company is to have a Non-Executive Chairman - Dr Anand Burman, a Chief Executive Officer (CEO) - Mr Sunil Duggal, a Corporate Affairs Director, one promoter Executive Director and six Non Executive Directors. There are clear demarcations of responsibility and authority between them.

**The Chairman** His primary role is to provide leadership to the Board in achieving the goals of the company, which are in accordance with the charter approved by the Board. He is responsible for monitoring the core management team and in transforming the company into a world class, next generation organization that is dedicated to the well being of all its stakeholders. 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 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 within the Board approved direction and framework. They are also responsible for achieving the annual business plan.

**Non-Executive Directors**, including independent directors are responsible in playing a critical role in imparting balance to the board processes by bringing in their wide spectrum of knowledge and expertise and providing an independent judgement on various issues raised in the Board meetings like performance, business and strategies.

### 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 will be 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 and Compliance

The matrix below highlights the skill and expertise that the Company expects from established members of profession of accountancy, finance and law to assume office of 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 Beaucrocat	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 company's priority at a given time viz:

- Knowledge of export markets that Dabur is focusing on
- Commodity procurement expert

## Remuneration paid to Directors

**Table 2 gives details of remuneration paid to Directors for the year 2007-08**

Name of the Director	Sitting Fees	Salary and Perquisites	Superannuation Fund	Stock Option	Commission	Total
V C Burman*	120000	0	0	0	2778688	2898688
Pradip Burman	0	8832208	705001	0	0	9537209
Dr. Anand Burman	60000	0	0	0	0	60000
Amit Burman	90000	0	0	0	0	90000
P D Narang	0	16683663	1386602	15150332	0	33220597
Sunil Duggal	0	17461515	1196964	14580362	0	33238841
HH Gaj Singh	45000	0	0	0	0	45000
P N Vijay	300000	0	0	0	0	300000
S Narayan	225000	0	0	0	0	225000
R C Bhargava	195000	0	0	0	0	195000
Mohit Burman**	30000	0	0	0	0	30000
<b>Total</b>	<b>1065000</b>	<b>42977386</b>	<b>3288567</b>	<b>29730694</b>	<b>2778688</b>	<b>79840335</b>

\* Ceased to be a member from 23<sup>rd</sup> July, 2007. \*\*Appointed as additional director on 23<sup>rd</sup> July, 2007

During 2007-2008 the company did not advance any loans to any of its Directors.

Mr P D Narang and Mr Sunil Duggal were issued 67,898 and 62,295 Stock Options respectively during the year having vesting period spread from 1 to 5 years and exercisable over a period of 3 years after vesting. The Options are exercisable at par.

Pursuant to the approval of shareholders in the Annual General Meeting held on 9th September, 1998 and subsequently on 5th September, 2002 and 13th July, 2007, in addition to the above remuneration certain Directors are entitled to severance 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 three executive Directors namely Mr. Pradip Burman, Mr. P.D. Narang and Mr. Sunil Duggal is 3 months.

### Code of Conduct

Dabur's code of conduct, as adopted by the Board of Directors, is applicable to all Board members and senior management of the company. 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 have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

### Risk Management

The company has in place a robust 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 the 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 is 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 quarterly.

### Committees of the Board

Currently Dabur has four Board level committees - Audit Committee, Remuneration cum Compensation Committee, Nomination Committee and Shareholders/Investors Grievance and Share Transfer Committee.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of service for committee members is taken by the Board of Directors. 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 31st March, 2008, the Audit Committee comprises of three independent Directors. They are Mr. P N Vijay (Chairman), Mr. R. C. Bhargava and Dr. S. Narayan.

### Meetings

The Audit Committee held eight meetings during 2007-08 on 8th May, 2007, 18th May, 2007, 23rd July, 2007, 5th September, 2007, 24th October, 2007, 20th December, 2007, 29th January, 2008 and 25th March, 2008. 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:

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

Name of Members (Category)	Status	No. of Meetings	
		Held	Attended
Mr. P N Vijay (ID)	Chairman	8	8
Mr. R C Bhargava (ID)	Member	8	8
Dr. S Narayan (ID)	Member	8	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, General Manager (Finance) & Company Secretary is the secretary to the committee.

All members of the Audit Committee have accounting and financial management expertise.

### The functions of the Audit Committee include the following:

- Oversight of the company's financial reporting process and the 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 auditors 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 clause (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 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, 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 up 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 the 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.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### 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 condition 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.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- 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 management's justification for the same.

## Audit Committee report for the year ended 31st March, 2008

To the Shareholders of Dabur India Limited:

Each member of the audit committee is an independent Director, according to the definition laid down in the 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 IFRS and for issuing a report thereon. The committee is responsible for overseeing the processes related to the financial reporting and information dissemination.

In this regard the Committee discussed with the company's internal auditors and independent auditors the overall scope and plan for their respective audits. The Committee also discussed the results of their examinations, 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 IFRS.

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 IFRS in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the committee found no material discrepancy or weakness in the Internal Control Systems of the Company. Review of financial statements of the subsidiary companies was also conducted. The Committee has also reviewed Management Discussion and Analysis, 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 Whistle Blower Policy no personnel had been denied access to the Audit Committee.

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 2008-09.

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

New Delhi  
April 30, 2008

Sd/-  
P N Vijay  
Chairman, Audit Committee

**b) Remuneration cum Compensation Committee**

**Composition**

As of 31st March 2008, the Remuneration cum Compensation Committee comprises of Mr. P N Vijay (Chairman), Dr. S. Narayan, being independent Directors and Dr. Anand Burman, being Non Executive Promoter Director. On 23rd July 2007, Mr. V C Burman resigned from the Committee and on 24<sup>th</sup> October, 2007, Dr. Anand Burman was appointed as member of the Committee.

**Meetings**

The Remuneration cum Compensation Committee held five meetings during 2007-08 on 8th May, 2007, 11th July, 2007, 23rd July 2007, 24th October, 2007 and 29th January, 2008.

**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	5	4
Dr. S. Narayan (ID)	Member	5	4
Dr. Anand Burman(PD/NED)*Member		2	2
Mr. V C Burman (PD/NED)** Member		3	3

\*Appointed as a member w.e.f. 24.10.2007.

\*\* Ceased as a member w.e.f . 23.07.2007

The Remuneration cum Compensation Committee of the Board inter-alia recommends to the Board the compensation terms of executive Directors, approves and evaluates the executive Directors and senior management compensation plans, policies and programs 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 the changes in designation and increase in salary of the executive Directors.
- Ensuring that 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 interest of the Company and the shareholders.

- To frame the ESPS/ESOS and recommend the same to the Board/Shareholders for their approval and to implement the Scheme approved by the Shareholders.
- To suggest to Board/Shareholders changes in the ESPS/ESOS.
- To decide 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.

**Remuneration policy**

The remuneration paid to the non-executive 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 aims at attracting and retaining high calibre talent. The existing

remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is therefore market driven and aims to attract and retain quality talent in consonance with the existing industry practice. As per the shareholders' approval obtained at the Annual General Meeting of the Company held on 13th July, 2007 commission is paid at the rate not exceeding one per cent 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 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 31st March, 2008

To the Shareholders of Dabur India Limited:

The Remuneration cum Compensation Committee comprises of 2 independent directors and 1 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 payable to all Executive Directors, within the overall limits approved by shareholders. The committee also reviewed and approved the stock options of all members of the management team for the year 2007-2008. 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 approved the reappointment of

Mr Pradip Burman and Mr P D Narang as whole time directors of the Company. It 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 programs, compensation policies for employees and the information to decide on grant of options to various employees.

New Delhi  
April 30<sup>th</sup>, 2008

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, Mr. Pradip Burman, executive promoter Director, Mr Amit Burman, non-executive promoter Director and HH Maharaja Gaj Singh, independent Director. The Nomination Committee did not meet during the year under review. The primary role of this committee is to make recommendations on appointments to the Board.

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 of 31st March, 2008, the Committee consists of three members, Mr. P N Vijay (Chairman), Mr. Amit Burman and Mr. P D Narang.

#### Meetings

The Committee met four times in the year under review on 8th May, 2007, 23rd July, 2007, 24th October, 2007 and 29th January, 2008. On 23rd July, 2007. Mr. V C Burman resigned from the committee and on 24th October, 2007 Mr. Amit Burman was appointed as member of the committee.

### Attendance record

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

**Table 5: Attendance Details of Shareholders/Investor Grievance and Share Transfer Committee**

Name of Members (Category)	Status	No. of Meetings	
		Held	Attended
Mr P N Vijay (ID)	Chairman	4	4
Mr V C Burman (PD / NED)**Member		2	2
Mr P D Narang (ED)	Member	4	4
Mr Amit Burman (PD/NED)* Member		2	2

\*Appointed as a member w.e.f. 24.10.2007

\*\* Ceased as a member w.e.f. 23.07.2007

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

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

- Transfer/Transmission of shares.
- Split-up/Sub-division and Consolidation of shares.
- Dematerialisation/ 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 application, 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 the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, 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 2007-08 are given in Table 6.

There were no complaints pending as on 31st March' 08.

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, dematerialization, sub-division, consolidation and exchange to officers of the company, subject to a maximum of 5000 shares per case.

### Shareholders/Investor Grievance and Share Transfer Committee Report For the year ended 31st March, 2008

To the Shareholders of Dabur India Limited:

The Shareholders/Investor Grievance and Share Transfer Committee comprises of 3 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 balance sheet,

**Table 6: Nature of complaints received and attended to during 2007-2008**

Nature of Complaint	Pending as on 1st April'07	Received during the year	Redressed during the year	Pending as on as 31st March 2008
1. Transfer / Transmission / Duplicate	Nil	65	65	Nil
2. Non-receipt of Dividend	Nil	68	68	Nil
3. Dematerialisation /Rematerialisation of shares	Nil	4	4	Nil
4. Others (Non receipt of bonus shares/ POA/ change of signatures/ address etc.)	Nil	89	89	Nil
5. Complaints received from:				
- Securities and Exchange Board of India	Nil	12	12	Nil
- Stock Exchanges	2	9	11	Nil
- Registrar of Companies/ Department of Company Affairs	Nil	1	1	Nil
6. Others	Nil	Nil	Nil	Nil
<b>Total</b>	<b>2</b>	<b>248</b>	<b>250</b>	<b>0</b>

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 the 954 cases of transfer, 26 cases of re-materialisation, 1 case of consolidation and 26 cases of issue of duplicate share certificates. 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.

Sd/-  
P N Vijay

Chairman, Shareholders/  
Investor Grievance and  
Share Transfer Committee

New Delhi  
April 30<sup>th</sup>, 2008

### Management Committees

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

### Investor Relations – Boosting Investor Confidence

As the requirements of disclosure, transparency and Corporate Governance continue to grow and evolve, the role of IR becomes increasingly critical in helping companies to manage the flow of information and to communicate more effectively with the investment community. Today leading organizations around the world have embraced the concept of IR in a big way.

This function plays a pivotal role by being the ‘bridge’ between the Company and its stakeholders, leading to a positive effect on the market’s assessment of the Company’s value relative to that of the overall market.

At Dabur, the IR team works very closely with the management to implement programs that are consistent with its corporate objectives. IR preserves the veracity, relevance and quality of the information distributed to the market through a homogenous presentation of the information. It is a reflection of the company’s brand and has an intangible effect on the success of its business.

At Dabur, we believe that IR is a long- term relationship with its stakeholders, much as running a business is a long-term relationship with its customers, suppliers and business partners.

Some of the responsibilities held by the Investor Relations team at Dabur are as under:

1. Disseminating authentic and correct information to the stakeholders and potential investors.
2. Being a strategic advisor to the Senior Management by providing inputs on the FMCG market, performance of other players, economic environment, latest developments in industry and economy and general market intelligence.
3. Collating information on stock trading and shareholder profile.
4. Managing Shareholder queries, feedback and opinions and informing the management regarding the same.
5. Anticipated market reaction toward planned corporate developments such as mergers and acquisitions or divestitures.
6. Building Investor confidence through regular, structured and validated communications.
7. Being a part of the company’s disclosure team.

At Dabur, we have various avenues to ensure that investors get a good understanding of the company and its strategies. In order to achieve this Dabur holds:

1. One-on-one meetings and quarterly conference calls - To show case the company’s performance and also highlight the company’s forward looking strategy.
2. Webcasting - Dabur’s Quarterly results presentations are webcast. Webcasts are placed on corporate web site for upto 1 month.
3. Group Analyst Meetings to share our vision and plans at a strategic level with the analysts and fund managers.
4. Also attend investor conferences organized by leading institutional brokerage houses. During 2007-08 we attended, to name a few, conferences held by Citi Group, Morgan Stanley, JP Morgan, DSP Merrill Lynch and HSBC. During these conferences, the management had the opportunity to share their strategy with a number of institutional investors both Domestic and Foreign institutions. These meets enable the investors to understand the strategy and operations at Dabur in a much better manner.

### Subsidiary Companies

The Audit Committee of the Board reviews Financial Statement of the subsidiary companies along with investments made on quarterly basis. The Board of Directors also reviews Board meeting minutes and statement of all significant transactions and arrangements, if any, of the subsidiary companies.

The Clause 49 defines a “material non-listed Indian subsidiary” as 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

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

### Disclosures

**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 Company's share; and
- all material financial and commercial transaction with the company;

where they have personal interest. The said dealings and transactions, if any, had no potential conflict with the interest of the company at large.

The material, financial and commercial transactions where Key Management Personnel have personal interest forms part of the disclosure on related parties referred to in Note in Schedule P to Annual Accounts which was reported to Board of Directors.

### Related Party Transactions -

**Significant related party transactions are summarised herein below:-**

#### 1. Subsidiaries:

- Equity contribution have been given by the Company to H & B Stores Ltd amounting to Rs.22.00 crores.
- Goods worth Rs.5.21 crores were sold to Dabur International Limited.
- Dabur International Ltd. was given a loan of Rs.12.72 crores by the company.
- Dabur International Limited had repayed the loan of Rs.22.72 crores given by the company.

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

- Goods worth Rs.2.64 Crores were sold to Asian Consumer care Private Limited.
- Goods worth Rs.7.10 crores were sold to Dabur Nepal Pvt. Ltd.
- Goods worth Rs.1.07 crores were sold to Dabur Egypt Ltd.
- Goods worth Rs.164.86 crores were purchased from Dabur Nepal Pvt. Ltd.

- Collateral and guarantees have been given on behalf of Dabur Egypt Limited amounting to Rs.15.46 crores and on behalf of Naturelle LLC. amounting to Rs.23.98 crores .
- Goods worth Rs.5.11 crores were sold to Weikfield International (UAE) LLC.
- Goods worth Rs. 2.09 crores were sold to African Consumer Care Limited.

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

- For key management personnel 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 Note in Schedule P 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 instituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of Dabur and cautioning them of the consequences of violations.

### Whistle-Blower Policy

In line with the best international governance practices, Dabur has put in place 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 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 comprise of one senior women member so that women employees of the company feel free and secure while lodging their complaint 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 suspected unethical behavior, malpractice, wrongful conduct, fraud, 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 company's website [www.dabur.com](http://www.dabur.com). The Audit Committee periodically reviews the existence and functioning of the mechanism. The Committee has in its Report affirmed that no personnel has 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)

#### **Policy for Environment & Pollution Control**

The Company has a dedicated Policy for Environment & Pollution Control with a commitment to minimize any impact that its business operations may have on the environment and to improve the quality of life of the community around its manufacturing facilities as it constitute one of its most important group of stakeholders. The company's plans are primarily based on consideration of resource conservation and pollution abatement. The Company is dedicated towards promoting sustainable growth of herbal-based plantations in different climatic zones of the country through its Agrobiotechnology Division.

#### **Occupational Health & Safety Policy**

The Company has adopted Occupational Health & Safety Policy to provide a safe and healthy working environment to its employees. It recognizes its human force as the most important asset thus totally committed to this Policy of prevention / elimination of all undesirable incidents, which may result in loss of lives/ injuries to personnel and damage to property. The Company aims at continuously renewing the commitment of Managements, Employees, Contractors towards working safely round the year. The health, safety and environmental platform is well supported by the "**Safety Management Team**" at Corporate and manufacturing unit levels. There is regular interaction between Corporate and the manufacturing units on the health and safety policy. Motivational training programmes were conducted by the Corporate team which resulted in educating / upgrading the employees on awareness front. The World Environment day

on 5th June, National Safety day on 4th March, and Safety Week on 27th Feb were observed with lot of enthusiasm in all the units.

#### **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.

#### **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, Dr. Anand Burman, Mr. P D Narang and Mr. R C Bhargava would retire this year and being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 1956. Mr. Mohit Burman, appointed as additional director by the Board has been proposed to be appointed as Director in the 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:

**Dr. Anand Burman** M.Sc., PH.D from University of Kansas USA was born in 1952 and was appointed as a member on the Board in 1986. He is the Promoter Non-Executive Director and Chairman of the Company. His current shareholding in the Company is 111000 Shares.

**Mr. P D Narang:** B.com, FCA, FCS, AICWA, MIIA (USA) was born in 1954 and joined the Board in 1998. Currently he is the Whole time-Director designated as Group Director-Corporate affairs of the Company. His current shareholding in the Company is 1467020 shares.

**Mr. R C Bhargava:** MA in Development Economics, MS in Mathematics, IAS Retd. was born in 1934 and joined the Board in 2005. He is Non-Executive independent Director of the Company. Currently he has no shareholding in the Company.

**Mr. Mohit Burman:** Graduate from Richmond College, London and MBA from Babson Graduate School of Business Wellesley, was born in 1968 and joined the Board in 2007. Currently he has no shareholding in the Company.

Mr. Pradip Burman, Dr. Anand Burman, Mr. Amit Burman and Mr. Mohit Burman, belong to the promoters family. 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**

Half yearly financial information, including summary of

significant events, for the half-year ended 30th September, 2007 was sent to the households of all shareholders. The quarterly and half yearly financial results are normally published in The Economic Times/ Times of India /Mumbai Mirror/Mint and Navbharat Times newspapers. Table 7 gives details of the publications of the financial results in the year under review.

**Table 7: Publications of the financial results during 2007-2008**

Description	Date
Unaudited Financial Results for the quarter ended on 30 <sup>th</sup> June, 2007	25 <sup>th</sup> July '07
Audited Financial Results for the half year ended on 30 <sup>th</sup> September, 2007	25 <sup>th</sup> & 26 <sup>th</sup> October '07
Unaudited Financial Results for the quarter / Nine months ended on 31 <sup>st</sup> December, 2007	31 <sup>st</sup> January '08

The quarterly, half yearly and annual financial statements are promptly and prominently displayed on the Company's web site [www.dabur.com](http://www.dabur.com). The Company also displays the official news releases and presentations made to institutional investors and to analysts on this website. Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR/ Corp filing system. These are available on the SEBI web-site [www.sebiedifar.nic.in./](http://www.sebiedifar.nic.in/) [www.corpfiling.co.in](http://www.corpfiling.co.in). The Company has designated the email id [investors@dabur.com](mailto:investors@dabur.com) exclusively for investors servicing and the same is prominently displayed on Company's website [www.dabur.com](http://www.dabur.com)

### General Body Meetings

Table 8 gives the details of the last five General Meetings.

**Table 8: Location and time of the last 5 General Meetings.**

Financial Year	Category *	Location of the meeting	Date	Time
2003-2004	EGM	Air Force Auditorium Subroto Park, New Delhi - 110010	2nd August, 2003	2.00 PM
2003-2004	AGM	Same as above	6th July, 2004	11.00 AM
2004-2005	AGM	Same as above	15th July, 2005	11.00 AM
2005-2006	AGM	Same as above	8th July, 2006	9.30 AM
2006-2007	EGM (Court Convened Meeting)	Same as above	8th July, 2006	11.00 AM
2006-07	AGM	Same as above	13th July, 2007	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.

### 15<sup>th</sup> July, 2005

- Reappointment of Mr Sunil Duggal as Whole-time Director of the Company
- Appointment of Mr Amit Burman as Whole-time Director in Dabur Foods Limited.
- Appointment of Mr Mohit Burman as Whole-time Director in Balsara Home Products Limited.
- Appointment of Mr Chetan Burman as Executive Director in Dabur Nepal Private Limited.

### 8<sup>th</sup> July, 2006

- Appointment of Mr. Mohit Burman as Whole-time Director in Dabur International Limited.

### 13<sup>th</sup> July, 2007

- Reappointment of Mr Pradip Burman as Whole-time Director of the Company.
- Reappointment of Mr P D Narang as Whole-time Director of the Company.
- Approval for payment of commission to Non Executive Directors.

### Postal Ballot

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

## Compliance

### Mandatory requirements

Dabur is fully compliant with the applicable mandatory requirements of the **Clause 49** as per table 9 given here under.

**Table 9: Compliance report**

Particulars	Clause of listing agreement	Compliance status
<b>I. Board of Directors</b>	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
<b>II. Audit Committee</b>	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
<b>III. Subsidiary Companies</b>	49 (III)	Yes
<b>IV. Disclosures</b>	49 (IV)	Yes
(A) Basis of related party transactions	49 (IVA)	Yes
(B) Disclosure of Accounting treatment	49 (IVB)	Yes
(C) Board Disclosures	49 (IVC)	Yes
(D) Proceeds from public, rights, preference issues etc	49 (IV D)	N/A
(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

### Adoption of non-mandatory requirements

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

The company maintains the office of the 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 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) Half-yearly Declaration

Dabur has a practice of preparing half-yearly report of financial performance including a section on Management Discussion and Analysis since last three years, which is sent to all Shareholders. The half-yearly report for the year 2007-08 was sent to all shareholders on 12th December 2007.

#### e) Audit Qualifications

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

#### f) 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.

#### g) Whistle Blower Policy

Dabur has whistle-blower policy in place. The details with regard to the functioning of the whistle-blower policy have been mentioned earlier in this report.

## Additional Shareholder Information

### Annual General Meeting

Date : 10<sup>th</sup> July 2008

Time : 11:00 am

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

### Financial Calendar

Financial year: 1st April to 31st March

For the year ended 31st March 2008, results were announced on:

- 23<sup>th</sup> July, 2007 : First Quarter
- 24<sup>th</sup> October, 2007 : Half Yearly
- 29<sup>th</sup> January, 2008 : Third Quarter
- 30<sup>th</sup> April, 2008 : Fourth Quarter and Annual

For the year ending 31 March, 2009: results will be announced by:

- End July 2008 : First Quarter
- End October 2008 : Half Yearly
- End January 2009 : Third Quarter
- End April 2009 : Fourth Quarter and Annual

### Book Closure

The dates of book closure are from Monday, 23rd day of June 2008 to Friday, 4th day of July 2008 inclusive of both days.

### Dividend Payment

Interim dividend of Re.0.75 per equity share was paid on 7th November 07.

### Dates of Transfer of Unclaimed Dividend

Pursuant to section 205A of the Companies Act, 1956

unclaimed dividend upto and including Financial Year 2000-2001 will be 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 10:**

Financial Year	Type of Dividend	Date of Declaration	Due Date for transfer to IEPF
2000-2001	Interim	01/06/2001	02/07/2008
2000-2001	Final	18/09/2001	28/09/2008
2001-2002	Interim	27/11/2001	24/12/2008
2002-2003	Interim	30/10/2002	29/11/2009
2002-2003	Final	02/08/2003	29/08/2010
2003-2004	Interim	04/11/2003	04/12/2010
2003-2004	Final	06/07/2004	05/08/2011
2004-2005	Interim	27/10/2004	03/12/2011
2004-2005	Final	15/07/2005	20/08/2012
2005-2006	Interim	24/10/2005	01/12/2012
2005-2006	Final	08/07/2006	08/08/2013
2006-2007	Interim	31/10/2006	04/12/2013
2006-2007	Interim	13/03/2007	16/04/2014
2007-2008	Interim	24/10/2007	30/11/2014

### Listing

At present, the equity shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and the National Stock

Exchange (NSE). The annual listing fees for the financial year 2008-2009 to NSE and BSE has been paid.

**Table 11: 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, 2007 the paid up Equity Share Capital of the Company was Rs.862883808/- consisting of 862883808

equity shares of Re.1/- each. The table below gives details of equity evolution of the Company during the year under review:

**Table 12: Equity Evolution during the year**

Date	Particulars	Issued No. of equity shares of Re.1 each during the year .	Cumulative
May 24, 2007	Allotment pursuant to exercise of Stock Options	1014953	863898761
August 10, 2007	Allotment pursuant to exercise of Stock Options	108027	864006788
November 14, 2007	Allotment pursuant to exercise of Stock Options	16185	864022973

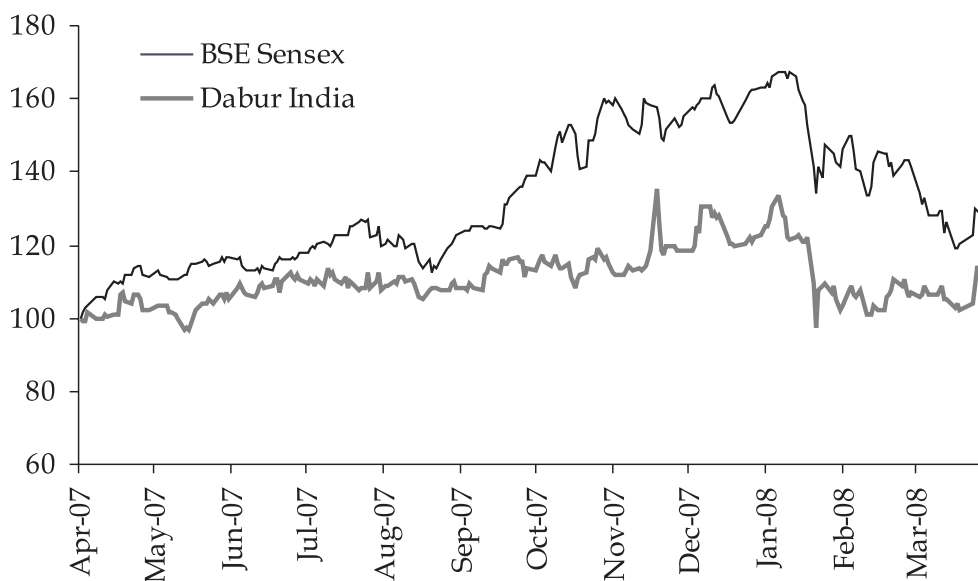
## Stock Market Data

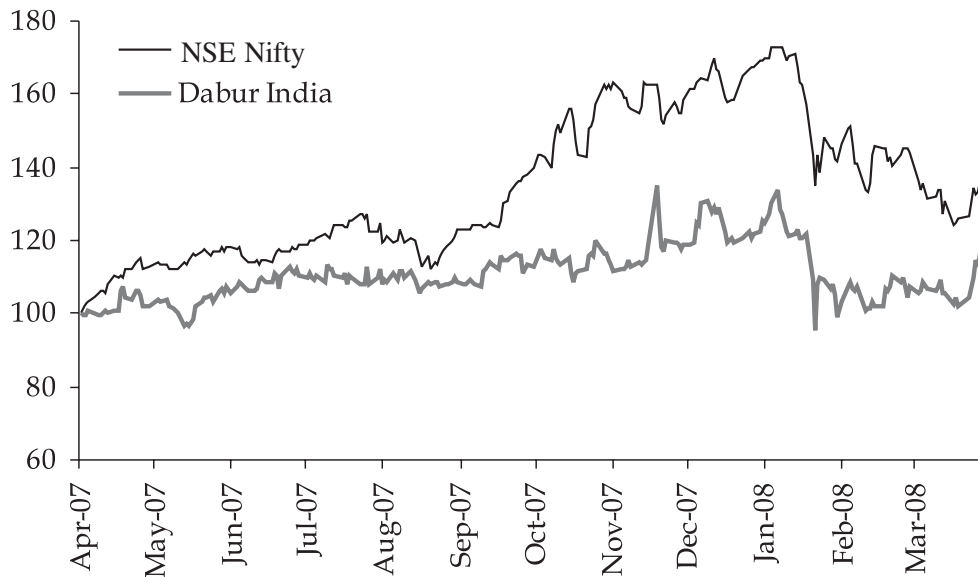
Table 13 and Chart A & B gives details of stock market data

**Table 13:** High, low and volume of Dabur's shares for 2007-08 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-07	102.0	90.7	4308368	101.9	83.9	17885154
May-07	101.0	89.4	7040800	100.5	83.6	24063973
June-07	105.1	97.0	10740736	106.4	97.0	13397821
July-07	106.4	99.5	9036215	106.1	99.5	20520925
August-07	105.0	95.5	2869319	106.9	93.1	12484663
September-07	112.0	99.7	6171746	110.0	99.4	18538405
October-07	114.4	92.0	8334048	117.0	83.7	57689488
November-07	134.0	101.1	7443206	133.5	101.1	24858152
December-07	124.0	109.8	6507277	124.0	109.6	21293596
January-08	127.0	72.0	9749551	126.8	74.0	28027558
February-08	108.0	93.0	3577252	105.0	92.3	13660777
March-08	112.0	93.3	3974812	112.3	93.0	11804555

**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 2007-08

### Distribution of Shareholding

Table 14 and 15 lists the distribution of the shareholding of the equity shares of the Company by size and by ownership class as on 31st March 2008.

**Table 14: 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	7127	7395263	99572	35813507	106699	98.90	43208770	5.00
5001 – 10000	117	786506	563	3878640	680	0.63	4665146	0.54
10001 and above	12	222000	489	815927057	501	0.47	816149057	94.46
<b>Total</b>	<b>7256</b>	<b>8403769</b>	<b>100624</b>	<b>855619204</b>	<b>107880</b>	<b>100.00</b>	<b>864022973</b>	<b>100.00</b>

**Table 15: Shareholding Pattern by ownership**

Particulars	As on 31 <sup>st</sup> March 2008				As on 31 <sup>st</sup> March 2007			
	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	31	0.03%	611834473	70.81%	31	0.02%	636841973	73.80%
FII's	100	0.09%	109161703	12.63%	61	0.04%	90264228	10.46%
Mutual Funds	30	0.03%	16498077	1.91%	41	0.03%	4662537	0.54%
Financial Institutions/Banks	25	0.02%	63369714	7.33%	37	0.03%	49704093	5.76%
NRI's	2765	2.56%	4450327	0.52%	3061	2.24%	5219897	0.60%
Corporates	1593	1.48%	6055613	0.70%	1909	1.40%	10056512	1.17%
Individuals	103336	95.79%	52653066	6.10%	131218	96.24%	66134568	7.67%
<b>Total</b>	<b>107880</b>	<b>100.00%</b>	<b>864022973</b>	<b>100.00%</b>	<b>136358</b>	<b>100.00%</b>	<b>862883808</b>	<b>100.00%</b>

**Dematerialisation of Shares and Liquidity**

Trading in equity shares of the Company in dematerialized form became mandatory from 31st May, 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 31st March 2008, over 99.02% 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.

**Outstanding GDRs/ADRs/Warrants/Options**

The Company has 5073660 outstanding Options as on 31st March 2008 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 andCC/FITTC/CIR-5/2002 dated 27th December 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 the Company has appointed Karvy Computershare Private Limited as its new Registrar and Transfer Agent in place of M/s MCS Limited.

Details of the Registrar and Transfer Agent are given below-

1. Karvy Computershare Private Limited  
Unit: Dabur India Limited  
105-108, 1<sup>st</sup> Floor, Arunachal Building,  
19, Barakhamba Road, Connaught Place,  
New Delhi-110001.  
Phone: 011- 43509200  
Fax: 011-66603514  
Website: www.karvycomputershare.com  
Email id: delhi@karvy.com
2. Karvy Computershare Private Limited  
Plot No. 17 to 24, Vithalrao Nagar  
Madhapur, Hyderabad-500081  
Phone No. 040-23420815-820,  
Fax: 040 -23420814  
Email : mailmanager@karvy.com

### 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 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. The Company also obtains from a firm of Chartered Accountants in practice, Secretarial Audit Report for every quarter towards reconciliation of issued capital of the Company, as prescribed by SEBI, and files a copy of the same with the Stock Exchanges.

### Company's Registered Office Address:

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

### PLANT LOCATIONS

Sahibabad	<b>Unit I &amp; II</b> 22, Site IV, Industrial Area, Ghaziabad - 201010 (U.P.) Tel: 0120 – 3008700, 4378400 Fax: 0120 – 2779914; 4376924
	<b>Unit III</b> Plot No. 5/1, Site – IV, Sahibabad Industrial Area, Ghaziabad (U.P.) - 201 010 Tel: 0120 – 4181030
Baddi	<i>Hajmola Unit</i> 109, HPSIDC Industrial Area, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277 Fax : 01795-244090
	<i>Chyawanprash Unit</i> 220-221, HPSIDC Industrial Area, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Honey Unit</i> Village Billanwali Lavana, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Toothpaste Unit</i> Village Billanwali Lavana, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Glucose Unit</i> Plot No. 12, Industrial Area, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Shampoo Unit</i> Village Billanwali Lavana, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Honitus Unit</i> 109, Industrial Area, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Food Supp. Unit</i> Plot No. 221, Industrial Area, Baddi 173 205, Distt Solan, HP, Tel: 01795-245191/92, 245277
	<i>Oral Care Unit</i> 601, Malku Majra, Nalagarh Road, Teh. Nalagarh, Distt Solan, HP, Tel : 01795 -247271, 246263
Pantnagar	Plot No.4, Sector-2, Integrated Industrial Estate Pantnagar, Distt. Udham Singh Nagar Uttarakhand - 263146 Tel: 9760013990, 991, 992 Fax: 05944 - 242502 ; 246343
Jammu	Unit I & II Lane No.3, Phase II, SIDCO Indl. Complex, Bari Brahmna, Jammu, Tel: 01923 - 220123, 222341/ 54; Fax: 01923 - 221970
Katni	10.4 Mile Stone, NH -7, Village Padia Katni, (M.P.) - 483442 Tel: 07622 - 262317, 262297 Fax: 07622 - 262297
Alwar	S-PC 162, Matsya Industrial Area, Alwar - 301 030, Rajasthan, Tel: 0144 - 2881319 / 2881217 / 2881542 Fax : 0144 - 2881302 / 2881341
Pithampur	86-A, Kheda Industrial Area, Sector-3, Pithampur - 454774 Distt. - Dhar (M.P.) Tel : 07292 - 400046 to 51, Fax : 400112
Narendrapur	9, Netaji Subhash Bose Road, P.O. - Narendrapur, Kolkata - 700 103, West Bengal, Tel: 033- 2477 2324 - 26, 2477 2620, 2477 2738, 2477 2740 Fax : 033- 2477 2621
Silvassa	Unit - I & II Survey No. 225/4/1, Village Saily, Silvassa - 396 230, Dadra & Nagar Haveli (UT of India) Tel - 0260-2645867/71/72/73; Fax - 0260 - 2645869
Newai	G 50-59, IID Centre, NH-12 Road No.1, Newai - 304 020 Distt. Tonk (Rajasthan), Tel: 01438 -223342, 222859, 223783, 223893 Fax No. 01438- 223783
Jalpaiguri	Kartwa, PO: Mahanvita, Dist: Jalpaiguri (West Bengal) Tel: 03561-248069/79 09933399800

## Address for Correspondence

For share transfer / dematerialisation of shares, payment of dividend and any other query relating to the shares

Karvy Computershare Private Limited,  
105-108, 1st Floor, Aunachal Building 19 - Barakhamba Road,  
Connaught Place, New Delhi 110001  
Phone: 43509200 Fax: 66603514

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 - 110 002  
Tel: 011-42786000; Fax: 011-23222051

For investors assistance

Mr. A K Jain  
General Manager (Finance) and Company Secretary,  
Dabur India Limited, Punjabi Bhawan, 10, Rouse Avenue,  
New Delhi - 110 002. Tel: 011 - 42786000 Fax: 011 - 2322 2051

## Certification by Chief Executive Officer and Chief Financial Officer of the Company

We, Sunil Duggal, Chief Executive Officer and Rajan Varma, 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 31<sup>st</sup> March, 08 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 thru 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.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the current year.

New Delhi  
April 30<sup>th</sup>, 2008

Sd/-  
Sunil Duggal  
CEO, Dabur India Limited

Sd/-  
Rajan Varma  
CFO, Dabur India Limited

## Annexure 1 - Details of other Directorships Held

Name of Director	Status	Directorship	Committee Membership	Committee Chairmanship
Dr Anand Burman	PD/NED	-Dabur Pharma Limited -Dabur Pharmaceuticals Limited -Dabur UK Limited -Dabur Oncology Plc -Dabur Pharma (Thailand) Co. Ltd. -H & B Stores Limited -Hindustan Motors Limited	Audit Committee Compensation Committee	Shareholders/Investors Grievance Committee
Amit Burman	PD/NED	-Dabur Pharma Limited -H & B Stores Limited -Q H Talbros Limited -Radico Khaitan Limited -Burmans Finvest Limited	Audit Committee Remuneration Committee	
Pradip Burman	PD/ED	-Ayurvet Limited -Sanat Products Limited -Dabur Investment Corporation Limited -Burmans Finvest Limited -CNS Infotech Ltd.	Audit Committee	
Mohit Burman*	PD/NED	-Dabur Pharma Limited -Aviva Life Insurance Co. India Limited -Dabur Investment Corporation Limited -Dabur Ayurvedic Specialities Limited -H & B Stores Limited -Shree Investments Limited -Dabur International Limited -Mahindra Forgings Limited -Universal Sompco General Insurance Co. Limited	Audit Committee	
P D Narang	ED	-Dabur Egypt Limited -Weikfield International (UAE) Limited -H & B Stores Limited -Dabur Pharma Limited -Dabur International Limited -African Consumer Care Ltd. -Aviva Life Insurance Co. India Limited	Audit Committee Remuneration Committee Audit Committee Shareholders/Investors Compensation Committee  Audit Committee	Shareholders/Investors Grievance Committee

\* Appointed as Additional Director on 23rd July, 2007.

Sunil Duggal	ED	-H & B Stores Limited -Dabur International Limited	Remuneration Committee Audit Committee	
HH Mah. Gaj Singh	ID	-Jodhna Medical & Research Centre Limited -Maharaja Heritage Resorts Limited -Shankar Packagings Limited -Fortune Park Hotels Limited		
P N Vijay	ID	-Reed Relay & Electronics Limited -Gujarat Narmada Valley Fertilizers Co Limited. -Eicher Motors Limited	Shareholders/Investors Grievance Committee	Audit Committee
Dr. S Narayan	ID	-Apollo Tyres Ltd.	Audit Committee	
R C Bhargava	ID	-ILFS Limited -Polaris Software Lab Ltd. -Taj Asia Ltd. -Grasim Industries Limited -Optimus Global Services Ltd. -Maruti Suzuki India Limited -Thomson Press Ltd. -UltraTech Cement Co.Ltd.	Audit Committee Audit Committee Shareholders/Investors Grievance Committee Shareholders/Investors Grievance Committee	Audit Committee Audit Committee Audit Committee

# Directors' Report

To,

The Members,

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2008.

## Financial Results

Financial results are presented in Table 1.

**Table1: Financial results**

	(Rs. crore)	
	2007-08	2006-07
Turnover (including other income)	2111.31	1616.94
<b>Profit before Tax</b>	<b>365.18</b>	284.22
Add: Provisions of earlier years written back	<b>0.68</b>	0.23
	<b>365.86</b>	284.45
Less: Provision for Taxation – Current	<b>40.57</b>	31.52
Provision for Taxation – Deferred	<b>0.75</b>	-2.66
Provision for taxation – Fringe Benefit	<b>7.08</b>	3.28
Provision for taxation for earlier year	<b>1.54</b>	0.36
<b>Profit after Tax</b>	<b>315.92</b>	251.95
Add: Balance in Profit & Loss Account brought Forward from the previous year	<b>229.15</b>	175.00
Profit available for appropriation	<b>545.07</b>	426.95
Appropriation to:		
General Reserve	<b>70.00</b>	30.00
Capital Reserve	<b>0.40</b>	3.35
Interim Dividend – Paid	<b>64.80</b>	122.13
Final Dividend – Proposed	<b>64.80</b>	0
Corporate tax on Dividend	<b>22.02</b>	17.13
Transferred from merged entities	<b>0</b>	25.19
Balance carried over to Balance Sheet	<b>323.05</b>	229.15
Total	<b>545.07</b>	426.95

## Dividend

The Company had paid an interim dividend of 75% (Re.0.75 per share) on 7<sup>th</sup> November, 2007. We are pleased to recommend a final dividend of 75% (Re.0.75 per share) for the financial year 2007-08. The aggregate dividend for the year will amount to 150% (Rs.1.50 per share) as against 175% (Rs.1.75 per share) on pre bonus share capital declared last year. The dividend payout ratio for the current year, inclusive of corporate tax on dividend distribution, is at 47.87%.

## Operations and Business Performance

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

### Amalgamation of wholly owned subsidiary company with the Company

During the year under review a wholly owned subsidiary company, Dabur Foods Limited was amalgamated with the company with effect from 1<sup>st</sup> April, 2007 on filing of the Order of Hon'ble High Court of Delhi with the office of Registrar of Companies on 3<sup>rd</sup> March, 2008. The financial results of the erstwhile Dabur Foods Limited for the year 2007-08 are included in the financial results of the company for the current year.

## Corporate Governance

Dabur has always been committed to benchmark itself with global standards in all areas including appropriate standards for good Corporate Governance. An effective corporate governance system was put in place well before it was mandated by law.

A separate section on corporate governance and a certificate from Auditors of the Company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the Listing agreement with the Stock exchanges forms part of this annual report.

Certificate of the CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the audit committee in terms of the clause 49 of the Listing agreement with the Stock exchanges, is also enclosed as a part of annual report.

## Directors

During the period Mr V C Burman, Chairman had resigned from the directorship and Chairmanship of the Company w.e.f. 23<sup>rd</sup> July, 2007. The Board places on record its gratitude for the valuable services rendered and guidance provided by Mr Burman during his tenure with the Company.

Dr Anand Burman and Mr Amit Burman took over as Chairman and Vice Chairman of the Company, respectively. Further, Mr Mohit Burman was appointed as an additional non-executive Director from the promoter category. He shall hold office upto the date of ensuing annual general meeting of the company and being eligible, offer himself for appointment.

At the ensuing Annual General Meeting Dr Anand Burman, Mr P D Narang and Mr R C Bhargava will retire by rotation and being eligible offer themselves for reappointment in terms of provisions of Articles of Association of the Company.

The brief resume/details relating to directors who are to be appointed/re-appointed are furnished in the explanatory statement to the notice of the ensuing annual general meeting.

Your directors recommend their appointment/ reappointment at the ensuing Annual General Meeting.

### **Directors' Responsibility Statement**

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

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) That they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That they had prepared the annual accounts on a going concern basis.

### **Change in Capital Structure and Listing of shares**

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

In the year under review, the following shares were 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;
  - 1014953 equity shares allotted on 24<sup>th</sup> May, 2007.
  - 108027 equity shares allotted on 10<sup>th</sup> August, 2007.
  - 16185 equity shares allotted on 14<sup>th</sup> November, 2007.

Further, pursuant to merger of Dabur Foods Limited with the Company, w.e.f. 3<sup>rd</sup> March, 2008, the authorised share capital of Dabur Foods Limited, being Rs.20 crores, has been added with the authorised share capital of the Company as per Order of the Hon'ble High Court of Delhi and subsequently the Company has applied to the

Registrar of Companies, NCT of Delhi and Haryana to give effect to the increase in the authorized share capital of the company from Rs.125 crores to Rs.145 crores.

### **Auditors**

M/s G. Basu & Company, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment as statutory auditors for the financial year 2008-09.

### **Cost Auditors**

M/s Ramanath Iyer & Company, Cost Accountants were reappointed as Cost Auditors to conduct cost audit of the accounts maintained by the Company, in respect of its Formulations and Cosmetics & Toiletries products for the financial year 2008-09.

### **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 2007-08. Consolidated sales grew by 15.76% to Rs. 2,395.08 crores as compared to Rs. 2,069.05 crores in the previous year. Similarly, net profit after tax and after minority interest for the year at Rs. 333.92 crores is higher by Rs. 50.88 crores as compared to Rs. 283.04 crores in the previous year.

### **Internal Control System**

The Company has a proper and adequate internal control system to ensure safeguard and protection of all assets 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. 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 the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

### **Fixed Deposits**

During the year under review the Company has not accepted any fixed deposits from the public. However, as on 31<sup>st</sup> March, 2008 the Company had unclaimed deposits of Rs. 5.22 lacs due to 33 depositors. In addition to this an amount of Rs. 4.65 lacs is outstanding as unclaimed towards interest accrued and due to depositors. During the year, the Company has deposited a sum of Rs. 1,51,893/- towards unclaimed deposits and interest in the Investors Education & Protection Fund.

## Nature of Business

The company has entered into the high-growth organized retail market in India through its wholly-owned subsidiary, H&B Stores Limited under the Brand name 'newU'. Its first beauty, health and wellness retail store in India has already become operational. The subsidiary company plans to grow rapidly and mark its presence across India by opening around 30 newU stores by the end of fiscal 2008-09.

There has been no change in the nature of business of other subsidiary companies during the year.

## Subsidiaries

During the year Dabur Foods Limited has ceased to be subsidiary of the Company due to its amalgamation with the Company.

A new wholly owned subsidiary company H & B Stores Limited was incorporated in India to enter the high-growth organized retail market in India.

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies is attached as 'Annexure 2' and form part of this report.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copy 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/details upon request by any Shareholder of the Company or Subsidiary interested in obtaining the same. The Annual accounts of the Subsidiary Companies are also available for Inspection by the Shareholders at the Registered Office of the Company and also that of its respective Subsidiaries. However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of its 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 are also being disclosed (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. The said information is given in 'Annexure 3' and form part of this report.

## Auditors' Report

The observations of Auditors in their report read with the

relevant notes to accounts in Schedule P are self-explanatory and do not require further explanation.

## Employees Stock Option Plan

During the year 5,29,426 options in 6 tranches were granted to eligible employees of the Company in terms of Employees Stock Option Plan (Dabur ESOP 2000). During the year, 11,39,165 options were exercised by the employees after vesting. Accordingly, the Company made the allotment of 10,14,953 equity shares on 24<sup>th</sup> May, 2007, 1,08,027 equity shares on 10<sup>th</sup> August, 2007 and 16,185 equity shares on 14<sup>th</sup> November, 2007 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 4' and form part of this report.

## Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended are given in 'Annexure 5' and form part of this report.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo

### A. Conservation of energy:

- a) Energy conservation measures taken:-
- Various energy conservation techniques were initiated at large scale and successfully implemented.
  - Emulsion based fuel additives used to further improve steam generation efficiency and to save in Fuel & Maintenance cost.
  - Power Capacitor Bank well maintained at all plants to get maximum benefits of Power Factor. Strict control of Power Factor in the range of 0.99 to 0.997
  - Falling Film Evaporator upgraded to improve Efficiency & Productivity.
  - Use of increased Batch size and higher capacity Pulverizer to improve productivity.
  - Reduction in Contract Demand load.
  - Heating process of Guar Printing Products changed from Steam Boiler to T F Heater.
  - Conventional Shrink Tunnels replaced with Energy efficient Heating Shrink Tunnels to low down the connected load.
  - Re-scheduled operation of heavy electric loads in Non Peak Hours.
  - Optimum use of Comfort AC in offices, incorporation of efficient AC Controls with Digital Temp controllers for saving energy.

- Multi Track (12) Form Fill Machines replaced in place of single track being used.
  - P-20 Energy saver being used in Manufacturing area.
  - Reciprocating Air Compressors replaced with Energy efficient Screw Compressors to reduce the connected power load.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-
- Additional investment of Rs.26 lac has been made during the year for implementing further energy conservation measures at manufacturing plants.
- 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.109 Lacs and thereby lowered the cost of production by the equivalent amount. These measures have also lead to better pollution control, reduced maintenance time and cost, improved hygienic condition and consistency in quality and improved productivity.
- d) Total energy consumption and energy consumption per unit of production as per Form A
- Attached herewith as Annexure 6

## B. Technology Absorption:

Efforts made in technology absorption as per Form B is attached herewith as Annexure 7.

## C Foreign Exchange earnings and outgo:

- i) Activities and initiatives relating to exports;

The company has recorded a growth of around 19% in Guar Gum export business from Rs.32 crores in the year 06-07 to Rs.38 crores in the year 07-08. Growth has been registered by increasing the customer base by focussing on the existing China and USA markets. Direct business with customers has been increased and dependency on brokers reduced.

Private label business in USA has grown from Rs.8 crores in the year 06-07 to Rs.12.30 crores in the year 2007-08. Ethnic business in USA has increased by 72% and reached to Rs.4.82 crores. Export of certain other products are also being planned for the US markets.

International Business Division which houses Dabur's overseas business through subsidiaries recorded an impressive sales growth of 25% from Rs.292 crores in 2006-07 to Rs.365 crores in 2007-08, contributing to

13% of overall consolidated Dabur's Business. The key strategic drivers for the growth have been:

- Sharply defined Brand portfolio strategy in sync with Company's brand architecture
- Localisation of product portfolio
- Geographical expansion

The company has built strong and robust brand architecture with two mega brands for international business across all geographies – Dabur and Vatika and most of its offerings are under either of these two brands.

The **Vatika franchise** has **grown 2.25 times over last year** and is now an INR 68 crores franchise built from a negligible base over the last three years in the Arab belt.

Following on the successful launch of Vatika Olive, the company launched another variant Vatika Cactus, extending the Vatika brand equity. Vatika Hair oils range has registered a 90% growth in value across the Middle East and North African region.

The company had launched its new range of Dabur **Vatika Naturals styling hair cream** across the MENA region in mid-2006. The brand has gained a **7.1% Volume MS and a 9.5% Volume MS** in modern trade in Middle East despite aggressive competition from established brands.

Implementing the open innovation strategy the company has outsourced Italian technology and launched a range of **intensive hair treatment masks Vatika Naturals Hamam Zaith** which has been a big success and has become a dominant brand in the portfolio just one year after launch.

The key contributing markets to the international business growth have been **GCC, Egypt, Nigeria, Iraq, Libya, Yemen, Jordan and Syria**.

**GCC**, the largest market in the International Business Division, has registered an impressive **32% growth** fuelled by innovations and new product launches in the Hair Care and Oral Care business.

**Dabur Egypt Limited** has yet again been one of the top performers of the International business with a **63% year on year value growth**. Vatika Naturals Styling Hair Cream range has been successfully launched in the Egypt market during the year.

- ii) Development of new markets for Products & Services

The Company has increased its customer base within the territories of its existing China and USA export markets.

**Nigeria** which had been identified as one of the key markets for future growth for Dabur in Africa, has more

than doubled its turnover in 07-08 aided with a slew of new product launches in the oral care and skin category.

Following the Hub and Spoke model for manufacturing, UAE has been developed as a supply base for markets of GCC, Yemen, Iraq and Levant. Egypt is a supply base for markets such as Libya, Sudan, Morocco and Kenya.

### iii) Export Plans

Exports of guar gum business have been targeted to increase by 18.42% from Rs.38 crores in the year 07-08 to Rs.45 crores in the year 08-09. Plans for further increase in customer base and geographies has been envisaged. New products for paint and cosmetic industry are being developed for the export markets.

Plans are under implementation for export of Fruit Pulp, concentrates and juices as well. Focus would be on export of branded products and to gradually scale-up business particularly for aseptically packed material.

Private label and ethnic business in USA is expected to be enhanced by over 40%, by rising from current levels to Rs.17.90 crores.

Expanding its production base in the UAE to meet the increasing demand in the region, a new manufacturing facility has been set up on a green field site in the Emirates of Ras Al Khaimah.

Dabur is also planning to more than double its manufacturing capacity in Egypt to cater to the growing needs of the North African markets for the next 3 years.

A new manufacturing facility has been setup in Nigeria during 07-08 with the installation of new toothpaste manufacturing equipment.

Organic and inorganic growth will be pursued as usual in the coming years to gain economies of scale and thereby increase profitability.

Total Foreign Exchange used during 2007-08: Rs. 2,150.37 lacs.

Total Foreign Exchange Earned during 2007-08: Rs. 9,410.39 lacs.

### Group for interse transfer of shares

As required under Clause 3 (1) (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of aforesaid SEBI Regulations, are given in the Annexure 8' attached herewith and form part of this report.

### Operations Review

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

### Environmental Review

Dabur India has a declared Health, Safety and Environmental Policy, which has been circulated within the organization. The health, safety and environmental platform is well supported by the "Safety Management Team" at Corporate and manufacturing unit levels. There is regular interaction between Corporate and the manufacturing units on the health and safety policy. Motivational training programmes were conducted by the HSE Corporate team which resulted in educating / upgrading the employees on awareness front. The World Environment day on 5<sup>th</sup> June, National Safety day on 4<sup>th</sup> March, and Safety Week on 27<sup>th</sup> Feb, were observed with lot of enthusiasm in all the units.

There were no environmental issues at any of the Dabur plants and the statutory compliance was in line with Governmental requirements.

The Pollution Control parameters as defined by the State Pollution Control Board were totally adhered and effluent discharge level was well within the prescribed limits. Air pollution has been tested from time to time and was in line with the requirement.

### 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, Dealers, Business Associates and Employees in ensuring an excellent all around operational performance.

For and on behalf of the Board

New Delhi  
30<sup>th</sup> April, 2008

**(DR. ANAND BURMAN)**  
CHAIRMAN

## Annexures to Directors' Report

### **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 on 31<sup>st</sup> March, 2008, 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 the 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

**(S.Lahiri)**  
Partner  
New Delhi  
30th April, 2008

### Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1 Name of the Subsidiary	*Dabur Nepal Pvt. Ltd.	*Dabur UK Ltd.	H & B Stores Ltd.	Dabur International Ltd.	*Dabur Egypt Ltd.	*Asian Consumer Care Pvt. Ltd.	*Weikfield International UAE Ltd.	*African Consumer Care Ltd.	*Asian Consumer Care Pakistan Pvt. Ltd	*Naturelle LLC
2 Holding Company's Interest	—	—	220,000,000 Equity Shares of Re. 1 each fully paid up	1,600,000 Equity Shares of Pens Sterling 1 each fully paid up	—	—	—	—	—	—
3 Extent of Holding	—	—	100%	100%	—	—	—	—	—	—
4 Subsidiary financial year ended on	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008
5 Net aggregate amount of subsidiaries Profit/(Loss) not dealt within the holding company's accounts :	—	—	Rs. 7,63,05,000	Rs 16,69,57,014 AED 1,53,73,574	—	—	—	—	—	—
(i) For the financial Year of the subsidiaries	—	—	—	Rs. 12,44,00,565 AED 1,05,15,686	—	—	—	—	—	—
(ii) For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	—	—	—	—	—	—	—	—	—	—
6 Net aggregate amount of subsidiaries Profit/(Loss) dealt within the holding company's accounts :	—	—	—	—	—	—	—	—	—	—
(i) For the financial Year of the subsidiaries	—	—	—	—	—	—	—	—	—	—
(ii) For the previous financial year of the subsidiaries since they become the holding company's subsidiaries.	—	—	—	—	—	—	—	—	—	—

\* Subsidiary under section 4(1)(c)

Exchange Rate as on 31.03.2008 - 1AED = Rs. 10.86

## Details of Subsidiary Companies

(Amount in lacs)

Particulars	Dabur Nepal Pvt. Ltd.	H & B Stores Ltd.	Dabur International Ltd.	Weikfield International (UAE) Ltd.	Asian Consumer care Pvt.Ltd.	African Consumer Care Ltd.	Dabur Egypt Ltd.	Dabur U.K. Ltd.	Asian Consumer Care (Pak) P. Ltd	Naturelle LLC
1. Capital	499.08 NR 798.52	2,200.00	1,068.62 AED 98.40	173.87 AED 16.01	256.36 BDT 449.76	145.36 ND 440.49	210.24 USD 5.26	199.85 USD 5	57.50 PR 89.85	390.96 AED 36.00
2. Reserves	6,944.96 NR 11111.94	-763.05	5,657.73 AED 520.97	277.15 AED 25.52	-237.28 BDT -416.27	-73.33 ND -222.20	424.21 USD 10.61	-11.90 USD -0.30	389.10 PR 607.96	-180.13 AED -16.59
3. Total Assets	20,555.60 NR 32888.96	1,436.95	4,397.32 AED 404.91	4,876.14 AED 449	493.29 BDT 865.42	1,686.74 ND 5111.33	1,798.86 USD 45.01	187.95 USD 4.70	1,134.13 PR 1722.07	2,441.62 AED 224.83
4. Total Liabilities	20,555.60 NR 32888.96	1,436.95	4,397.32 AED 404.91	4,876.14 AED 449	493.29 BDT 865.42	1,686.74 ND 5111.33	1,798.86 USD 45.01	187.95 USD 4.70	1,134.13 PR 1722.07	2,441.62 AED 224.83
5. Details of Investments	0.00	0.00	3,437.52 AED 316.53	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	176.60 USD 4.42	0.00	0.00
6. Turnover	24,474.94 NR 39159.91	4.94	14,281.55 AED 1315.06	4,192.83 AED 386.08	923.52 BDT 1620.20	994.75 ND 6014.40	3,044.24 USD 76.16	0.00 0.00	1,990.44 PR 3110.07	0.00
7. Profit Before Taxation	585.74 NR 937.18	-758.15	1,669.57 AED 153.74	26.61 AED 2.45	-83.57 BDT -146.62	210.61 ND 938.23	74.79 USD 1.87	-6.16 USD -0.15	-104.47 PR -163.24	0.00
8. Provision for Taxation	125.93 NR 201.49	4.90 0.00	0.00 0.00	0.00 0.00	-5.38 BDT -9.45	0.00 0.00	10.96 USD 0.27	0.00 0.00	73.51 PR 114.86	0.00
9. Profit after Taxation	459.81 NR 735.69	-763.05	1,669.57 AED 153.74	26.61 AED 2.45	-88.96 BDT -156.06	210.61 ND 938.23	63.83 USD 1.60	-6.16 USD -0.15	-177.98 PR -278.09	0.00
10. Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Exchange Rate as on 31.03.2008

1 US \$ = Rs. 39.97

1 NR=Rs.0.625

1 AED=Rs. 10.86

1BDT = Rs 0.57

1 ND=Rs.0.33

1 PR = Rs 0.64

**Annexure '4'****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 31<sup>st</sup> March, 2008.**

	For the Year	Cumulative
1. Number of Options granted	<b>529426</b>	11911086
2. Pricing formula	Each option carries the right to the holder to apply for one equity share of the Company at par.	
3. Options vested	<b>1139165</b>	4572755
4. Options exercised	<b>1139165</b>	4546105
5. Total number of shares arising as a result of exercise of option	<b>1139165</b>	5047864
6. Options lapsed/Cancelled	<b>441209</b>	2291321
7. Variation in terms of options	<b>None</b>	None
8. Money realized by exercise of options	<b>Rs.1139165/-</b>	Rs.5029564/-
9. Total number of options in force	<b>5073660</b>	5073660
10. Employee-wise details of options granted during the year to:		
i. Senior managerial personnel:		
Mr P D Narang	Group Director – Corp. Affairs	67898
Mr Sunil Duggal	Chief Executive Officer	62295
Mr Charanjit Mohan	Executive Director–Operations	28103
Mr V S Sitaram	Executive Director–CCD	21870
Mr Jude Magima	Executive VP – CPPD	20509
Mr A Sudhakar	Executive VP – Human Resources	18479
Mr Devender Garg	Executive VP – Marketing (CCD)	25575
Mr Rajan Varma	Chief Financial Officer	13405
Mr K K Rajesh	Executive VP-Marketing	33350
ii. Employees who received the options amounting to 5% or more of options granted during that year		
Mr P D Narang	Group Director – Corp. Affairs	67898
Mr Sunil Duggal	Chief Executive Officer	62295
Mr Charanjit Mohan	Executive Director–Operations	28103
Mr R Sreeram	VP- Manufacturing	37500
Mr K K Rajesh	Executive VP-Marketing	33350
Mr Sharukh Khan	Head - operations	30000
Mr Mohit Malhotra	Head - Marketing	37875
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. 3.64

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.

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

	(Rs. in lacs)
Net profit after tax, as reported in audited accounts	31677.21
Add: Stock Option compensation expenses charged in above reported profit	845.35
Deduct: Stock option compensation expenses determined under fair value method (black scholes model)	820.45
Net profit after tax, as adjusted	31702.11
Impact on profit (i.e. profit would have been higher by)	24.90
Earning per share (Rs.)	Basic      Diluted
- As reported	3.66      3.64
- As adjusted	3.67      3.65
- Impact on EPS	0.01      0.01

13. Weighted average exercise price (per option)  
Weighted average fair value of per option:  
(per intrinsic value method)      Rs.99.96  
(per black scholes model)      Rs.92.81

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	7.37
- Expected life	1 to 5 years
- Expected volatility	38.75%
- Expected Dividend yield	2.74%
- Price of underlying shares in the market at the time of option grant	99.53

**Statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2008**

Name	Designation/ Nature of Duties	Qualifications	Expe- rience (In Yrs)	Remu- neration (Rs.)	Date of Appoint- ment	Age (in yrs)	Particulars of Last employment
1 Angelo Geoge	Vice President - Sales (Consumer Care Division)	B.Sc.,P.G.D.M.M.	24	5,497,460	4/3/2006	45	General Manager - Sales & Marketing ,EID Parry (India) Ltd.
2 Bali Vikram	Head of Sales - West	B.Com.,M.B.A.	19	2,662,768	10/24/1994	42	Sales Officer , Brooke Bond Lipton India Limited
3 Bhaumik Asim	Head - Corporate Quality Assurance	M.Sc.,M.Phil.	20	2,831,763	4/25/2005	46	Factory Manager,Britannia Industries Limited
4 Bhujbal Dilip	Senior General Manager -S&M (Consumer Health Division)	B.Sc.,M.B.A.	31	3,723,214	4/1/2002	54	General Manager, Weikfield International (UAE) Limited
5 Amit Burman(*)/#)	CMD Dabur Foods Limited Director	M.S.(I.E.),M.B.A.	17	6,786,706	1/5/2005	38	Director, Dabur India Limited
6 Burman Pradip	Director	B.Sc. (Mech.Engg.), MIT (USA)	41	9,537,209	11/2/2002	65	Director, The Printers House Private Limited
7 Burman Vivek Chand (*)	Chairman	B.Sc in Business Admn. (USA)	44	2,778,688	1/7/1963	71	Managing Director, Dabur (Dr. S.K. Burman) Private Limited
8 Chhabra Dinesh Kumar(*)	General Manager - Financial Planning	B.Com., P.G.D.C.M.,M.B.A.	28	809,554	9/2/1985	49	Cost Assistant, J K Industries Ltd
9 Chutani Krishan Kumar	General Manager - Marketing (Consumer Care Division)	B.Com.,M.B.E.	15	3,123,720	3/1/1997	38	Account Manager, Trikeya Grey Advertising
10 Dani R. S.	Additional General Manager - Internal Audit	B.Sc.,C.A.	28	2,742,490	12/30/1993	57	AGM - Finance, Stanford Engineering Limited
11 Dawar T. K.	Additional General Manager - Operations	B.Sc.,B.Pharma	31	2,878,585	5/1/1992	54	Production Administrator, Pharmax Corp Limited
12 Dhir Vivek	General Manager - Marketing (Consumer Care Division)	M.Sc.,M.B.A.	15	2,996,720	15/11/1994	38	Deputy Manager, Kesri Vanaspati Products Limited
13 Duggal Sunil	Chief Executive Officer	B.E.(H),P.G.D.M.	27	18,658,479	5/20/1995	51	All India Sales Operations Manager, Pepsi Foods Limited
14 Garg Devendra	Business Head - Consumer Health Division	B.Sc.,P.G.D.M.	20	5,887,713	12/3/1993	43	Sales Operation Manager, Pepsi Foods Ltd
15 Garg Rajiv	Vice President - Projects	B.Sc.-Engg	35	3,264,428	7/31/1993	59	Dy General Manager (Engg), Yam Organics Chemicals Limited

Name	Designation/ Nature of Duties	Qualifications	Expe- rience (In Yrs)	Remu- neration (Rs.)	Date of Appoint- ment	Age (in yrs)	Particulars of Last employment
16	Gounden K C Head - R&D	M.Sc.,Ph.D.	30	3,561,128	10/1/2006	59	Head - R&D,Balsara Home Products Limited
17	Guha Sujit General Manager - Supply Chain	B.Tech,P.G.D.M.	20	3,605,083	9/1/2005	42	Head - Supply Chain, Apollo Tyres Limited
18	Gupta Arun(*) General Manager - Corporate Affairs	B.Com. (H),C.A., I.C.W.A.	22	3,015,705	7/1/2007	46	Chief Financial Officer, Dabur Pharma Limited
19	Jain Ashok Kumar General Manager - Finance and Company Secretary	B.Com.,C.A.,C.S.	21	3,348,976	8/17/1999	45	Assistant Vice President - Finance, Dabur Finance Limited
20	Jain Suresh Sr General Manager - HR & IR	M.A.(Socio), P.G.D.I.R. & P.M., Dip in T&D,Dip in Labour Laws	33	3,108,866	4/22/1997	54	Sr Manager - Corp Personnel, Dabur Pharmaceuticals Limited
21	Jass B. S.(*) Additional General Manager - Operations	B.Sc.	36	1,661,781	8/18/1975	58	Chemist , Esso Chemical Industries
22	Krishnan V Head - Talent Management	B.Sc.- Engg,M.B.A.	22	3,893,592	4/22/2004	44	Director - Corporate HR, Whirlpool of India Limited
23	Kumar Girish Senior General Manager - Marketing	B.Tech,P.G.D.M.	15	3,553,395	7/1/2004	40	Marketing Manager, Britannia New Zealand Foods Pvt Ltd
24	Linhares Jude(*) General Manager - Manufacturing	B.E.	19	3,087,072	6/1/2007	42	Works Manager, Marico Industries Limited
25	Magima Jude Executive Vice President - Supply Management	M.A.(Eco)	23	6,083,314	2/25/2002	44	General Manager -Materials, Marico Industries Limited
26	Malhotra S. P.(*) Senior General Manager - Operations (Foods)	Dip in Mech Engg	38	1,152,015	12/1/2007	59	Senior General Manager - Dabur Nepal Private Limited
27	Mittal Vikas Vice President - Marketing ( Consumer Care Division)	B.E., P.G.D.M.	17	5,569,940	1/4/2007	40	Regional Marketing Director, Friesland Foods
28	Mohan Charanjit Executive Director -Operations	B.E.	34	10,127,205	7/26/1999	54	General Manager -Technical,Hindustan Lever Limited
29	Narang P.D. Group Director - Corporate Affairs	B.Com.,F.C.A., M.I.A.,F.C.S., A.I.C.W.A.	32	18,070,265	7/1/1983	54	Management Accountant, Dabur (Dr S K Burman) Pvt Limited
30	Rajesh K K (*) Executive Vice President - Marketing ( Consumer Care Division)	B.Tech,P.G.D.M.	19	3,375,365	7/25/2007	44	General Manager Beauty Services, Hindustan - Unilever Limited

Name	Designation/ Nature of Duties	Qualifications	Expe- rience (In Yrs)	Remu- neration (Rs.)	Date of Appoint- ment	Age (in yrs)	Particulars of Last employment
31	Sharma Adarsh General Manager - Sales	B.Com.,M.B.A.	22	3,226,222	9/16/1991	45	Assistant Sales Manager, UniPepsi Bottlers Limited
32	Sharma Maneesh Head of Packaging Development	B.Sc., M.D.P.T.	19	2,924,250	9/19/2002	39	Sr Packaging Development Manager, Hindustan Lever Limited
33	Sharma Sanjay(*) (#) Senior General Manager -Sales & Marketing	B.Sc,M.B.A.	18	3,585,424	8/12/1998	41	Senior Product Manager - Colgate Palmolive
34	Shah Dinesh Chandra Head - Legal & Company Secretary	M.Sc.,L.L.M,C.S.	35	2,629,836	10/1/2006	59	Head - Legal,Balsara Hygiene Products Limited
35	Sitaram V S Executive Director - Consumer Care Division	B.Tech,P.G.D.M.	27	9,877,042	1/18/2006	50	Vice President -Strategy ,Unilever UK
36	Sreeram R(*) Vice President - Manufacturing	B.E.	22	3,859,220	6/1/2007	46	Director - Operation, General Mills,India
37	Swarup Manish Additional General Manager - Marketing (Consumer Health Division)	B.Com(H),P,G,D.B.M.	13	2,502,167	5/16/1994	36	-
38	Sudhakar A Executive Vice President - Human Resources	M.Sc.,M.A. (Social Work), L.L.B,P.G.D.P.M	32	5,671,443	9/17/2001	57	Vice President -HR,Owens Brockway
39	Varma Rajan Chief Financial Officer	B.Com(Hons), C.A.	35	6,326,511	11/1/2000	58	Vice President & CFO, Carrier Aircon Limited
40	Venkatakrishnan N(*) Executive Vice President - Commercial	B.Com(Hons),C.S., I.C.W.A.,C.A.	22	2,667,195	2/6/2003	47	Manager -Special Projects, Hindustan Lever Limited

Notes:

- Gross remuneration shown above is subject to tax and comprises salary including arrears, allowances, rent, medical reimbursements, leave travel benefits, leave encashment, provident fund, superannuation fund & gratuity under LIC scheme in terms of actual expenditure incurred by the Company and commission.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- None of the employees mentioned above is a relative of any Director.
- (\*)Asterisk against a name indicates that the employee was in service for part of the year.
- (#)Hash against a name indicates that the employee was in Dabur Foods Limited before it was merged with Dabur India Limited post the orders of Honourable Delhi High Court.
- The nature of employment is on contractual basis except in the case of Directors whose terms have been approved by shareholders.

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

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

**A. Power and Fuel Consumption**

	2007-08*	2006-07
<b>1. Electricity</b>		
a) Purchased		
Units	29322821	25488531
Total amount (Rs.)	119940207	102855528
Rate per unit	4.09	4.04
b) Own Generation:		
i) Through diesel generator		
Units	4785311	4690668
Unit per litre of diesel oil	3.00	3.17
Cost per unit	9.64	9.66
Total cost (Rs.)	46128393	45311929
ii) Through Steam Turbine/Generator		
Units	Nil	Nil
Unit per litre of Fuel Oil		
Cost/Unit (Rs.)		
<b>2. Coal (specify quality and where used)</b>		
Quantity (tonnes)	Nil	Nil
Total cost (Rs.)		
Average rate per tonne (Rs.)		
<b>3. Furnace Oil</b>		
Quantity (tonnes)	7232.83	6309.11
Total cost (Rs.)	181280160	125968139
Average rate per tonne (Rs.)	25063.52	19966.06
<b>4. Others/internal generation</b>		
<b>H S D</b>		
Quantity (Kilo ltr)	265.22	280.98
Total cost (Rs.)	7663977	8590843
Average rate per Kilo ltr (Rs.)	28897.11	30574.57
<b>L D O</b>		
Quantity (Kilo ltr)	221.05	218.24
Total cost (Rs.)	6388162	6137023
Average rate per Kilo ltr (Rs.)	28898.65	28120.52

**B. Consumption per unit of production**

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

\* Note: Figures for the current year includes figures of Dabur Foods Ltd. merged with the company during the year 2007-08.

**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 focus remains on development of safe and efficacious new products and continuous improvement in process/ quality/ cost. In the year the company has developed new formulation with established safety and efficacy by validating them with clinical trials and experimental studies in the categories of Ayurvedic, Health Care, Personal Care, Home Care and Foods Products. R&D was also carried out for:

- Development of Cationic Guar for personal care use
- Development of water based carboxymethyl tamarind (CMT) for textile use
- Fast hydration gum for oil drilling use

**2. Benefits derived as a result of the above R & D**

**a. Ayurvedic**

The above R&D efforts have lead to the development of new / improved products such as Pilocheck Tablets, Active Blood Purifier Syrup, Mensta Tablets with strong clinical data support towards their efficacy and safety. The company also increased its strong range of classical Ayurvedic products by developing Dhatupaushtik Churna, Ashwagandhadi Leha, Bilwadi Leha, Balantak Kadha and Dhanwantar Tail in classical Ayurvedic medicine category. The aggressive efforts of R & D towards continuous improvement of product quality and line validation continued through out the year and resulted into up-gradation in overall quality of many products and reduced cycle time.

**b. Foods**

The above R&D efforts lead to the development and launch of many new products viz. - Real Muskmelon Nectar, Activ Mixed Vegetable Juice, Carrot Juice under Food Services: Tomato Puree-cans, Tomato ketchup, Snack Dressing, Cherries, Fruit cocktail, peach halves, pear halves – in can etc. Source developed for manufacture of Tomato ketchup, snack dressing and canned fruits for Food Services.

**c. Home Care**

The above R&D efforts lead to the development and launch of many new products in categories of Repellents, Air Care, Hard Surface Cleaners and Toilet Cleaners e.g. – Odomos Spray, Odomos Natural with Aloevera and Citronella, Odomos with Natural active, Sanifresh (3 fragrance), Air Freshner Gel, Car Freshner, Electrical Room Freshner. In hard surface cleaners work were carried out on floor cleaners, bathroom cleaners, glass cleaners and kitchen cleaners. Along with this, a specialty Silver Cleaner was also developed.

**d. Personal care**

The above R&D efforts lead to the development and launch of many new products in categories of Oils, Hair, Skin & Oral Care e.g. - Sarson Badam Malish Tail, Amla Hair Oil (New Base Oil Combination), Vatika Hair Oil (Formulation Enhancement), Super Thanda Tail (Formulation Enhancement), Dabur Bhringraj Ayurvedic Tail, Amla Jasmine Hair Oil, Vatika Cactus enriched Hair Oil, Vatika enriched Almond Hair Oil, Vatika enriched Coconut Hair Oil, Black Shine Shampoo, Henna Shampoo and Root Strengthening Shampoo extended in Bangladesh market, Gulabari Cream, Lotion and Facial Freshner, 'Vatika Orange Peel' soap extended to Nepal market. Babool Neem Toothpaste, Dabur Herbal Toothpaste (4 variants) – Whitening, Gum care, Cavity protection & Fresh Breath Gel.

**3. Future plan of action:**

**a. Ayurvedic**

To develop Ayurvedic products for serious medical disorders like BPH, Renal Stone and Menopause, Lifestyle ailments, Range extension by adding new variants of Hajmola and Honitus lozenges, Ointment for Joint & back pains, Chewable

tablets for cough, some products in digestive category like Antacid, Harde Goli, Jeera Goli & other niche areas.

**b. Foods**

To develop new products for health / functionality claims under Real & Activ Range.

**c. Home Care**

To develop new product in different categories of Repellents, Air care & Cleaners by development of cost effective formulations. In repellents fragrance variants of Odomos, different formats of Odomos are being worked out. In hard surface category, variants of all the newly launched products will be done to increase the number of SKUs. In air care further work is being done on the electric diffusers and miniature areorsol to increase the category penetration.

**d. Personal Care**

Further developments of new product & technologies for domestic & International market e.g. - Hair & Male Grooming products. There are number of key and skin care products in various categories based on Ayurveda platform, with proven efficacy, which are in advanced stage of development for launch in 2008-09 for local & overseas markets.

**4. Expenditure on R&D (2007-08)**

a) Capital	Nil
b) Recurring	Rs. 75 lacs
c) Total	Rs. 75 lacs
d) Total R&D expenditure as a percentage of Total Turnover	0.04%

**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**

- Auto power factor correction system used.
- Power capacitor Bank well maintained at all plants
- Strict control of power factor in the range of 0.99 to 0.997

- Strict controls have enabled maximised benefits and have resulted in saving per Annum of Rs.16 Lacs
- Improved efficiencies and productivity.

**Efficiency improvement at Steam generation Boiler**

- Use of emulsion based fuel additives at Uttarakhand

- Improvement in Steam generation efficiency resulted in
  - Saving of Rs.19 Lacs.
  - Better pollution control.
  - Reduced maintenance time and cost.

**Upgradation of manufacturing**

- Lee Tilting Kettles used in Amla Pishti manufacturing process

- Improvement in manufacturing process has resulted in
  - Consistency in Quality of Products.
  - Improved hygiene conditions.
  - Increased productivity

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**New Technology**

- Fluidized Bed drying technology used in place of Tray Driers for Ayurvedic tablets and powders
- Acoustic enclosures for DG Set done across Plants.
- Better and safe working condition.
- Improved Hygiene condition and Safety.
- Noise pollution level contained within specified limits.

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**Waste heat recovery and water Conservation**

- Cooling water from steam jacketed pans used as boiler feed.
- Waste heat recovered for water conservation

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**Import substitution**

- Local PLC based system developed for imported tablets counting machine.
- System developed to avoid reliance on imported system.

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**Innovative Packaging Concept**

- Gulabari Face Freshener spray - Novel product in premium see through spray format.
- Gulabari Hydrating Cream - Double wall injection moulded containers with pearlised master batch for caps & high-end decoration.
- Vatika Hair Oil New design pack – Clutter breaking premium packaging
- Baby Care range - Unique format of 5 panel carton with uniform graphics to offer full range as a family
- Dazzle – Hard Surface Cleaner - user-friendly shape of container, pearlised master batches & coupled with premium graphics & value added application like dispenser pump.
- New Asav bottle - Contemporary Glass bottle design with semi deep ROPP metal cap & new graphics for upgradation of brand.
- Churna new packaging - Use of attractive multi colour / half tone print design on labels & Red cap
- Different appearance / Aesthetic appeal / Trend setting/ Environmental friendly and better shelf-life of Products as per international standards and norms have created High-end brand perception with much better sales appeal.

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of this financial year) following information may be furnished:**

- |  |  |
|--|--|
| a) Technology imported   | Odomos Coil manufacturing Technology from Malaysia |
| b) Year of import  | 2006-07  |
| c) Has technology been fully absorbed  | Yes  |
| d) If not absorbed, areas where this has not taken place, reason therefore and future plan of action | N/A  |

**Annexure '8'****Group for interse transfer of shares under clause 3(1) (e) of Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997**

1. Mr Ashok Chand Burman
2. Mrs Sudha Burman
3. A C Burman HUF
4. Dr Anand Burman
5. Mrs Minnie Burman
6. Mr Aditya Burman
7. Mrs. Shivani Burman
8. Ms Anisha Burman
9. Mr Vivek Chand Burman
10. Mrs Monica Burman
11. Mr Mohit Burman
12. Mr Gaurav Burman
13. Mrs. Karima Burman
14. Ms Sujata Burman
15. V C Burman HUF
16. Mrs Asha Burman
17. Mr Amit Burman
18. Mrs Divya Burman
19. Master Adhiraj Burman
20. Ms Diya Burman
21. Mrs Gauri Tandon
22. Mr Sandeep Tandon
23. G C Burman HUF
24. Mr Pradip Burman
25. Mrs Meera Burman
26. Mr Chetan Burman
27. Mrs Pooja Burman
28. Master Kamran Burman
29. Ms Eishana Burman
30. Ms Devika Burman
31. Pradip Burman HUF
32. Mr Sidharth Burman
33. Mrs Indira Burman
34. Mr Saket Burman
35. Sidharth Burman (HUF)
36. A.B. Propmart Pvt. Ltd.
37. A.V.B. Finance Pvt.Ltd.
38. Acee Enterprises
39. Adbur Pvt Ltd.
40. Amit Laboratories Pvt. Ltd.
41. Angel Softech Pvt. Ltd.
42. B R Bee Products Pvt Ltd.
43. B.A. Holdings Pvt Ltd
44. B.M. Finvest Pvt. Ltd.
45. Wrapster Foods Pvt. Ltd.
46. Barcelona Investment & Trading Company
47. Burmans Finvest Limited
48. Cavendish Hotels Private Limited
49. Chowdry Associates
50. Chunilal Medical Trust
51. Consortium Consumercare Pvt. Ltd.
52. Dabur Ayurvedic Specialities Ltd.
53. Dabur Foundation
54. Dabur GI Invest Corp
55. Dabur Invest Corp
56. Dabur Investment Corporation
57. Dabur Investment Corporation Limited
58. Dabur Pharmaceuticals Ltd.
59. Dabur Research Foundation
60. Western Enterprises
61. Dr S K Burman Charitable Trust
62. Eastern Enterprises
63. Estate of Durga Prasad Makkar Trust
64. Excellent (India) Private Limited
65. Flagship Trading Company
66. Gyan Enterprises Private Limited
67. Interx Laboratories Private Limited
68. K.P.H. Dream Cricket Pvt. Ltd
69. KBC India Private Limited
70. Lite Bite Foods Pvt Ltd.
71. Malhotras Trading Company Pvt. Ltd.
72. Margdarshak Constructions Pvt. Ltd.
73. Mateshwari Dham Trust
74. Milky Investment & Trading Company
75. Miracle Commercial Private Ltd.
76. Moonlight Ranch Private Ltd.
77. Natures Bounty wines & Allied Products Pvt. Ltd.
78. Newage Capital Services Pvt Ltd.
79. Onquest Laboratories Limited
80. Prayag Commercial Private Limited
81. Promethean India Advisors Pvt. Ltd.
82. Promethean India Finance Pvt. Ltd.
83. Puran Associates Private Limited
84. Ratna Commercial Enterprises Pvt. Ltd.
85. Sahiwal Inv. & Trading Company
86. Shree Investments Limited
87. Southern Enterprises
88. Sunshine India Pvt Ltd
89. Upvan Farms & Services Pvt. Ltd.
90. Vansh Holdings Pvt. Ltd
91. Vertex Broadcasting Co. Pvt Ltd
92. VIC Enterprise Private Limited
93. Wakarusa Laboratories Pvt. Ltd.
94. Welltime Gold & Inv Pvt. Ltd.

# Auditors' Report

To the Members of Dabur India Limited,

We have audited the attached Balance Sheet of Dabur India Limited as at 31<sup>st</sup> March, 2008 and its Profit & Loss Account and the Cash Flow Statement for the year ended on that date attached thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- i. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, 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 accounts, as required by law have been kept by the Company so far as appears from our examination of books of accounts.
- 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 31<sup>st</sup> March, 2008 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 with other notes appearing in Schedule "P" 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 31<sup>st</sup> March, 2008, 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

**S. LAHIRI**  
Partner  
Membership No. 51717

New Delhi  
30<sup>th</sup> April, 2008

## 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. 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 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 a) The Company has granted unsecured advances of the nature of loan amounting to Rs. 772.29 lacs during the year to one body corporate covered in register maintained under section 301 of the Act. Total number of advance of the nature of loan at any point of time during the year was one involving maximum due of Rs. 1,772.29 lacs which has been entirely repaid.  
b) Terms and conditions of the loans are prima-facie not prejudicial to the interest of the company.  
c) The borrowers were regular in payment of principal and interest dues.  
d) The Company has not taken any loan, secured or unsecured from companies, firms and other parties covered in register maintained under section 301 of the Act by the company.
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) According to information and explanations given to us, the transactions of purchase and sale of goods/services made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to information and explanations given to us, the company has complied with the provisions of section 58A and 58AA or any other relevant provision of the Act and rules framed thereunder where applicable. Neither CLB nor RBI or National Company Law Tribunal or any other Tribunal/court has passed any adverse order against company.
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 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.

- b) There is no disputed due on account of wealth tax, service tax and cess. Dues on account of Sales Tax/ Income Tax/ Excise Duty disputed by the company and not being paid, vis-à-vis forums where such disputes are pending are mentioned below.

### Sales Tax :-

Rs. in lacs

Name of Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Sales Tax	Demand on Hajmola Candy	27.78	1996-97	ST Appellate and Revisional Board
-do-	-do-	25.88	1997-98	-do-
-do-	-do-	27.05	1998-99	-do-
-do-	-do-	70.35	1999-2000	-do-
-do-	Classification of Hajmola Candy	9.58	2000-01	-do-
-do-	Classification of Hajmola Candy	6.59	2001-02	Dy.Commissioner (Appeal) Sales Tax
-do-	Classification of Hajmola Candy	1.64	1993-94	-do-
-do-	Sales Tax on Stock Transfer	26.82	1991-2002	High Court
-do-	Classification of L.D.M.	66.15	1990-93	High Court
-do-	Classification of L.D.M.	1.44	1993-94	High Court
-do-	Classification of Gulabari	0.74	1999-00	Dy.Commissioner-Appeals
-do-	Classification of LDM	0.03	2000-01	Dy.Commissioner-Appeals
-do-	Short payment of VAT	29.84	1998-99	Dy. Commissioner-Appeals
-do-	Short payment of VAT	84.69	2001-02	Dy. Commissioner
-do-	Short collection of export certificates	7.88	2003-04	Dy. Commissioner-Appeals
-do-	Rate of Tax difference	18.28	1999-2000	Dy. Commissioner
-do-	Short payment of Entry tax	0.57	2002-03	Dy. Commissioner-Appeals
-do-	Intt. on TOT & Surcharge	2.84	2001-02	Dy. Commissioner-Appeals
-do-	Intt. on TOT & Surcharge	3.70	2002-03	Dy. Commissioner-Appeals
-do-	Rate of tax difference	30.12	2000-01	Dy. Commissioner-Appeals
-do-	Non submission of Form C	2.21	2003-04	Dy. Commissioner-Appeals
-do-	Non submission of Form C	0.52	2004-05	Dy. Commissioner-Appeals
-do-	Hajmola candy/Form F	78.27	2003-04	Addl. Commissioner-Assessment
-do-	Hajmola candy/Form F	19.06	2004-05	-do-
-do-	Classification of Gulabari	2.77	1999-00	Dy. Commissioner-Appeals
-do-	Classification of LDM	2.29	2000-01	Dy. Commissioner-Appeals
-do-	Entry Tax	0.04	2003-04	Asst Commissioner-Appeals
-do-	Entry Tax	0.49	2004-05	-do-
-do-	Turnover Tax CSD	0.47	2003-04	Dy. Commissioner-Appeals
-do-	Lease Tax	2.79	2001-02	Tribunal
-do-	Form 18A disputed	0.45	1999-00	Dy. Commissioner
-do-	Lease Tax	6.10	2002-03	Tribunal
-do-	Dispute on Taxability of Coconut Oil	4.80	2000-03	Dy. Commissioner
-do-	Dispute on taxability odonil tax rate	7.20	2001-03	Dy. Commissioner-Appeals
-do-	Damage destruction disallowed	0.48	2001-02	Dy. Commissioner-Appeals
-do-	Dispute tax preferred dealer and stocks tfr price	14.19	2001-03	Dy. Commissioner-Appeals
-do-	Lease Tax	5.48	2003-04	Tribunal
-do-	Lease Tax	2.29	2004-05	-do-
-do-	Hajmola Candy/Chyawanprash	17.02	2005-07	Dy. Commissioner-Appeals
-do-	Rate of Tax Juices	75.52	2003-04	-do-
-do-	Rate of Tax Juices	96.43	2004-05	-do-
-do-	Non Submission of Form F	10.17	2004-05	-do-

## Income Tax :-

Rs. in lacs

Name of Statute	Nature of the dues	Amount	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Demand u/s 263/143(3)	34.80	1998-99	ITAT
-do-	Demand u/s 143(3)	11.68	2004-05	CIT

## Excise Duty :-

Excise Duty	Classification of Anmol Coco-nut Oil	514.60	1993-2001	Dy.Commissioner
--do-	Classification of Saunf Ka Ark/ Clove Oil	23.45	1998-2004	Commissioner-Appeals
-do-	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	0.30	2002-2003	Tribunal
-do-	Post manufacturing expenses	0.38	2004-05	Commissioner
-do-	Classification of Janma Ghunti	388.96	1994-2000	Commissioner
-do-	Mahachandni Tail	59.35	2002	Commissioner-Appeals
Service Tax	Import of service	3.07	2004-05	Commissioner-Appeals
Excise	Classification of Processed Tamarind	58.95	2004-05	Tribunal
-do-	Kewra Water	3.00	2001-02	Commissioner-Appeals
-do-	Post Manufacturing Expenses	277.10	2002	Commissioner-Appeals
-do-	Capital Goods Removal	27.16	2005-06	Tribunal
-do-	Additional Trade Discount	6.67	2001	Commissioner-Appeals
-do-	Valuation of Docetaxel/Paclitaxel	498.34	1997-2003	Tribunal

10. Based on the audit procedures and on 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.
11. The Company has not granted any loan or advance secured by pledge of share, debenture or other security.
12. 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.
13. 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.
14. The term loans taken by the company have been applied for the purpose for which they were raised.
15. No fund raised on short term basis has been used by the company for long term investment.
16. 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.

17. The Company has not issued any secured debenture during the year.
18. The Company has not raised any fund through public issue during the year.
19. As reported to Audit Committee during meeting dated September 5, 2007, an employee in connivance with Registrar and Transfer Agent (MCS Ltd.) got 56500 shares of Re. 1 each belonging to public shareholders fraudulently transferred to his wife's name. However, appropriate measures have been taken by the management in this regard. Besides this, based on our audit procedure performed and information and explanations given by management, no other fraud on or by the Company has been noticed or reported during the course of our audit.
20. Other clauses of the order are not applicable to the Company.

**For G. BASU & CO.**

Chartered Accountants

**S. LAHIRI**

Partner

Membership No 51717

New Delhi

30<sup>th</sup> April, 2008

# Balance Sheet

as at 31st March 2008

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

		(As at 31 <sup>st</sup> March)		
Schedule		2008		2007
<b>Sources of Funds:</b>				
<b>Shareholders' Funds:</b>				
(A) Share Capital	A	8,640.23		8,628.84
(B) Reserves and Surplus	B	<u>44,192.11</u>	52,832.34	<u>31,690.08</u>
<b>Loan Funds:</b>				
(A) Secured Loans	C	1,644.72		1,927.71
(B) Unsecured Loans	D	<u>88.97</u>		<u>80.28</u>
			1,733.69	2,007.99
<b>Deferred Tax Liability</b>	EB		<u>2,727.97</u>	<u>2,263.99</u>
<b>Total</b>			<u>57,294.00</u>	<u>44,590.90</u>
<b>Application of Funds :</b>				
<b>Fixed Assets :</b>				
(A) Gross Block	F	48,419.78		40,801.12
(B) Less : Depreciation		<u>18,976.77</u>		<u>16,897.07</u>
(C) Net Block			29,443.01	23,904.05
<b>Investments</b>	G		27,037.13	14,535.08
<b>Deferred Tax Assets</b>	EB		2,400.74	137.10
<b>Current Assets, Loans and Advances:</b>	H			
(A) Inventories		20,114.69		15,736.94
(B) Sundry Debtors		10,046.43		6,097.87
(C) Cash & Bank Balances		6,826.46		5,024.75
(D) Loans & Advances		<u>18,293.75</u>		<u>12,781.66</u>
		<u>55,281.33</u>		<u>39,641.22</u>
<b>Less: Current Liabilities and Provisions:</b>	EA			
(A) Liabilities		31,722.51		27,770.31
(B) Provisions		<u>26,540.97</u>		<u>7,838.16</u>
		<u>58,263.48</u>		<u>35,608.47</u>
<b>Net Current Assets</b>			(2,982.15)	4,032.75
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	IA		1,395.27	1,981.92
<b>Notes to Accounts</b>	P			
<b>Total</b>			<u>57,294.00</u>	<u>44,590.90</u>

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

Chairman  
Whole time Director  
Whole time Director

A.K. Jain

GM (Finance) &  
Company Secretary

# Profit and Loss Account for the year ended 31st March 2008 (All amounts in Indian Rupees in lacs, except share data)

Schedule	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Income :</b>	J	
Sales Less Returns	211,778.86	163,736.12
Less: Excise Duty	3,439.26	3,693.22
<b>Net Sales</b>	<b>208,339.60</b>	<b>160,042.90</b>
Other Income	2,790.86	1,651.17
<b>Total Income</b>	<b>211,130.46</b>	<b>161,694.07</b>
<b>Expenditure :</b>		
Cost of Materials	K 101,391.54	76,798.44
Manufacturing Expenses	L 6,985.57	5,393.94
Payments to and Provisions For Employees	M 14,969.23	11,865.88
Selling and Administrative Expenses	N 47,269.98	35,923.33
Financial Expenses	O 854.50	443.01
Miscellaneous Expenditure Written Off	IB 566.79	649.36
Depreciation	2,575.26	2,197.81
<b>Total Expenditure</b>	<b>174,612.87</b>	<b>133,271.77</b>
<b>Balance being Operating Net Profit before Taxation</b>	<b>36,517.59</b>	<b>28,422.30</b>
Provision for Taxation : Current	4,057.25	3,152.16
Deferred	75.32	-265.64
Fringe Benefit	EB 707.81	328.15
<b>Net Profit after Taxation and before Extraordinary Items</b>	<b>31,677.21</b>	<b>25,207.63</b>
Extraordinary Item	0.00	0.00
<b>Net Profit after Taxation and Extraordinary Item</b>	<b>31,677.21</b>	<b>25,207.63</b>
Balance Brought Forward	22,915.65	17,500.64
Provision for Taxation of earlier years written back	68.55	22.82
Provision for Taxation for earlier year	154.19	36.22
	<b>54,507.22</b>	<b>42,694.87</b>
<b>Appropriations</b>		
Interim Dividend	6,480.05	12,212.54
Proposed Final Dividend	6,480.17	0.00
Corporate Tax on Interim Dividend	1,101.28	1,712.81
Corporate Tax on Proposed Dividend	1,101.31	0.00
Transferred to Capital Reserve	40.00	334.82
Transferred to General Reserve	7,000.00	3,000.00
<b>Balance carried over to Balance Sheet</b>	<b>32,304.41</b>	<b>25,434.71</b>
	<b>54,507.22</b>	<b>42,694.87</b>
<b>Earning per Share (in Rs.) (Face Value Re 1/- each)</b>		
Basic	3.66	2.93
Diluted	3.64	2.90
<b>No of Shares</b>		
Basic	863,826,759	860,884,512
Diluted	868,807,461	869,534,762
<b>Notes to Accounts</b>	P	

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Statement of Cash Flow

(Pursuant to AS-3 Issued by ICAI)

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

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>A. Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	36,517.59	28,422.30
Add:		
Depreciation	2,575.26	2,197.81
Fixed Assets impairment loss	-	10.30
Miscellaneous Exp. written off	566.79	649.36
Miscellaneous Exp. written off (Included In Director Remun)	328.39	404.76
Interest	854.50	443.01
	<u>4,324.94</u>	<u>3,705.24</u>
	40,842.53	32,127.54
Less:		
Dividend received	-	0.30
Profit on Sale of Investment	981.92	533.90
Profit on Sale of Assets	47.55	398.21
	<u>1,029.47</u>	<u>932.41</u>
Operating Profit before Working Capital changes	39,813.06	31,195.13
Working Capital changes		
Increase/(Decrease) in Inventories	1,405.37	2,442.69
Increase/(Decrease) in Debtors	1,989.74	2,806.58
Decrease/(Increase) in Trade Payables	(1,680.73)	(3,945.25)
Increase/(Decrease) in Working Capital	<u>1,714.38</u>	<u>1,304.02</u>
Cash Generated from Operating Activities	38,098.68	29,891.11
Interest Paid	870.12	446.99
Tax Paid	4,798.27	3,867.62
Corporate Tax on Dividend	1,101.28	2,516.87
	<u>6,769.67</u>	<u>6,831.48</u>
<b>Cash Used(-)/(+)Generated for Operating Activities (A)</b>	<u>31,329.01</u>	<u>23,059.63</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(4,707.42)	(3,305.13)
Sale of Fixed Assets	250.57	586.80
Purchases of Investment Including investment In Subsidiaries	(297,539.49)	(144,095.85)
Sale of Investments	284,019.56	140,756.49
Dividend Received	-	0.30
<b>Cash Used(-)/(+)Generated for Investing Activities (B)</b>	<u>(17,976.78)</u>	<u>(6,057.39)</u>

# Statement of Cash Flow (Pursuant to AS-3 Issued by ICAI) (All amounts in Indian Rupees in lacs, except share data)

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital & Premium	11.39	24.72
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	(1,308.47)	(375.66)
Repayment(-)/Proceeds(+) from Short Term Loans	(1,282.75)	(295.86)
Repayment(-)/Proceeds(+) from other Unsecured Loans	(3,519.37)	(91.68)
Payment of other Advances of the nature of Loan	816.90	2,000.00
Payment of Dividend	(6,647.47)	(17,684.31)
<b>Cash Used(-)/+(Generated) in Financing Activities (C)</b>	<u>(11,929.77)</u>	<u>(16,422.79)</u>
<b>Net Increase(+)/Decrease (-) in Cash and Cash Equivalents (A+B+C)</b>	1,422.46	579.45
<b>Cash and Cash Equivalents Opening Balance</b>	5,404.00	4,445.30
<b>Cash and Cash Equivalents Closing Balance</b>	6,826.46	5,024.75
Opening Cash Balance Includes Rs. 379.25 transferred from merged entity		

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule A - Share Capital</b>		
<b>Authorised :</b>		
1450000000 Equity shares of Re. 1 each (Previous year 1250000000 equity shares of Re. 1 each)	14,500.00	12,500.00
	<u>14,500.00</u>	<u>12,500.00</u>
<b>Issued and subscribed:</b>		
864022973 Equity shares of Re.1 each fully called up (Previous year-862883808 equity shares of Re. 1 each fully called up)	8,640.23	8,628.84
	<u>8,640.23</u>	<u>8,628.84</u>
<b>Total</b>	<b>8,640.23</b>	<b>8,628.84</b>

**Notes :**

1. Of the above Shares 45543336 shares have been allotted as fully paid up pursuant to schemes of amalgamation/merger without payment being received in cash.
2. Of the above shares 755717743 shares have been allotted as fully paid up as bonus shares by way of capitalization of the free reserves (469066351 shares) and from share premium account (286651392 shares).
3. Of the above shares 1139165 (previous year 2472137) shares have been allotted during the year and 5073660 (previous year 6124608) shares are outstanding under Employees Stock Option Scheme.
4. Of the above shares issued & subscribed, 5047864 (previous year 3908699) shares have been allotted upto March 08 under Employees Stock Option Scheme.
5. During the year the authorized share capital of the company has been increased by Rs. 20 crores, pursuant to merger of Dabur Foods Limited, as per order of Hon'ble High Court of Delhi. Application has been filed with Registrar of Companies, NCT of Delhi to give effect to increase the Authorized Share Capital from Rs. 125 Crores to Rs. 145 Crores.

## Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule B - Reserves and Surplus</b>		
<b>Capital Reserve</b>		
As per last account	2,291.07	1,647.63
Add : Transferred from merged entities	5.47	308.62
	<u>2,296.54</u>	<u>1,956.25</u>
Add : Transferred from Profit & Loss a/c	40.00	334.82
	<u>2,336.54</u>	<u>2,291.07</u>
<b>Share Premium Account</b>		
As per last account	355.93	3,051.45
Add : Premium on Issue of Shares	510.78	713.83
Add : Transferred from Merged Entities	-	2,426.00
	<u>866.71</u>	<u>6,191.28</u>
Less : Utilized for Merger	-	5,835.35
	<u>866.71</u>	<u>355.93</u>
	<b>866.71</b>	<b>355.93</b>
<b>General Reserve :</b>		
As per Last Account	2,834.67	12,611.14
Add : Transferred from Merged Entities	-	943.60
Add : Transferred from Profit & Loss Account	7,000.00	3,000.00
	<u>9,834.67</u>	<u>16,554.74</u>
Less : Utilized for Merger	-	10,040.37
Less : Deferred Tax of Merged Entities	-	809.24
Less : Utilized for Service Benefit	6,452.52	-
Add : Deferred Tax Applicable thereon	2,193.21	-
Less : Issue of Bonus Shares	-	2,870.46
	<u>5,575.36</u>	<u>2,834.67</u>
	<b>32,304.41</b>	<b>25,434.71</b>
Add : Credit Balance Transferred from Merged Entities	18.58	-
Less : Debit Balance Transferred from Merged Entities	-	2,519.06
	<u>32,322.99</u>	<u>22,915.65</u>
<b>Employee Stock Option Scheme Outstanding</b>		
As Per Last Account	3,292.76	4,242.98
Add : Addition during the year	529.33	862.00
	<u>3,822.09</u>	<u>5,104.98</u>
Less : Allotted during the year	510.78	713.83
Less : Deletion during the year	220.80	1,098.39
	<u>3,090.51</u>	<u>3,292.76</u>
<b>Total</b>	<b>44,192.11</b>	<b>31,690.08</b>

## Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule C - Secured Loans</b>		
<b>A. Term loans : (other than Banks)</b>		
I) PICUP under trade tax loan scheme	109.74	379.57
Secured by:		
First charge on the movable and immovable assets including plant and machinery (present and future) situated at plot no. 5/1 and 5/13, Site IV Industrial Area Sahibabad, Ghaziabad and second charge on moveable assets including plant and machinery of the company (present and future) located at Plot No 22, Site IV. Industrial Area, Sahibabad, Ghaziabad		
II) GE CAPITAL SERVICES INDIA	436.36	-
Secured by:		
First charge on the movable and immovable assets including plant and machinery (present and future) situated at Kartowa, PO Mahanvita Distt. Jalpaiguri		
<b>B. Short Term Loans - from Banks :</b>	1,098.62	1,548.14
Secured by :		
Hypothecation of inventories and book debts ranking pari-passu among Punjab National Bank, Standard Chartered Bank Ltd, Hongkong & Shanghai Banking Corporation Ltd., State Bank of India, ABN Amro Bank, IDBI Bank Ltd., United Bank of India, CITI Bank NA, and HDFC Bank Ltd. and ICICI Bank Ltd.		
<b>Total</b>	<u>1,644.72</u>	<u>1,927.71</u>
<b>Schedule D - Unsecured Loans</b>		
Book overdraft of current account with banks	23.78	25.95
Security Deposit from dealers and others	65.19	54.33
<b>Total</b>	<u>88.97</u>	<u>80.28</u>

## Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule EA - Current Liabilities and Provisions</b>		
<b>A. Current Liabilities :</b>		
Acceptance	5,158.48	6,722.60
Amount due to SSI units (goods)	1,174.48	1,254.30
Creditors for goods	7,674.06	4,424.57
Creditors for expenses and other liabilities	17,289.10	14,645.14
Advances from customers	195.29	325.36
Interest accrued but not due on loans	4.91	0.35
Deposits - others	1.29	4.05
Investor Education and Protection Fund to be credited by :		
Unpaid dividend	215.03	382.45
Unpaid matured public deposit	5.22	6.04
Interest accrued on public deposit	4.65	5.45
	<b>31,722.51</b>	<b>27,770.31</b>
<b>B. Provisions :</b>		
For dividend (proposed) - final	6,480.17	
For corporate tax on proposed dividend	1,101.31	-
For liabilities disputed	162.46	89.08
For Gratuity	1,311.35	-
For leave salary	294.96	-
For others	4,940.80	-
For taxation :		
Brought forward	7,749.07	4,353.36
Transferred from merged entities	399.77	754.24
Provision for the year	4,850.70	3,516.48
	<b>12,999.54</b>	<b>8,624.08</b>
Adjusted during year	749.62	875.00
	<b>12,249.92</b>	<b>7,749.08</b>
<b>Total</b>	<b>58,263.48</b>	<b>35,608.47</b>
<b>Schedule EB - Deferred Tax Liability (Net) :</b>		
Depreciation	2727.97	2263.99
Less: Deferred tax assets :		
VRS payment	39.73	59.71
Other disallowances under section 43B of Income Tax Act 1961	6.80	3.37
Service benefits	2,238.72	
Provision for doubtful debt	115.49	
	<b>2,400.74</b>	<b>74.02</b>
<b>Net deferred tax liability</b>	<b>327.23</b>	<b>2126.89</b>
(Decrease)/accretion in Deferred Tax Liability	(1,799.66)	587.14
Less: Deferred tax liability/(assets) inherited on merger	-318.23	-852.78
Less : Deferred tax assets transferred to General Reserve	2,193.21	
<b>Deferred tax liability provided during the year</b>	<b>75.32</b>	<b>-265.64</b>

## Schedules

### Schedule F - Fixed Assets

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

Name of Assets	Opening			Gross Block			Depreciation			Net Block		
	01.04.2007	trf from DFL	Additions	Deletions	Gross Block 31.03.2008	Opening 01.04.2007	trf from DFL	Addition	Deletion	Accmu. Dep. 31.03.2008	31.03.2008	31.03.2007
Freehold Land	594.67	49.31	117.96	0.00	761.94	0.00	0.00	0.00	0.00	0.00	761.94	594.67
Leasehold Land	814.40	109.09	0.00	0.00	923.49	52.90	2.23	9.43	0.00	64.56	858.93	761.50
Buildings	12,572.03	667.04	320.95	0.00	13,560.02	3,470.49	52.22	391.85	0.00	3,914.56	9,645.46	9,101.54
Plant & Machinery	17,756.10	2,966.19	2,244.84	603.95	22,363.18	8,532.14	360.19	1,369.97	519.23	9,743.07	12,620.11	9,223.96
Computer	3,138.51	45.19	281.68	288.62	3176.76	2,155.22	17.70	282.43	258.17	2,197.18	979.58	983.29
Vehicles	1,013.09	8.49	289.21	226.00	1,084.79	453.26	4.50	159.75	145.56	471.95	612.84	559.83
Furniture & Fixture	2,859.06	16.84	115.19	27.09	2,964.00	1,642.29	10.23	157.99	19.68	1,790.83	1,173.17	1,216.77
Trade marks & Patent	1,112.87	0.00	0.00	0.00	1,112.87	476.89	0.00	79.01	0.00	555.90	556.97	635.98
Computer Software	569.44	0.00	276.64	0.00	846.08	113.89	0.00	124.83	0.00	238.72	607.36	455.55
Live Stock	0.22	0.00	0.00	0.00	0.22	0.00	0.00	0.00	0.00	0.00	0.22	0.22
CWIP	370.73	194.75	1,408.31	347.36	1,626.43	0.00	0.00	0.00	0.00	0.00	1,626.43	370.73
<b>Total</b>	<b>40,801.12</b>	<b>4,056.90</b>	<b>5,054.78</b>	<b>1,493.02</b>	<b>48,419.78</b>	<b>16,897.07</b>	<b>447.07</b>	<b>2,575.26</b>	<b>942.64</b>	<b>18,976.77</b>	<b>29,443.01</b>	<b>23,904.04</b>
Previous Year	34,129.37	4,027.88	6,376.98	3,733.11	40,801.12	14,245.69	915.96	2,197.81	462.38	16,897.08	23,904.04	

Note: Capital work in progress includes advance against capital goods Rs. 464.25( previous year Rs. 242.72)

# Schedules

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

	Numbers (As on 31.03.2008)	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G - Investments</b>			
<b>A Current Investments</b>			
<b>Quoted-other than Trade</b>			
1 Fidelity Cash Fund	-	0.00	0.00
(Purchase during the year) Units 22669859.79			
(Sold during the year) Units 22669859.79			
2 LIC Mutual Fund	11,220,110.36	1,464.00	2,462.00
(Purchase during the year) Units 614483076.228			
(Sold during the year) Units 623824868.718			
3 Birla Mutual Fund	-	0.00	0.00
(Purchase during the year) Units 47922578.75			
(Sold during the year) Units 47922578.75			
4 CHOLA Liquid Fund - Institutional Plus-Growth		0.00	0.00
(Purchase during the year) Units 40771603.85			
(Sold during the year) Units 40771603.85			
5 DSP Mutual Fund	-	0.00	0.00
(Purchase during the year) Units 1100193.16			
(Sold during the year) Units 1100193.16			
6 ABN Amro Mutual Fund	1,476,471.00	1,500.00	0.00
(Purchase during the year) Units 149440524.08			
(Sold during the year) Units 134964053.08			
7 Lotus Liquid Fund		500.00	1,000.00
(Purchase during the year) Units 25388780.25	4,888,780.25		
(Sold during the year) Units 30500000			
8 AIG Mutual Fund	-	0.00	0.00
(Purchase during the year) Units 19900403.87			
(Sold during the year) Units 19900403.87			
9 Kotak Mahindra Mutual Fund	19,778,516.60	2,000.00	3,000.00
(Purchase during the year) Units 157828197.07			
(Sold during the year) Units 168049680.47			
10 Principal Mutual Fund	-	0.00	0.00
(Purchase during the year) Units 92647194.26			
(Sold during the year) Units 92647194.26			
11 Prudential Mutual Fund	19,897,063.72	2,000.00	0.00
(Purchase during the year) Units 183085216.56			
(Sold during the year) Units 163188152.84			
12 Reliance Liquid Fund	23,381,311.79	2,500.00	0.00
(Purchase during the year) Units 92696511.49			
(Sold during the year) Units 69315199.70			

# Schedules

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

	Numbers (As on 31.03.2008)	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G (Contd.)</b>			
13 HSBC Mutual Fund (Purchase during the year) Units 129718329.76 (Sold during the year) Units 129718329.76	-	0.00	0.00
14 SCB Mutual Fund (Purchase during the year) Units 119608983.08 (Sold during the year) Units 119608983.08	5,000,000.00	500.00	500.00
15 Sundram Mutual Fund (Purchase during the year) Units 92686711.85 (Sold during the year) Units 88333606.32	14,353,105.53	1,500.00	1,000.00
16 TATA Mutual Fund (Purchase during the year) Units 124086719.93 (Sold during the year) Units 108327274.96	15,759,444.97	2,000.00	0.00
17 UTI Mutual Fund (Purchase during the year) Units 31370208.1668 (Sold during the year) Units 1370208.1668	30,000,000.00	3,000.00	0.00
18 HDFC Mutual Fund (Purchase during the year) Units 30117390.014 (Sold during the year) Units 16018188.03	14,099,201.99	1,500.00	0.00
19 Templeton Mutual Fund (Purchase during the year) Units 156353749.68 (Sold during the year) Units 156353749.68	-	0.00	0.00
20 SBI Mutual Fund (Purchase during the year) Units 16141046.56 (Sold during the year) Units 11141046.56	5,000,000.00	500.00	0.00
21 JM Mutual Fund (Purchase during the year) Units 31581550.07 (Sold during the year) Units 21581550.07	10,000,000.00	1,000.00	0.00
22 ING Mutual Fund (Purchase during the year) Units 18138777.31 (Sold during the year) Units 15205107.58	2,933,669.73	300.00	0.00
23 MIRAE Mutual Fund (Purchase during the year) Units 10000 (Sold during the year) Units 10000	-	0.00	0.00
24 DWS (Deutsche) Mutual Fund (Purchase during the year) Units 30672262.86 (Sold during the year) Units 30672262.86	-	0.00	0.00

# Schedules

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

	Number (As on 31.03.2008)	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G (Contd.)</b>			
<b>B. Long Term Investments</b>			
<b>I) Quoted Equity Shares - Other than Trade</b>			
1 Dabur Pharma Ltd (Sold during the year Shares 15000)	100,000	1.00	1.15
<b>II) Unquoted -Equity Shares - Trade Investments</b>			
1 Sanat Products Ltd	50,000	105.00	105.00
2 Dabon International Pvt Limited	270,000	27.00	27.00
<b>III) Unquoted Equity Shares - in Subsidiary Companies</b>			
1 Dabur Foods Limited (Entity merged with Dabur India Ltd during the year)		0.00	2,000.00
2 Dabur International Limited	1,600,000	4,465.50	4,465.50
3 H & B Stores Ltd (220000000 Shares allotted during the year)	220,000,000	2,200.00	0.00
<b>IV) Unquoted Equity Shares - Other than Trade</b>			
1 Commerce Centre Cooperative Housing Society Limited	15	0.02	0.02
2 Capexil (Agencies) Limited	3	0.01	0.01
3 Dabur Employees Consumers Co-op Stores Limited	250	0.03	0.03
4 Dabur Employees Cooperative Credit Society Ltd	650	0.07	0.07
5 Co-operative Stores Limited, Super Bazar	500	0.05	0.05
6 National Saving Certificates	-	1.27	1.07
7 Kisan Vikas Patra	-	0.07	0.07
8 Saraswat Co-op Bank Ltd	1,000	0.10	0.10
<b>Total</b>		<b>27,064.12</b>	<b>14,562.07</b>
Less: provision for diminution in long term trade investment		<b>26.99</b>	<b>26.99</b>
<b>Total</b>		<b>27,037.13</b>	<b>14,535.08</b>

**Notes :**

Aggregate Book Value of Unquoted Investments	6,799.12	6,598.92
Aggregate Book Value of Quoted Investments	20,265.00	7,963.15
Aggregate Market Value of Quoted Investments (Based on 31st March 2008)	20,518.73	8,081.91

**Notes :**

- All Equity shares are fully paid up.
- Provision for diminition in long term trade investment pertains to investment in Dabon International Pvt. Ltd.
- Disclosure of shareholding in subsidiaries is as follows:

Name of Subsidiaries	% Stake
Dabur International Ltd	100% held by Dabur India Limited
H&B Stores Ltd	100% held by Dabur India Limited

# Schedules

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

		(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule H - Current Assets, Loans and Advances</b>			
<b>A. Current Assets :</b>			
Inventories			
- Raw materials	5,749.47	4,134.61	
- Packing materials, stores and spares	3,123.14	2,476.82	
- Stock in process	3,350.14	2,517.15	
- Finished goods	7,891.94	6,608.36	
	<u>20,114.69</u>		15,736.94
Sundry Debtors (Unsecured) :			
- Debts Outstanding for a period exceeding six months :			
Considered Good	368.79	445.11	
Considered Doubtful	517.02	205.60	
	<u>885.81</u>	<u>650.71</u>	
Less : Provision for Doubtful Debts	517.02	205.60	
	<u>368.79</u>	<u>445.11</u>	
- Other Debts (Considered Good)	9,677.64	5,652.76	6,097.87
Cash and Bank Balances :			
- Cash in Hand	22.81	13.32	
- Balances with Scheduled Banks			
In Current Accounts (Includes Rs. 215.03 in			
Unpaid Dividend Account; Previous Year Rs. 382.45)	6,705.09	4,883.24	
In Fixed Deposit Accounts	90.16	120.70	
(Pledged with Government Authorities Rs. 10;			
Previous Year Rs. 10)			
- Remittance-in-transit & Cheques-in-hand	8.40	7.49	5,024.75
<b>Total A</b>	<u>36,987.58</u>		<u>26,859.56</u>
<b>B. Loans And Advances (Unsecured, Considered Good)</b>			
Loans & advances to subsidiaries	-	1,000.00	
Loans & advances to others	183.10	-	
Security deposit with various authorities	1,380.19	980.59	
(including deposit with Govt. Authorities Rs. 384.34			
Previous year Rs. 338.25)			
Advance payment of tax	12,621.26	8,133.41	
Advances to suppliers (including subsidiaries	1,327.23	771.21	
Rs.3.84 previous year Rs.1.34)			
Advances to employees	243.93	214.28	
Balance with excise authorities	1,542.55	1,124.37	
Other advances recoverable in cash or	995.49	557.80	
in kind or for value to be received			
<b>Total B</b>	<u>18,293.75</u>		<u>12,781.66</u>
<b>Total (A+B)</b>	<u>55,281.33</u>		<u>39,641.22</u>

# Schedules

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

		(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule H (Contd.)</b>			
<b>Notes :</b>			
1. In the opinion of Board, the Current Assets, Loans and Advances have realizable value at least equal to the amount at which they are stated.			
2. Loans and Advances			
A. Debts due from Director/officer of the company		0.07	0.60
B. Maximum amount due from Director/officer of the company at any time during the year		0.07	0.60
C. Debts due from private companies in which any of the Director is a Director or a Member			
- Dabur Research Foundation (A company under section 25 of the Companies Act, 1956)		0.00	16.90
3. Additional disclosure as per clause 32 of Listing Agreement			
A) loans and Advances to Subsidiaries			
Dabur Foods Ltd; Amount outstanding		-	-
Maximum outstanding during the year		-	1,700.00
Dabur International Ltd; Amount outstanding		0.00	1,000.00
Maximum outstanding during the year		1,772.29	2,700.00
<b>Schedule IA - Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)			
Technical knowhow fees paid	28.12		46.87
Less: Amortised during the year	18.75	9.37	18.75
Deferred employee compensation under ESOP			
Opening balance	1,953.80		3,240.61
Addition during the year	529.33		862.00
Less: Cancelled during the year	220.80		915.77
	2,262.33		3,186.84
Less: Amortised related to subsidiary	31.08		197.67
Less: Amortised during the year	845.35	1,385.90	1,035.37
<b>Total</b>		<b>1,395.27</b>	<b>1,981.92</b>

# Schedules

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

		(Year ended 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule IB - Miscellaneous Expenditure Written Off</b>			
Technical knowhow fees paid		18.75	18.75
Deferred employee compensation under ESOP	845.35		1,035.37
Less: Transferred to Directors remuneration	297.31	548.04	404.76
<b>Total</b>		<u>566.79</u>	<u>630.61</u>
<b>Schedule J - Sales and Other Income</b>			
<b>A. Sales :</b>			
Domestic Sales Less Returns		201,293.09	156,482.96
Export sales		10,485.77	7,253.16
		<u>211,778.86</u>	<u>163,736.12</u>
<b>B. Other Income :</b>			
Export Subsidy		465.90	110.55
Rent Realised		14.32	15.22
(Tax deducted at source Rs. Nil Previous Year Rs. Nil)			
Sale of Scrap		557.64	294.60
Dividend - (from current investment being other than Trade		-	0.30
Miscellaneous Receipts		723.53	298.39
Profit on Sale of Long Term Investment - other than Trade		11.99	241.99
Profit on Sale of Current Investments - other than Trade		969.93	291.91
Profit on Sale of Fixed Assets		47.55	398.21
(Net of loss of Rs. Nil; Previous year Rs. 41.72)			
(Including Capital Profit of Rs. 40; Previous Year Rs. 334.82)			
<b>Total</b>		<u>2,790.86</u>	<u>1,651.17</u>

# Schedules

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

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule K - Cost of Materials</b>		
<b>Raw Materials Consumed :</b>		
i) Opening stock	4,134.61	3,464.00
ii) Add : Inherited through merger	557.45	421.32
iii) Add : Purchases	46,372.97	36,635.03
	<u>51,065.03</u>	<u>40,520.35</u>
iv) Less : Closing Stock	5,749.47	4,134.61
	<u>45,315.56</u>	<u>36,385.74</u>
<b>Packing Materials Consumed :</b>		
i) Opening Stock	2,471.84	1,728.47
ii) Add : Inherited through merger	602.33	432.70
iii) Add : Purchases	28,450.87	23,488.56
	<u>31,525.04</u>	<u>25,649.73</u>
iv) Less : Closing Stock	3,120.33	2,471.84
	<u>28,404.71</u>	<u>23,177.89</u>
<b>Purchase of Finished Products</b>	<u>27,975.23</u>	<u>19,453.88</u>
<b>Adjustment of stocks in process and finished goods</b>		
Opening Stock :		
Stock in Process	2,517.15	794.39
Finished products	6,608.36	5,243.14
Stock in process inherited through merger	656.10	42.34
Finished goods inherited through merger	1,156.51	826.57
	<u>10,938.12</u>	<u>6,906.44</u>
Closing Stock :		
Stock-in-Process	3,350.14	2,517.15
Finished products	7,891.94	6,608.36
	<u>11,242.08</u>	<u>9,125.51</u>
<b>Increase(-)/decrease in Stock in Process and Finished Goods</b>	<u>(303.96)</u>	<u>(2,219.07)</u>
<b>Total</b>	<u>101,391.54</u>	<u>76,798.44</u>
<b>Schedule L - Manufacturing and Operating Expenses</b>		
Power and Fuel	3,842.27	3,058.55
Stores & spares consumed	1,002.37	1,028.32
Repairs & Maintenance		
- Building	219.90	179.29
- Plant & machinery	387.51	234.74
- Others	361.65	262.58
Processing charges	1,171.87	630.46
<b>Total</b>	<u>6,985.57</u>	<u>5,393.94</u>

# Schedules

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

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule M - Payments to and Provisions for Employees</b>		
Salaries, Wages and Bonus	12,071.12	9,792.20
Contribution to Provident and other Funds	1,262.36	991.05
Workmen and Staff Welfare (Net of excess provision written back Rs. Nil previous Year Rs. 480)	847.84	193.60
Directors' Remuneration (Including Perquisites Rs. 297.31; previous Year Rs. 404.76 under ESOP)	787.91	889.03
<b>Total</b>	<u>14,969.23</u>	<u>11,865.88</u>
<b>Schedule N - Selling and Administrative Expenses</b>		
Rent	1,067.30	637.84
Rates and Taxes	184.93	141.62
Insurance	272.74	236.93
Sales Tax	135.79	168.33
Freight and Forwarding Charges	6,683.76	4,850.34
Commission, Discount and Rebate	2,139.73	1,496.76
Advertising and Publicity	24,809.68	19,759.89
Travel & Conveyance	1,919.92	1,712.86
Legal & Professional	1,429.18	892.39
Telephone, Fax expenses	307.28	298.18
Security expenses	268.01	194.19
General expenses	6,896.20	4,317.60
Directors' Fees	11.13	10.50
Auditors' Remuneration:		
- Audit Fee	18.53	16.84
- Branch Auditors' Fee	0.00	2.51
- Reimbursement of expenses	13.41	12.11
- Provident Fund and Certificates	19.14	14.54
Donation	458.29	414.05
Contribution for Scientific Research expenses	75.00	651.00
Bad Debts Written off	39.30	-
Provision for Doubtful Debts	257.71	94.85
Loss on Sale of Fixed Assets	189.57	-
Provision for Contingent Liability	73.38	-
	<u>47,269.98</u>	<u>35,923.33</u>
<b>Schedule O - Financial Expenses</b>		
Interest Paid on :		
Fixed Period Loan	336.74	2.70
Others (Net of Interest received Rs. 144.53 Previous Year Rs. 237.94, TDS thereon Rs. 12.90 Previous year Rs. 26.77)	211.61	195.84
Bank Charges	306.15	244.47
<b>Total</b>	<u>854.50</u>	<u>443.01</u>

Note :

Interest received includes

From Bank Rs. 38.00 (Previous year Rs. 42.81)

From Others Rs. 106.53 (Previous year Rs. 195.13)

## Schedule P - Accounting Policies & Notes to Accounts

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

### A. ACCOUNTING POLICIES

Significant accounting policies are summarized below:

#### 1. Accounting Convention:

The accounts have been prepared in accordance with the historical cost convention.

#### 2. Fixed Assets and Depreciation:

- Fixed assets are stated at carrying amount i.e. subject to deduction of accumulated depreciation.
- Cost includes inward freight, duties, taxes and other expenses incidental to acquisition and installation.
- Depreciation on Fixed Assets have been provided on written down value method at rates specified in Schedule XIV of the Companies Act except for Baddi, Alwar, Katni, 5/1 Unit Sahibabad, Jammu, Rudrapur, Pitampur, Silvasa, Kanpur, Newai, Jalpaiguri and Corporate Office, Sahibabad, where depreciation have been provided for on straight line methods at the rates specified in the aforesaid Schedule.
- Patents are being amortized over the period of ten years on straight line basis.
- Software are being amortized over the period of five years on straight line basis.
- For New Projects, all direct expenses and direct overheads (excluding services provided by employees in company's regular payroll) are capitalized.
- 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.
- 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 of Assets :

The company identifies impairable fixed assets based on cash generating unit concept at the year-end in term of para-5 to 13 of AS -28 issued by ICAI 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.

#### 4. Investments :

Current investments are held at lower of cost and NAV/Market value. Long term investments are held at cost less diminution, if any, in carrying cost of investments other than temporary in nature.

Loss, if any, sustained by any subsidiary is not recognized.

#### 5. 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.

#### 6. 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 – Weighted Average Basis
- Work-in-process – cost of input plus overhead upto the stage of completion.
- Finished goods – cost of input plus appropriate Overhead.

#### 7. 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.

#### 8. Retirement Benefits:

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

##### A. 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 employee 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)

##### B. Defined Contribution Plans :

- Liability for superannuation fund on the basis of the premium paid to the Life Insurance Corporation of India in respect of employees covered under Superannuation Fund Policy.
- 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.

**9. 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 but exclude trade discount and sales tax / VAT.
- 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 issued by ICAI.

**10. 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 time 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.

**11. 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.

**12. Foreign Currency Translation:**

- Transaction 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.
- 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.
- Increase / decrease in foreign currency loan on account of exchange fluctuation are debited / credited to profit and loss account.
- Impact of exchange fluctuation is separately disclosed in notes to accounts.

**13. 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 by way of debiting deferred Employee Compensation under ESOP as per guideline 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.
- 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.

**14. Miscellaneous Expenditure:**

- Technical know-how fee paid to Technical Collaborators upto 31.03.2004 are being amortized equally over a period of six years. Subsequent expenses are charged to revenue in the year of incurrence.
- Deferred Employees Compensation under ESOP are being amortized on straight line basis over vesting year.
- Share issue expenses 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 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Cost/Revalued	8556.41	8493.29
Written Down	5969.72	6143.57

2. Loans and Advances include Rs. 48.64 (Previous year Rs. 48.64) 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. 68.13 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.48.64 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. 21.46, 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.5.95, 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 cash generating units (CGUs) based on value-in-use method which for each CGU worked out to higher than corresponding book value of net fixed 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. CGUs include Narenderpur plant, Sahibabad plant, Baddi plants, Jammu plants, Rudrapur Plant, Silvasa Plants, Pitampur Plant, Kanpur Plant, Alwar Plant, Newai Plant and Jalpaiguri Plant all belonging to FMCG segments.
- c. Annual discount rate considered for arriving at value-in-use of assets of each CGUs is 6.50% i.e the average interest rate of external borrowing plus risk factor @ 2.00 % per annum.
4. Contingent Liabilities/Capital Contract :
- a) Claims against the company not acknowledged as debts:
- i. In respect of civil suits filed against the company Rs. 270.52 (previous year Rs. 261.78)
  - ii. In respect of claims by employees Rs. 0.50 (previous year Rs. 0.50)
  - iii. In respect of letters of credit Rs. 457.63 (previous year Rs. 81.35)
  - iv. In respect of Bank Guarantees executed Rs. 211.25 (previous year Rs. 187.93)
  - v. In respect of Sales Tax under appeal Rs. 821.67 (previous year Rs. 860.30)
  - vi. In respect of excise duty disputes pending with various judicial authorities Rs. 2135.39 (previous year Rs. 1766.58).
  - vii. In respect of Corporate Guarantees given by the Company Rs. 5953.44 (previous year Rs. 11519.92)
  - viii. In respect of Income tax under appeal Rs. 46.48 (previous year Rs. 423.85)
- b) Bills discounted Rs. 1049.42 (previous year Rs. 1162.35).
- c) Estimated Amount of contract remaining to be executed on capital Account Rs. 6683.94 (previous year Rs. 491.75).
- d) Information pursuant to AS 29 issued by ICAI:
- i) Provision related to disputed liability of Rs. 62.64, Rs. 26.15 and Rs. 0.29 towards liabilities on account of VAT, Sales Tax and Entry Tax respectively have been carried forward from previous year. Besides during the year Rs.27.78, 28.60, 17.00 towards liabilities on account of Sales Tax & Excise Duty respectively have been provided. No part of the provision has been adjusted during the year.
  - ii) Resulting outflows against above liabilities pending before Sales Tax DC/Tribunal/CCT's, if mature, are expected to be in succeeding financial year.
  - iii) Provisions are made herein for medium risk oriented issues as a measure of abundant precaution.

## iv) Brief particulars of provision under AS 29:

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

Nature of liabilities	Particular of dispute	Amount	Forum under the dispute is pending
VAT	Short Payment of VAT	62.64	II <sup>nd</sup> appeal filed
Sales Tax	Classification of Lal Dant Manjan	24.32	Filed review application with High Court
Sales Tax	Classification of Gulabari	0.74	Appeal filed before the D.C. Appeal
Sales Tax	Exemption Forms from Dealers	1.08	II <sup>nd</sup> appeal filed before D C Appeal
Entry Tax	Entry Tax on Car	0.29	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	27.78	Appeal pending before S T Appellate
Sales Tax	Tax Paid purchase	28.60	Pending before High Court
Excise	Classification of Saunf ka Ark	17.00	Pending before Commissioner (Appeals)

v) Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in para 4 (a) and 4 (b) above.

- 5 a) Pursuant to merger of Dabur Foods Limited (erstwhile wholly owned subsidiary) with effect from April 01, 2007, the company has inherited assets and liabilities of the entity in terms of scheme of the merger approved by Hon'ble High court of Delhi on 22nd January 2008. The certified copy of the order was filed with the Registrar of companies on 3rd March 2008. Consequent assets and liabilities inherited by the company as on April 01, 2007, incorporated in accounts under pooling of interest method, include following: -

(Rs. in lacs)

<b>Particulars</b>	
<b>ASSETS</b>	
Fixed Assets	3609.82
Investments	0.20
Current Assets	6289.13
Loan & Advances	1131.59
Deferred Tax Assets	7.42
<b>Total Assets</b>	<b>11038.16</b>
<b>LIABILITIES :-</b>	
Reserve & Surplus	24.51
Secured Loan	2308.23
Unsecured Loan	3622.58
Defferreed Tax Liability	325.65
Current Liability	2351.50
Provisions	405.69
<b>Total Liability</b>	<b>9038.16</b>
<b>Net Assets</b>	<b>2000.00</b>
A. Net Assets (As per above)	2000.00
B. Investment in Subsidiaries as on 31.03.07	2000.00
C. The difference between the value of investment and Net Assets (A-B) as per pooling of interest method under AS 14 issued by ICAI.	NIL

Considering these, figures of previous year are not comparable with those of current year.

- 5 b) The merged company was engaged in FMCG business.
6. The company has made application to Hon'ble High Court Delhi for modification of order dated Oct 17, 2003 on demerger of Pharmaceutical Division of the company to Dabur Pharma Limited, to the effect of transfer of land worth Rs. 184 in favour of the company from the demerged entity due to refusal of HUDA to accord status of inheritance of said property to Dabur Pharma Ltd, pending approval of application of the company by Hon'ble Court, said assets does not form part of estimated contract remaining to be executed on capital account referred to in 4 (c) above.

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

7 a) Expenditure in Foreign Currency	<b>31-03-2008</b>	<b>31-03-2007</b>
- Professional & Consultation Fees	<b>110.55</b>	100.45
- Others (Travelling, Conveyance & administration)	<b>54.80</b>	68.29
	<b>165.35</b>	168.74
b) CIF Value of Imports:		
- Raw Materials	<b>1571.18</b>	734.43
- Stores & Spares (Including packing material)	<b>14.13</b>	34.51
- Capital Goods	<b>399.71</b>	144.35
	<b>1985.02</b>	913.29
c) Earning in Foreign Exchange:		
- Export sales at FOB	<b>9410.39</b>	6918.60
d) Value of raw materials, stores and spares parts consumed :-		

	Raw Material				Packing Material, Stores & Spares			
	31.03.2008		31.03.2007		31.03.2008		31.03.2007	
	Value	%	Value	%	Value	%	Value	%
Imported	442.86	0.98	445.58	1.22	0.61	0.00	0	0.00
Indigenous	44872.70	99.02	35940.16	98.78	29406.47	100.00	24206.19	100.00
<b>Total</b>	<b>45315.56</b>	<b>100.00</b>	<b>36385.74</b>	<b>100.00</b>	<b>29407.08</b>	<b>100.00</b>	<b>24206.19</b>	<b>100.00</b>

e) Net Dividend remitted in foreign currency	<b>2007-08</b>	<b>2006-07</b>
2005-06 Final Dividend to 102 shareholders on 204000 shares	-	2.04
2006-07 1st Interim Dividend to 95 shareholders on 191000 shares	-	1.91
2006-07 2nd Interim Dividend to 96 shareholders on 284500 shares	-	2.13
2007-08 Interim Dividend to 93 Shareholders on 274500 Shares	<b>2.06</b>	-
	<b>2.06</b>	6.08

## 8 a) Particulars of Consumption of Important Raw Materials

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

Class of Goods	Unit	Quantity	Value
Sugar and Molases	Tonnes	16940.81 (15683.47)	2388.09 (2821.47)
Vegetables Oils	Tonnes	16050.10 (13705.13)	9595.28 (8388.26)
Herbs, Jari Booti & Raw Madhu	Tonnes	31487.93 (16032.29)	11111.98 (7268.66)
Chemicals & Perfumery Compounds	Tonnes	31491.87 (25489.90)	14955.62 (11051.49)
Others Raw Materials	Assorted		7264.59 (6855.86)
<b>Total Raw Materials</b>			<b>45315.56 (36385.74)</b>
Glass Containers	Pcs. in Lacs.	1031.29 (956.64)	2433.13 (2165.06)
Plastic Containers/Caps/Jar	Pcs. in Lacs.	5771.87 (5625.69)	8558.64 (7223.55)
Printed Packing Materials	Assorted		6332.40 (5459.24)
Laminates & Lamitubes	Assorted		6509.91 (4676.54)
Other Packing Materials	Assorted		4570.63 (3653.49)
<b>Total Packing Materials</b>			<b>28404.71 (23177.88)</b>

## b) Particulars in Respect of Goods Manufactured

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

Class of Goods	Unit	Licenced Capacity	Installed Capacity	Production Qty	Opening Stock Qty	Opening Stock Value	Closing Stock Qty	Closing Stock Value	Sale Qty	Sale Value
Hair Oils	Kilo-Ltrs		51480.00 (51480.00)	19807.32 (19544.31)	999.18 (717.35)	876.35 (771.14)	755.92 (999.18)	736.74 (876.35)	20050.58 (19262.48)	37569.58 (30675.78)
Chyawanprash	Tonnes		22000.00 (22000.00)	14203.99 (13389.84)	281.14 (248.21)	177.76 (262.88)	436.57 (281.14)	270.21 (177.76)	14048.56 (13372.98)	17947.27 (17191.32)
Honey	Tonnes		6000.00 (6000.00)	5375.03 (4719.47)	179.60 (142.05)	188.02 (136.19)	244.94 (179.60)	249.96 (188.02)	5309.69 (4681.92)	10661.54 (8556.16)
Tooth powder & paste	Tonnes		45099.00 (45099.00)	18482.89 (15509.70)	858.96 (170.13)	687.03 (176.29)	1308.16 (858.96)	1044.55 (687.03)	18033.69 (14820.87)	30073.05 (19575.03)
Hajmola	Tonnes		6000.00 (6000.00)	5125.20 (4737.26)	257.57 (324.94)	243.49 (506.57)	526.54 (257.57)	563.57 (243.49)	4856.23 (4785.12)	7148.57 (7807.61)
Asava-arishta	Kilo-Ltrs		12000.00 (12000.00)	6246.17 (6158.56)	739.21 (556.11)	322.23 (250.19)	689.36 (739.21)	297.80 (322.23)	6296.02 (5960.65)	4896.81 (4695.51)
Fruits, nector & drinks	Kilo-Ltrs		27572.00	10649.53			1197.18 (460.44)	390.51 (141.51)	9912.79	6634.15
Vegetable Pastes	MT		1,938.00	639.76			92.76 (79.78)	69.98 (44.75)	626.79	515.06
Others						2997.80 (2113.42)		2586.19 (2997.80)		59138.42 (48011.37)
<b>Total</b>						<b>5492.68</b> <b>(4216.68)</b>		<b>6209.52</b> <b>(5678.94)</b>		<b>174584.45</b> <b>(136512.78)</b>

## c) Particulars in Respect of Traded Goods

Class Of Goods	Unit	Purchases Qty	Purchases Value	Opening Stock Qty	Opening Stock Value	Closing Stock Qty	Closing Stock Value	Sale Qty	Sale Value
Hair Oils	Kilo-ltrs	300.31 (2795.49)	397.25 (2992.97)	73.91 (150.34)	70.20 (163.18)	23.74 (73.91)	22.03 (70.20)	350.48 (2661.93)	588.75 (4169.72)
Tooth powder & paste	Tonnes	4981.06 (7805.14)	7524.73 (8733.61)	253.45 (288.68)	233.43 (256.98)	141.66 (253.45)	131.27 (233.43)	5092.85 (7840.37)	7809.53 (12652.25)
Hajmola	Tonnes	3133.70 (1070.96)	818.92 (1547.50)	11.29 (30.89)	9.72 (62.29)	151.03 (11.29)	105.40 (9.72)	2993.95 (1193.98)	4105.87 (2293.72)
Fruits, nector & drinks	Kilo-Ltrs	386103.96	12509.95			355972.57 (1914.35)	743.28 (909.33)	30131.38	16692.04
Vegetable Pastes	MT	705.23	632.00			172.79 (149.26)	32.86 (60.92)	532.44	236.54
Others			6092.38 (6179.81)		802.33 (582.66)		647.57 (802.33)		7761.69 (8107.83)
<b>TOTAL</b>			<b>27975.23</b> <b>(19453.89)</b>		<b>1115.68</b> <b>(1065.11)</b>		<b>1682.42</b> <b>(2085.93)</b>		<b>37194.42</b> <b>(27223.52)</b>

Note : Production / Purchase are net of stock written down. Write down of inventory in monetary term aggregate Rs. 533.09 (Previous year Rs. 98.14)

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

9. Managerial Remuneration under section 198 of the Companies Act, 1956 paid or payable during the year, to the Directors:

	<u>31.03.2008</u>	<u>31.03.2007</u>
Salary	219.20	186.88
Commission (as computed below)	27.79	90.00
Contribution to Provident Fund	29.66	22.43
Residential accommodation	131.55	112.13
Medical & Leave Travel Benefit	4.19	4.62
Contribution to Superannuation Fund	43.41	37.00
Others (Including Rs. 297.31 Previous year Rs. 404.76 under stock option Scheme)	331.95	435.97
	<u>787.75</u>	<u>889.03</u>

Computation of net profit in accordance with Section 198 and section 309 (5) of the Companies Act, 1956 and calculation of Director's commission :

	<u>31.03.2008</u>	<u>31.03.2007</u>
Profit for the year before tax as per Profit & Loss Account	36517.59	28422.30
Add: Managerial remuneration	787.75	889.03
Directors fees	11.12	10.50
Provision for doubt full debts	257.71	94.85
Loss on sale of fixed assets	189.57	-
Less: Capital Profit	40.00	334.82
Adjusted net profit	37723.74	29081.86
Maximum commission payable:	377.24	290.82
Actual commission (to one non whole-time Director)	27.79	90.00

10. Particulars of small-scale industries as defined under Micro, Small & Medium Enterprises Development Board 2006 have been furnished to the extent such parties have been identified on the basis of information available with the Company. The name of small scale industries to whom the Company owes any sum which is outstanding as on 31st March, 2008 for more than 30 days are :-

Abhinav Printing & Packing Ltd	Firmenich Aromatics	Prakash Printers & Stationers
Adchem Industries	HBD Packaging Pvt. Ltd	Protech Engg Industries Pvt Ltd
Agarwal Polysacks Ltd	Interlabels Industries Pvt Ltd	PSN Chemicals
Ajanta Packaging	Jasmer Packers Pvt Ltd	RSG Packagings Pvt. Ltd
Ajay & Company	Jiwan Plasto Moulds Pvt Ltd	S A Packaging Pvt Ltd
Amita Polymers Pvt Ltd	Krishna Industries	Satish Enterprises
Baya Traders	Kush Prints Pvt. Ltd	Sea-shell Chemicals Pvt Ltd
Bharat Rubber Works	Magadh Plas Pvt Ltd	Sheel Packaging Pvt Ltd
Burman Laboratories P Ltd	Mahabir Industries	Shree Nath Printers
Care Marketing Co Pvt Ltd	Mandagini Agencies	Special Air Gases
Classic Bottle Caps Pvt Ltd	Mega Packages	Speciality Valves
Compack Enterprises India Pvt Ltd	Naturalle Health Products Pvt Ltd	Sunshine Polymers Pvt Ltd
Continental Crowns And Closures	Nav Bharat Enterprises	Svar Plastics Pvt Ltd
Dolsun Containers Pvt Ltd	New Samudra Art Centre	Taurus Packaging Pvt Ltd
Domino Printech India Pvt Ltd	Niranjan Containers	V P Poly Udyog
Dynamic Sticker Industries	Northern Aromatics Ltd	Vimoni India Pvt. Ltd
Echel Engg. Components	Om Packaging	Vipul Plastics
Empire Multipack Pvt Ltd	Orgachemie Agencies	Walia Rubber Stamps
Faridabad Plastics	Penguin Plastics	Windsor Packaging Pvt Ltd

## 11. Particulars of Balances with Non-Scheduled Banks:

Current year:	Balance as on 31.03.2008	Maximum Balance during the year
In Current Account	NIL	NIL
Previous year:	Balance as on 31.03.2007	Maximum Balance during the year
a) Barclays Bank, London	-	61.32
b) In Postal Savings Bank Account	-	0.95

12. 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.572.42 before the Office 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.

## 13. Employee related Dues :

**(A) Defined Benefit Plan**

(a) Pursuant to adoption of AS 15 as revised by ICAI, treatment of defined benefits obligations have been changed in terms of standard with the following adjustments incorporated in accounts .

- I) Rs. 6452.52, being the aggregate of short fall in fair value of assets vis a vis opening obligation under revised calculation on account of gratuity, leave salary and post separation benefits of directors working out of Rs. 1269.87, Rs. 445.55 and Rs. 4737.10 respectively has been adjusted against opening revenue reserve.
- II) Expenses recognized during the period

Particulars	Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of Director (un-funded)	Total
A. Past Service Cost	0.00	0.00	0.00	0.00
B. Current Service Cost	213.92	30.70	393.37	637.99
C. Interest Cost	170.41	43.34	365.22	578.97
D. Expected Return on Plan Assets	(84.62)	(11.55)	0.00	(96.17)
E. Accumulated Loss/ Gain	28.99	(28.03)	(223.30)	(222.34)
F. Total Expenses recognized during the year (A+B+C+D+E)	328.70	34.46	535.29	898.45

## III. Reconciliation of fair value of plan assets &amp; present value of defined benefit obligations ;

Particulars	Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of Director (un-funded)	Total
(a) Fair Value of plan assets as on 01.04.2007	797.62	172.63	0.00	970.25
(b) Fair Value of obligation as on 01.04.2007	2067.49	618.18	4,737.10	7422.77
(c) Amount adjusted against opening General reserve (a-b)	(1269.87)	(445.55)	(4737.10)	(6452.52)

IV. Consequent upon change in treatment of accounting of employees related liabilities referred to above, profit of the year and general reserve have been reduced by Rs.133.90 and Rs.6452.52 respectively with corresponding rise in provision by the aggregate of the two.

## (b) Reconciliation of opening &amp; closing balances of obligations

Particulars	Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director (un-funded)	Total
I. Obligation as on 01.04.2007	2067.49	618.18	4737.10	7422.77
II. Past service cost	0.00	0.00	0.00	0.00
III. Current service cost	213.92	30.70	393.37	637.99
IV. Interest cost	170.41	43.34	365.22	578.97
V. Actuarial Gain / (Loss)	28.99	(28.03)	(223.30)	(222.34)
VI. Merger	(76.28)	(50.93)	0.00	(127.21)
VII. Settlement	(163.47)	(152.31)	(331.59)	(647.37)
VIII. Obligation as on 31.03.2008	2241.06	460.95	4940.80	7642.81

## (c) Change in Plan Assets

(Reconciliation of opening and closing balances)

Particulars	Gratuity (funded)	Leave Salary (funded)	Post Separation benefits of director (un-funded)	Total
I. Fair Value of Plan Assets as on 01.04.2007	797.62	172.63		970.25
II. Expected Return on Plan Assets	84.62	11.55		96.17
III. Actuarial Gain / (Loss)	0.00	0.00		0.00
IV. Employer Contribution	197.26	122.15		319.41
V. Merger	13.67	11.97		25.64
VI. Settlement	(163.47)	(152.31)		(315.78)
VII. Fair Value of Plan Assets as on 31.03.2008	929.70	165.99		1095.69

(d) Investment detail of plan assets as on 31.03.2008 100% in reimbursement right from insurance company for fund managed by it

## (e) Actuarial Assumption :

Discount rate (%)	8.00
Estimated rate of return on plan assets (%)	7.50
Salary escalation ratio inflation (%)	13.00
Method	Projected unit credit method

- (f) Effect of increase /(decrease) of % in assumed medical cost trend in respect of post separation benefit scheme of directors
- |                               |     |
|-------------------------------|-----|
| I. Current cost :             | NIL |
| II Interest cost :            | NIL |
| III. Accumulated obligation : | NIL |
- (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 into account regular increment, promotional increases and inflationary consequence over price index.
- (i) 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 years.
- (j) Consequent upon rising employees related liability on account of transitional provisions and current year accretion, respective deferred tax assets relevant there on amounting to Rs. 2193.21 and Rs. 45.51 adds to opening general reserve and profit of the year.

**B. Defined Contribution Plan :-**

Company's contribution to different defined contribution plans :-

Particulars	<u>2007-08</u>	<u>2006-07</u>
Provident Fund	562.56	458.95
Employees State Insurance	55.98	43.71
Employees Superannuation Fund	261.82	213.38

**14. A. Related party Disclosures**

Related party disclosures as required under AS 18 issued by the Institute of Chartered Accountants of India are given below:

- (a) Related parties where control exists :-
- |   |                                 |
|---|---------------------------------|
| H & B Stores Limited                            | - (Domestic Subsidiary Company) |
| Asian Consumercare Pvt. Ltd., Dhaka             | - (Foreign Subsidiary Company)  |
| Dabur Nepal Pvt. Ltd., Nepal                    | - (Foreign Subsidiary Company)  |
| Dabur Egypt Ltd., Egypt                         | - (Foreign Subsidiary Company)  |
| Dabur (UK) Ltd., UK                             | - (Foreign Subsidiary Company)  |
| Dabur International Ltd., UAE                   | - (Foreign Subsidiary Company)  |
| WeikField International (UAE)                   | - (Foreign Subsidiary Company)  |
| African Consumercare Limited, Nigeria           | - (Foreign Subsidiary Company)  |
| Asian Consumercare Pakistan Pvt. Ltd., Pakistan | - (Foreign Subsidiary Company)  |
| Naturelle LLC, UAE                              | - (Foreign Subsidiary Company)  |

- b) Other related parties in transaction with the company

**(I) Key management personnel  
(whole time directors)**

- 1) Pradip Burman
- 2) P. D. Narang
- 3) Sunil Duggal

- II. Relatives of key management personnel  
Late Sh. R C Burman

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

1. Welltime Housing and Finance Pvt Ltd
2. Wakarusa Laboratories Pvt.Ltd
3. Miracle Commercial Enterprises Pvt. Ltd.

**14(B) Related Party Transactions as on 31.03.2008**

Particulars	Subsidiary	Fellow Subsidiary	Parties to significant influence	Key Management Personnel	Relative of Key Management Personnel	Total	Outstanding As on 31.03.2008
Purchases of Goods	0.00	16486.10	0.00	0.00	0.00	16486.10	741.09
	(57.28)	(6564.21)	(-)	(-)	(-)	(6621.49)	(205.16)
Sale of Goods	528.34	1838.01	0.00	0.00	0.00	2366.35	436.50
	(1041.85)	(1325.40)	(-)	(-)	(-)	(2367.25)	(456.72)
Sale of Assets	-	0.00	-	-	-	0.00	-
	(28.23)	(-)	(-)	(-)	(-)	(28.23)	(-)
Equity Contribution	2200.00	-	-	-	-	2200.00	6665.50
	(-)	(-)	(-)	(-)	(-)	(-)	(6465.50)
Loan Given	1272.28	0.00	0.00	0.00	0.00	1272.28	80.00
	(1700.00)	(-)	(-)	(-)	(-)	(1700.00)	(1082.00)
Rent Paid	0.00	0.00	0.00	47.87	0.00	47.87	0.00
	(-)	(-)	(1.56)	(39.12)	(-)	(40.68)	
Refund of Security	0.00	0.00	0.60	0.00	0.00	0.60	0.00
	(-)	(-)	(-)	(-)	(-)	(-)	
Repayment of Loans Given (Instl.Recd)	2272.28 (3700.00)	0.00 (-)	2.00 (0.50)	0.00 (-)	0.00 (-)	2274.28 (3700.50)	0.00
Interest Recd On Loans Given	92.49	0.00	0.00	0.00	0.00	92.49	0.00
	(116.52)	(-)	(-)	(-)	(-)	(116.52)	
Remuneration/Exg./Pension	0.00	0.00	0.00	462.61	0.00	462.61	0.00
	(-)	(-)	(-)	(394.27)	(1.28)	(395.55)	
Guarantees & collaterals given	0.00	3944.44	0.00	0.00	0.00	3944.44	3944.44
	(6300.00)	(802.40)	(-)	(-)	(-)	(7102.40)	(7102.40)
Employee Stock Option Scheme	30.96	1.71	0.00	297.31	0.00	329.97	0.00
	(15.06)	(0.47)	(-)	(404.76)	(-)	(420.29)	

15. Exchange loss works out to Rs. 236.42 ( Previous Year Rs. 81.05)- net of exchange gain Rs. 40.92 (Previous year Nil) which has been debited to Profit & Loss Account.

16. Information (to the extent applicable) pursuant to AS 19 issued by ICAI.

a) The future minimum lease payment under non-cancelable operating lease :-

	<u>31/03/2008</u>	<u>31/03/2007</u>
(i) Not later than 1 year	46.78	37.22
(ii) Later than 1 year not later than 5 year	76.30	39.97
(iii) Later than 5 year	Nil	Nil

b) Lease rent debited to Profit & Loss account of the year.Rs. 41.80 (Previous year Rs.35.48)

c) Irrevocable lease agreement relates of flat & vehicle, lease period not exceeding five years in respect of any arrangement.

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

17. Sundry Creditors include Rs.164.82 (previous year 387.88) being dues to subsidiaries.

18. Earnings per Share has been computed as under:

	<u>2007-2008</u>	<u>2006-2007</u>
Profit after Tax	31677.21	25207.62
Weighted average number of shares outstanding		
Basic	863635509	860884512
Diluted	869063210	869534762
Earning per Share (face value Re. 1 per share)		
Basic	3.66	2.93
Diluted	3.64	2.90

19. Information pursuant to AS 24 on discontinued operations:

Particulars	Hair Oil Baddi	MSY Unit Baddi
1 Discontinued since	March, 04	Nov, 2000
2 Segment, the unit relates to in financial statement	FMCG	FMCG
3 Carrying amount of total assets	33	28
	(33)	(28)
4 Carrying amount of total liabilities	4	0
	(4)	(0)
5 Profit from ordinary activities	0	0
	(0)	(0)
6 Income Tax expenses	0	0
	(0)	(0)
7 Gain on disposal of assets	0	0
	(0)	(0)
8 Cash flow from discontinued operations:		
Operating activities	0	0
	(0)	(0)
Investing Activities	0	0
	(0)	(0)
Financial Activities	0	0
	(0)	(0)

Note : I. Figures in brackets are for previous year.

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

20. a. Pension to relative of deceased director Rs.31.50 (previous year Rs.31.50) paid during the year.  
b. Pension of retired director Rs.99.46 (previous year Rs.58.74) paid during the year.  
c. Exgratia paid to a retired director Rs.160.20 (previous year NIL) during the year.

## 21. Information pursuant to AS - 17 issued by ICAI

## SEGMENT REPORT

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

PRIMARY SEGMENT	Consumer Care Business		Consumer Health Business		Food		Others		Unallocated		Dabur India Ltd.	
	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	163542.97	144260.86	16034.58	15075.26	27157.98		5043.33	4400.00			211778.86	163736.12
Inter-segment Sales												
<b>Total revenue</b>	<b>163542.97</b>	<b>144260.86</b>	<b>16034.58</b>	<b>15075.26</b>	<b>27157.98</b>		<b>5043.33</b>	<b>4400.00</b>			<b>211778.86</b>	<b>163736.12</b>
<b>Result</b>												
Segment Result	47403.08	40129.35	3890.91	3947.04	3640.67		219.26	121.73			55153.92	44198.12
Unallocated Corporate Expenses											17781.83	15332.81
<b>Operating Profit</b>	<b>47403.08</b>	<b>40129.35</b>	<b>3890.91</b>	<b>3947.04</b>	<b>3640.67</b>		<b>219.26</b>	<b>121.73</b>			<b>37372.09</b>	<b>28865.31</b>
Interest Expense (Net of Interest Income)											854.50	443.01
Income Tax (Current + Deferred)											4840.38	3214.67
<b>Profit From Ordinary Activities</b>	<b>47403.08</b>	<b>40129.35</b>	<b>3890.91</b>	<b>3947.04</b>	<b>3640.67</b>		<b>219.26</b>	<b>121.73</b>			<b>31677.21</b>	<b>25207.63</b>
Exceptional Item												
Net Profit	47403.08	40129.35	3890.91	3947.04	3640.67		219.26	121.73			31677.21	25207.63
<b>Other Information</b>												
As On 31/03/08	As On 31/03/07	As On 31/03/07	As On 31/03/08	As On 31/03/07	As On 31/03/08		As On 31/03/08	As On 31/03/07			As On 31/03/08	As On 31/03/07
Segment Assets	33836.74	30063.00	6314.11	6749.00	9165.90		2876.36	3158.00			52193.11	39970.00
Unallocated Corporate Assets											61969.10	38247.45
<b>Total Assets</b>	<b>33836.74</b>	<b>30063.00</b>	<b>6314.11</b>	<b>6749.00</b>	<b>9165.90</b>		<b>2876.36</b>	<b>3158.00</b>			<b>114162.21</b>	<b>78217.45</b>
Segment Liabilities	7585.83	5887.00	895.25	763.00	3053.59		64.32	107.00			11598.99	6757.00
Unallocated Corporate Liabilities											51126.15	33123.45
<b>Total Liabilities</b>	<b>7585.83</b>	<b>5887.00</b>	<b>895.25</b>	<b>763.00</b>	<b>3053.59</b>		<b>64.32</b>	<b>107.00</b>			<b>62725.14</b>	<b>39880.45</b>
<b>Capital Expenditure</b>	<b>15593.78</b>	<b>14160.20</b>	<b>1268.67</b>	<b>1030.00</b>	<b>4183.35</b>		<b>1277.23</b>	<b>1036.95</b>			<b>29443.01</b>	<b>23904.05</b>
Depreciation											830.00	917.81
Non-cash Expenses Other Than Depreciation	1117.04	958.00	163.90	141.00	295.23		169.09	181.00			566.79	649.36

**Secondary segment**

As the company also exports, the secondary segment for the company is based on the location of customer's. Out of the total sales of Rs. 211778.86 (163736.12), the export sales is of Rs. 10485.77 (7253.16) and domestic sale is 201293.09 (156482.96)

22. Due to amortization of deferred employees compensation under ESOP derived under intrinsic value method instead of blackscholes option model, profit of the year is understated by Rs.24.90.
23. Figures for the previous year have been rearranged/regrouped as and where necessary in terms of current year's grouping.

Signatures to the Schedules "A" to "P" Annexed to and forming part of the Accounts.

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

**24. Additional information as required under Part IV of Schedule VI of the Companies Act 1956:****I. Registration Details**Registration No  State Code : Balance Sheet Date:     
Date Month Year**II Capital raised during the year (Amount in Rs. thousand)**

Public Issue	Right Issue
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>
Bonus Issue	Private Placement
<input type="text" value="Nil"/>	<input type="text" value="Nil"/>

**III Position of Mobilisation of Deployment of Funds (Amount in Rs. thousand)**

Total Liabilities	Total Assets
<input type="text" value="5729400"/>	<input type="text" value="5729400"/>

**Sources of Funds**

Paid up capital	Reserve & Surplus
<input type="text" value="864023"/>	<input type="text" value="4419211"/>
Secured Loans	Unsecured Loans
<input type="text" value="164472"/>	<input type="text" value="8897"/>

Deferred Tax Liability  
**Application of Funds**

Net Fixed Assets	Investments
<input type="text" value="2944301"/>	<input type="text" value="2703713"/>
Net Current Assets	Misc Expenditure
<input type="text" value="-298215"/>	<input type="text" value="139527"/>

Deferred Tax Assets  
**IV Performance of Company (Amount in Rs. thousand)**

Turnover	Total Expenditure
<input type="text" value="20833960"/>	<input type="text" value="17461287"/>

Profit/(Loss) Before Tax	Profit/(Loss) After Tax
<input type="text" value="3651759"/>	<input type="text" value="3167721"/>

Earning per share in Rs.	Dividend Rate %
<input type="text" value="3.66"/>	<input type="text" value="150%"/>

**V Generic names of three Principal Products/Services of company (as per monetary terms)**

Item Code No. (ITC Code)	30049001
Product Description	Ayurvedic Medicines
Item Code No.(ITC Code)	33059001
Product Description	Hair Oils
Item Code No.(ITC Code)	33061000
Product Description	Dentifrices

Signatures to the Schedules "A" to "P" Annexed to and forming part of the Accounts.

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

**S. Lahiri**  
Partner

Place : New Delhi  
Dated : 30th April 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary



# Consolidated Financials

# Auditors' Report

The Board of Directors  
Dabur India Limited,

We have audited the attached consolidated balance sheet of Dabur India Limited group, as at 31<sup>st</sup> March, 2008 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.

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 26166.06 lacs as at 31<sup>st</sup> March, 2008, the total profit of Rs. 1681.62 lacs and cash out flows (net) amounting to Rs. 396.07 lacs for the year ended 31<sup>st</sup> March, 2008. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the 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 on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that 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 31<sup>st</sup> March, 2008.
- b) In the case of the consolidated profit and loss account, of the profit of Dabur India Ltd. 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

**S. Lahiri**  
Partner, Membership No 51517

Place : New Delhi  
Date : 30<sup>th</sup> April 2008

# Balance Sheet

as at 31st March 2008

(All amounts in Indian Rupees in lacs)

		(As at 31 <sup>st</sup> March)	
Schedule	2008	2007	
<b>Sources of Funds :</b>			
<b>Shareholders' Funds:</b>			
(A) Share Capital	A	8,640.23	8,628.84
(B) Reserves and Surplus	B	53,117.30	39,327.88
		<u>61,757.53</u>	<u>47,956.72</u>
<b>Minority Interest</b>	B2	475.25	447.19
<b>Loan Funds:</b>			
(A) Secured Loans	C	9,756.15	12,038.27
(B) Unsecured Loans	D	160.05	3,951.40
<b>Deferred Tax Liability</b>	EB	2,727.96	2,589.62
<b>Total</b>		<u>74,876.94</u>	<u>66,983.20</u>
<b>Application of Funds :</b>			
<b>Fixed Assets :</b>			
(A) Gross Block	F	72,966.40	61,723.16
(B) Less : Depreciation		26,440.77	23,807.14
(C) Net Block		<u>46,525.63</u>	<u>37,916.02</u>
<b>Investments</b>	G	20,371.63	8,069.77
<b>Deferred Tax Assets</b>	EB	2,400.73	144.50
<b>Current Assets, Loans and Advances:</b>			
(A) Inventories	H	30,248.42	25,710.84
(B) Sundry Debtors		17,231.97	14,197.07
(C) Cash & Bank Balances		7,656.81	6,066.81
(D) Loans & Advances		22,253.15	18,071.75
		<u>77,390.35</u>	<u>64,046.47</u>
Less: Current Liabilities and Provisions	EA		
(A) Liabilities		45,796.70	36,151.96
(B) Provisions		27,409.97	9,023.52
		<u>73,206.67</u>	<u>45,175.48</u>
<b>Net Current Assets</b>		4,183.68	18,870.99
Miscellaneous Expenditure	IA	1,395.27	1,981.92
(To the extent not written off or adjusted)			
<b>Notes To Accounts</b>	P		
<b>Total</b>		<u>74,876.94</u>	<u>66,983.20</u>

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Profit and Loss Account for the year ended 31st March 2008

(All amounts in Indian Rupees in lacs)

		(Year ended 31 <sup>st</sup> March)	
Schedule		2008	2007
<b>Income :</b>	J		
Sales Less Returns		239,628.74	208,024.56
Less : Excise Duty		3,522.33	3,711.03
<b>Net Sales</b>		<u>236,106.41</u>	<u>204,313.53</u>
Other Income		3,401.27	2,591.23
<b>Total Income</b>		<u>239,507.68</u>	<u>206,904.76</u>
<b>Expenditure :</b>			
Cost of Materials	K	110,097.35	97,108.28
Manufacturing Expenses	L	8,576.74	7,425.54
Payments to and Provisions for Employees	M	19,930.68	16,666.83
Selling and Administrative Expenses	N	56,568.46	48,138.98
Financial Expenses	O	1,679.89	1,537.50
Miscellaneous Expenditure Written off	IB	566.79	649.36
Depreciation		3,643.40	3,429.05
<b>Total Expenditure</b>		<u>201,063.31</u>	<u>174,955.54</u>
<b>Balance being Net Operating Profit before Tax</b>		<u>38,444.37</u>	31,949.22
Provision for Taxation Current		4,277.19	3,494.04
Provision for Taxation Deferred	EB	75.32	-136.86
Provision for Taxation Fringe Benefit		712.71	374.68
<b>Net Profit after Taxation and before Extraordinary Item</b>		<u>33,379.15</u>	<u>28,217.36</u>
Add Extraordinary Item (Profit/(Loss) on Long Term Trade Investments		0.00	0.00
<b>Net Profit after Tax and Extraordinary Item</b>		<u>33,379.15</u>	<u>28,217.36</u>
Minority Interest		-13.05	-87.10
<b>Net Profit after Minority Interest</b>		<u>33,392.20</u>	<u>28,304.46</u>
Balance Brought Forward		32,270.19	21,586.11
Provision for Taxation for Earlier Year Written Back		68.55	22.82
Provision for Taxation for Earlier Year		-166.59	-155.37
<b>Profit Available for Appropriation</b>		<u>65,564.35</u>	<u>49,758.02</u>
<b>Appropriation/Allocation</b>			
Interim Dividend		6,480.05	12,212.54
Proposed Dividend - Final		6,480.17	0.00
Corporate Tax on Interim Dividend		1,101.28	1,712.81
Corporate Tax on Proposed Dividend		1,101.31	0.00
Transferred to Capital Reserve		40.00	334.82
Transferred to Legal Reserve		3.54	19.62
Transferred to General Reserve		7,000.00	3,000.00
<b>Balance Carried over to Balance Sheet</b>		<u>43,358.00</u>	<u>32,478.23</u>
<b>Earning Per Share ( In Rs.)</b>			
Basic		3.85	3.27
Diluted		3.83	3.24
<b>No of Shares</b>			
Basic		863,826,759	860,884,512
Diluted		868,807,461	869,534,762
<b>Notes to Accounts</b>	P		

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Statement of Cash Flow (Pursuant to AS-3 Issued by ICAI)

(All amounts in Indian Rupees in lacs)

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before Tax and extraordinary Items	38,444.37	31,949.22
Add:		
Depreciation	3,643.40	3,429.05
Fixed Assets Impairment Loss	0.00	10.30
Loss on Sale of Fixed Assets	198.87	0.47
Miscellaneous Exp. Written off	602.91	649.36
Miscellaneous Exp. Written off (Included in Director Remun)	328.39	404.76
Interest	1,679.89	1,537.50
	<u>6,453.46</u>	<u>6,031.44</u>
	44,897.84	37,980.66
Less:		
Dividend Received	0.00	0.30
Interest Received	7.05	40.62
Profit on Sale of Investment	984.68	533.90
Profit on Sale of Assets	47.59	400.67
	<u>1,039.32</u>	<u>975.49</u>
Operating Profit before Working Capital changes	43,858.52	37,005.17
Working Capital changes		
Increase/(Decrease) in Inventories	4,537.58	4,433.00
Increase/(Decrease) in Debtors	3,307.10	7,925.28
Decrease/(Increase) in Trade Payables	(10,234.58)	(4,485.18)
Increase/(Decrease) in Working Capital	<u>(2,389.90)</u>	<u>7,873.10</u>
Cash Generated from Operating activities	46,248.42	29,132.07
Interest Paid	1,694.51	1,546.94
Tax Paid	5,244.13	4,092.02
Corporate Tax on Dividend	1,101.28	2,516.87
	<u>8,039.92</u>	<u>8,155.83</u>
<b>Cash used(-)/(+)Generated for Operating Activities (A)</b>	<u>38,208.49</u>	<u>20,976.24</u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(12,481.63)	(5,129.32)
Sale of Fixed Assets	77.35	580.78
Purchases of Investment including		
Investment in Subsidiaries	(295,339.51)	(144,079.21)
Sale of Investments	284,022.32	140,756.48
Dividend Received	0.00	0.30
<b>Cash used(-)/(+)Generated for Investing Activities (B)</b>	<u>(23,721.47)</u>	<u>(7,870.97)</u>

# Statement of Cash Flow (Pursuant to AS-3 Issued by ICAI)

(All amounts in Indian Rupees in lacs)

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Share Capital & Premium	11.39	24.72
Repayment(-)/Proceeds (+) of Long Term Secured Liabilities	(959.21)	(2,303.37)
Repayment(-)/Proceeds(+) from Short Term Loans	(1,322.90)	4,786.63
Repayment(-)/Proceeds(+) from other Unsecured Loans	(3,795.73)	3,020.65
Payment of Loan	(183.10)	0.00
Payment of Dividend	(6,647.47)	(17,684.31)
<b>Cash Used(-)/(Generated) in Financing Activities (C)</b>	<b>(12,897.02)</b>	<b>(12,155.68)</b>
<b>Net Increase(+)/Decrease (-) in Cash And Cash equivalents (A+B+C)</b>	<b>1,590.00</b>	<b>949.59</b>
<b>Cash and Cash equivalents Opening Balance</b>	<b>6,066.81</b>	<b>5,117.22</b>
<b>Cash and Cash equivalents Closing Balance</b>	<b>7,656.81</b>	<b>6,066.81</b>

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule A - Share Capital</b>		
<b>Authorised :</b>		
1450000000 Equity shares of Re. 1 each (Previous year 1250000000 Equity shares of Re. 1)	14,500.00	12,500.00
	<u>14,500.00</u>	<u>12,500.00</u>
<b>Issued and subscribed:</b>		
864022973 Equity shares of Re. 1 each fully called up (Previous year-862883808 Equity shares of Re. 1)	8,640.23	8,628.84
<b>Total</b>	<u>8,640.23</u>	<u>8,628.84</u>
<b>Schedule B - Reserves and Surplus</b>		
Capital Reserve	2,366.87	2,326.87
Share Premium Account	866.72	355.93
Employees Housing Reserve Fund	529.99	495.73
General Reserve :	2,821.85	506.56
Legal Reserve	64.78	61.23
Profit and Loss Account	43,376.58	32,288.79
Employee Stock Option Scheme Outstanding	3,090.51	3,292.77
<b>Total</b>	<u>53,117.30</u>	<u>39,327.88</u>
<b>Schedule B2- Minority Interest</b>		
Share Capital	202.83	161.79
Share Premium	9.38	9.38
Capital Reserve	126.91	126.91
General Reserve	11.44	11.44
Profit & Loss	124.69	137.67
<b>Total</b>	<u>475.25</u>	<u>447.19</u>

# Schedules

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

		(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule C - Secured Loans</b>			
<b>I. Term Loans (other than Banks) :</b>			
GE Capital Services	443.28		1,482.89
Deferred Payment	514.01		163.79
PICUP under Trade Tax Loan Scheme	109.74		379.57
<b>II. Short Term Loans - from Banks</b>		<b>8,689.12</b>	<b>10,012.02</b>
<b>Total</b>	<b>9,756.15</b>		<b>12,038.27</b>
<b>Schedule D - Unsecured Loans</b>			
Deposits :			
Directors	48.13		48.13
Companies	18.44		200.40
Security Deposit from Dealers and Others	69.69		54.42
Other Loans (from Banks):			
Term Loan	0.00		2,500.00
Book Overdraft of Current Account with Banks	23.79		49.55
Commercial Papers	0.00		1,000.00
Deferred Payment Credit	0.00		98.90
<b>Total</b>	<b>160.05</b>		<b>3,951.40</b>

## Notes:

- Loans include amounts due within one year Rs. Nil (Previous Year Rs. 3890.91)
- Maximum amount of Commercial Papers outstanding during the year Rs. Nil (Previous Year Rs. 2000)

## Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule EA - Current Liabilities and Provisions</b>		
<b>A. Current Liabilities :</b>		
Acceptance	7,374.12	8,445.68
Amount Due to SSI Units (Goods)	1,174.48	1,284.92
Creditors for Goods	16,179.94	7,678.85
Creditors for Expenses and Other Liabilities	20,531.93	17,748.50
	<u>45,260.47</u>	<u>35,157.95</u>
Advances from Customers	278.61	542.84
Interest Accrued but not Due on Loans	31.43	53.18
Deposits - Others	1.29	4.05
Investor Education and Protection Fund to be Credited by :		
-unpaid Dividend	215.03	382.45
-unpaid Matured Public Deposit	5.22	6.04
-interest accrued on Public Deposit	4.65	5.45
	<u>45,796.70</u>	<u>36,151.96</u>
<b>B. Provisions :</b>		
For Dividend (Proposed) - Final	6,480.17	-
For Corporate Tax on Proposed Dividend- Final	1,101.31	-
For Liabilities disputed	162.46	89.08
For Gratuity	1,311.35	-
For Others	4,940.80	-
For Leave Salary	370.41	87.44
For Housing, Bonus & Gratuity & Other Welfares	238.79	216.00
For Taxation	12,804.68	8,631.00
	<u>27,409.97</u>	<u>9,023.52</u>
<b>Total</b>	<u>73,206.67</u>	<u>45,175.48</u>
<b>Schedule EB - Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability :</b>		
Depreciation	2,727.96	2589.62
<b>Less: Deferred Tax Assets :</b>		
VRS Payment	39.73	60.38
Other Disallowances under Section 43B of Income Tax Act, 1961	6.80	3.37
Service Benefits	2,238.73	
Provision for Doubtful Debt	115.47	80.75
	<u>2,400.73</u>	<u>144.50</u>
<b>Net Deferred Tax Liability</b>	<u>327.23</u>	<u>2445.12</u>
(Decrease)/Accretion in Deferred Tax Liability	(2,117.89)	-136.86
Less : Deferred Tax Assets transferred to General Reserve	2,193.21	
<b>Deferred Tax Liability provided during the year</b>	<u>75.32</u>	<u>-136.86</u>

## Schedules

### Schedule F - Fixed Assets

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

Name of Assets	Gross Block			Depreciation			Net Block		
	Opening Balance	Additions	Transfer/ Adjustment	Closing Balance	For the Year	Transfer/ Adjustment	Closing Balance	As on 31.03.2008	As On 31.03.2007
Freehold Land	948.93	117.96	0.00	1,066.89	0.00	0.00	0.00	1,066.89	948.93
Leasehold Land	923.49	204.76	0.00	1,128.25	9.43	0.00	64.56	1,063.69	868.36
Building, Roads & Culvert	16,397.50	1,599.89	0.00	17,997.39	4,795.79	556.43	5,352.22	12,645.17	11,601.71
Plant & Machinery	29,842.01	4,752.36	651.69	33,942.68	13,034.16	2,059.86	14,537.80	19,404.88	16,807.85
Vehicles	1,439.29	409.70	240.67	1,608.32	687.73	218.92	747.86	860.46	751.56
Furniture & Office Equipment	4,223.44	349.88	57.42	4,515.90	2,329.48	262.51	2,555.40	1,960.50	1,893.96
Computers	3,385.33	443.71	288.62	3,540.42	2,314.07	311.88	2,367.78	1,172.64	1,071.26
Patents	1,112.87	0.00	0.00	1,112.87	476.89	79.01	555.90	556.97	635.98
Live Stock	0.22	0.00	0.00	0.22	0.00	0.00	0.00	0.22	0.22
Capital Work In Progress	734.20	4,180.37	479.84	4,434.73	0.00	0.00	0.00	4,434.73	734.20
Goodwill	2,146.44	0.00	0.00	2,146.44	0.00	0.00	0.00	2,146.44	2,146.44
Software	569.44	902.85	0.00	1,472.29	113.89	145.36	259.25	1,213.04	455.55
<b>Total</b>	<b>61,723.16</b>	<b>12,961.48</b>	<b>1,718.24</b>	<b>72,966.40</b>	<b>23,807.14</b>	<b>3,643.40</b>	<b>26,440.77</b>	<b>46,525.63</b>	<b>37,916.02</b>
Previous Year	72,148.62	8,601.28	19,026.74	61,723.16	20,903.32	3,429.05	23,807.14	37,916.02	

# Schedules

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

	Numbers	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G - Investments</b>			
<b>A Current Investments</b>			
<b>Quoted-other than Trade</b>			
1 Fidelity Cash Fund (Purchase during the Year) Units 22669859.79 (Sold during the Year) Units 22669859.79	-	0.00	0.00
2 LIC Mutual Fund (Purchase during the Year) Units 614483076.228 (Sold during the Year) Units 623824868.718	11,220,110.36	1,464.00	2,462.00
3 Birla Mutual Fund (Purchase during the Year) Units 47922578.75 (Sold during the Year) Units 47922578.75	-	0.00	0.00
4 Chola Liquid Fund - Institutional Plus-Growth (Purchase during the Year) Units 40771603.85 (Sold during the Year) Units 40771603.85	-	0.00	0.00
5 DSP Mutual Fund (Purchase during the Year) Units 1100193.16 (Sold during the Year) Units 1100193.16	-	0.00	0.00
6 ABN Amro Mutual Fund (Purchase during the Year) Units 149440524.08 (Sold during the Year) Units 134964053.08	1,476,471.00	1,500.00	0.00
7 Lotus Liquid Fund (Purchase during the Year) Units 25388780.25 (Sold during the Year) Units 30500000	4,888,780.25	500.00	1,000.00
8 AIG Mutual Fund (Purchase during the Year) Units 19900403.87 (Sold during the Year) Units 19900403.87	-	0.00	0.00
9 Kotak Mahindra Mutual Fund (Purchase during the Year) Units 157828197.07 (Sold during the Year) Units 168049680.47	19,778,516.60	2,000.00	3,000.00
10 Principal Mutual Fund (Purchase during the Year) Units 92647194.26 (Sold during the Year) Units 92647194.26	-	0.00	0.00
11 Prudential Mutual Fund (Purchase during the Year) Units 183085216.56 (Sold during the Year) Units 163188152.84	19,897,063.72	2,000.00	0.00

# Schedules

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

	Numbers	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G (Contd.)</b>			
12 Reliance Liquid Fund (Purchase during the Year) Units 92696511.49 (Sold during the Year) Units 69315199.70	23,381,311.79	2,500.00	0.00
13 HSBC Mutual Fund (Purchase during the Year) Units 129718329.76 (Sold during the Year) Units 129718329.76	-	0.00	0.00
14 SCB Mutual Fund (Purchase during the Year) Units 119608983.08 (Sold during the Year) Units 119608983.08	5,000,000.00	500.00	500.00
15 Sundram Mutual Fund (Purchase during the Year) Units 92686711.85 (Sold during the Year) Units 88333606.32	14,353,105.53	1,500.00	1,000.00
16 Tata Mutual Fund (Purchase during the Year) Units 124086719.93 (Sold during the Year) Units 108327274.96	15,759,444.97	2,000.00	0.00
17 UTI Mutual Fund (Purchase during the Year) Units 31370208.1668 (Sold during the Year) Units 1370208.1668	30,000,000.00	3,000.00	0.00
18 HDFC Mutual Fund (Purchase during the Year) Units 30117390.014 (Sold during the Year) Units 16018188.03	14,099,201.99	1,500.00	0.00
19 Templeton Mutual Fund (Purchase during the Year) Units 158151270.26 (Sold during the Year) Units 158151270.26	-	0.00	0.00
20 SBI Mutual Fund (Purchase during the Year) Units 16141046.56 (Sold during the Year) Units 11141046.56	5,000,000.00	500.00	0.00
21 JM Mutual Fund (Purchase during the Year) Units 31581550.07 (Sold during the Year) Units 21581550.07	10,000,000.00	1,000.00	0.00
22 ING Mutual Fund (Purchase during the Year) Units 18138777.31 (Sold during the Year) Units 15205107.58	2,933,669.73	300.00	0.00

## Schedules

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

	Numbers	(As at 31 <sup>st</sup> March)	
		2008	2007
<b>Schedule G (Contd.)</b>			
23 MIRAE Mutual Fund (Purchase during the Year) Units 10000 (Sold during the Year) Units 10000	-	0.00	0.00
24 DWS (Deutsche) Mutual Fund (Purchase during the year) Units 30672262.86 (Sold during the year) Units 30672262.86	-	0.00	0.00
<b>B. Long Term Investment</b>			
<b>I) Quoted-equity shares- other than Trade</b>			
1 Dabur Pharma Ltd (Sold during the Year) Shares 15000	100,000	1.00	1.15
<b>II) Unquoted - equity shares - Trade Investments</b>			
1 Sanat Products Ltd	50,000	105.00	105.00
2 Dabon International Pvt Limited	270,000	27.00	27.00
<b>III) Unquoted Equity Shares - Other than Trade</b>			
1 Commerce Centre Cooperative Housing Society Limited	15	0.02	0.02
2 Capexil (Agencies) Limited	3	0.01	0.01
3 Dabur Employees Consumers Co-op Stores Limited	250	0.03	0.03
4 Dabur Employees Cooperative Credit Society Ltd	650	0.07	0.07
5 Co-operative Stores Limited, Super Bazar	500	0.05	0.05
6 National Saving Certificates	-	1.27	1.27
7 Kisan Vikas Patra	-	0.07	0.07
8 Saraswat Co-op Bank Ltd	1,000	0.10	0.10
<b>Total</b>		<b>20,398.62</b>	<b>8,096.76</b>
Less: Provision for Diminution in Long Term Trade Investment		<b>26.99</b>	<b>26.99</b>
<b>Total</b>		<b>20,371.63</b>	<b>8,069.77</b>

## Schedules

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

	(As at 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule H - Current Assets, Loans and Advances</b>		
<b>A. Current Assets :</b>		
Inventories:		
- Raw Materials	9,131.94	7,387.24
- Packing Materials, Stores and Spares	5,513.74	5,183.86
- Stock in Process	3,628.32	3,323.95
- Finished Goods	11,974.42	9,815.79
	<u>30,248.42</u>	<u>25,710.84</u>
Sundry Debtors (Unsecured) :		
- Debts outstanding for a Period exceeding Six Months:		
Considered Good	612.24	793.03
Considered Doubtful	745.40	259.31
	<u>1,357.64</u>	<u>1,052.34</u>
Less : Provision for Doubtful Debts	745.40	259.31
	<u>612.24</u>	<u>793.03</u>
- Other Debts (Considered Good)	16,619.73	13,404.04
	<u>17,231.97</u>	<u>14,197.07</u>
Cash and Bank Balances :		
- Cash in Hand	46.43	24.80
- Remittance-in-transit & cheques-in-hand	8.40	7.49
- Balance with Scheduled Banks		
In Current Accounts	6,888.02	5,257.14
In Fixed Deposit Accounts	90.16	124.35
- Balance with Non Scheduled Banks		
In Current Accounts	575.41	479.17
In Fixed Deposit Accounts	48.39	173.86
	<u>7,656.81</u>	<u>6,066.81</u>
<b>Total A</b>	<u>55,137.20</u>	<u>45,974.72</u>
<b>B. Loans and Advances (Unsecured, Considered Good)</b>		
Loans & Advances to Companies	183.10	-
Security Deposit with various Authorities(including Deposit with Govt. Authorities Rs. 411.90 Previous Year Rs.887.27)	2,004.84	1,511.41
Advance Payment of Tax	12,761.57	8,817.97
Advances to Suppliers	2,485.71	2,407.28
Advances to Employees	403.07	434.78
Balance with Excise Authorities	1,542.55	1,124.37
Other Advances Recoverable in Cash or in kind or for value to be received	2,872.31	3,775.94
<b>Total B</b>	<u>22,253.15</u>	<u>18,071.75</u>
<b>Total (A+B)</b>	<u>77,390.35</u>	<u>64,046.47</u>

## Schedules

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

			(As at 31 <sup>st</sup> March)	
			2008	2007
<b>Schedule IA - Miscellaneous Expenditure</b>				
(To the extent not written off or adjusted)				
Technical Knowhow Fees Paid	28.12		46.87	
Less: Amortised during the year	18.75	9.37	18.75	28.12
Deferred Employee Compensation under ESOP:				
Opening Balance	1,953.80		3,240.61	
Addition during the Year	529.33		862.00	
Less: Cancelled during the Year	220.80		915.77	
	2,262.33		3,186.84	
Less: Amortised related to subsidiary	31.08		197.67	
Less: Amortised during the year	845.35	1,385.90	1,035.37	1,953.80
<b>Total</b>		<b>1,395.27</b>		<b>1,981.92</b>
<b>Schedule IB - Miscellaneous Expenditure Written Off</b>				
Technical Knowhow Fees Paid		18.75		18.75
Deferred Employee Compensation under ESOP	845.35		1,035.37	
Less: Transferred to Director Remuneration	297.31	548.04	404.76	630.61
<b>Total</b>		<b>566.79</b>		<b>649.36</b>
<b>Schedule J - Sales and Other Income</b>				
<b>A. Sales :</b>				
Domestic Sales Less Returns		207,129.17		181,189.83
Export Sales		32,499.57		26,834.73
<b>Total</b>		<b>239,628.74</b>		<b>208,024.56</b>
<b>B. Other Income :</b>				
Export Subsidy		465.90		203.94
Rent realised		19.40		15.64
Sale of Scrap		762.77		423.56
Dividend from Long Term Investment other than Trade		-		0.30
Miscellaneous Receipts		1,113.88		972.60
Profit on Sale of Current Investments other than Trade		972.69		291.91
Profit on Sale of Long Term Investments other than Trade		11.99		241.99
Profit on Sale of Fixed Assets		47.59		400.67
Interest received		7.05		40.62
<b>Total</b>		<b>3,401.27</b>		<b>2,591.23</b>

# Schedules

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

	(Year Ended 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule K - Cost of Materials</b>		
<b>Raw materials consumed :</b>		
i) Opening Stock	7,242.46	7,227.27
ii) Add : Purchases	58,710.82	47,728.31
	<u>65,953.28</u>	<u>54,955.58</u>
iii) Less : Closing Stock	9,000.62	7,242.46
	<u>56,952.66</u>	47,713.12
<b>Packing materials consumed :</b>		
i) Opening Stock	4,853.77	4,254.78
ii) Add : Purchases	39,200.79	34,037.11
	<u>44,054.56</u>	<u>38,291.89</u>
ii) Less : Closing Stock	5,312.77	4,853.77
	<u>38,741.79</u>	33,438.12
<b>Purchase of Finished Products</b>	<b>15,902.94</b>	18,938.65
<b>Adjustment of Stocks in Process and Finished Goods</b>		
Opening Stock :		
Stock In Process	3,322.95	1,506.17
Finished Products	8,353.85	7,190.02
	<u>11,677.80</u>	<u>8,696.19</u>
Closing Stock :		
Stock-in-process	3,628.32	3,323.95
Finished Products	9,549.52	8,353.85
	<u>13,177.84</u>	<u>11,677.80</u>
<b>Increase(-)/Decrease in Stock In Process and Finished Goods</b>	<b>(1,500.04)</b>	<b>(2,981.61)</b>
<b>Total</b>	<b><u>110,097.35</u></b>	<b><u>97,108.28</u></b>
<b>Schedule L - Manufacturing and Operating Expenses</b>		
Power and Fuel	4,673.16	4,015.46
Stores & Spares Consumed	1,242.15	1,345.44
Repairs & Maintenance		
- Building	338.35	294.16
- Plant & Machinery	546.48	429.79
- Others	420.47	339.26
Processing Charges	1,356.13	1,001.43
<b>Total</b>	<b><u>8,576.74</u></b>	<b><u>7,425.54</u></b>

# Schedules

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

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Schedule M - Payments to and Provisions for Employees</b>		
Salaries, Wages and Bonus	16,460.41	13,574.56
Contribution to Provident and other Funds	1,390.48	1,182.27
Workmen and Staff Welfare (Net of Excess Provision Written Back Rs. Nil Previous Year Rs. 480)	1,068.71	663.52
Directors' Remuneration	1,011.08	1,246.48
<b>Total</b>	<b>19,930.68</b>	<b>16,666.83</b>
<b>Schedule N - Selling and Administrative Expenses</b>		
Rent	1,522.77	1,101.58
Rates and Taxes	250.65	212.59
Insurance	415.82	378.81
Sales Tax	135.79	182.92
Freight and Forwarding Charges	8,146.85	7,136.67
Cartage and Coolie	40.68	32.94
Commission, Discount and Rebate	2,139.73	1,827.55
Advertising and Publicity	29,554.24	25,585.81
Travel & Conveyance	2,382.74	2,388.87
Legal & Professional	1,772.03	1,149.66
Telephone, Fax Expenses	491.07	491.07
Security Expenses	338.44	252.91
General Expenses	7,937.37	5,795.29
Directors' Fees	11.13	10.50
Auditors' Remuneration:	77.97	80.33
Donation	469.63	430.30
Contribution for Scientific Research Expenses	75.00	775.00
Provision for Doubtful Debts	498.18	304.43
Loss on Sale of Investments (other than trade)	-	1.28
Loss on Sale of Fixed Assets	198.87	0.47
Provision for Contingent Liability	73.38	-
Share Issue Expenses	35.42	-
Preliminary Expenses	0.70	-
<b>Total</b>	<b>56,568.46</b>	<b>48,138.98</b>
<b>Schedule O - Financial Expenses</b>		
Interest Paid on :		
Fixed Period Loan	576.27	501.83
Others	600.07	608.18
Bank Charges	503.55	427.49
<b>Total</b>	<b>1,679.89</b>	<b>1,537.50</b>

## Schedule P - Accounting Policies & Notes to Accounts

(All figures in Indian Rupees lacs except share capital)

### A. ACCOUNTING POLICIES

Significant accounting policies are summarized below:

#### 1. 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 body corporate incorporated in Isle of MAN), 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 (U.K.) 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) (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 wholly owned subsidiary body corporate incorporated in Pakistan, 100% stake where in is held by Dabur International Ltd.) and Naturelle LLC (a subsidiary body corporate incorporated in Emirate of RAS Al Khaimah, 100% stake wherein is held by Dabur International Ltd.).

The consolidated financial statements have been prepared on the basis of AS-21, issued by ICAI 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.

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 DNPL where the same is adjusted against share premium account.

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 forming part of general reserve.

- 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.
- IV Current assets/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 rate respectively on the basis of non-integral operation approach as per revised AS-11.

Fixed assets of the overseas subsidiaries have been accounted for in terms of the exchange rate prevailing at the point of commencement of production of relevant subsidiaries pertaining to assets appearing since that point of time and at purchase price (including cost of installation) for remaining fixed assets.

## 2 Accounting Convention:

The accounts have been prepared in accordance with the historical cost convention.

### a Fixed Assets and Depreciation:

- Fixed assets are stated at carrying amount subject to deduction of accumulated depreciation.
- 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.
- 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 which is subject to deduction of subsidy amount.
- In respect of the parent company and Asian Consumer Care Pvt. Ltd., Dhaka depreciation on fixed assets has been provided on written down value method. For units at Baddi, Katni, 5/1 Sahibabad, Jammu, Rudrapur, Pitampur, Silvassa, Kanpur, Newai, Alwar, Jalpaiguri and Corporate Office of parent company, Dabur Egypt Limited, Dabur International Limited, Dabur Nepal Pvt. Ltd., Weikfield International UAE, African Consumercare Ltd, H&B Stores Limited and Asian Consumer Care Pakistan (Pvt) Ltd. depreciations have been provided on straight line method.
- Patent and trade marks are amortized equally over a period of 10 years.
- Moulds are depreciated 100% in the year of addition.
- Softwares are amortized over the period of five years on straight line basis.
- For Green field project, direct expenses and overheads (except for those relating to existing employees of company, the project relates to, deputed for implementation) are capitalized only.

b. Impairable assets are identified at the year-end in term of para-5 to 13 of AS –28 issued by ICAI 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.

### c. Investments:

Long term investments are held at cost. Provision is made against diminution in carrying cost of investment, if any, of permanent nature as required under AS-13 issued by ICAI.

Current investments are held at lower of cost and NAV/Market value.

### d. 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.

### e. 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 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.

### f. 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.

### g. 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 employee 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 superannuation fund on the basis of the premium paid to the Life Insurance Corporation of India in respect of employees covered under Superannuation Fund Policy.
- Provident fund & ESI on the basis of actual liability accrued and paid to trust / authority.
- Other employees benefits as per actual liability accrued.

iii. VRS, if paid, is charged to revenue in the year of payment.

**h. 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 sales tax but exclude 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.

**i. Income Tax & Deferred Tax**

Income Tax is estimated considering the provisions of the Statute. Deferred tax is recognized for entities where the same is mandatorily 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.

**j. Contingent Liabilities:**

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

**k. Foreign Currency Translation:**

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.

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.

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. Increase / decrease in foreign currency loans on account of exchange fluctuation is debited / credited to profit and loss account. Overseas subsidiaries are incorporated on same basis as those of foreign branch and offices with the difference that the impact of exchange fluctuation are adjusted against general reserve.

Impact of exchange fluctuation is separately disclosed in notes to accounts.

**l. 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 by way of debiting deferred Employee Compensation under ESOP as per guideline 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.

**m. Miscellaneous Expenditure:**

- Technical know-how fees paid to Technical Collaborators upto 31.03.2004 are being amortized equally over a period of six years. Subsequent such expenses are charged to revenue in the year of incurrence.
- Deferred Employees Compensation under ESOP is being 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.

**B. NOTES TO ACCOUNTS**

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

	As at 31 <sup>st</sup> March 2008	As at 31 <sup>st</sup> March 2007
Cost/Revalued	8556.41	8493.29
Written Down	5969.72	6143.57

2. Loan and Advances includes Rs.48.64 (previous year Rs.48.64) 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. 68.13 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. Pursant to the indemnity bond executed by Sharda Boiron 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 company against Sharda Boiron Laboratories Limited for Rs. 48.64 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. 21.46 along with interest demanded by the Excise Authorities. During the year 1991-92 the company had received a refund of Rs. 5.95 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(2)(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 confirms 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.
- c. Annual discount rate considered for arriving at value-in-use of assets pertaining to each CGU are as per interest rate of external borrowing plus risk factor at a rate of two percent per annum.
4. Contingent Liabilities / Capital Contract :
- a) i) Claims not acknowledged as debts:
- a) In respect of civil suits filed by third parties Rs. 270.52 (Previous year 261.78)
- b) In respect of claims by employees Rs. 0.50 (previous year 0.50)
- c) In respect of letters of credit Rs. 2753.51 (previous year 1962.20)
- ii. In respect of Bank Guarantees executed Rs. 1832.77 (previous year 2116.48)
- iii. In respect of Sales Tax under appeal Rs. 977.14 (previous year 1077.40)
- iv. In respect of excise duty disputes pending with various judicial authorities Rs. 2135.39 (previous year Rs. 1766.58)
- v. In respect of Corporate Guarantees given by the Company Rs. 5953.44 (previous year Rs. 11519.92)
- vi. In respect of Income tax under appeal Rs. 46.48 (previous year Rs. 461.96)

- b) In respect of Bill Discounting of Company Rs.1049.42 (Previous year Rs.1162.35)
- c) Estimated Amount of contract remaining to be executed on Capital Account Rs. 6683.94, net of advance (previous year Rs. 611.65)
- d) Information pursuant to AS 29 issued by ICAI:
- Provision related to disputed liability of Rs. 62.64, Rs.26.15 and Rs.0.29 towards liabilities on account of VAT, Sales Tax and Entry Tax respectively have been carried forward from previous year. Besides during the year Rs. 27.78, 28.60, 17.00 towards liabilities on account of Sales Tax & Excise Duty respectively have been provided. No part of the provision has been recognized during the year.
  - 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.

- e) Brief particulars of provisions made under AS 29

Nature of liabilities	Particular of dispute	Amount	Forum under the dispute is pending
VAT	Short Payment of VAT	62.64	II <sup>nd</sup> appeal Filed
Sales Tax	Classification of Lal Dant Manjan	24.32	Filed review application with High Court
Sales Tax	Classification of Gulabari	0.74	Appeal filed before the D.C. Appeal
Sales Tax	Exemption forms from Dealers	1.08	II <sup>nd</sup> appeal filed before D.C. Appeal
Entry Tax	Entry Tax on Car	0.29	Appeal pending before D.C.
Sales Tax	Classification of Hajmola Candy	27.78	Appeal pending before S T Appellete
Sales Tax	Tax Paid purchase	28.60	Pending before High Court
Excise	Classification of Saunf ka Ark	17.00	Pending before Commissioner (Appeals)

- f) Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in para 4 (a) and 4 (b) above.

5. During the year, Dabur Foods Limited erstwhile wholly owned direct subsidiary of the parent company, was merged with the parent company pursuant to the order of Hon'ble Delhi High Court dated 22.01.08 approving the scheme of merger effective retrospectively since 01.04.07. Till preceding financial year, accounts of Dabur Foods Limited was consolidated herein as per it's separate financial statement.

Considering the merger (of an entities forming part of CFS of previous year )being incorporated on the basis of pooling of interest method laying down line by line addition of assets, liabilities and reserves, the same has no impact on presentation of CFS vis a vis previous year.

6. The company has made application to Hon'ble High Court Delhi for modification of order dated Oct 17, 2003 on demerger of Pharmaceutical Division of the parent company to Dabur Pharma Limited, to the effect of transfer of land worth Rs. 184 in favour of the company from the demerged entity due to refusal of HUDA to accord status of inheritance of said property to Dabur Pharma Ltd., Pending approval of application of the company by Hon'ble Court, said amount does not form part of estimated contract remaining to be executed on capital account referred to in 4 (c) above,.
7. General reserve is net of debit balance of consolidation reserve Rs.55.06 (previous year debit balance of Rs. 46.85) towards overseas currency fluctuation.

## 8. Employee Related Dues:

### A) Defined Benefit Plan

- (a) Pursuant to adoption of AS 15 as revised by ICAI, treatment of defined benefits obligations have been changed in terms of standard with the following adjustments incorporated in accounts .
- Rs. 6452.52, being the aggregate of short fall in fair value of assets vis a vis opening obligation under revised calculation on account of gratuity, leave salary and post separation benefits of directors working out of Rs. 1269.87, Rs. 445.55 and Rs. 4737.10 respectively has been adjusted against opening revenue reserve.

## II. Expenses recognised during the period :

Particulars	Gratuity	Leave Salary	Post Separation benefits of director	Total
	(funded)	(funded)	(un-funded)	
A. Past Service Cost	0.00	0.00	0.00	0.00
B. Current Service Cost	213.92	30.70	393.37	637.99
C. Interest Cost	170.41	43.34	365.22	578.97
D. Expected Return on Plan Assets	(84.62)	(11.55)	0.00	(96.17)
E. Accumulated Loss/ Gain	28.99	(28.03)	(223.30)	(222.34)
F. Total Expenses recognized during the year (A+B+C+D+E)	328.70	34.46	535.29	898.45

## III. Reconciliation of fair value of plan assets &amp; present value of defined benefit obligations ;

Particulars	Gratuity	Leave Salary	Post Separation benefits of director	Total
	(funded)	(funded)	(un-funded)	
(a) Fair Value of plan assets as on 01.04.2007	797.62	172.63	0.00	970.25
(b) Fair Value of obligation as on 01.04.2007	2067.49	618.18	4,737.10	7422.77
(c) Amount adjusted against opening General reserve (a-b)	(1269.87)	(445.55)	(4737.10)	(6452.52)

IV. Consequent upon change in treatment of accounting of employee related liabilities referred to above, profit of the year and general reserve has been reduced by Rs. 133.90 and Rs. 6452.52 respectively with corresponding rise in provision by the aggregate of the two.

## b) Reconciliation of opening &amp; closing balances of obligations

Particulars	Gratuity	Leave Salary	Post Separation benefits of director	Total
	(funded)	(funded)	(un-funded)	
I. Obligation as on 01.04.2007	2067.49	618.18	4737.10	7422.77
II. Past service cost	0.00	0.00	0.00	0.00
III. Current service cost	213.92	30.70	393.37	637.99
IV. Interest cost	170.41	43.34	365.22	578.97
V. Actuarial Gain / (Loss)	28.99	(28.03)	(223.30)	(222.34)
VI. Merger	(76.28)	(50.93)	0.00	(127.21)
VII. Settlement	(163.47)	(152.31)	(331.59)	(647.37)
VIII. Obligation as on 31.03.2008	2241.06	460.95	4940.80	7642.81

**c) Change in Plan Assets**

(Reconciliation of opening and closing balances)

Particulars	Gratuity	Leave Salary Post Separation	benefits of director	Total
	(funded)	(funded)	(un-funded)	
I. Fair Value of Plan Assets as on 01.04.2007	797.62	172.63	–	970.25
II. Expected Return on Plan Assets	84.62	11.55	–	96.17
III. Actuarial Gain / (Loss)	0.00	0.00	–	0.00
IV. Employer Contribution	210.93	134.12	–	345.05
V. Merger	0.00	0.00	–	0.00
VI. Settlement	(163.47)	(152.31)	–	(315.78)
VII. Fair Value of Plan Assets as on 31.03.2008	929.70	165.99	–	1095.69

- d) Investment detail of plan assets as on 31.03.2008 100% in reimbursement right from issuance company for fund managed by it
- e) Actuarial Assumption :
- |   |                              |
|---|------------------------------|
| Discount rate (%)                           | 8.00                         |
| Estimated rate of return on plan assets (%) | 7.50                         |
| Salary escalation ratio inflation (%)       | 13.00                        |
| Method                                      | Projected unit credit method |
- f) Effect of increase/ (decrease) of % in assumed medical cost trend in respect of post separation benefit scheme of directors
- Current cost : NIL
  - Interest cost : 17.33 / (13.48)
  - Accumulated obligation : 120.01 / (147.43)
- 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 into account regular increment, promotional increases and inflationary consequence over price index.
- i) Demographics assumptions take into 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
- j) Consequent upon rising employees related liability on account of transitional provisions and current year accretion, respective deferred tax assets relevant thereon amounting to Rs. 2193.21 and Rs. 45.51 adds to opening general reserve and profit of the year.

**B) Defined Contribution Plan :-**

Company's contribution to different defined contribution plans :-

Particulars	2007-08	2006-07
Provident Fund	562.56	458.95
Employees State Insurance	55.98	43.71
Employees Superannuation Fund	261.82	213.38
Other Employee benefits	79.48	44.04

In view of the uncertainty on the date of outflow of fund towards other employee benefits, forming part of defined contribution plan, the liability accruing thereon, has not been discounted as on date.

**8(A). Related party Disclosures**

Related party disclosures as required under AS 18 issued by the Institute of Chartered Accountants of India are given below:

- (a) Name of related party and nature of related party relationship where control exists: Nil  
 (b) Other related parties transaction with companies under consolidation.

**(i) Joint Ventures**

Mr Rukma Rana, joint venture partner in Dabur Nepal Pvt Ltd  
 ACI Ltd. Bangladesh  
 Weikfield Product Co. Pvt. Ltd  
 RAK Investment Authority

**(ii) Key management personnel      Relatives of Key Management Personnel  
 (Whole time directors)**

- |                      |              |
|----------------------|--------------|
| a) Pradip Burman     |              |
| b) Siddharth Burman  | Saket Burman |
| c) P. D. Narang      | —            |
| d) Sunil Duggal      | —            |
| e) Rukma Rana        | —            |
| f) Mohit Burman      | V C Burman   |
| g) Peter Baker       | —            |
| h) Sunder Krishnan   | —            |
| i) Sikander N Tiwana | —            |

**(iii) Entities over which Key Management Personnel are able to exercise significant influence:**

- Welltime Housing and Finance Ltd.
- Wakarusa Laboratories Pvt. Ltd.
- Miracle Commercial Enterprises Pvt. Ltd.

**8(B) Related Party Transactions Consolidated as on 31.03.2008**

	ASSOCIATES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL	OUTSTANDING AS ON 31.03.2008
Purchases of Goods	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Sale of Goods	125.21	-	-	125.21	-
	(1,013.16)	(-)	(-)	(1,013.16)	(-)
Receiving of Services	26.04	-	-	26.04	-
	(145.45)	(-)	(-)	(145.45)	(-)
Loan Received	-	-	-	-	48.13
	(-)	(48.13)	(-)	(48.13)	(48.13)
Loan & Advance Given	-	10.86	-	10.86	7.24
	(-)	(-)	(-)	(-)	
Rent Paid	10.35	47.87	-	58.22	-
	(11.10)	(39.12)	(-)	(50.22)	(-)
Refund of Security	0.60	-	-	0.60	-
	(-)	(-)	(-)	(-)	(-)
Repayment of Loans Given(Instl.Recd)	2.00	3.62	-	5.62	80.00
	(0.50)	(-)	(-)	(0.50)	(-)
Interest paid On Loans received	-	3.85	-	3.85	-

**8(B) Related Party (Contd.)**

	ASSOCIATES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL	OUTSTANDING AS ON 31.03.2008
	(-)	(3.85)	(-)	(3.85)	(-)
Remuneration/Exg./Pension	-	939.86	200.78	1,140.64	-
	(-)	(844.98)	(120.14)	(965.12)	(-)
Employee Stock Option Scheme	-	297.31	-	297.31	-
	(-)	(404.76)	(-)	(404.76)	(-)

Figures in brackets are of previous year

**8(C) Earnings per share has been computed as under:**

	2007-08	2006-07
Profit after Tax and after Minority Interest	33392.20	28304.46
Weighted average number of shares outstanding		
Basic	863826759	860884512
Diluted	868807461	869534762
Earnings per share (face value Re.1 per share)		
Basic	3.87	3.29
Diluted	3.84	3.26

9. The company's free hold 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.572.42 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.

## 10 (a) Information (to the extent applicable) pursuant to AS 19 issued by ICAI

The future minimum lease payment under non-cancelable operating lease :-

	31/03/2008	31/03/2007
(i) Not later than 1 year	287.85	37.22
(ii) Later than 1 year not later than 5 year	537.98	39.97
(iii) Later than 5 year	Nil	Nil
b) Lease rent debited to profit & Loss account of the year	42.21	35.48
c) Irrevocable lease agreement relates of flat & vehicle, lease period not exceeding five years in respect of any arrangement.		

## 11. INFORMATION PURSUANT TO AS - 17 ISSUED BY ICAI.

## Segment Report

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

	Consumer Care Business		Consumer Health Business		Foods		Retail		Others		Unallocated		Total Consolidated	
	Current Year	Previous Year	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	188266.52	163616.28	16034.58	15076.26	30279.37	24933.46	4.94		5043.33	4398.56			239628.74	208024.56
Inter-segment sales														
<b>Total Revenue</b>	<b>188266.52</b>	<b>163616.28</b>	<b>16034.58</b>	<b>15076.26</b>	<b>30279.37</b>	<b>24933.46</b>	<b>4.94</b>		<b>5043.33</b>	<b>4398.56</b>			<b>239628.74</b>	<b>208024.56</b>
<b>RESULT</b>														
Segment result	50540.06	42983.26	3890.91	3947.04	4849.25	3312.33	-763.05		219.26	122.73			58736.43	50365.36
Unallocated Corporate Expenses											18612.17	16878.64	18612.17	16878.64
<b>Operating profit</b>	<b>50540.06</b>	<b>42983.26</b>	<b>3890.91</b>	<b>3947.04</b>	<b>4849.25</b>	<b>3312.33</b>	<b>-763.05</b>		<b>219.26</b>	<b>122.73</b>	<b>-18612.17</b>	<b>-16878.64</b>	<b>40124.26</b>	<b>33486.72</b>
Interest expense											1679.89	1537.50	1679.89	1537.50
(Net Of Interest Income)														
Income Tax(Current + Deferred)											5065.22	3731.86	5065.22	3731.86
<b>Profit from ordinary activities</b>	<b>50540.06</b>	<b>42983.26</b>	<b>3890.91</b>	<b>3947.04</b>	<b>4849.25</b>	<b>3312.33</b>	<b>-763.05</b>		<b>219.26</b>	<b>122.73</b>	<b>-25357.28</b>	<b>-22148.00</b>	<b>33379.15</b>	<b>28217.36</b>
Exceptional item														
Minority Interest											13.05	87.10	13.05	87.10
<b>Net profit</b>	<b>50540.06</b>	<b>42983.26</b>	<b>3890.91</b>	<b>3947.04</b>	<b>4849.25</b>	<b>3312.33</b>	<b>-763.05</b>		<b>219.26</b>	<b>122.73</b>	<b>-25344.23</b>	<b>-22060.90</b>	<b>33392.20</b>	<b>28304.46</b>
<b>OTHER INFORMATION</b>														
Segment assets	As on 31/03/08	As on 31/03/07	As on 31/03/08	As on 31/03/07	As on 31/03/08	As on 31/03/07	As on 31/03/08	As on 31/03/08	As on 31/03/08	As on 31/03/07	As on 31/03/08	As on 31/03/07	As on 31/03/08	As on 31/03/07
Unallocated corporate assets	64766.01	63185.29	6314.11	6749.00	10913.44	11405.00	1921.95		3325.03	2911.00	59447.80	25926.47	87241.54	84250.29
<b>Total assets</b>	<b>64766.01</b>	<b>63185.29</b>	<b>6314.11</b>	<b>6749.00</b>	<b>10913.44</b>	<b>11405.00</b>	<b>1921.95</b>		<b>3325.03</b>	<b>2911.00</b>	<b>59447.80</b>	<b>25926.47</b>	<b>146688.34</b>	<b>110176.76</b>
Segment liabilities	30716.97	35079.29	895.25	763.00	3053.59	6099.00	485.00		64.32	157.00			35215.13	42098.29
Unallocated corporate liabilities											51110.95	22103.67	51110.95	22103.67
<b>Total liabilities</b>	<b>30716.97</b>	<b>35079.29</b>	<b>895.25</b>	<b>763.00</b>	<b>3053.59</b>	<b>6099.00</b>	<b>485.00</b>		<b>64.32</b>	<b>157.00</b>	<b>51110.95</b>	<b>22103.67</b>	<b>86326.08</b>	<b>64201.96</b>
<b>Capital Expenditure</b>	<b>23155.46</b>	<b>19808.81</b>	<b>1268.67</b>	<b>1033.90</b>	<b>6773.58</b>	<b>5520.12</b>	<b>1151.34</b>		<b>1725.90</b>	<b>1406.52</b>	<b>12450.68</b>	<b>10146.67</b>	<b>46525.63</b>	<b>37916.02</b>
Depreciation	1537.70	1456.00	163.90	141.00	743.12	703.00	30.59		229.09	212.00	939.00	917.05	3643.40	3429.05
Non-cash expenses other than depreciation											566.79	649.36	566.79	649.36

**Secondary Segment**

As the company also exports, the secondary for the company is based on the location of customers. Out of the total sales of Rs. 239628.74 (208024.56) the export sales is of Rs. 32499.57 (26834.73) and domestic sale is 207129.17 (181189.83).

**12. Information pursuant to AS 24 on discontinued operations (pertaining to parent company only)**

Particulars	Hair Oil Baddi	MSY Unit Baddi
1 Discontinued since	March, 04	Nov, 2000
2 Segment, Unit relates to in financial Statement	FMCG	FMCG
3 Carrying amount of total assets	33 (33)	28 (28)
4 Carrying amount of total liabilities	4 (4)	0 (0)
5 Profit from ordinary activities	0 (0)	0 (0)
6 Income Tax expenses	0 (0)	0 (0)
7 Gain on disposal of assets	0 (0)	0 (0)
8 Cash flow from discontinued operations:		
Operating activities	0 (0)	0 (0)
Investing Activities	0 (0)	0 (0)
Financial Activities	0 (0)	0 (0)

- Note:
- I. Figures in brackets are for previous year.
  - II. Parts of fixed assets belonging to discontinued operations under reference have been used for new plant setup in relevant premises. Such assets have been left out of the purview of '3' above.
13. (a) Exchange loss works out to Rs.236.42 (Previous Year Rs. 100.14) net of exchange gain Rs.40.92 (previous year Rs. 11.73) which has been debited to Profit & Loss Account.
  - (b) Exchange Loss Rs.22.92 ( Previous year Rs.21.12) net of gain Rs.Nil (previous year Rs. 4.71) has been charged to general reserve.
  14. Deferred payment credit Rs. NIL (previous year Rs.98.90) forming part of unsecured loan is covered by letter of credit issued by HSBC on behalf of a group company to a supplier of machinery.
  15. Grouping and heads of accounts of the subsidiaries have been rearranged in terms of presentation of those of parent company as and when necessary. Besides, figures for previous year have been rearranged/ regrouped as and when necessary in terms of current year's grouping.
  16. Due to amortization of deferred employees compensation under ESOP derived under intrinsic value method instead of blackscholes option model, profit of the year is understated by Rs. 25.81

Signatures to the Schedules "A" to "P" Annexed to and forming part of the Accounts.

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

**S. Lahiri**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Auditors' Report

The Board of Directors,  
Dabur India Limited

We have audited the accounts of Dabur India Ltd. group compiled as per requirement of International Financial and Reporting Standards applicable to European Union. The said account comprises for the group consolidated Balance Sheet as on 31<sup>st</sup> March, 2008, consolidated statement of income for the year ended 31<sup>st</sup> March, 2008, statement of Cash Flow for the year ended on 31<sup>st</sup> March, 2008, reinstated stock holders Equity Reserves and comprehensive total income and related schedules.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in European Union. 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 examination on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principle used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that audit provides a reasonable basis for our opinion.

In our opinion the Company's accounts give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March, 2008 and of the results and cash flow for the year ended 31<sup>st</sup> March, 2008 in accordance with the European Union Standards and complying with the financial reporting requirements incorporated in the International Accounting Standards.

For **G. Basu & Co.**  
Chartered Accountants

**Manoj Kumar Das**  
Partner  
M. No. 013783

New Delhi  
30<sup>th</sup> April, 2008

# Consolidated Balance Sheet

as at 31st March 2008

## Schedule A

(All amounts in Indian Rupees in lacs)

		(As at 31 <sup>st</sup> March)	
Note No.	2008	2007	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	21	7,518.26	5,768.60
Marketable securities	26(a)	20,453.98	8,001.87
Accounts Receivable, net of allowances	22	17,231.97	14,197.07
Inventories	23	30,248.41	25,764.67
Other current assets	24	20,033.20	16,528.34
<b>Total current assets</b>		<b>95,485.82</b>	<b>70,260.55</b>
Property, plant and equipment, net	25	42,213.48	35,183.31
Goodwill	27	1,459.13	1,459.13
Intangibles	28	2,312.24	1,568.42
Investments	26(b)	171.19	186.48
Other non-current assets	29	2,175.39	1,841.62
<b>Total assets</b>		<b>143,817.25</b>	<b>110,499.51</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Short term debt and current portion of long term debt	30	8,779.48	13,810.10
Trade accounts payable	31	24,728.56	17,409.45
Accrued expenses and other current liabilities	32	20,922.84	18,518.85
<b>Total current liabilities</b>		<b>54,430.88</b>	<b>49,738.40</b>
Long term debt, excluding current portion	34	1,361.61	2,474.61
Other non-current liabilities	32A	19,748.93	8,952.14
<b>Total non-current liability</b>		<b>21,110.54</b>	<b>11,426.75</b>
Deferred Tax liabilities (net)	46	(766.36)	1,315.11
<b>Total liabilities</b>		<b>74,775.06</b>	<b>62,480.26</b>
Minority interest	33	445.21	458.26
<b>Stockholders' equity</b>			
Common stock, Re.1/ Par value.			
1450000000 equity shares authorised			
864022973 issued and outstanding			
Additional paid in capital (Share Premium)	Sch.F	1,382.49	887.40
Other Reserve	36	21,230.91	18,446.68
Stock Option reserve	Sch.F	1,706.65	1,351.13
Retained earning	Sch.F	35,854.61	17,814.85
Accumulated & other comprehensive income/(Loss)	Sch.F	(217.92)	432.11
<b>Total liabilities and stock holders' equity</b>		<b>143,817.25</b>	<b>110,499.53</b>

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

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

**Manoj Kumar Das**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Consolidated Statement of Income

for the year ended 31st March 2008

(All amounts in Indian Rupees in lacs)

	Note No.	(Year ended 31 <sup>st</sup> March)	
		2008	2007
<b>Revenue</b>	38	<b>236,065.22</b>	203,485.64
Cost of revenues	40	<b>129,437.35</b>	113,665.48
<b>Gross profit</b>		<b>106,627.87</b>	<b>89,820.16</b>
<b>Operating expenses</b>			
Selling, general and administrative expenses	41	<b>55,068.66</b>	46,683.07
Personnel expenses	42	<b>9,685.63</b>	8,153.90
Depreciation and amortisation	42A	<b>4,479.04</b>	4,117.06
Financial expenses	43	<b>1,679.89</b>	1,537.50
<b>Total operating expenses</b>		<b>70,913.22</b>	<b>60,491.54</b>
<b>Operating Income</b>		<b>35,714.65</b>	29,328.62
Other income, net	39	<b>2,038.23</b>	2,013.05
<b>Income before provision for taxes</b>		<b>37,752.88</b>	<b>31,341.67</b>
<b>Provision for taxes</b>			
Current tax expenses	45	<b>4,276.88</b>	3,494.04
Deferred tax benefit	46	<b>111.70</b>	143.69
Fringe benefit tax		<b>712.71</b>	374.68
<b>Profit after Tax</b>		<b>32,651.59</b>	27,329.26
Minority interest		<b>(13.05)</b>	(86.25)
<b>Distributable Profit</b>		<b>32,664.64</b>	27,415.51
Dividend		<b>7,581.34</b>	20,462.44
Retained Profit		<b>25,083.30</b>	6,953.07
<b>Earning per Equity Share</b>			
<b>Net Earning (Distributable Profit)</b>		<b>32,664.64</b>	<b>27,415.51</b>
<b>Weighted Average Equity Shares Outstanding</b>			
Basic		<b>863826759</b>	860884512
Diluted		<b>868807461</b>	869534762
<b>Earning per share</b>			
Basic		<b>3.78</b>	3.18
Diluted		<b>3.76</b>	3.15

The accompanying notes are an integral part of these Consolidated Financial Statements

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

**Manoj Kumar Das**  
Partner

Place : New Delhi  
Date : 30th April, 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

Chairman  
Whole time Director  
Whole time Director

A.K. Jain

GM (Finance) &  
Company Secretary

# Consolidated Statement of Cash Flow

**Schedule C**

for the year ended 31st March 2008

(All amounts in Indian Rupees in lacs)

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
<b>Net Income</b>	<b>32,664.64</b>	27,415.51
<b>Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities</b>		
Depreciation and amortization	4,479.04	4,117.06
Provision for Taxation	4,989.60	3,868.72
Deferred tax benefits	111.70	143.69
Loss / (gain) on disposal of property, plant and equipment	131.28	(196.23)
Loss / (gain) on disposal of investment	(984.68)	(533.89)
Amortization of employees stock option plan expenses	850.62	1058.59
Minority interest	(13.05)	(86.25)
Interest expenses	1,679.89	1,537.50
<b>Changes in operating assets and liabilities</b>		
(Increase) / decrease in accounts Receivable	(3,781.03)	(6,762.08)
(Increase) / decrease in Inventories	(4,483.74)	(4,486.84)
Decrease / (increase) in other non current assets	(333.77)	75.27
Decrease / (increase) in other current assets	(3,504.86)	(4,916.72)
Increase / (decrease) in account payable	7,319.11	927.12
Increase / (decrease) in other Current Liabilities	2,403.99	4,844.12
Increase / ( decrease) in other non current liabilities	4,305.60	2,181.20
Dividend Tax	(1,101.28)	(2,516.87)
Income tax paid	(4,989.60)	(3,868.72)
Interest paid	(1,679.89)	(1,537.50)
<b>Net cash provided by operating activities</b>	<b>38,063.57</b>	21,263.67
<b>Cash flow from Investing activities</b>		
Expenditure on property, plant and equipment	(7,398.42)	(5,262.65)
Proceeds from sale of property, land and equipment	97.34	580.78
Purchase of intangibles	(5,083.22)	(569.44)
Purchase of Marketable securities	(20,264.00)	(7,962.00)
Sale of other securities	8,946.68	4,623.23
<b>Net cash issued in investing activities</b>	<b>(23,701.63)</b>	(8,590.08)
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock option	11.39	24.72
Increase of short term debts (net)	(5,030.62)	7,864.32
Repayment of long term debts (net)	(1,113.00)	(2,002.47)
Payment of dividend	(6,480.05)	(17684.31)

# Consolidated Statement of Cash Flow for the year ended 31st March 2008

(All amounts in Indian Rupees in lacs)

	(Year ended 31 <sup>st</sup> March)	
	2008	2007
<b>Net cash provided by financing activities</b>	<b>(12,612.27)</b>	<b>(11,797.74)</b>
Net increase in cash and cash equivalent during the year	1,749.66	875.85
Cash and cash equivalent at the beginning of the year	5,768.60	4,892.75
Cash and cash equivalent at the end of the year	7,518.26	5,768.60

Cash and Cash equivalent is net off Bank overdrafts.

As per our Report of even date attached  
For **G. Basu & Co.**  
Chartered Accountants

**Manoj Kumar Das**  
Partner

Place : New Delhi  
Date : 30th April 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

A.K. Jain

Chairman  
Whole time Director  
Whole time Director

GM (Finance) &  
Company Secretary

# Schedule D

(All amounts in Indian Rupees in lacs)

## REINSTATEMENT OF RESERVE & COMPREHENSIVE TOTAL INCOME FROM INDIAN GAAP TO IFRS APPLICABLE TO EU AS ON 01.04.2006

Particulars	Technical Knowhow	Share price Premium	Other Reserves	Retained Earnings	Stock Option Reserve	Minority Interest	Proposed dividends	Current Investment	Readily Marketable Equity Securities	Deferred Tax Liability	Accumulated Depreciation (FA)	Comprehensive Total Income	Impairment of Biological stock	Accumulated Depreciation Intangible Assets - Patent	Taxation (Forming part of non-current liability)
1. As per Indian GAAP	46.87	3051.45	15092.24	21586.11	1002.38	546.08	6537.09	4089.34	4.80	1583.34	20532.91	Nil	0.22	370.41	5959.78
2. Adjustment for Fair value of Fixed Assets (Note-2.1)	-	-	-	1751.83	-	19.68	-	-	-	(486.55)	(1,299.96)	-	-	-	-
3. Adjustment for Intangible Assets (Note-2.2)	-	-	-	370.41	-	-	-	-	-	-	-	-	-	(370.41)	-
4. Proposed Dividend added back (Note 2.3)	-	-	-	6537.09	-	-	(6,537.09)	-	-	-	-	-	-	-	-
5. Excess Amortisation of ESOP written back (Note-2.4)	-	-	-	3.43	(3.43)	-	-	-	-	-	-	-	-	-	-
6. Goodwill Impaired (Note-2.5)	-	-	-	(16133.75)	-	(21.25)	-	-	-	-	-	-	-	-	-
7. Unrealised Gain on Current Investment (Note-2.9)	-	-	-	-	-	-	-	6.90	-	1.93	-	4.97	-	-	-
8. Unrealised Gain on Readily Marketable Equity Securities (Note 2.9)	-	-	-	-	-	-	-	-	241.60	88.28	-	153.32	-	-	-
9. Adjustment for Deferred payment Exp. (Note 2.6)	(46.87)	-	-	(31.31)	-	-	-	-	-	(15.56)	-	-	-	-	-
10. Impairment of Biological Asset (Note 2.7)	-	-	-	(0.14)	-	-	-	-	-	(0.08)	-	-	(0.22)	-	-
11. Tax Provision made in earlier years written back in 2006-2007 (Note 2.8)	-	-	-	132.55	-	-	-	-	-	-	-	-	-	-	(132.55)
	<b>0</b>	<b>3051.45</b>	<b>15092.24</b>	<b>14216.22</b>	<b>998.95</b>	<b>544.51</b>	<b>0</b>	<b>4086.24</b>	<b>246.40</b>	<b>1171.36</b>	<b>19232.95</b>	<b>158.29</b>	<b>0</b>	<b>0</b>	<b>5827.23</b>

**STATEMENT OF STOCK HOLDERS' EQUITY, RESERVE  
AND COMPREHENSIVE TOTAL INCOME AS ON 31.03.2007**

**Schedule E**

(All amounts in Indian Rupees in lacs)

<b>Particulars:</b>	No. of shares:	Stock Holder's Equity	Share Premium /Capital Redemption Reserve	Other Reserve	Stock Option Reserve	Retained Earning	Minority Interest	Comprehensive Total Income
As on 1.4.06	573302784	5,733.04	3,051.45	15,092.24	998.95	14,216.22	544.51	158.29
Transfer from Retained earning to other Reserve (Note -2.11.7)	--	--	--	3,354.44	--	-3,354.44	--	--
Bonus Issue (Note -2.11.1)	287045551	2,870.46	-2,870.46	--	--	--	--	--
Issue of Share against exercise of stock option(Note-2.11.2)(a)	2472137	24.72	--	--	--	--	--	--
Premium amount against exercise of stock option (Note No - 2.11.3)	--	--	706.41	--	-706.41	--	--	--
Stock option amortisation (Note No - 2.11.2(b))	--	--	--	--	1,058.59	--	--	--
Issue of share against scheme of merger (Note-2.11.6)	63336	0.63	--	--	--	--	--	--
Unrealised gain on readily marketable equity securities (net of deferred tax) (Note -2.11.5)	--	--	--	--	--	--	--	-103.23
Increase in unrealisable gain on current investment (net of deferred tax) (Note -2.11.5)	--	--	--	--	--	--	--	25.52
Translation adjustment (Note -2.11.5)	--	--	--	--	--	--	--	351.53
Net Income	--	--	--	--	--	6,953.07	-86.25	--
<b>Closing Balance 31.03.2007</b>	<b>862863808</b>	<b>8,628.85</b>	<b>887.40</b>	<b>18,446.68</b>	<b>1,351.13</b>	<b>17,814.85</b>	<b>458.26</b>	<b>432.11</b>

**STATEMENT OF STOCK HOLDERS' EQUITY, RESERVE  
AND COMPREHENSIVE TOTAL INCOME AS ON 31.03.2008**

**Schedule F**

(All amounts in Indian Rupees in lacs)

Particulars:	No. of shares:	Stock Holder's Equity	Share Premium/ Capital Redemption Reserve	Other Reserve	Stock Option Reserve	Retained Earning	Minority Interest	Comprehensive Total Income
<b>Opening Balance as on 01.04.2007</b>	<b>862883808</b>	<b>8,628.85</b>	<b>887.40</b>	<b>18,446.68</b>	<b>1,351.13</b>	<b>17,814.85</b>	<b>458.26</b>	<b>432.11</b>
Transfer from Retained earning to other Reserve (Note 2.12.6)				7,043.54		-7,043.54		
Issue of Share against exercise of stock option (Note-2.11.1 (a) )	1139165	11.39						
Premium amount against exercise of stock option (Note No - 2.12.2)			495.09		-495.09			
Stock option amortisation (Note No 2.12.1(b))					850.62			
Translation adjustment (Note No 2.12.7)								-746.13
Additional liability towards service benefit (net of defered assets Rs. 2193.21) (Note No 2.12.6)				-4,259.31				
Unrealised gain on short term invest (net of defered Tax 5.86) Note No 2.12.4)								102.15
Unrealised gain on long term investment (net of defered tax 24.49) (Note No 2.12.4)								-6.04
Net Income						25,083.30	-13.05	
<b>Closing Balance as on 31.03.2008</b>	<b>864022973</b>	<b>8,640.24</b>	<b>1,382.49</b>	<b>21,230.91</b>	<b>1,706.65</b>	<b>35,854.61</b>	<b>445.21</b>	<b>-217.92</b>

**Segment report and related information March 08**  
**Conformity to IFRS 14**

**Schedule G**

(All amounts in Indian Rupees in lacs)

	Consumer Care Business		Consumer Health Business		Foods		Retail		Others		Unallocated		Total Consolidated	
	Current Year	Previous Year	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	185,466.81	160,046.30	15,796.13	14,747.31	29,829.09	24,389.43	4.87	0.00	4,988.32	4,302.60	0.00	0.00	236,065.22	203,485.64
Inter-segment sales														
<b>Total Revenue</b>	<b>185,466.81</b>	<b>160,046.30</b>	<b>15,796.13</b>	<b>14,747.31</b>	<b>29,829.09</b>	<b>24,389.43</b>	<b>4.87</b>	<b>0.00</b>	<b>4,988.32</b>	<b>4,302.60</b>	<b>0.00</b>	<b>0.00</b>	<b>236,065.22</b>	<b>203,485.64</b>
<b>RESULT</b>														
Segment result	47,101.74	39,619.48	3,626.21	3,638.15	4,519.35	3,053.11	-711.14	0.00	204.34	113.12			54,740.50	46,423.86
Unallocated corporate expenses											-17,345.96	-15,557.74	-17,345.96	-15,557.74
<b>Operating profit</b>	<b>47,101.74</b>	<b>39,619.48</b>	<b>3,626.21</b>	<b>3,638.15</b>	<b>4,519.35</b>	<b>3,053.11</b>	<b>-711.14</b>	<b>0.00</b>	<b>204.34</b>	<b>113.12</b>	<b>-17,345.96</b>	<b>-15,557.74</b>	<b>37,394.54</b>	<b>30,866.12</b>
Interest expense (Net)											1,679.89	1,537.50	1,679.89	1,537.50
Income Tax(Current + Deferred)											5,101.29	4,012.41	5,101.29	4,012.41
<b>Profit from ordinary activities</b>	<b>47,101.74</b>	<b>39,619.48</b>	<b>3,626.21</b>	<b>3,638.15</b>	<b>4,519.35</b>	<b>3,053.11</b>	<b>-711.14</b>	<b>0.00</b>	<b>204.34</b>	<b>113.12</b>	<b>-24,127.14</b>	<b>-21,107.65</b>	<b>30,613.36</b>	<b>25,316.21</b>
Other income											2,038.23	2,013.05	2,038.23	2,013.05
<b>Net profit</b>	<b>47,101.74</b>	<b>39,619.48</b>	<b>3,626.21</b>	<b>3,638.15</b>	<b>4,519.35</b>	<b>3,053.11</b>	<b>-711.14</b>	<b>0.00</b>	<b>204.34</b>	<b>113.12</b>	<b>-22,088.91</b>	<b>-19,094.60</b>	<b>32,651.59</b>	<b>27,329.26</b>
Minority interest											-13.05	-86.25	-13.05	-86.25
<b>Net profit</b>	<b>47,101.74</b>	<b>39,619.48</b>	<b>3,626.21</b>	<b>3,638.15</b>	<b>4,519.35</b>	<b>3,053.11</b>	<b>-711.14</b>	<b>0.00</b>	<b>204.34</b>	<b>113.12</b>	<b>-22,075.86</b>	<b>-19,008.35</b>	<b>32,664.64</b>	<b>27,415.51</b>
<b>OTHER INFORMATION</b>														
Segment assets	63,498.37	63,370.39	6,190.53	6,768.77	10,699.83	11,438.41	1,884.33	0.00	3,259.94	2,919.53			85,533.00	84,497.09
Unallocated corporate assets											58,284.24	26,002.44	58,284.24	26,002.44
<b>Total assets</b>	<b>63,498.37</b>	<b>63,370.39</b>	<b>6,190.53</b>	<b>6,768.77</b>	<b>10,699.83</b>	<b>11,438.41</b>	<b>1,884.33</b>	<b>0.00</b>	<b>3,259.94</b>	<b>2,919.53</b>	<b>58,284.24</b>	<b>26,002.44</b>	<b>143,817.24</b>	<b>110,499.53</b>
Segment liabilities	26,606.83	34,138.57	775.46	742.54	2,645.00	5,935.44	420.10	0.00	55.71	152.79			30,503.10	40,969.34
Unallocated corporate liabilities											44,271.95	21,510.92	44,271.95	21,510.92
<b>Total liabilities</b>	<b>26,606.83</b>	<b>34,138.57</b>	<b>775.46</b>	<b>742.54</b>	<b>2,645.00</b>	<b>5,935.44</b>	<b>420.10</b>	<b>0.00</b>	<b>55.71</b>	<b>152.79</b>	<b>44,271.95</b>	<b>21,510.92</b>	<b>74,775.05</b>	<b>62,480.26</b>
<b>CAPITAL EXPENDITURE</b>	<b>21,009.34</b>	<b>18,381.14</b>	<b>1,151.09</b>	<b>959.39</b>	<b>6,145.78</b>	<b>5,122.27</b>	<b>1,044.63</b>	<b>0.00</b>	<b>1,565.94</b>	<b>1,305.15</b>	<b>11,296.71</b>	<b>9,415.36</b>	<b>42,213.48</b>	<b>35,183.31</b>
Depreciation	1,890.38	1,748.13	201.49	169.29	913.56	844.05	37.61	0.00	281.63	254.54	1,154.37	1,101.05	4,479.04	4,117.06

Note: Discontinued operation has immaterial impact on segment report.

# Notes to Consolidated Financial Statement Compiled under IFRS applicable to European Union for the year ended 31.3.2008

(all amounts in Indian currency in Lac unless specified otherwise)

- 1 Business combination:** Dabur India Limited (DIL) along with its subsidiaries (collectively known as Group) situated in India and abroad constitutes a FMCG Conglomerate.

The company was incorporated on 16<sup>th</sup> September 1975 with the object of manufacturing and marketing FMCG, Ayurvedic & Pharmaceutical products. The pharmaceutical division of the company was demerged from the existing entity on 1.4.2003. DIL has manufacturing facilities in eight States of India. The group companies presently have manufacturing facilities in seven countries, namely India, Bangladesh, Nepal, Dubai, Sharjah, Egypt & Nigeria. Major markets of the group include India, Middle East, Nepal, Bangladesh, USA and UK.

The growth of the company has been phenomenal since early ninety rarely shared by any other FMCG company in this subcontinent.

The consolidated financial statements include the financial statements of DIL and its subsidiaries. An entity in which DIL directly or indirectly, through other subsidiary undertakings, has taken a controlling interest or is in a position to control composition of directors is classified as a subsidiary. All material inter-company accounts and transactions have been eliminated on consolidation.

Consolidated herein are the group companies (all engaged in FMCG business) whose particulars are furnished below :-

Name of Subsidiary:	Country of incorporation	Shareholding
Dabur Nepal Pvt Ltd	Nepal	97.5% by Dabur International Ltd
Dabur U.K. Ltd	British Virgin Island	100% by Dabur International Ltd
Dabur International Ltd	Isle of MAN	100%
Weikfield International (UAE) Ltd*	United Arab Emirate	38.41% by Dabur international Ltd
H & B Stores Ltd	India	100%
Dabur Egypt Ltd	Egypt	76% by Dabur U.K. Ltd & 24% by Dabur International Ltd
African Consumer Care Ltd	Nigeria	90% by Dabur International Ltd & 10% by Dabur U.K. Ltd
Asian Consumer Care Pvt Ltd	Bangladesh	76% by Dabur International Ltd
Asian Consumer Care Pakistan Pvt. Ltd	Pakistan	100% by Dabur International Ltd
Naturelle LLC	Emirates of Ras Al Khaimah	100% by Dabur International Ltd

\*Control on composition of Board of Directors by parent company arises d'etre of subsidiary status

Since the date of transition from Indian GAAP to IFRS meant for EU is 1.4.2006 and the practice of preparation of consolidated financial statement (CFS) under pooling method has been in vogue since much longer period under Indian GAAP, the stipulation of IFRS-3 laying down purchase method of incorporating consolidated accounts had to be done away with for business combination lasting since before transition date.

However purchase method has been applied for consolidation / merger of any new entity or change in business combination of existing entities forming the group.

Since the date of acquisition of a number of subsidiaries date years back, it could not be practicable to provide feed back on extent of the contingent liability inherited by the group on respective date of acquisition of each subsidiary. Considering this, the break up of contingent liabilities relevant to subsidiaries on the transition date are furnished below :-

Contingent Liabilities of Subsidiaries on transition date :

	INR
a) Letter of Credit	1881.25
b) Bank Guarantees executed	1928.55
c) Sales Tax under appeal	217.10
d) Income Tax under appeal	38.11
e) Estimated amount of contract remaining to be executed	119.90

Disclosed value of contingent liabilities under various heads remain at fair value in terms of best judgement of the management.

- 2. First time adoption of International Financial Reporting Standards (IFRS)**

The group has adopted IFRS as applicable to European Union (EU) with effect from 1<sup>st</sup> April 2007 with a transition date to 1<sup>st</sup> April, 2006.

Consequently, various heads of accounts including stockholder's equity under Indian GAAP have been recast as follow so as to conform to exigencies of IFRS-1.

- 2.1 Rate of depreciation on property, Plant and Equipments have been retrospectively revised to rates specified in note 10 so as to carry them at fair value in the balance sheet as required under IAS-16.  
This resulted in decline of accumulated depreciation of Property, Plant, Equipment by INR 1299.96 with corresponding fall in goodwill and deferred tax liabilities by INR 15.00 and INR 486.55 respectively and rise in retained earning and minority interest by INR 1751.83 and INR 19.68 respectively.
- 2.2 Considering deemed cost of indefinite lived intangible assets (patents) at the date of transition to IFRS is the original cost at which these assets were recognized in the balance sheet, accumulated amortization thereon upto the transition date amounting to INR 370.41 has been written back with consequent rise in retained earning by said amount.  
Said assets have been subjected to periodic test of impairment as required under IAS-38.
- 2.3 Proposed dividend INR 6535.00 (including tax thereon INR 804.06) not being recognizable under IFRS as laid down under IAS-10 but provided as per requirements of Indian GAAP has been written back with consequent rise in retained earning by like amount.
- 2.4 Share based payment towards employees stock option scheme (ESOP) had been accounted for under Indian GAAP as per SEBI guideline enjoining creation of reserve against option granted as per grant price derived under intrinsic value method. Transition to Black Schole method for determination of fair value of shares on grant date leads to reduction of stock option reserve by INR 3.43 with corresponding rise in retained earning.
- 2.5 Goodwill of INR 16155.00, arising from consolidation of three erstwhile Indian subsidiaries, Balsara Home Products Limited, Balsara Hygiene Products Limited and Besta Cosmetic Limited (refer Note No. 27c) and one overseas subsidiary Weikfield International (refer Note No. 27b) have been impaired subject to due test under IFRS-3 with consequent reduction in retained earning and minority interest by INR 16133.75 and INR 21.25 respectively.  
Recoverable value has been considered on the basis of value in use of concerned cash generating unit for the purpose of impairment.
- 2.6 Technical knowhow INR 46.87, appearing in balance sheet under Indian GAAP, has been impaired based on due test of impairment according to requirement of IAS-38 with corresponding fall in retained earning and deferred tax liability by INR 31.31 and INR 15.56 respectively.  
Recoverable value has been considered on the basis of value-in-use of the asset for the purpose of impairment.
- 2.7 Biological Asset (INR 0.22 ), being of insignificant quantum in balance sheet prepared under Indian GAAP, has been impaired with corresponding decline in retained earning and deferred tax liability by INR 0.14 and INR 0.08 respectively.
- 2.8 Pursuant to application of IAS-8, retained earning has been adjusted for excess provision of INR 132.55 made for tax in earlier years which has refunded in financial year 2006-07.
- 2.9 Following implementation of IAS-32, change in valuation of current investment from costs to market price contributing to unrealized gain of INR 4.97 (net of deferred tax INR 1.93 ) and that of readily marketable equity securities held for sale from costs to fair market value contributing to unrealized gain of INR 153.32 (net of deferred tax INR 88.28 ) have been accounted for as Comprehensive Total Income.
- 2.10 Presentation of account in terms of IAS-1 warrants various heads of assets and liabilities under existing GAAP have to be reclassified to meet the exigencies of IFRS. Accordingly Assets and liabilities under Indian GAAP have been recast / reclassified as per requirements so as to meet the IFRS.
- 2.11 Stockholder's equity, share premium, other reserve and minority interest as on 31.3.07
  - 2.11.1 Bonus of 28704551 number of equity shares have been issued pro-rata (1:1) to contemporary members of DIL against capitalization of share premium account by INR 2870.46 .
  - 2.11.2 (a) During financial year 2006-07, 2472137 number of equity shares of INR 1/- each of DIL have been issued to employees against exercise of stock option thereby raising equity base of stock holders by INR 24.72 .  
(b) Fair value of Grant of stock option under Black Scholes method amortised during the year 06-07 in terms of declared accounting policy, works out to INR 1058.59 .

- 2.11.3 Consequent upto of making share based payment as discussed in preceding paragraph, fair value of premium component of equity share issued on exercise of option by the beneficiaries during the year determined on BLACK SCHOLES Model aggregating INR 706.41 has been charged off to Stock Option reserve with corresponding credit to share premium account.
- 2.11.4 Share of loss of INR 86.25 of minority stake holders for financial year 2006-07 has been debited to minority interest account.
- 2.11.5 Decremental unrealized gain (net of deferred tax) towards readily marketable equity securities held for sale amounting to INR 103.13 has been charged off to Comprehensive Total Income. Similarly incremental unrealized gain (net of deferred tax) on current investment has been credited to Comprehensive Total Income. Exchange translation gain of INR 351.53 have been credited to Comprehensive Total Income.
- 2.11.6 Consequent upon merger of three subsidiaries Balsara Home Products Ltd., Balsara Hygiene Products Ltd. and Balsara Cosmetic Ltd. with the parent company, 6336 number of equity share of INR 1/-each of DIL have been issued to erstwhile minority stake holder in merged entities with corresponding rise in stake holder equity by INR 0.63 .
- 2.11.7 INR 3354.44 has been transferred from retained earning to other reserve in terms of resolution of Board of Directors of entities under consolidation.
- 2.12 Stockholder's equity, share premium, other reserve and minority interest as on 31.3.08.
- 2.12.1 (a) During financial year 2007-08, 1139165 number of equity shares of INR 1/- each of DIL have been issued to employees against exercise of stock option thereby raising equity base of stock holders by INR 11.39 .
- (b) Fair Value of Grant of Stock option under Black Schole method amortised during the year 07-08 works out to INR 850.62.
- 2.12.2 Consequent upto of making share based payment as discussed in preceding paragraph, fair value of premium component of equity share issued on exercise of option by the beneficiaries during the year determined on BLACK SCHOLES Model aggregating INR 495.09 has been charged off to Stock Option reserve with corresponding credit to share premium account.
- 2.12.3 Share of loss of INR 13.05 of minority stake holders for financial year 2006-07 has been debited to minority interest account.
- 2.12.4 Incremental unrealized gain (net of deferred tax) towards readily marketable equity securities held for sale amounting to INR 102.14 has been charged off to Comprehensive Total Income. Similarly Decremental unrealized gain (net of deferred tax INR 6.04 ) on current investment has been debited to Comprehensive Total Income. Exchange translation loss of INR 774.03 have been credited to Comprehensive Total Income.
- 2.12.5 INR 6452.52 has been debited to other Reserves on 01.04.2007 in application of Accounting Polices referred to Note 17.5 for the first time.
- 2.12.6 INR 7053.54 has been transferred from retained earning to other reserve in terms of resolution of Board of Directors of entities under consolidation.

### 3. Basis of presentation and use of estimates :

The accompanying CFS include Dabur India Limited and its subsidiaries and are prepared in accordance with accounting principles generally accepted in IFRS applicable to EU. The preparation of consolidated financial statement in conformity with IFRS requires management to make estimates and assumption. These estimates and assumptions affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual result could differ from these estimates. The management's estimates of charge back rebates, discount, returns and the useful life of tangible, impairability of fixed assets, treatment of goodwill and intangibles with estimable lifespan, realization of deferred assets present sensitive estimate in particular.

### 4. Foreign currency translation :

Functional currency of DIL is in Indian Rupee (INR) in which the group accounts have been presented. The accompanying financial statements are reported in INR accounted for under re-measurement method. Monetary assets and liabilities of Overseas group Companies are translated in INR at the appropriate year end exchange rates. Income and expenses are translated using monthly average exchange rate in effect during the year under report. The result in translation adjustment are recorded as component of other comprehensive income. Non-monetary assets and outside liabilities have been accounted for in terms of exchange rate ruling on the date of transaction.

Total exchange loss during financial year 2007-08 was INR 774.03 which has been accounted for as comprehensive

total income. Relevant loss include INR 512.05 on account of translation of financial instrument (accounts receivable and accounts payable) in reporting currency.

#### 5. **Taxation :**

Taxation is that chargeable on the profits for the period together with deferred taxation and fringe benefit tax.

Deferred taxation is provided in full using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is provided on temporary differences arising on investments in Group undertakings, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that it will not reverse in the foreseeable future. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. As envisaged under IAS 12, deferred tax assets and liabilities are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date.

#### 6. **Research and Development :**

Research expenditure is charged to income in the year in which it is incurred. Development expenditure is charged to income in the year it is incurred, unless it meets the recognition criteria of IAS 38 on Intangible Assets.

#### 7. **Impairment of Assets :**

Assets are reviewed for impairment whenever events indicate that the carrying amount of a cash-generating unit may not be recoverable. In addition, assets that have indefinite useful lives are tested annually for impairment. An impairment loss is recognized to the extent that the carrying value exceeds the higher of the asset's fair value less costs to sell and its value in use.

A cash generating unit is the smallest identifiable group of assets that generates cash flows which are largely independent of the cash flows from other assets or groups of assets. At the acquisition date, any goodwill acquired is allocated to the relevant cash generating unit of group of cash generating units expected to benefit from the acquisition for the purpose of impairment testing of goodwill.

#### 8. **Inventories :**

Inventories are stated at the lower of cost and net realizable value. Cost is based on the weighted average cost incurred in acquiring inventories and bringing them to their existing location and condition, which will include raw materials, direct labour and overheads, where appropriate. Net realizable value is the estimated selling price less costs to completion and sale.

#### 9. **Investment Securities :**

The Group Companies follow investment policies, which are consistent with the provision of IAS-32 & 39. Short term readily marketable securities are held at market price at period end. Investment held for long term in securities where significant influence exists are valued at fair value. Unrealised gain and losses, net of related tax effect are reported as a separate component of stock holder's equity in comprehensive total income until realized. Realised gain or losses on sale of securities are computed with reference to their weighted average cost. Realised gains, losses and decline in value on non-readily marketable available-for-sale securities that are judged to be other than temporary, are included in the statement of income. Interest and dividend income is recognized when earned.

#### 10. **Property, Plant and Equipment :**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful life of the respective assets in terms of IAS-16. Assets under capital leases and leasehold improvements are amortized over the lower of their estimated useful lives or the term of the lease.

Expenditure for additions and improvements are capitalized, while costs for repairs and maintenance are charged to operations as incurred. Advances paid for the acquisition of property, plant and equipment outstanding at the balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed as "capital work-in-progress". The cost and the accumulated depreciation for assets sold, retired or otherwise disposed of are removed from the amounts disclosed in the balance sheet and the resulting gain or loss is included in the Consolidated Statement of Income.

Estimated cost of sale is reduced from carrying amounts of assets when the same is held, for disposal. No further depreciation is provided after the asset become idle whether on the ground of temporary suspension of use or poised for sale.

The Group Companies have determined the estimated useful lives of assets for depreciation purposes.

Assets held & used 31.3.08 :

Type of Assets :	Estimated useful life for charging depreciation :
Leasehold Land	20 years
Buildings	10-15 years
Plant and Machinery	6-15 years
Furniture and Fixtures	10-15 years
Office Equipment	15 years
Vehicles	5 years

Property, plant & equipment aggregating INR 33942.69 are mortgaged/hypothecated to bank and financial institutions towards security on loan.

#### 11. Intangibles (Patent and Software) :

Patents, being indefinite lived intangible assets, are periodically subjected to impairment test. Software is amortized over the useful lifetime of the asset on straight-line method subject to periodic review of utility.

#### 12. Goodwill :

Goodwill arises out of consolidation of subsidiaries or merger of body corporate with group companies being the excess of value of investment over proportionate stake in net assets of subsidiaries/merged entities in terms of book values which are indicated in the consolidated balance sheet. Goodwill is not amortized but subjected to periodic impairment test. Goodwill of business combination, if works out to negative, is recognized as income.

#### 13. Financial Instruments :

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the relevant instrument and derecognized when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

#### 14. Share-based payments :

The Group has equity-settled share-based compensation plans.

Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed over the vesting period, based on the group's estimate of awards that will eventually vest. For plans where vesting conditions are based on total shareholder returns, the fair value on date of grant reflects these conditions, whereas earning per share vesting conditions are reflected in the calculation of awards that will eventually vest over the vesting period. Fair value is measured by the use of the Black Scholes option pricing model.

#### 15. Advertising Cost :

Expenditure on advertising is expensed when incurred.

#### 16. Earnings per share :

In accordance with IAS-33, "Earning per Share", basic earning per share is computed using the weighted average number of common shares outstanding during the period. Diluted earning per share is computed using the weighted average number of common and diluted common equivalent shares outstanding during the period.

Earning / (loss), if material, on discontinued operation is disclosed separately.

#### 17. Revenue Recognition :

17.1 Customers of the Group Companies consist primarily of large wholesalers and dealers network who sell directly into the retail channel. Revenue from product sales is recognized when the merchandise is sold or shipped to customers and all four of the following criteria are met : (i) persuasive evidence that an arrangement exists (ii) delivery of the products has occurred, (iii) the selling price is both fixed and determinable and (iv) collectibility is reasonably assured.

Provisions for sales discounts, damaged product returns, exchange for expired product are established as a reduction of product sales revenues at the time such revenues are recognized. Certain charge backs and rebate programmes extended to customers pursuant to industry standards are recognized as a reduction from product sales revenues. Besides taxes/duties incidental to sale are recognized as a reduction from product sale revenue.

**17.2 Interest, Royalty, Dividend**

Dividend is recognized at the point of declaration of Dividend by investee entity. Interest has been accounted for on time proportion basis. Royalty is provided for accrual basis based on agreement of receipts option.

**17.3 Borrowing Costs :**

The borrowing costs as per IAS-23 on the bench mark treatment that borrowing costs could be recognized as expenses in period in which they are incurred regardless of how the borrowings are applied.

**17.4 Segment Report :**

Segment Report has been drawn in application of IAS-14. The group does not have any associates. It has one joint venture which has not been considered as entire investment therein has already been provided for and investment thereon is negligible. The segment report has been furnished on the basis of reportable industries segment.

Regarding geographical segment since export sale to un-affiliated customers do not exceed 10% of total sale, the same has not been furnished.

Major industrial segment include consumer care business, consumer health business, food business and others.

**17.5 Employees are entitled to post retirement benefit under defined contribution plan and defined benefit plan.**

The Group operates both defined benefit and defined contribution schemes. The net deficit or surplus for each defined benefit scheme is calculated in accordance with IAS-19 based on the present value of defined benefit obligation at the Balance Sheet date less fair value of the scheme assets.

Defined benefit plans relate to Gratuity, Leave Salary and post separation benefits of Directors. Considering the absence of stipulations contained under IAS-19, in Indian GAAP, it was not practicable to affect the standard retrospectively, since transition date. However, the Group has ascertained its liability towards defined benefit obligation with effect from 01.04.2007 and restated opening liability as accruing, being the difference between obligation and plan assets, is adjusted against retained earning as on 01.04.2007. The annual accretional liability arisen out of past service cost, current service cost, actuarial loss/gain, return on investment, and interest cost as deduced by the Actuary, are recognized in the year of incurrance. To this extent figures of financial year 2006-07 in respect of Employee related expenses and not comparable with those of 2007-08.

**18. Contingent Liabilities, Contingent Assets and Contingent Provision :**

Contingent liabilities as per IAS-37 is possible obligation that arises from past event and whose existence will be confirmed on occurrence or non-occurrence of one or more certain future events not wholly within the control of the entity or present obligation that arises from past events that is not recognized because it is not possible that an outflow of resources embodying economic benefits will be required to settle the obligation or the obligation amount cannot be measured with sufficient reliability.

Contingent liabilities are not recognized but disclosed in the financial statement. However when past event occurred with resulting possible obligation for which it is likely that there will be a transfer of benefit and reliable estimate can be made for the amount of the obligation, provision is made therefor in terms of its discounted present value of obligation. A contingent asset as per IAS-37 is a possible asset that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the entity.

Contingent Assets are not recognized unless realization of income is virtually certain. However, the same is disclosed by way of note in financial statement.

**19. The directors of the parent company have recommended dividend amounting to INR 7581.48 (including dividend tax INR 1101.31 ) for financial year ended 31.3.2008. Further DIL paid interim dividend of INR 7581.33 (including INR 1101.28 on account of tax thereon) during & for financial year 2007-08 .****20. Reconciliation of weighted average equity outstanding basic vis-à-vis diluted :-**

i) Weighted average number of basic shares	863826759
ii) Additional right on equity share arising under grant of option under ESOP exercisable on future dates	4980702
iii) Weighted average diluted equity share outstanding	868807461

**21. Cash & Cash Equivalent :**

Cash & cash equivalent comprises following:

	INR	
	2008	2007
Cash in hand	46.43	24.80
Remittance in transit	8.40	7.49
Balance with schedule Bank	6888.02	5257.14
Balance with non-schedule Bank	575.41	479.17
<b>Total</b>	<b>7518.26</b>	<b>5768.60</b>

Cash equivalent represent deposits placed with Banks in the normal course of business operation. Balance with non-schedule bank is net off bank overdraft.

**22. Accounts Receivable :**

The Accounts receivable is stated net of allowance for doubtful debts. The group companies maintain an allowance for doubtful debts on accounts receivable, based on present and prospective financial condition of the customer receivable after considering historical experience and the current economic environment on case-to-case basis.

Total account receivable as at March 31, 2008, net of allowance for doubtful account of INR 745.40 (259.31 previous year) amounts to INR 17231.97 (14197.09 previous year).

	INR	
	2008	2007
Allowance at the beginning of the year	259.31	153.84
Allowance for Doubtful debts for the year	984.27	409.90
Account receivable write off during the year	498.18	304.43
Balance for allowance for doubtful debts	745.40	259.31

**23. Inventories :**

Inventories comprises of the following :-

	INR	
	2008	2007
Raw Materials	9131.94	7441.07
Packing materials, stores & spare	5513.74	5183.86
Stock in process	3628.32	3323.95
Finished goods	11974.42	9815.79
<b>Total</b>	<b>30248.41</b>	<b>25764.67</b>

**24. Other Current assets :**

Other current assets comprise of the following :

	INR	
	2008	2007
Advance payment of Tax	12761.57	8817.97
Advances to suppliers	2485.71	2407.28
Advance to employees	371.07	402.78
Balances with excise authority	1542.55	1124.37
Other advances recoverble in cash or in kind or value to be received	2872.31	3775.94
<b>Total</b>	<b>20033.20</b>	<b>16528.34</b>

**25. Property, Plant & Equipment:**

Property, Plant & Equipment Comprise of the following :

	INR	
	2008	2007
Freehold Land	1066.89	948.93
Leasehold Land	1128.26	923.50
Building, Roads & Culvert	17997.39	16397.50
Plant & Machinery	33942.69	29842.01
Vehicles	1608.32	1439.29
Furniture & Office Equipment	4515.89	4223.44
Computers	3540.42	3385.33
Capital Work in Progress	4434.73	734.20
<b>Total Gross Block</b>	<b>68234.59</b>	<b>57894.19</b>
<b>Less: Accumulated Depreciation</b>	<b>-26021.11</b>	<b>-22710.88</b>
<b>Net Block</b>	<b>42213.48</b>	<b>35183.31</b>

During the year plant & machinery, vehicle, furniture & fixture and computer costing INR 651.69, INR 240.67, INR 57.42, 288.62 respectively were sold. Accumulated depreciation thereon aggregated INR 1009.78 .

The depreciation expenses relating to Property, Plant and Equipment for the year is INR 4320.01 (4003.17 previous year).

**26. Investment:**

	INR	
	2008	2007
a) Current Investment:		
Cost of the Investment	20264.00	7962.00
Gross unrealized holding gain in accumulated other comprehensive income	189.98	39.87
Carrying Value	20453.98	8001.87
b) Investment readily available for sale		
(I) Readily marketable equity securities:		
Cost of the Investment	1.00	1.15
Gross unrealized holding gain in accumulated other comprehensive income	63.75	78.89
Carrying Value	64.75	80.04
(II) Readily marketable debt securities		
(Gross unrealized holding gain INR Nil)	Nil	NIL
(III) Not readily marketable equity securities:		
Cost of the Investment	106.44	106.44
Gross unrealized holding gain in accumulated other comprehensive income	Nil	Nil
Carrying Value	106.44	106.44

**27. Goodwill**

	INR	
	2008	2007
Gross Goodwill	17614.13	17614.13
Cumulative impairment provision	16155.00	16155.00
<b>Net Goodwill</b>	<b>1459.13</b>	<b>1459.13</b>

## Components of Goodwill :

- a) On September 14, 2003, the parent company acquired 100% stake in Dabur International Limited by way of acquiring 100000 numbers of shares therein at a consideration of INR 2287.50 . Excess of consideration money over the net asset value of the investee entity amounting to INR 825.40 has been accounted for as Goodwill.
- b) On September INR 14, 2003, the parent company acquired 38.41% stake in Weikfield International Limited by way of acquiring 615 numbers of shares amounting to INR 356.89 . Excess of consideration money over the net asset value of the investee entity amount to INR 562.35 has been accounted for as Goodwill. Said Goodwill was impaired subject to due loss of impairment during course of reinstatement of account to IFRS as on 1.4.06.
- c) On April 01, 2005, Balsara Hygiene Products Ltd., Balsara Home Products Ltd. and Besta Cosmetics Ltd. joined the group after DIL acquired directly or indirectly 99.52%, 100% and 100% stakes in respective entities at aggregate of consideration of INR 16345.20 . INR 15582.35, the excess of consideration money over proportionate net asset of these entities were treated as goodwill.

Entire goodwill on consolidation discussed in 'b' & 'c' above along with INR 10.30 of goodwill inherited from Balance Sheet of subsidiaries were impaired subject to due test of impairment during reinstatement of account in IFRS.

- d) As on April 01, 2006, three entities, Balsara Hygiene Products Ltd., Balsara Home Products Ltd and Besta Cosmetics Ltd. were merged with DIL. These companies 'accounts were consolidated herein upto previous financial year on the basis of three separate financial statements as subsidiaries of DIL. The merger, contributed to additional goodwill of INR 632.23 in CFS which has been carried in balance sheet and is subjected to due test of impairment.

**28. Details of intangible assets (Patent & Software) :**

		INR	
		2008	2007
Patents		1112.87	1112.87
Software	1472.29		
Less: Amortisation	272.92	1199.37	455.55
		2312.24	1568.42

**29. Other non-current assets :**

Other non-current assets include security deposits and those segment of current assets, which are not due for realization within a period of one year.

		INR	
		2008	2007
Fixed Deposit		138.55	298.21
Security deposits with various authorities		2004.84	1511.41
Advance to employees		32.00	32.00
Total		2175.39	1841.62

**30. Borrowing :**

- a) Short Term Debt (including current portion of long term debt) working capital and short term loan from banks comprises following:

Name of entity	Name of Bank	Amount in INR	Rate of interest per anum	Nature of security
Dabur Nepal Pvt. Ltd.	Nabil Bank Ltd	373.35	11.00%	Stocks, movable properties & guarantee by Dabur India Ltd.
-Do-	Standard Chartered Bank Nepal Ltd	2074.94	11.00%	-Do-
Asian consumer care Pvt.Ltd.	Nepal SBI Bank Ltd	1728.33	11.00%	-Do-
	Standard Chartered Bank & ABN Amro Bank	328.98	12.00%	Stocks, book debts, lease hold property, movable property, plant, equipment & personal guarantee of one of the director.
Weikfield International (UAE) LLC	(Standard Chartered Bank & ABN Amro Bank) Bank Overdraft	761.43	5%	Stock, book Debts, Lease hold property, Personal guarantee of one director
Dabur International Limited	(Standard Chartered Bank & ABN Amro Bank) Bank Overdraft	439.55	5%	Stock, book Debts, Lease hold property, Personal guarantee of one director.
Dabur Egypt Ltd	Banque Du cairo barklays	129.29	14.50%	Encumbrance on inventory
Naturelle LLC	ABN AMRO	1754.63	Libor+1.5%	Movable properties & guarantee by Dabur India Ltd.
<b>Short term loan</b>				
Dabur India Ltd	Consortium of IDBI Bank, SBC, SBI, ABN AMRO, UBI, UTI Bank, HDFC & Standard Chartered & ICICI	1122.40	8.00%	Stock & book debts
Dabur Nepal Pvt. Ltd	Deposits of Directors	48.13		
Dabur International Limited	Deposits of Directors/ Companies	18.45	8.50%	
<b>Total</b>		<b>8779.48</b>		

**31. Trade Accounts payable :**

Trade accounts payable of INR 24728.56 (P.Y. 17409.45) comprise trade creditors for goods & services which include notes payable of INR 7374.12 (previous year INR 8445.68 ).

**32. Accrued expenses & other current liabilities :**

Accrued expenses & other current liabilities comprise the following :

	INR	
	2008	2007
Bonus	80.86	75.43
Creditor for expenses	20531.93	17748.50
Deferred payment credit against machine	0.00	98.90
Advance from customers	278.61	542.84
Interest accrued but not due on loan	31.43	53.18
<b>Total</b>	<b>20922.84</b>	<b>18518.85</b>

**32A. Other non-current liabilities :**

	INR	
	2008	2007
Leave salary	370.41	87.44
Housing gratuity & other welfare	6572.54	229.65
Taxation	12804.68	8631.00
Deposits others	1.29	4.05
<b>Total</b>	<b>19748.93</b>	<b>8952.14</b>

**33. Minority Interest :**

	INR	
Stock holder's equity	161.79	161.79
Share Premium	9.38	9.38
Other Reserve	146.49	146.49
Retained earning	127.55	140.60
	<b>445.21</b>	<b>458.26</b>

**34. Long Term Debt, excluding Current portion :**

INR					
Name of entity	Bank/Inst.	Amount	Rate of interest	Nature of security	Repayment Terms
Asian Con. Care Pvt. Ltd.	Standard Chartered Bank	6.91	12.00%	Plant & Machinery	Quarterly
Dabur India Ltd.	GE Capital service	436.36	12.50%	Stocks, movable properties	
Dabur Nepal Pvt. Ltd.	Standard Chartered Bank	514.01	11%	Movable & immovable assets	Quarterly
Dabur India Ltd.	Deffered payment Credit	109.74	Int. free	Fixed assets of 5/1 Sahibabad	Yearly
Dabur India Ltd.	Investor Protection Fund	224.90	Int.free	Nil	
Dabur India Ltd.	Secutiry Deposits from Dealers	69.69	Int. free	Nil	
	<b>Total</b>	<b>1,361.61</b>			

**35. Stockholders' Equity :**

## a) Common Stock

DIL has only one class of common stock i.e. Equity Share of INR 1/each. Shareholders enjoy voting power in accordance to the number of Equity Shares held by them. Common Stock has been enhanced during the year by INR 11.39, towards exercise of stock option by minority.

## b) Employees Stock Exchange option :

Non-cancelled component of additional paid in share net-off quantum remaining unamortized shown separately under retain additional paid-in capital.

**36. Movement of Other Reserve :**

INR				
Particulars	As on 01.04.07	Transfer from Retained Earning	Utilised for Transition Provision	As on 31.03.08
Capital Reserve	2153.60	(+ 40.00)		2193.60
Employees Housing Reserve	456.03	-		456.03
Legal Reserve	61.23	(+ 3.54)		64.77
Other Revenue Reserve	15775.82	(+ 7000.00)	(-) 4259.31	18516.51
<b>Total</b>			(-) 4259.31	<b>21230.91</b>
Other Reserve	18446.68	(+ 7043.54)		

Revenue reserve includes consolidation reserve and merger reserve accumulated since years back which are not specifically quantifiable because of adoption of pooling method for the purpose of consolidation and merger for reason discussed in Business combination in note 1.4

### 37. Employees Stock Option :

The parent company has an Employees Stock Option Scheme (ESOP), which provides for grant of stock options in DIL to eligible management employees of group companies. The ESOP is administered by the Management Committee of the Board ("the Committee"). The criteria for granting options are essentially on the basis of the management grade of the employee. Exercise price of option is the fair value of shares on grant date.

	2008	Nos. 2007
Outstanding, beginning of the year	6124608	6691484
Granted	529426	645381
Exercised	1139165	948764
Cancelled	441209	263493
Outstanding, at the end of the year	5073660	6124608

Particulars of disclosure regarding share based payments :

	For the year	Cumulative
1. Number of Options	5,29,426	1,19,11,086
2. Pricing formula Black Scholes Pricing	Each option carries the right to the holder to apply for equity shares of the company at par	
3. Option vested	11,39,165	45,72,755
4. Options exercised	11,39,165	45,46,105
5. Total number of shares arising as a result of exercise of option	11,39,165	50,47,864
6. Option lapsed/cancelled	4,41,209	22,91,321
7. Variation in terms of options	None	None
8. Money realized by exercise of option (INR)	11,39,165	50,29,564
9. Total number of options in force	50,73,660	50,73,660
10. Weighted average exercise price (per option) weighted average fair value of per option:		(INR )
(per intrinsic value method)	-	99.96
(per black scholes model)	-	92.81
11. The fair value of each option is estimated using the Black Scholes model after applying the following weighted average assumptions:		
- Risk free interest rate		7.37
- Expected life		1 to 5 years
- Expected Volatility		38.75%
- Expected Dividend yield		2.74%
- Price of underlying shares in the Market at the time of option grant (INR)		99.53
12. Share based payment led to charge of INR 850.62 on Profit & Loss account with corresponding rise in Stock Option Reserve account in balance sheet		

**38. Revenue:**

	INR	
	2008	2007
Domestic sales less returns	202336.99	176023.40
Export sales	32499.57	26834.73
Subsidy	465.90	203.94
Sale of scrap	762.77	423.56
<b>Total</b>	<b>236065.22</b>	<b>203485.64</b>

**39. Other Income:**

	INR	
	2008	2007
Rent Realised	19.40	15.64
Dividend	0.00	0.30
Misc Receipt	1165.44	1013.21
Profit on sale of investment	984.68	533.89
Royalty	0.00	0.00
Profit/loss on sale of fixed assets	-131.28	450.00
<b>Total</b>	<b>2038.23</b>	<b>2013.05</b>

**40. Cost of Revenue:**

	INR	
	2008	2007
Raw Material consumed	56898.83	47659.30
Packing Materials consumed	38741.79	33438.11
Purchase of finished good	16148.58	18938.65
Increase(-)/Decrease in stock in process & finished goods	-1500.03	-2981.63
Manufacturing Expenses	8576.74	7425.54
Misc exp/receipt	18.75	18.75
Workmen & staff welfare	10798.35	9166.76
<b>Total</b>	<b>129683.01</b>	<b>113665.48</b>

**41. Selling, General & Administrative expenses:**

	INR	
	2008	2007
Rent	1522.77	1101.58
Rates & Taxes	250.65	212.59
Insurance	415.82	378.81
Freight & forwarding charges	8187.53	6569.60
Commission, Discount	1005.67	555.06
Advertisement & Publicity	29554.24	25585.81
Travel & Conveyance	2382.74	2388.87
Telephone	491.07	491.07
Legal & Professional Telephone, Fax expenses	1772.03	1149.66
Security expenses	338.44	252.91
General expenses	7942.41	6395.29
Directors Fees	11.13	10.50
Auditors' remuneration	77.97	80.33
Donation	469.63	430.30
Contribution to scientific research expenses	75.00	775.00
Bad debts	498.18	304.43
Provision for contingent liability	73.38	0.00
Loss on sale of fixed assets	0.00	1.28
<b>Total</b>	<b>55068.66</b>	<b>46683.07</b>

**42. Personnel Expenses:**

	INR	
	2008	2007
Directors' remuneration	713.77	841.72
Salaries & benefits	8121.25	6253.60
ESOP Employees	850.62	1058.59
<b>Total</b>	<b>9685.63</b>	<b>8153.90</b>

**42A. Depreciation & Amortization:**

	INR	
	2008	2007
Depreciation on Property, Plant & Equipment (Note 35)	4320.01	4003.17
Amortisation of Software (Note 28)	159.03	113.89
<b>Total</b>	<b>4479.04</b>	<b>4117.06</b>

**43. Financial Expenses:**

	INR	
	2008	2007
Interest paid on		
Fixed period loan	576.27	501.83
Others	600.07	608.18
Bank charges	503.55	427.49
<b>Total</b>	<b>1679.89</b>	<b>1537.50</b>

**44. Fair value of financial instruments :**

The company uses the following methods and assumptions to estimate fair value of each class of financial instruments for which it is practicable to estimate fair value.

Cash, cash equivalent and restricted cash – The carrying amount approximates fair value because of the short term maturity (upto months) of such instruments.

Accounts receivable – The carrying amount approximates fair value due to their short term nature and historical collectability.

Investments – The fair value of some investments are estimated based on their quoted market prices. For other investments, for which there are no quoted market prices, a reasonable estimate of fair value could not be made without incurring significant costs.

Accounts payable – The carrying value of accounts payable approximates fair value due to the short term nature of obligations.

Long term debt – The fair value of debt of the company is estimated based on quoted market prices or current rates offered to the company for same or similar debt. The carrying value of material long term debt approximates its fair value.

Estimated fair values of the Company's financial instruments are as follows :

	INR	
	2008	2007
Cash & cash equivalent	7518.26	5768.60
Accounts receivable	17231.97	14197.07
Investments for which:		
Practicable to estimate fair value	20520.17	8083.35
Non-practicable to estimate fair value	105.00	105.00
Accounts payable	24728.55	17409.45
Long term debt	1361.61	2474.61

**45. Income Taxes:**

Current Tax expenses includes foreign income tax provision of INR 138.33 for Dabur Nepal Pvt. Ltd. and INR 76.95 for Asian Consumer Care Pakistan Pvt Ltd and INR 11.29 for Dabur Egypt Ltd and INR 5.46 for Asian Consumer Care Pvt. Ltd.

**46. The break-up of deferred tax liability/benefit:**

	2008	2007
<b>A Deferred tax liability (Non-Current)</b>		
Depreciation of Plant & equipment	1445.57	1361.57
Long term investment	130.54	28.80
<b>Total Deferred Tax Liability (Non-Current)</b>	<b>1576.11</b>	<b>1390.37</b>
<b>B Deferred Tax assets (Non-Current)</b>		
VRS Payment	0.00	0.00
Service Benefits	2193.21	
Long term investment	0.00	0.00
Technical know how fees	8.46	8.46
<b>Total Deferred Tax assets (Non-Current)</b>	<b>2201.67</b>	<b>8.46</b>
<b>C Deferred Tax liability (A-B)</b>	<b>-625.56</b>	<b>1381.91</b>
<b>D Deferred Tax liability (Current)</b>		
Current investment	36.81	17.35
<b>Total Deferred tax liability (Current)</b>	<b>36.81</b>	<b>17.35</b>
<b>E Deferred tax assets (Current)</b>		
Service benefits	45.51	0.00
Disallowance	132.09	84.12
<b>F Total Deferred tax assets (Current)</b>	<b>140.79</b>	<b>66.77</b>
<b>G Total Deferred tax liability (C-F)</b>	<b>-766.35</b>	<b>1315.14</b>

**47. Related party transaction :**

- a. Sale of goods of INR 125.21 to ACI Ltd., Bangladesh, a joint venture partner.
- b. Rent paid INR 10.35 to ACI Ltd., Bangladesh, a joint venture partner and INR 47.87 to Key management personnel.
- c. Remuneration to key management personnel INR 1002.46.
- d. Loan given to Key Management Personnel INR 7.24.
- e. Director Fees INR 11.12.
- f. Exgratia and Pension to relative of Key management personnel INR 200.78.
- g. Repayment of Loan INR 2.00 received from Welltime Housing & Finance Ltd. and associates in which a key management personnel exercises significant influence.
- h. Services received amounting to INR 26.04 from ACI Ltd., Bangladesh, a joint venture partner.
- i. Loan taken from director amounting to INR 48.13.
- j. Interest paid on loan taken from director amounting to INR 3.85.

Note :

- i) Key Management personnel include Mr. Pradip Burman, Mr. Amit Burman, Mr. Mohit Burman, Mr. P.D. Narang, Mr. Sunil Duggal, Mr. Siddarth Burman, Mr. Peter Baker, Mr. R.S. Rana, His Highness Maharaja Gaj Singh, Mr. R.C. Bhargava, Mr. P.N. Vijay, Dr. S Narayan etc. all directors of group companies.
- ii) Relatives of key management personnel include Mr V.C.Burman

**48. Other contingency & capital commitment :**

- a) The group company is involved in certain claims, fiscal assessments and litigation arising in the ordinary course of business. Management believes that these claims taken individually or together, will not have a material effect on the financial statement of the company.

List of contingencies are as follows:

	INR	
	2008	2007
Claims not acknowledged as debts	271.02	262.28
In respect of Guarantees furnished		
Current	7786.21	12436.40
Non Current	0.00	1200.00
Bills purchased/discounted under letters of credit	3802.93	3124.95
Demand for taxes pending disposal of appeal(s)	3159.01	3305.94
In respect of Capital Commitment for unexecuted contract	6683.94	611.65

- b) Break up of current guarantees furnished along with other particulars:

			INR	
Guaranteed party	Name of party on whose behalf guarantee issued	Carrying Amount as on 31/03/08	Fair Value as on 31/03/08	
HDFC Limited	J P Sharma	7.50	7.50	
HDFC Limited	Naseem Ahmed	4.50	4.50	
HDFC Limited	R S Saini	8.75	8.75	
HSBC, New Delhi	Dabur Egypt Limited	258.01	258.01	
HSBC Ltd.	Dabur Egypt Limited	189.06	189.06	
National Societe Generale	Dabur Egypt Limited	1099.17	1099.17	
ABN Amro Bank	Dabur Oncology Plc.	1988.25	1988.25	
ABN Amro Bank	Naturalle LIC	2398.20	2398.20	
Hongkong Bank	Dabur India Ltd	74.69	74.69	
Hongkong Bank	H&B Stores Ltd	0.90	0.90	
Punjab National Bank	Dabur India Ltd	125.75	125.75	
IDBI Bank Ltd	Dabur India Ltd	10.81	10.81	
Nepal Arab Bank Ltd.	Dabur Nepal Private Ltd	1615.89	1615.89	
Standard Chartered Bank	Weikfield International UAE Ltd	4.73	4.73	
<b>Total</b>		<b>7786.21</b>	<b>7786.21</b>	

None of the parties favouring whom guarantee have been furnished is related party.

Non-current Loans and Advances includes INR 48.64 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 INR 68.13 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 Branch 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 INR 48.64 lac 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 INR 24.46 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 has received a refund of INR 5.95, 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.

**49. Concentration of customer**

The products of the groups meant for indigenous usage predominantly find outlet through dealers' networks widely spread across the length and breadth of the country, none of the dealers controlling noteworthy percentage of total indigenous sale. Exports are predominantly destined to West Asia, South Asia and South East Asian Countries.

Products constituting lions share of the total revenue include Chywanprash, Hajmola, Hair Oil, Fruit Juices, Honey, Shampoo, Toothpaste and other Cosmetics etc.

**50. Employees post retirement benefit :****A) Defined Benefit Plan**

(a) Pursuant to adoption of IAS 19 treatment of defined benefits obligations have been changed in terms of standard with the following adjustments incorporated in accounts.

I. INR 6452.52, being the aggregate of short fall in fair value of assets vis a vis opening obligation under revised calculation on account of gratuity, leave salary and post separation benefits of directors working out of INR 1269.87, INR 445.55 and INR 4737.10 respectively has been adjusted against opening revenue reserve.

II. Expenses recognized during the period :

Particulars				INR
	Gratuity	Leave Salary	Post Separation benefits of Director	Total
	(funded)	(funded)	(un-funded)	
A. Past Service Cost	0.00	0.00	0.00	0.00
B. Current Service Cost	213.92	30.70	393.37	637.99
C. Interest Cost	170.41	43.34	365.22	578.97
D. Expected Return on Plan Assets	(84.62)	(11.55)	0.00	(96.17)
E. Accumulated Loss/ Gain	28.99	(28.03)	(223.30)	(222.34)
F. Total Expenses recognized during the year (A+B+C+D+E)	328.70	34.46	535.29	898.45

III. Reconciliation of fair value of plan assets & present value of defined benefit obligations.

Particulars				INR
	Gratuity	Leave Salary	Post Separation benefits of Director	Total
	(funded)	(funded)	(un-funded)	
(a) Fair Value of plan assets as on 01.04.2007	797.62	172.63	0.00	970.25
(b) Fair Value of obligation as on 01.04.2007	2067.49	618.18	4737.10	7422.77
Charges against General Reserve	(1269.87)	(445.55)	(4737.10)	(6452.52)

IV. Consequent upon change in treatment of accounting of employees related liabilities referred to above, profit of the year and general reserve have been reduced by INR 133.90 and INR 6452.52 respectively with corresponding rise in provision by the aggregate of the two.

V. Reconciliation of opening and closing balances of obligations.

Particulars				INR
	Gratuity	Leave Salary	Post Separation benefits of Director	Total
	(funded)	(funded)	(un-funded)	
I. Obligation as on 01.04.2007	2067.49	618.18	4737.10	7422.77
II. Past service cost	0.00	0.00	0.00	0.00
III. Current service cost	213.92	30.70	393.37	637.99
IV. Interest cost	170.41	43.34	365.22	578.97
V. Actuarial Gain / (Loss)	28.99	(28.03)	(223.30)	(222.34)
VI. Merger	(76.28)	(50.93)	0.00	(127.21)
VII Settlement	(163.47)	(152.31)	(331.59)	(647.37)
VIII. Obligation as on 31.03.2008	2241.06	460.95	4940.80	7642.81

- VI. Investment detail of plan assets as on 31.03.2008  
100% in reimbursement right from insurance company for fund managed by it.
- VII Actuarial Assumption :
- |   |                               |
|---|-------------------------------|
| Discount rate (%)                       | 8.00                          |
| Estimated rate of return on plan assets | 7.50                          |
| Salary escalation ratio inflation (%)   | 13                            |
| Method                                  | Projected unit credit method. |
- VIII Effect of increase/(decrease) of 1% is assumed medical cost trend in respect of post separation benefit scheme of directors.
- |                            |                   |
|----------------------------|-------------------|
| 1. Current Cost            | NIL               |
| 2. Interest cost           | 17.33/ (13.48)    |
| 3. Accumulated Obligation. | 120.01 / (147.73) |
- IX The basis used for determination of expected rate of return is average return on long term investment in government bonds.
- X The estimate of future salary increase take in-to account regular increment, promotional increases and inflationary consequence over price index.
- XI 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% normal retirement age at 58.
- XII Consequent upon rising employees related liability on account of transitional provisions and current year accretion, respective deferred tax assets relevant there on amounting to INR 2193.21 and INR 45.51 adds to opening General Reserve and Profit for the year.

**B). Defined Contribution Plan :-**

Company's contribution to different defined contribution plans :-

Particulars	2007-08	2006-07
Provident Fund	562.56	458.95
Employee State Insurance	55.98	43.71
Employees Superannuation Fund	261.82	213.38
Other Employee Benefit	79.48	44.04

In view of the uncertainty on the date of outflow of fund towards other employee benefits, forming part of defined contribution plan, the liability accruing thereon, has not been discounted as on date.

**51. Impairment of Goodwill :-**

Gross goodwill amounting to INR 17614.13 has arisen against consolidation / merger of Dabur International Limited, UAE, Weikfield International Limited, UAE and Balsara Group, respective contribution to gross goodwill being INR 825.40, INR 562.35 and INR 16226.38 .

Goodwill has been accounted for in appropriate cash generating units (CGU's) being represented by each of independent manufacturing units, for the purpose of impairment.

Recoverable value of assets of referred CGU's have been arrived at on the basis of value in use method.

Based on assumption of life span of CGU'S and discount factor (applied for determination of as on date discounted value of future cash inflow of CGU's) at five years and 8% respectively, goodwill of Weikfield International and Balsara Group of Industries have been impaired by INR 562.35 and INR 15592.65 respectively being the short fall in recoverable value of CGU's vis-à-vis corresponding carrying amount of assets.

Life span of the CGU's has been assessed on the basis of technical evaluation. Discount factor has been assumed on the basis of market borrowing rate (6%) plus 2% against risk factor.

No impairment is called for against any other assets of CGU's forming part of the group.

52. Pursuant to merger of Dabur Foods Limited (erstwhile wholly owned subsidiary) with effect from April 01, 2007. The assets and liabilities of the the investee company have been considered at fair values and excess of the net assets over purchase consideration (value of investment formerly appearing in parent company balance sheet) amounting to INR 44.51 is recognized in Income statement. The merger has been accounted for by use of Purchase method.

53. Total Assets includes INR 33 held for sales with reference to IFRS 5. Total Liabilities includes INR 33 held for disposal with reference to IFRS 5.
54. Exchange loss works out to INR 236.42 which has been recognized in income statement and included in General Charges. All resulting exchange differences of foreign operations amounting to INR 746.13 has been debited to Comprehensive total income statement (Refer Sch- F).

As Per our Report Of Even Date Attached  
For **G. Basu & Co.**  
Chartered Accountants

**Manoj Kumar Das**  
Partner

Place : New Delhi  
Date : 30th April 2008

For **Dabur India Ltd.**

Dr. Anand Burman  
P.D. Narang  
Sunil Duggal

Chairman  
Whole time Director  
Whole time Director

A.K. Jain

GM (Finance) &  
Company Secretary

**THE RECONCILIATION OF NET INCOME AS PER INDIAN GAAP AND IFRS (EU)**

INR in Crores

<b>Particulars</b>	<b>Audited for the Year ended on 31.03.2008</b>	
<b>Consolidated Net Profit as per Indian GAAP</b>		333.94
Add: Difference for:-		
(a) Stock option amorisation	<b>0.26</b>	
(b) Merger of Subsidiary under purchase method	<b>0.45</b>	
(c) Technical knowhow fees written off	<b>0.19</b>	
(d) Loss on sales of Fixed assets	<b>0.20</b>	
(e) Others	<b>0.33</b>	<b>1.43</b>
		<b>335.37</b>
Less: Difference for:-		
(a) Depreciation	<b>8.36</b>	
(b) Deferred tax	<b>0.36</b>	<b>8.72</b>
<b>Consolidated Net Profit as per IFRS (EU)</b>		<b>326.65</b>

## NOTES

## NOTES





## **Dabur India Limited**

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